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TACOMA.

AMERICAN push and enterprise are well illustrated in the remarkable growth of the Pacific Coast cities in recent years. Although the white settlement of this part of the country antedates that of most other parts of the United States, the real development of the Pacific Coast region did not begin until gold was discovered in California; and, of course, the present period of activity is of much later origin. It followed upon the completion of the great trans-continental railway systems that brought these Far Western States into easy communication with other parts of the country.

The comparatively recent beginning of the development of the resources of the Pacific Northwest gives to that territory greater possibilities of progress than can be found, perhaps, in any other part of the country. That these possibilities are well understood, and are being taken advantage of, is made strikingly apparent by the story of progress on the part of the Pacific Coast cities published in recent numbers of THE BANKERS' MAGAZINE. We give considerable space in this issue to show what Tacoma has done, is doing, and proposes to do in the future.

The people of Tacoma have a sure basis on which to rest belief in the future of their city. The vast and varied resources of the tributary country, though already having yielded great wealth, are capable of a productiveness far beyond that which has taken place, and greater even than is now dreamed of by the most sanguine. Tacoma has in its location, transportation facilities, raw materials, and cheap water power, the factors out of which prosperous communities grow. But it not only has the material elements necessary to prosperity, but the people possess in themselves that spirit of enterprise and endurance that is the first requisite to the upbuilding of a great city.

With the awakening of the Orient, the construction of the Panama Canal, and the pushing forward of a large part of our population to the Far Western States, we shall undoubtedly witness in the next quarter of a century a marvelous growth of the Pacific Coast cities. Tacoma is in a position to share fully in that growth and its attendant prosperity.

EDITORIAL COMMENT

FEARS are expressed in some quarters that the revelations being made in regard to the unsound methods of a few corporations will result in great harm to the business interests of the country. No doubt the exposures have been more sensational than necessary; and if the desired reforms could have been effected more quietly, some temporary losses might have been avoided. But in the end the country will gain immensely as the result of the agitation now going on. If it becomes known throughout the world that American meat products are subject to rigid Government inspection, the sales of our meats will be increased and the packing-house investigations will have been justified even from a purely sordid standpoint. The disclosures in regard to some of the insurance and railway companies, though decidedly unpleasant, will also result in setting up a higher standard of management, and the reputation of these companies will be enhanced.

It is probable that the country has less to fear from unreasoning attacks upon capital than from the disposition of a few of the large corporations to disregard well-established business principles. So long as public opinion vigorously condemns such lapses, and swiftly seeks for the means to stop them, even at considerable cost, for the time being, there is no need to feel alarmed about the country's future.

The noisy agitator may, indeed, do great harm; but he is less to be dreaded than an apathetic state of the public conscience that would endure without vigorous protest the conditions that have been shown to exist in the control of some of our great corporations. Whatever damage may be done to our industries during the application of the corrective process, the fault must be ascribed to those who have committed the offense, not to those who have discovered it and applied the remedy.

The facts brought to light about the insurance companies, the packing-houses and some of the railway and other corporations have not been pleasant. They indicate a lack of principle on the part of those concerned that is deplorable, and there can be no assurance of permanent betterment until these abuses are reformed altogether.

But there is a tendency to attach an exaggerated importance to these matters. Because a few life insurance companies have been found guilty of questionable transactions, there is no occasion for distrusting all companies engaged in that line of business. Even the corporations most severely criticised have preserved a high standard of values for their investments, and have built up a business whose magnitude can but challenge admiration. Because a few corporations have violated sound principles of management, we cannot assume that all are guilty of similar breaches. The great majority of our corporations no doubt preserve a standard of management equal to that maintained by individuals in their business enterprises. They are engaged in the great productive industries of the country, and are meeting with a degree of success that proves the capacity of their management. And so with our food products. No one believes that the packing-house exposures are fairly indicative of the character of our food products in general. Despite what has been shown to the contrary, as a rule great care is taken on the part of the majority of those engaged in the beef industry to insure the healthfulness of their output. American food products, as a whole, are probably unsurpassed in the purity of their composition and in the cleanliness of their preparation. Not even the most rabid critic of America has ever set down filth as one of our national characteristics.

Considering the timidity of capital and the squeamishness of men's stomachs, it might well be wished that there had been less noise made about the delinquencies of the packers and certain of the huge corporations. But in a democracy, where sensationalism is the breath of life to a large number of persons, it would be too much to expect that such a fine opportunity for stirring up a tempest should go by unimproved. Notwithstanding all the din that has been raised, however, when "the tumult and the shouting dies" we shall find that American business methods, always generally of a high character, have advanced a step, and that the agitation now going on has resulted in good all around.

IN extending the limit of loans which a national bank may make to one person, corporation or firm from ten per cent. of the capital to ten per cent. of both capital and surplus, Congress has recognized the obvious fact that the business of the country is growing. Industrial and other enterprises have attained such magnitude that banks have found their operations seriously hampered by the restriction above mentioned. As a matter of fact, disregard of the law has been widespread, and the Comptroller has found it impossible to compel obedience to the law without resorting to severer measures than he felt justified in taking; that is, by closing up the offending institutions altogether. Since the limit of loans has been advanced, the banks can have no valid reason for not observing the law, and it would no doubt have a wholesome influence if the Comptroller would insist on a rigid compliance with the new act.

A provison of the law, as finally amended, is that loans to one borrower shall in no case exceed thirty per cent. of the bank's capital. This prevents an undue advantage accruing to banks having a large surplus.

The restriction under consideration has been irksome to banks in the large cities, as they often find it necessary to make loans to one person, corporation or firm exceeding ten per cent. of their capital. Still, the principle contained in the law as it has stood heretofore is evidently a sound one. As a general rule, loans of moderate size, widely distributed, are less risky than large loans to a smaller number of borrowers. While the change in the law was justified by the growth of business, since the banks in the larger cities can now better provide for the wants of their customers, the banks in the smaller places will probably find it safest to adhere to the old limit. Excessive loans to a single individual, corporation or firm have been responsible for numerous bank failures.

BOLIVIA is beginning to attract American capital, a syndicate of New York capitalists represented by Speyer & Co. and the National City Bank interests having recently subscribed $14,600,000 toward the construction of railways in that country. An additional $12,000,000 will be furnished by the Bolivian Government. The construction of these new lines of railway will open up a large territory, said to be rich in rubber, hard woods and minerals, and part of the vast region having a fertile soil.

The opportunities for enterprise to exploit new territory in the United States is rapidly passing away; not that the capabilities of the country have been fully developed, but there are few regions where railways and other enterprises have not penetrated. In South America, however, there seems to be plenty of room yet for the adventurous spirits that are ever sighing for new worlds to conquer; nor is it probable that the rewards to enterprise will be less generous there than they have been on this side the Equator.

Although the United States still attracts an enormous number of immigrants annually, the time is perhaps not far distant when many of our people will desire to emigrate to other lands. When it is no longer possible to "go west," the tide will turn in another direction.

The beginning of the construction of the Panama Canal and the acquisition of territory on the Isthmus mark the birth of an American movement toward the south that is liable to grow as time goes by. It is unlikely, however, that this movement will ever become political. We would gain no advantage by adding any of the South American countries to our territorial possessions. But the employment of American capital in developing the enterprises of those countries, and the extension of our trade among them, ought to prove beneficial to both sides.

We are accustomed to think of the growing scarcity of cheap lands, but it is said that there are vast areas in Bolivia that may be had at less than two cents an acre. Perhaps that is a good price for this land at present, but who can tell what it may be worth when the railroads now under contemplation are built?

BANKERS have thus far evidenced but a languid interest in the subject of currency reform. Their apathy might be overcome if it could be shown them that they are deprived of a source of material profit on account of the present costly plan of issuing bank notes.

It is well known that a bank now derives but little actual benefit from issuing circulation over and above what can be made by lending its capital direct without issuing notes at all. The apparent profit is one per cent. or a fraction thereof. Considering the complexity of the note-issuing process this is hardly profit enough to make a bank very enthusiastic over the privilege of handing out Government bonds with the bank's name imprinted thereon.

In estimating the profit on national bank circulation it is the custom of the Government Actuary to figure up the total cost of the bonds, plates, five per cent. fund, etc., deducting this from the amount of interest received on the circulation. This, of course, gives a fair idea of what is to be gained by the issue of bank notes under the existing system. But the real item of profit to a bank in issuing notes is to be found in the increased efficiency of its service to the business community made possible through the note-issuing privilege. The power to issue notes—which is practically unlimited—is one of the factors which have made the Bank of France one of the most efficient servants of commerce existing in the world to-day. That institution meets the wants of those who desire cash, not merely deposit credits. And it is in this respect that our national banks are handicapped. They can very fully supply the demand for credit, but they can not so readily meet the calls for cash. Notwithstanding the great development of deposit banking, and the consequent increase of the use of checks in business transactions, there are very many small traders, and especially farmers, who require something that will pass current as money. Bank checks will not answer the purpose. A bank can not pay out money without either depleting its reserves by so much, or by investing in United States bonds more money than it can issue in the shape of notes. The numerous persons therefore who might become valuable customers of the banks are debarred from making uses of these institutions at all, owing to the antiquated restrictions imposed on the note-issuing privilege by the Government. Indeed, the Government has paid no attention whatever to making the bank notes an efficient instrument of commerce. The Government wanted the banks to buy its bonds, and to induce them to do so gave them the right to issue notes against the bonds purchased. Although the conditions of forty years ago have changed to an important extent, the method of issuing national bank notes remains substantially the same.

If the banks were allowed a freer use of their credit in issuing notes, they would be in a much better position to extend accommodation to farmers and small traders, and would thus derive a legitimate profit far in excess of that they can now earn, and the increased efficiency of their service to the community would be an adequate return for the enhanced profits accruing to the banks.

When a small borrower goes to a bank and discounts his note he ought to have the proceeds in the form most useful to him. The deposit book and the checks serve the large borrower, who can be accommodated more readily by the banks because his loan is not taken in the shape of cash. The National Banking Act thus practically discriminates against the small trader in favor of the large one and to a considerable extent deprives the national banks of what should be one of the most important sources of their earnings—the furnishing of credit, in convenient form, to the rank and file of the business community.

MR. FOWLER'S bill for issuing additional national bank currency provides that any national bank may take out and issue circulation in an amount not to exceed fifty per cent. of the paid-up and unimpaired capital of the issuing bank, without depositing United States bonds with the Treasury in the manner provided by existing law. The amount of such notes so taken out for issue and circulation shall not at any time exceed the amount of the national bank notes of such bank secured by the deposit of United States bonds, and the total bank-note issue of such bank shall not exceed the amount of its paid-up and unimpaired capital.

Stated less formally than in the language of the bill, a bank can issue as much unsecured or asset currency as it has outstanding in bond-secured notes, the issues of both kinds of notes not to exceed the capital of the bank.

At present the circulation of the national banks is, in round numbers, $500,000,000. If the banks issued fifty per cent. of additional notes it would bring the total up to $750,000,000, which would not quite equal the capital (now over $800,000,000).

The notes are to be a first lien on the assets of the issuing banks, are to be secured by a five per cent. redemption fund, and a reserve must be kept against them the same as that now fixed for deposits. Redemption in lawful money is provided for at the Treasury, the sub-Treasuries, and at the counters of the issuing banks. The safety of the notes is assured by an adequate guaranty fund, derived from taxation of the new issues; the tax being fixed for the first year at two per cent. on the entire amount taken out, and afterwards at one per cent. on the average circulation during the six months preceding January 1 or July 1.

This bill is a step—and rather a long one—in the direction of an asset currency. The higher tax and the reserve requirement will tend to limit the circulation of the notes to periods of extraordinary demand, though it is doubtful if they may not become a fixed part of the circulation. No care seems to have been taken to force the redemption of the notes—an essential part of any well-devised plan for issuing credit currency. So long as the Treasury holds the fund for redeeming bank notes, they will have to be redeemed there and at the sub-Treasuries. But there should be no more substantial reason for making a credit bank note redeemable at the Treasury than there is for providing that checks on banks shall be redeemed by the Government.

The guaranty fund derived from taxation of the new notes, when it shall exceed $10,000,000, is to be used in retiring legal-tender notes, substituting gold certificates for them.

Instead of taxing an instrument of credit to provide funds for retiring the legal tenders, a better plan would be gradually to use the gold reserve and the free gold in the Treasury for that purpose. There is probably enough gold on hand to redeem all the legal-tender notes that would be presented for a long time; and such redemption would cause no contraction of the currency, for the gold handed out would come back to the Treasury and certificates would be issued for it.

The bond-secured currency has been fastened upon the country for many years to come—perhaps irrevocably—and it will be very difficult to provide for the issue of an asset currency in a manner that satisfies the requirements of sound financial principles. In endeavoring to relieve the rigidity of our bank-note system Mr. Fowler has evidently aimed at what is practicable under the circumstances, rather than what is ideal. The principal objects of the bill—the issue of a genuine credit bank-note currency, and the conversion of the legal tenders into gold certificates—are favored by many thoughtful students of our monetary and banking problems.

INHERITANCE taxation as a means of raising revenue and checking the piling up of what some regard as inordinately large fortunes, is treated of very interestingly in this issue of the MAGAZINE by Professor BALDWIN, of Boston University. As a means of raising revenue Professor BALDWIN finds this sort of taxation to possess many advantages; but he is not so ready to approve of the use of the tax to redress apparent inequalities in the distribution of wealth. He proposes, instead, that preventive rather than curative measures be applied; that is, "to prevent the accumulation of large fortunes by extortionate and corrupt methods; to make it impossible for any man to amass great wealth except by rendering proportionately great services to society. * * * Monopoly must be destroyed wherever it is not economically necessary and desirable, and controlled where it is, as in the case of the railways."

This programme would seem to be moderate enough, although under the direction of some of the state legislatures it would be given a very elastic construction. The power to control railways, for example, implies the power to fix rates, and no doubt in those states where a hostile spirit exists toward the railways, rates would be placed lower than a fair return on the investment demands.

It is unfortunate that those in charge of some of the great railway and other large corporate enterprises do not realize that the friendship of the public is worth more than its enmity.

An inheritance tax is a weapon that may be used with telling effect against the transmission of big fortunes; but while the courts are uninfluenced by the popular clamor against wealth, anything that savors of confiscation will hardly meet with judicial favor.

THAT a public debt is a public blessing, seems to have become the motto of those responsible for the fiscal policy of the United States. Some of the early statesmen had different ideas, but of course, in these progressive times they would be regarded as hopelessly old-fashioned.

In an article published elsewhere in this issue of the MAGAZINE, it is shown by the author, JOHN S. HANSON, that we are drifting into a condition of complacency toward the public debt quite out of keeping with our former policy. Although the country was never before so prosperous and so well able to pay its debts, the record made in this respect does not compare at all favorably with the showing made when the country was much poorer and the debt a far heavier burden.

Mr. HANSON shows what this policy is costing us. He states that $118,000,000 of the debt is not redeemable for nineteen years, while

$596,000,000 has twenty-four years to run. Of the long-time bonds, the interest on $118.000,000 to maturity will amount to seventy-five per cent. of the face value, and on the $596,000,000 to nearly fifty per cent. In other words, the postponement of payment of the debt to a remote period will cost us about one-half of the original debt. And this at a time when the revenue-producing capacity of the country is so great that a large part of the debt could be paid in a very short period without being seriously felt by the people. While the payment of the debt has been put off further and further, the Government seems to have experienced no lack of funds to offer for "relieving the money market," "facilitating gold imports" and other purposes apparently not within the contemplation of the founders of the Government. Though by this policy the people are forced to pay interest on loans for money they do not need, the Treasury finds itself able to aid the money market and finance gold imports without receiving any interest on the public funds lent for these purposes, and deriving no profits whatever therefrom.

A vigorous opposition party seems to be needed that would call the dominant party sharply to account for such a departure from a sound fiscal policy.

It is no doubt true that the necessities of the national banks for bonds for circulation purposes and for capital investment have been partly responsible for this policy of extending the debt instead of paying it off. A national bank can not be organized without investing part of its capital in United States bonds; and no circulation can be issued unless bonds of the same character are deposited with the Treasury as security for the notes. Therefore, under existing laws, in order to have national banks and national bank notes, we must have a perpetual public debt, no matter whether the fiscal conditions of the country justify the existence of the debt or not.

As a matter of fact, however, the debt is not needed for either of these purposes. The national banks could be made as safe, and their notes not only safer but more profitable to the banks and vastly more serviceable to the public, if the requirement for holding United States bonds were abrogated.

The habit of looking on a large permanent bonded debt as something to be lightly regarded is not in accord with our traditions, and the sooner we get back to the practice of paying off the debt as rapidly as possible without burdening the commerce and industries of the country, the sounder will be our position. There is even grave doubt whether the authorization of a bond issue for constructing the Panama Canal was necessary. Seeing that this work will drag along for many years, it could have been paid for easily out of the public revenues, and a large saving in interest effected, besides preventing the large addition to our paper currency that will probably follow the issue of bonds for building the canal.

BUILDING operations seem to be going on at a high rate all over the country. Not only are vacant pieces of property being improved, but buildings that a few years ago would have been considered modern are being torn down to make way for larger and finer structures. There does not seem to be any doubt that this great activity in building is in response to an actual demand, as the new structures are quickly filled at increased rentals; or, in the case of residences, are sold to persons who have accumulated enough money to pay partially or fully for a home.

The view has been expressed that so long as there was no marked check to construction, no ill effects would arise from the present activity in building operations. This view is not shared by Mr. CHARLES C. JACKSON, of Boston, who in a letter published elsewhere in this issue points out that the heavy demands made for money for purposes of construction are tending to check the production of commodities and therewith to enhance their price. Mr. JACKSON is also of the opinion that this tendency to go so largely into construction, to the neglect of production, is increased by the growing practice of the commercial banks to lend on collaterals—stocks and bonds—and to invest in the same kinds of securities. Mr. JACKSON believes it would be advantageous to have reports from the banks showing what proportion of their loans are based upon collaterals, and also says that it may be advisable to limit such loans to a certain part of the capital of the banks.

The subject is an important one, and worthy of a full discussion. The banks complain that the trust companies are encroaching upon the domain of commercial banking, and while this is no doubt the case, the contrary seems to be true also; the banks are getting more and more into the business of lending on securities representing fixed investments of capital. Theoretically, the commercial banks and the trust companies should confine themselves to their own field; but in practice it is very difficult to carry out this plan.

The ease with which money may be borrowed on stocks and bonds pledged as collaterals would seem to give the persons who hold this class of securities an advantage over the purely mercantile borrower. And this is true of other countries as well as of our own. In a recent article by W. R. LAWSON, the well-known London financial writer, entitled "The Trader vs. the Lombardeer," it is pointed out that the brokers of London have a distinct advantage in borrowing in that market. He says:

"Often he has had blocks of surplus deposits in the shape of day-today money at less than one per cent., while traders in the districts from which the deposits originally came have still been charged the cast-iron five per cent. minimum for discounts and advances."

As was intimated in our comment in the May issue of the MAGAZINE, this is by no means a one-sided question. Perhaps the inequalities between mercantile credits and other forms of credit advanced by the banks may be lessened when the former become better systematized.

The immense activity in constructive enterprises and the high prices of commodities are both attracting considerable attention. Whether the high prices are the result of this activity or not, Mr. JACKSON has performed a valuable service in starting a discussion of the subject.

CONGRESS has adjourned without passing any financial legislation. The House bill for permitting the issue of $5 and $10 gold certificates, and to allow the national banks to issue more $5 notes, it was found, would not meet the Senate's approval. Just what were the grounds on which these objections rested is not stated. Owing to the strong accusations made against the Senate, that body is very cautious just now in passing any bill that would seem to be open to criticism as favoring the corporations. Perhaps if the national banks could issue a greater part of their notes in the denomination of $5, they would increase their popularity with the business community, and thus further entrench themselves in power. Of course, where the currency is so carefully regulated by legislative authority, Congress must be held to be a better judge of what denominations of currency should be issued than a bank or a mere business man.

It is not so easy to see, even on the above grounds, why the issue of gold certificates of a denomination less than $20 should be forbidden. The silver certificates seem to have become so fully absorbed in the general circulation that there is plenty of room for $5 and $10 gold certificates, and the entrance of the latter into circulation would be beneficial in many ways.

In refusing to legislate on so simple a matter as this, Congress appears to be playing its old game of opportunism respecting the currency. At present, business seems to be moving along smoothly enough, and therefore what credit would the ruling party gain from currency legislation? The repeated warnings of the Treasury officials that more small notes must be provided, goes unheeded. But if this demand should become strong enough, or if there should be a panic, then Congress might act, and the ruling party would make much capital of the relief that might follow upon the enactment of a currency bill. Of course, nothing would be said of the failure of the party to enact legislation that might have saved the business community serious annoyance, or perhaps that might have prevented a panic altogether.

Still, Congress can not be justly censured for failure to enact financial legislation. The members of the House and Senate are not more apathetic than the public.

IT is quite fashionable to condemn Congress for doing nothing, but this criticism will hardly apply to the session just closed. Several important measures were passed: the meat-inspection bill, the pure-food bill, the railway rate-regulation bill, and the bill providing for the kind of canal to be constructed at Panama. Surely, a session of Congress that has enacted such measures as these can not be fairly condemned for inactivity.

The meat-inspection law and the pure-food law are measures designed to safeguard the public health and to insure a standard of purity for American food products that will add to the already high reputation of those goods. There has been much controversy over the law for the control of railway rates. Whether it will prove satisfactory, either to the public or to the railways, remains to be seen. It also remains to be seen what the United States Supreme Court will do with the law when it comes before that body. If it should be found that the law in any wise contravenes the rights of capital, the court will doubtless point that fact out to Congress. On the other hand, it may be found that the law will work to the satisfaction of all concerned, and be of actual benefit to the railways as well as to the public.

The beginning of a definite policy of construction at Panama is an event of great importance. Predictions are made that the canal will be completed in seven years. But it is a big undertaking, as De Lesseps found, and may take longer than the engineers now estimate. That American enterprise, skill and money will be equal to the task, hardly admits of doubt.

Upon the whole, Congress seems to have shown a disposition to meet the popular will in the legislation enacted at the session just brought to a close.

REVENUES for the fiscal year ending June 30 show a surplus of
714, while gross expenditures were $569,221,225. On June 30,
$25,693,459. Total receipts for the year have been $594,914,-
last year, there was a deficit of over $23,000,000, so the gain made this

year amounts to nearly $50,000,000. This has been due almost wholly to an increase in receipts, the expenditures for the two years being close together.

Complaint is heard in some quarters of the heavy appropriations of Congress; but the huge outlays do not seem to bear heavily upon the people nor exhaust the Treasury surplus. At present there is an available cash balance of $175,000,000, over $85,000,000 of which is deposited in the national banks to the credit of the Government.

This large cash balance and the surplus for the fiscal year just closed are pleasing items to contemplate in the national balance-sheet. Whatever may be said about abundant revenues as a temptation to extravagance, a plethoric purse has its strong points with nations as well as with individuals. We are, of course, spending a great deal of money; but at least we are not exceeding our income.

In his last annual report the Secretary of the Treasury estimated that there would be a deficit of $8,000,000 for the fiscal year ending June 30, 1906. While the actual figures may somewhat impair the Secretary's reputation as a forecaster, he is doubtless well satisfied.

SAVINGS bank facilities in Canada are treated of in an article by H. M. P. ECKARDT, published in another part of this issue of the MAGAZINE. It is shown that the great commercial banks of the Dominion compete actively for the small savings of the people; far more so, it seems, than is generally the case with the smaller commercial banks of the United States. Very many of the state and national banks do maintain savings departments, but very many others seem to think it inadvisable to do so.

One objection to the combining of a savings department with a commercial bank is that a class of depositors will be attracted who are liable at any time, by their readiness to credit every rumor, to cause a senseless run which might become serious enough to cause a suspension. Experience has shown that there is considerable force in this objection. It can be partly overcome, however, by enforcing the rule requiring notice of withdrawals. This, no doubt, gives the heat of the panic time to cool; but as it is a qualified form of suspension of payment (since the general practice is to pay savings deposits on demand), most banks would hesitate to have recourse to the rule except as a last resort.

The branch system tends toward economy, and it is comparatively easy for the Canadian banks to establish agencies in very small places to gather up the odd dimes and dollars. Perhaps, also, the fact that there are in Canada only a small number of chartered banks, of large capital and well-known standing, makes it easier to attract and retain the confidence of the savings depositor than it is in the United States, where there are so many banks, representing varying degrees of strength.

It is also claimed that the union of commercial and savings banks affords an opportunity for the banker to tie up his assets in fixed investments, and to deceive the bank examiners by passing securities and cash back and forth between the two departments. It is probable, however, that the banker who has a tendency to tie up his assets in fixed investments will find a way of doing so without this additional opportunity; and so far as examinations are concerned, this objection could only apply where a commercial bank operating under a national charter and a savings bank under a state charter were doing business under one roof, and where the examinations were made on different dates.

Of the union of commercial and savings banks, Mr. Eckardt says:

"The general opinion among the leading bankers in the United States seems to be that the two kinds of banks—commercial and savings—should be kept distinct, and that the funds of the savings banks should be confined within strict investment limits and not allowed to be used to carry on mercantile operations or ventures. On this point it is not the writer's intention to argue. Circumstances in the United States are very different from those in Canada; what suits the one country might not suit the other at all. But it is very certain that in Scotland, and in the Dominion, two countries where savings banking and commercial banking are carried on by the same banks, the result has been uniformly beneficial—the development of the countries has been expedited, and thrifty, economical habits encouraged in the people."

This would seem to prove that the principle of combining the two forms of banking is sound enough; but it must be admitted that the application of the principle, under our diversified banking system, is more difficult than in Scotland and Canada, with their centralized systems of banking.

Perhaps, for the United States, the mutual savings banks, such as are found in the eastern part of the country, are the best. But this system does not appear to be adapted to other parts of the country; at least, there are no signs of its extension. It therefore becomes highly desirable that the commercial banks, in those parts of the country where there are no mutual savings banks, should make adequate provision for caring for the savings of their respective localities. This is, of course, being admirably done by the banks of many states already, though as a nation we are, perhaps, too prone to overlook the tremendous importance of the aggregate power of small savings.

THOSE Americans who are disposed to despair of their country—a very small minority—can find no comfort in the article contributed to last month's issue of THE BANKER'S MAGAZINE by O. P. AUSTIN, Chief of the Bureau of Statistics.

Using the most widely-accepted tests of national prosperity, Mr. AUSTIN reaches this conclusion: "All the important features of our industrial and economic life, whether production, manufacturing, transportation, commerce, or finance, seem to show for the year 1905 a marked improvement over that comparatively recent year of prosperity, 1900, and a great improvement over 1895." He not only finds that we are greatly adding to our material resources, but that evidences of the advantageous effects of this improved activity are also found in lines other than those measured by dollars.

Mr. AUSTIN'S facts and figures afford a refreshing contrast to the criticism of the country so widely indulged in at the present time.

BIMETALLISM, or at least its "underlying principle," has been vindicated, according to the claims of WILLIAM J. BRYAN. A recent issue of Mr. BRYAN'S newspaper, "The Commoner," contained the following: "Owing to the unprecedented production of gold, the money question is not and will not be discussed in detail, as it was in the Chicago platform, but the underlying principle of bimetallism, the quantitative theory, has been amply vindicated and is generally recognized."

The increased production of gold has added largely to the stock of money in the country, and concurrently there has been a period of great prosperity. Other countries have prospered, however, although the monetary stock has remained practically stationary for many years. But were the quantitative theory of money vindicated, this would not necessarily give a certificate of character to the 16 to 1 kind of bimetallism advocated by Mr. BRYAN. Had his views prevailed, we might merely have replaced our gold with silver without being any better off from the quantitative standpoint than before.

The growing tendency of financial writers to favor large additions to the volume of paper instruments used as money, gives some color to the view that there is a growing disposition to regard an enlarged circulation as necessary to the maintenance of prosperity. It is not a time when conservative opinion on this subject is received with much tolerance.

IN his address before the recent convention of the Massachusetts Bankers' Association, A. H. CURTIS, president of the National Bank of North America, New York city, suggested that a meeting of representatives of the various state bankers' associations be held at St. Louis, just prior to the assembling of the convention of the American Bankers' Association, and agree upon some plan of currency reform to lay before the convention.

It is desirable that some unanimity of action, such as suggested by Mr. CURTIS, shall be secured; and it may be that this proposal points out the best way, if not to attain it, to make a beginning in that direction. Undoubtedly the cause of currency reform has languished because of a lack of concerted action upon the part of bankers or anybody else. There are, in fact, as many kinds of currency reform as there are kinds of breakfast foods. If all the reformers could be brought together, and the matter carefully discussed, non-essentials might be eliminated, and thus united action could be had in support of a plan embodying only the changes in the currency and sub-Treasury systems that are urgently required.

If the suggestion made by Mr. CURTIS is carried out, it will result in a free interchange of opinion, and possibly in the formulation of a plan upon which a majority of those attending the convention can agree.

MR. DOOLEY'S SOCIALISTIC PHILOSOPHY.

Th' Lord knows I'd rejoice to see th' day whin Hinnissy wud be shakin' a throwel fr'm th' top iv a woll an' yellin' 'Mort' at Andhrew Carnaygie scramblin' bare-legged up a ladder, or mesilf lyin' back on a lounge after a hard day's worruk writin' pothry f't th' governmint, ordherin' th' King iv England to bring me a poached egg an' a cup iv tay, an' be quick about it, darn ye. But I'm afraid it won't happen in our day. That alone wud make me a Socialist. I'm sthrong f'r any rivolution that ain't goin' to happen in my day. But th' truth is, me boy, that nawthin' happens anyhow. But whin I think how long this foolish old buildin' has stood an' how manny a good head has busted against it, I begin to wondher whether 'tis anny use f'r ye or me to thry to bump it off th' map. Larkin here says th' capitalist system is made up iv th' bones iv billions iv people, like wan iv thim coral reefs that I used to think was pthrified sponge. If that is so, maybe th' only thing I can do about it is to plant a few geeranyums, injye thim while I live, an' thin conthribute me own busted shouldher-blades f'r another Rockyfellar to walk on."—Mr. Dooley (P. F. Dunne) on Socialism.

IS THE NATIONAL DEBT TO BE PERPETUATED?

BY JOHN S. HANSON.

INCORPORATED in the Constitution of the United States is the following provision:

"All debts contracted, and engagements entered into, before the adoption of this Constitution shall be as valid against the United States under this Constitution as under the Confederation."

In this utterance the founders of the Government declared that the American people would maintain good faith with their creditors. That this purpose was a most potent influence in the building up of the Federal Government upon the ruins of the wrecked Confederation, is one of the indisputable facts of history. The impotency of the Congress of the Confederation, either to pay its debts or to raise money to meet the legitimate expenses of the war it was conducting, sealed its doom.

Nearly four years before the Constitutional Convention of 1787 was convened, Washington, in a circular letter to the Governors of the several states, wrote that among the "things essential to the very existence of the United States" was that "the debts incurred by Congress for the purpose of carrying on the war and securing independence must be paid to the uttermost farthing."

Madison, in his introduction to the "Journal of the Federal Convention" said: "It was seen that the public debt, rendered so sacred by the cause in which it had been incurred, remained without any provision for its payment." Jefferson frequently gave assurance to foreign holders of certificates of debt that every obligation would be paid, and that "there is not one single individual in the United States, either in or out of office, who supposes they (Congress) can ever do anything which might impair their foreign contracts."

While these declarations were simply an assurance that the foundations of the new Government were not to be laid in repudiation, evidence was soon forthcoming that the intention was to pay off the debt until it was entirely extinguished. Hamilton's suggestion, that a national debt was a national blessing, true as it was, as it related to the situation which he was creating, met with the most savage attacks from those who made Jefferson their leader, and Jefferson himself not only protested against delay in paying the debt, but advanced the remarkable theory that no debt should be contracted to run longer than nineteen years—a period which he calculated would measure the existence of the generation incurred.

THE EARLY POLICY OF THE GOVERNMENT.

To Alexander Hamilton, the first Secretary of the Treasury, fell the duty of devising a financial plan which would demonstrate to the civilized world that the new Government seriously intended to meet all obligations in good faith. The problem which confronted him was a most difficult one. The total debt to be taken care of was about $80,000,000, while the entire population, white and colored, was only about 3,500,000. Upon the basis of the present population of the country the debt was equivalent to $2,000,000,000 at this time.

There were three classes of debt: the foreign, which everybody desired to have paid; the domestic debt, much of which had fallen into the hands of speculators at prices as low as fifteen per cent of its face value, concerning the payment of which there was a divided sentiment; and the debt of the individual states, which some states wanted the Government to assume while others opposed it bitterly. The foreign and domestic debt amounted to about $54,000,000 and the state debts were estimated at $25,000,000. Hamilton favored the refunding of all three classes, and obtained the consent of Congress as to the first two.

The assumption of the state debts was defeated by a small majority, the Southern states opposing it. A similar division between the North and South as to the location of the seat of Government, with the balance slightly in favor of the North, gave Hamilton a chance to effect a compromise. He secured the aid of Jefferson, and the South got the capital located on the Potomac, while the North got the Government to assume the state debts.

That a people impoverished by an eight years' war and having suffered from a depreciated currency of probably $400,000,000 which never was redeemed, should take upon themselves the burden of paying $80,000,000 of debt, a part of which they might have refused to assume, stands to the everlasting credit of those who so led public opinion as to make it possible.

The Government having thus given evidence of the integrity of its purpose, it remains to inquire as to the policy which was adopted relative to the actual paying of the debt as distinguished from that of promising to pay.

Hamilton was early accused of favoring a perpetual debt, and this charge was frequently made by Jefferson. That the former saw an opportunity to strengthen the Government and to draw to its support the investing classes by refunding the debt, can not be questioned. On the other hand, the provision he made for a sinking fund not to perpetuate the debt, as was the plan in vogue in England, but to extinguish the debt, is evidence, if there were no other, that Hamilton contemplated the final wiping out of the entire debt.

Debt paying began promptly with the refunding, and in the six years of Washington's Administration, following the passage of the refunding act proposed by Hamilton, $12,000,000 was paid on account of the principal of the debt and $14,000,000 for interest. The revenues, which were largly from customs, however, were not sufficient to meet the necessary expenditures and temporary loans aggregating $15,000,000 were made. The total debt consequently increased, and on January 1, 1797, stood at $82,000,000. Two of the loans, aggregating $1,300,000, were made necessary by a conflict with Algiers.

During the four years of the Administration of John Adams about $6,000,000 was paid on the public debt, but the difficulties with France caused a large increase in war and navy expenditures, which together amounted to $15,000,000. Nearly $7,000,000 of loans were made and the debt on January 1, 1801, amounted to $83,000,000.

When Jefferson became President he called that eminent financier Albert Gallatin to the head of the Treasury Department, and from his advent until within recent years the policy of the Government has been to extinguish the debt as rapidly as possible. On November 16, 1801, Gallatin wrote concerning the reduction of the debt: "I am firmly of opinion that if the present Administration and Congress do not take the most effective measures for that object, the debt will be entailed on us and the ensuing generations, together with all the systems which support it, and which it supports."

With absolute fealty did Gallatin adhere to his purpose of extinguishing the debt; and, aided by a fortuitous increase in the revenue from customs duties, was enabled to reduce the debt substantially during the eight years of Jefferson's term of office. While he served as Secretary under Madison he had a less successful career, the aggressions of Great Britain causing a large decrease in revenues and increase in expenditures. Jefferson was not called upon to make a single loan except to provide for the purchase of Louisiana, for which $11,250,000 bonds were issued and spoiliation claims of $3,750,000 assumed.

In eight years, from January 1, 1801, to January 1, 1809, the debt was reduced from $83,000,000 to $57,000,000, or $26,000,000, and allowing for the increase of $15,000,000 on account of the Louisiana purchase, the payment on account of the debt was $41,000,000, while a balance of $10,000,000 in the Treasury made the reduction in the net debt $51,-000,000. At the same time nearly $29,000,000 was paid for interest.

In the first three years of Madison's Administration the debt was further reduced to $45,000,000 and then the war with Great Britain rapidly increased the debt to $127,000,000 on January 1, 1816. Debt paying was resumed, proceeding slowly at first, the panic of 1819 retarding it to some extent, but when Monroe retired from the Presidency in 1825 the debt had fallen below $84,000,000, a reduction of $43,000,000 in nine years. In the four years of John Quincy Adams' Administration the debt was further reduced $25,000,000, and it was the good fortune of Jackson, in spite of the financial turmoil, for which in part he was responsible, to see the debt entirely extinguished in 1834.

Practically the debt was extinguished earlier. Stevens, in his life of Albert Gallatin, says of him:

"It is true he had lived in the flesh to see the financial millennium. The rapid growth of the country and the faithful adherence of his successors in the Treasury Department to the funding principle had at last realized his dream. The national debt was extinguished. The last dollar was paid. Louis McLane, Secretary of the Treasury, on December 5, 1832, in his report on the finances, said that the dividends derived from the bank shares held by the United States were more than was required to pay the interest, and that the *debt* might therefore be considered as substantially extinguished after January 1, 1833."

On January 1, 1835, the debt was in fact extinguished, and in 1836, for the first time in the history of the Government, not a cent for interest appeared in the year's budget. The following year, 1837, is the only other year in which the item of interest is not to be found in the statement of expenditures.

Not only was there no debt on January 1, 1836, but there was a balance of $46,000,000 in the Treasury, and the spectacle so overcame the judgment of the statesmen of that time that Congress voted to lend all above $5,000,000 to the several states. There was $28,000,000 thus loaned, most of which never found its way back to the Treasury.

This era of prosperity was quickly succeeded by the panic of 1837. In October of that year Congress was called upon to authorize an issue of $10,000,000 Treasury notes. While these were intended to relieve somewhat the currency needs of the country, the public finances were so unfavorable that the necessity of borrowing was beyond question. Although on January 1, 1838, there was nominally a surplus in the Treasury of $34,000,000, $28,000,000 of this sum was in the possession of the state governments, and the remainder, except about $216,000, was not in the Treasury at all, but was owing by suspended banks, or by merchants, or consisted of various credit items.

Through Van Buren's and Tyler's Administrations there were fluctuations in the debt which rose to $32,000,000 on July 1, 1843, and fell to $16,000,000 in 1845. The war with Mexico, which began about a year after Polk became President, caused another increase in the debt, and on July 1, 1851, it exceeded $68,000,000. Again the reduction of the debt was resumed and Fillmore cut it down $8,500,000 in two years, and Pierce $31,000,000 in four years. On July 1, 1857, the debt was less than $28,000,000. The panic of 1857, the extravagance of Congress and the pending disruption of the relations between the North and South put an end to debt paying, and at the close of Buchanan's Administration in 1861, the debt of the Government had increased to $80,000,000.

From the time that Alexander Hamilton framed his masterly financial policy in 1790 down to the inauguration of Abraham Lincoln as President, the well-defined policy of each successive Administration was the ultimate extinction of the public debt. Where necessity compelled the creation of debt the intent to discharge it as soon as possible accompanied the act. For seventy years a national debt was considered only an incumbrance to be got rid of.

The Debt During the Civil War and Since.

In 1861 began an era of debt making such as was never before witnessed. Between July 1, 1861, and August 31, 1865, the net debt, after deducting the cash in the Treasury, increased from $87,000,000 to $2,756,000,000, an average monthly increase of $55,000,000 for the entire period. This debt equalled about $80 for every man, woman and child, white and colored, in the United States when the Civil War ended. The debt in 1790 was only about $20 per capita.

Even while the great mountain of debt was piling up, the American people were contributing to the support of the Government an enormous sum in taxes. The receipts of the Government other than from loans increased from $41,000,000 in 1861 to about $52,000,000 in 1862, to $111,000,000 in 1863, to $260,000,000 in 1864, to $329,000,000 in 1865, and to $558,000,000 in 1866. A part of these receipts came from various extraordinary sources, such as sales of public land and of condemned property, premium on gold, etc. A more accurate idea of the increase in the tax burden in those years may be obtained from the following comparative table:

	Customs.	Direct Taxes.	Internal Revenues.	Total.
1861	$39,582,126	....	....	$39,582,126
1862	49,056,397	$1,795,332	....	50,851,729
1863	69,059,642	1,495,104	$37,640,788	108,185,534
1864	102,316,153	475,649	109,741,134	212,532,936
1865	84,928,261	1,200,573	209,464,215	295,593,049
1866	179,046,652	1,974,754	309,226,813	490,248,219

From a little more than one dollar per capita in 1861 the contributions of the American people towards the expenses of the Government increased to nearly $20 per capita in 1866. In the six years nearly $1,200,000,000 was paid. Eighty million people are now paying no more than about 25,000,000 people paid during the Civil War.

In those trying times, which called forth the highest qualities of statesmanship and financial ability, the policy of bequeathing to future generations as small a portion as possible of the burden which the war inflicted upon the tax-paying citizens was kept constantly in view. It was sought to collect as large a part of the current expenditures as the people could justly bear, to borrow as little as necessity required, and to retain control of the debt as to its early retirement. The future payment of every dollar borrowed was kept constantly in mind by those who were directing the financial policy of the Government.

Secretary Chase, in his annual report dated December 9, 1861, said: "Reflection has only confirmed his opinion that adequate provision by taxation for ordinary expenditures, for prompt payment of interest on the public debt, existing and authorized, and for the gradual extinction of the principal, is indispensable to a sound system of finance. The idea of perpetual debt is not of American nativity, and should not be naturalized. If at any time the exacting emergencies of war constrain to temporary departure from the principle of adequate taxation, the first moments of returning tranquillity should be devoted to its re-establishment in full supremacy over the financial administration of affairs." A year later Mr. Chase said: "Twice already she (the Republic) has paid off a national debt contracted for the defence of her rights; the obligations of that which she now incurs for the preservation of her existence will be not less sacredly fulfilled."

One rift in the lute may be found in the public declarations of Secretary Chase at that time. Subsequent events have made as prophecy what at the time was only a passing suggestion. It is not to be conceived that he ever favored the perpetuation of the debt to maintain a bank currency. Mr. Chase, almost at the beginning of his term of office, recommended the issue of bank notes secured by Government bonds. He urged that this plan would secure to the people the "advantage of a large demand for Government securities" and "of increased facilities for obtaining the loans required by the war." In 1862 the Secretary urged the creation of national banks, and estimated that within a few years they would require "for deposit as security for circulation bonds of the United States to an amount not less than $250,000,000."

It was not until February 25, 1863, that the first national banking law was enacted, and the first national bank was organized in June, 1863. The war was half over before any national banks were in existence, and when it closed the Government bonds held to secure circulation were about the amount estimated by the Secretary, $250,000,000, or but little more than ten per cent. of the total bonded debt of the Government.

When, in December, 1862, Secretary Chase was urging Congress to establish national banks, claiming that they would be of great advantage in providing a market for Government bonds, he said:

"No very early day will probably witness the reduction of the public debt to the amount required as a basis for secured circulation. Should no future wars arrest reduction and again demand expenditures beyond revenue, that day will, however, at length come. When it shall arrive *the debt may be retained* on low interest at that amount, or *some other security for circulation may be devised*, or, possibly, the vast supplies of our rich mines *may render all circulation unadvisable except gold and the absolute representatives and equivalents, dollar for dollar, of gold in the Treasury or on safe deposit elsewhere*. But these considerations may be for another generation."

This suggestion, that "the debt may be retained" for the purpose of providing a basis for bank circulation is out of harmony with the other declarations of Secretary Chase, that "the idea of perpetual debt is not of American nativity and should not be naturalized."

When the war closed the management of the Treasury had passed into the hands of that eminent financier Hugh McCulloch, who had previously served as Comptroller of the Currency. Mr. McCulloch, in his first annual report as Secretary of the Treasury, took a very strong position in favor of reducing the debt and finally extinguishing it. He said:

"The debt is large; but if kept at home, as it is desirable it should be, with a judicious system of taxation it need not be oppressive. It is, however, a debt. While it is capital to the holders of the securities, it is still a national debt, and an incumbrance upon the national estate. Neither its advantages nor its burdens are or can be shared or borne equally by the people. Its influences are anti-republican. It adds to the power of the Executive by increasing Federal patronage. It must be distasteful to the people, because it fills the country with informers and tax-gatherers. It is dangerous to the public virtue, because it involves the collection and disbursement of vast sums of money, and renders rigid national economy almost impracticable. It is, in a word, *a national burden, and the work of removing it, no matter how desirable it may be for individual investment, should not be long postponed.*

As all true men desire to leave to their heirs unincumbered estates, so should it be the ambition of the people of the United States to relieve their descendants of this national mortgage. We need not be anxious that future generations shall share the burden with us. Wars are not at an end, and posterity will have enough to do to take care of the debts of their own creation."

Secretary McCulloch estimated that the debt on July 1, 1866, might amount to $3,000,000,000. This he calculated if refunded at 5½ per cent. might be entirely paid off in about thirty-two years, or at five per cent. in twenty-eight years, if $200,000,000 per annum should be applied to the payment of principal and interest. The net debt, however, at its maximum figure on August 31, 1865, was only $2,756,431,571, and by July 1, 1866, had been reduced to $2,636,036,163, a decrease of $120,000,000, and it was reduced $128,000,000 more in the following year. The Secretary, commenting on this sweeping reduction, said:

"That it is the will of the people that it *should be paid, and not perpetuated,* is clearly indicated by the favor with which its rapid reduction during the past year has been regarded. The idea that a national debt can be anything else than a burden—in which there are some compensations, but still a burden; a mortgage upon the property and industry of the people—is fortunately not an American idea."

Between September 1, 1865, and November 1, 1867, the reduction in the debt amounted to $266,000,000 and the Secretary then expressed the hope that the reduction so successfully commenced under the most inauspicious circumstances should be continued steadily and without interruption until every dollar of it is extinguished." And he again gave warning of the dangers of perpetuating the debt. "Old debts," he said, "are hard debts to pay. The longer they are continued the more odious do they become. If the present generation should throw the burden of this debt upon the next, it will be quite likely to be handed down from one generation to another—a perpetual if not a constantly increasing burden upon the people."

That was written thirty-eight years ago. When it was uttered, Mr. McCulloch presented a table showing how the entire debt might be paid off by 1884 on a regular annual per capita tax of $8.60 for principal and interest. The estimated payments for interest and principal yearly from 1868 to 1884 as given in the table are here compared with the actual payments made:

	Estimate.		Actual.	
	Interest.	Reduction in Debt.	Interest.	Reduction in Debt.
1868	$150,000,000	$24,800,000	$140,424,046	$27,297,798
1869	148,512,000	33,812,000	130,694,243	48,081,540
1870	146,483,280	43,590,440	129,235,498	101,601,917
1871	143,867,854	54,188,077	125,576,566	84,175,888
1872	140,616,569	65,661,035	117,357,840	97,213,538
1873	125,287,164	89,458,768	104,750,688	44,318,470
1874	109,424,484	114,043,824	107,119,815	1,312,907
1875	103,722,292	128,730,061	103,093,545	14,107,983
1876	97,285,789	144,420,134	100,243,271	29,115,830
1877	90,064,783	161,172,312	97,124,512	41,649,909
1878	82,006,167	179,048,038	102,500,874	19,893,151
1879	73,053,766	198,112,062	105,327,949	2,967,375
1880	63,148,162	218,432,637	95,757,575	77,088,158
1881	52,226,530	240,081,681	82,508,741	99,676,598
1882	40,222,445	263,135,021	71,077,206	144,626,680
1883	27,055,695	287,672,495	59,160,131	136,241,649
1884	12,682,070	253,641,415	54,578,378	100,238,830
Total	$1,605,659,050	$2,500,000,000	$1,726,530,878	$1,069,608,216

Until the panic of 1873 the estimates of Secretary McCulloch were more than made good, but during the succeeding six years only $109,000,000 of the debt was retired. Following the year of resumption of specie payment, 1879, however, debt paying on a gigantic scale was resumed, and in five years $558,000,000 of the debt was extinguished. At the end of 1884 instead of the debt being extinugished there was still $1,438,542,995 net outstanding.

Between 1884 and 1893 there was a further reduction of nearly $600,000,000, bringing the net debt down to $838,969,475, of which $585,037,100 was bearing interest, the annual interest charge being less than $23,000,000. It might reasonably have been assumed at that time that the debt was within five years of being extinguished. But in 1894 was reenacted the financial drama of the late fifties—the Government was spending more than its income, and in addition was confronted with the problem of maintaining its currency on a gold basis. The Government was forced to borrow to meet its running expenses. One loan of $50,000,000 in February, 1894, was followed by another loan of $50,000,000 in

November, 1894, a third loan of $62,000,000 in 1895, and a fourth loan of $100,000,000 in February, 1896. Never in the previous history of the nation was borrowing on so extensive a scale in time of peace necessary. For two years there was no additional increase in the bonded debt, but expenditures still exceeded revenues, and the net debt increased $72,000,000 more. From less than $839,000,000 on June 30, 1893, the net debt had grown to $1,027,085,492 on June 30, 1898. All but $74,000,000 of the $262,000,000 borrowed had been spent.

The war with Spain in 1898 brought the Government forward as a borrower again, and a new loan of $200,000,000 was issued. This brought the bonded debt up to $1,046,048,750 on June 30, 1899, the maximum in thirteen years. The net debt on the same date reached $1,155,320,235, an increase from the low point of June 30, 1893, of $316,000,000. From June 30, 1899, to March 1, 1906, the bonded debt has been reduced $151,000,000, standing on the latter date at $895,159,170, while the net debt has been reduced $168,000,000 to $987,521,555. Debt paying, however, has apparently become a negligible quantity in the financial policy of the Government, while worse still, public sentiment regarding the evils lurking in a perpetual debt has been numbed into apparent indifference.

Making Early Redemption of the Debt Impossible.

An important policy of the earlier heads of the Treasury Department and one which Hamilton, Gallatin, Chase and McCulloch all held to be not even secondary to the prompt paying of the debt, was its controllability. In the refunding operations which they conducted, as well as in the issuing of new loans, they endeavored to keep the Government in a position where it might redeem its obligations within the limit of its ability to pay them. Recent refunding operations have been in the direction of depriving the Government of the option to pay its debt until a remote period.

A comparison of the debt, as to its redeemability, with the debt of July 1, 1894, will show to what extent the authority of the Government over its extinguishment has been impaired.

July 1, 1894.	Redeemable.	Time to run.
$25,364,500	At option U. S.	....
50,000,000	Feb. 1, 1904	9 years 7 months.
559,677,390	July 1, 1907	13 years
$635,041,890		
March 1, 1906.		
$116,781,460	July 1, 1907,	1 year 4 months.
63,945,460	Aug. 1, 1908,	2 years 5 months.
118,489,900	Feb. 1, 1925,	18 years 11 months.
595,942,350	Apl. 1, 1930	24 years 1 month.
$895,159,170		

Only about $180,000,000 of the present bonded debt is redeemable within three years, and there should be no difficulty in paying that amount within the period. More than $118,000,000 is not redeemable for nearly nineteen years, *while nearly $596,000,000 has twenty-four years to run.* It is true that the Government has reduced the rate of interest. In 1894 $25,000,000 of the debt bore 2½ per cent., $50,000,000 five per cent., and the remainder four per cent. Now $235,000,000 bears four per cent., about $64,000,000 three per cent., and nearly $596,000,000 two per cent. Of the long-time bonds, however, *the interest on $118,000,000 to maturity will amount to seventy-five per cent. of the face value, and on the $596,000,000 to nearly fifty per cent.*

That the American people are abundantly able to pay off the present bonded debt within ten years will hardly be questioned. That they should be compelled to pay interest ten to fifteen years beyond that period is an infliction of a burden upon them which a wise financial economy might well have spared them.

Clothed in some mystery are the causes which have brought a perpetual debt, first so hated by the American people, through the several stages by which they came to pity, then to endure, and then to embrace it. But it is not easy to avoid the conclusion that no greater economic misfortune ever handicapped a currency scheme, than the fastening down of a bank circulation to a government debt.

If a perpetual debt is to be the legacy of future generations of Americans, it will be because the national banks need Government bonds in their business. Secretary Chase's hope of making the national banks his great ally in the prosecution of the war was defeated. because those institutions came into the field when the war was nearly over. During the most pressing financial needs of the country the national bank holdings of Government bonds were only a small fraction of the total outstanding. When the bonded debt of the Government was $2,400,000,000 the national banks had only $400,000,000, or one-sixth of the total. In 1890 they held only $180,000,000 Government bonds out of a total of $725,000,000, or less than twenty-five per cent. In 1899 they held $350,000,000, or about one-third of the $1,046,000,000 outstanding. At the present time they have $570,000,000, or more than sixty-three per cent. of the total issues of the Government. While the net increase in the bonded debt of the Government since 1893 is $310,000,000, the holdings of Government bonds by the national banks have increased in the same time $350,000,000.

To what extent these facts are co-incident or causative, it is not within the scope of this paper to inquire. But the fact which should most strongly impress the minds of those interested in the preservation of the standards which raise the credit of the United States to the highest among nations, is that we have lost sight of the sound financial principle that a perpetual debt is a perpetual menace and blight.

THE TAXATION OF INHERITANCES.

BY F. SPENCER BALDWIN,
PROFESSOR OF ECONOMICS, BOSTON UNIVERSITY.

IT is apparent from the discussion aroused by President Roosevelt's recent suggestion concerning the progressive taxation of inheritances that the public knows little about the development and present status of the inheritance tax in this country and in Europe. This tax has been employed extensively by European governments from the early days of the Roman Empire. At present Great Britain draws from this source nearly ten per cent., and France over six per cent., of the total revenue. In the United States a legacy tax was collected by the national Government from 1798 to 1802, again during the Civil War, and recently during the Spanish War. Pennsylvania introduced the first state inheritance tax in 1826. Now thirty states make use of this tax in some form. It is noteworthy that the development of the tax in the states has taken place almost wholly within the last fifteen years, twenty-five states having adopted it since 1890.

The extension of the use of the inheritance tax by the states, it may be added, is generally approved by authoritative writers on public finance, who regard corporation and inheritance taxes as the two most expedient modes of raising revenue for state purposes. This approval, however, does not imply that tre President's suggestion of a progressive tax on large bequests, to be enforced by the national Government, will find similar favor. That is another story.

RECENT DEVELOPMENT AND PRESENT POSITION OF INHERITANCE TAXATION.

The aim of this paper is to give a brief account of the recent development and present position of inheritance taxation in this country, together with some discussion of the questions involved in its proposed further application. The word inheritance, it may be well to state, will be used broadly to include all property coming to a person by bequest or by the laws of intestate succession.*

Prior to 1890 inheritance taxes were introduced by fourteen states. But the taxes applied only to collateral heirs or were merely probate fees of narrow application and little importance. The rates were extremely low, Pennsylvania, New York and Connecticut being the only states with rates as high as five per cent. Only six states applied the principle of

* For detailed historical data concerning the inheritance tax see: Max West, "The Inheritance Tax," in Columbia University Studies in History, Economics and Public Law; and articles by S. Huebner and H. A. Willis in "Quarterly Journal of Economics" for August, 1904, and February, 1905, on "The Inheritance Tax in American Commonwealths."

progression, that is, graduated increase of the rate of taxation according to the amount of the inheritance. In four states the inheritance tax law was repealed before 1890; and in three states the tax was declared unconsitutional. In general, the noteworthy characteristics of this early inheritance tax legislation were the restriction of the tax to collateral heirs, the lowness of the rates and the absence of progression.

Since 1890 nearly every year has seen the addition of new states to the list of those taxing inheritances. In the decade 1890-1900 eighteen inheritance tax laws were enacted. In the year 1901 seven states introduced the tax, and in 1903 four states. Other states amended and improved existing laws. In contrast with the earlier period before 1890 the recent legislation exhibits three marked tendencies: extension of the tax to direct heirs, increase of rates, and application of the progressive principle. Of the thirty states which now tax inheritances fifteen, or one-half, apply the tax to direct heirs. All of these direct inheritance tax laws were passed since 1890, all but two since 1896, and nine since 1900. The rates have been made considerably higher. In 1900 the maximum rate for direct heirs was one per cent., and for collateral heirs six per cent.; in the acts passed since that date the maximum rates in the two cases are five per cent. and fifteen per cent., respectively. The legislation of 1901 and 1903 is characterized particularly by application of the progressive principle. All but four of the taxes introduced in these two years contain progressive rates. Only one state, however,—Wisconsin—applies this principle to direct heirs. The property exemptions granted to direct heirs, moreover, are lower in the later acts, and personal property is not exempted altogether, as it was in the majority of the acts prior to 1890.

An analysis of the provisions of the present laws shows some degree of uniformity in the majority of cases as regards rates and exemptions. For collateral heirs the exemptions are, with few exceptions, comparatively low. In most states the exemption is $500 or even less—$250 or $100. In a few states, however, it is $2,000 or $10,000, and in North Dakota $25,000. For direct heirs the exemptions are comparatively high. In the majority of the states that tax direct inheritances estates or shares of property over $25,000 are exempted. The rates for direct heirs are low, ranging from 1½ per cent. in Connecticut to five per cent. in Utah; seven states have the rate of one per cent. The rates for collateral heirs are much higher. The popular rate is five per cent., which obtains in eighteen states. In the other states the rates vary from 1½ to fifteen per cent.

It is interesting to note that the provisions of the inheritance tax laws in Great Britain and France are much severer as regards exemptions and rates than those of the American states. The exemption accorded direct heirs is only £100 in Great Britain, and 1000 francs in France. The rates for direct heirs are graduated from one to eight per cent. in Great Britain, and from one to five per cent. in France; and those for other heirs from one to nineteen per cent., and from 3¾ to 20½ per cent., respectively.

The Wisconsin Law.

The most advanced law for the taxation of inheritances thus far enacted in this country is the Wisconsin act of 1903. This act was passed as a result of a decision of the Wisconsin Supreme Court in 1902 declaring the inheritance tax law of 1899 unconstitutional on the ground that the $10,000 exemption of that law constituted "arbitary discrimination and not classification," since it applied to the estate as a whole and not to the share received by each heir. The court said: "Under this provision the $10,000 limitation or exemption is based on the size of the whole property devised or granted, and not upon the amount received by each individual legatee or grantee. Thus it results that one collateral relative, receiving a legacy of $2,000 from one testator whose estate amounts to $9,500, pays no tax, while another collateral relative in the same degree, receiving a legacy of $2,000 from another testator whose estate amounts to $10,500, is obliged to pay a tax. Here is unlawful discrimination, pure and simple. No rational distinction or difference can be drawn between the legatee simply because the estates from which their legacies came are of slightly different size. They are both within the same class, surrounded by the same conditions, and receiving the same benefits. One pays a tax, and the other does not. This is not the equal protection of the laws."

The new Wisconsin law obviates this constitutional difficulty by deducting the exemption from each individual share. This law is the only one in this country which, as already stated, applies the progressive principle to direct inheritances. It distinguishes five classes of heirs, grants a separate exemption to each class, and imposes a progressive rate graduated according to the amount of all property above the specified exemption received by each heir. The following table shows the classification, exemptions, and rates:

Indication of Relationship.	*Property Exemption.*	Rates Applicable to the Fractional Part Between.				
		On excess after deduction of exemption from $25,000.	*$25.000 to $50,000.*	*$50,000 to $100,000.*	*$100,000 to $500,000.*	*Excess above $500,000.*
		Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
Husband, wife, lineal issue, lineal ancestor, adopted or mutually acknowledged child............	Widow, $10,000 others, $2,000	1	1½	2	2½	6
Brothers, sisters, and their descendants, wife or widow of a son or husband of a daughter..	500	1½	2¼	3	3¾	4½
Uncles, aunts, and their descendants............................	250	3	4½	6	7½	9
Brothers or sisters of the grandfather or grandmother, or their descendants....................	150	4	6	8	10	12
Persons in other degrees of collateral consanguinity, strangers, and corporations not exempt..	100	5	7½	10	12½	15

The amount of revenue yielded by state inheritance taxes in the last two years cannot be ascertained as yet. In 1903 the revenue exceeded $100,000 in ten states; Massachusetts and Illinois derived over $500,000 revenue from this source; Pennsylvania secured $1,300,000 and New York nearly $5,000,000.

Application of the Principle in Other Countries.

In Great Britain and France, as well as in some of the Australian states, the development of inheritance taxation, as already indicated, has been carried much further than in the United States. In the two countries named direct heirs are taxed more heavily, and the progressive principle is applied more rigorously than in any American state. Great Britain has three classes of inheritance taxes, or "death duties:" estate, legacy, and succession duties. The "estate duty," which is the most important, is levied on the market value of property, real or personal, passing to direct or collateral heirs, estates of £100 or less being exempted. The rates progress from a minimum of one per cent. for estates of £100 to £500, to a maximum of eight per cent. for estates of £1,000,000 or over. In addition a settlement estate duty of one per cent. is levied on settled property. The "legacy duty" is imposed in the case of estates exceeding £1,000 on personal property passing to collateral heirs or strangers in blood, and the "succession duty" is assessed on real estate under the same conditions. The legacy and succession duties thus "constitute an additional inheritance tax falling upon heirs other than lineal issue and ancestors." These collateral duties are progressive, the heirs being divided into four classes, and the rates ranging from three to ten per cent., according to degree of relationship.

France taxes all estates of 1000 francs and over at rates graduated according to the relationship of the heir and the value of the property. There are seven classes of heirs and twelve classes of shares, the rates varying from one per cent. for near relatives inheriting small shares to 20½ per cent. for remote relatives and strangers receiving large amounts.

Advantages and Disadvantages of the Tax.

The recent rapid extension of the inheritance tax in the United States is easily understood and explained. Regarded simply as a revenue measure it has most if not all of the earmarks of what is called by economists "a good tax." It can be made to yield large returns—and productivity is the primary consideration in taxation, taking precedence even of equality. But the inheritance tax satisfies also, in greater or less degree, the other requirements of a good tax. It conforms pretty closely to the test of "ability to pay"—the generally-accepted standard of justice in taxation. It is easily and cheaply collected. It is perfectly definite in amount and in incidence; it cannot be shifted; and it is not likely to be evaded by gifts before death, unless the rates are excessively high.

It is conveniently paid in most cases. Adam Smith, Ricardo, and other early economic writers disapproved of this tax because it is paid out of capital, but this objection carries little weight at the present time. The tendency of capital to accumulate at an accelerating rate is so strong that taxes on capital are not regarded by modern economists as inherently vicious and inexpedient. The tax does not discourage accumulation to an undesirable extent. Dr. Max West, in his monograph on "The Inheritance Tax," maintains that its repressive effect on the growth of capital and industry is really less than that of most other taxes. He writes:

"Death is usually looked upon as a remote event, and occupies no very prominent place in the minds of men; and if a man has the inclination to save property to leave to his heirs, his efforts will not be diminished, but perhaps rather increased, by the thought that one or two per cent. of his savings must go to the state. The inheritance tax is a less discouragement to industry than an income tax; it is a less discouragement to thrift than a property tax; and no tax which can be levied on movable wealth will have a less effect in driving away capital. The deterrent effect of a tax to be paid after death is not to be compared with that of a tax which must be paid every year."

Another objection sometimes urged against the inheritance tax is that its annual yield is variable; but the irregularity tends to disappear as the tax becomes more general. Considered from a fiscal point of view, the inheritance tax has many advantages and slight drawbacks.

The Tax Considered as a Means of Controlling Wealth.

This statement of the advantages of the inheritance tax applies to the tax considered as a revenue measure pure and simple. But this tax is employed at the present time not merely for fiscal purposes, but for social ends—to control the distribution of wealth. And it was for the latter object exclusively that a graduated national inheritance tax was suggested by President Roosevelt. The President's suggestion raises two questions entirely apart from the fiscal expediency of inheritance taxation; namely, the question of progressive taxation of inheritances, and the further question of the policy of setting by this means an absolute limit to the amount of property which any one may give, bequeath or transmit to a single individual. It will be seen that these two questions are involved in the utterance of the President, which was as follows:

"As a matter of personal conviction, and without pretending to discuss the details or formulate the system, I feel that we shall ultimately have to consider the adoption of some such scheme as that of a progressive tax on all fortunes, beyond a certain amount, either given in life or devised or bequeathed upon death to any individual—a tax so framed as to put it out of the power of the owner of one of these enormous fortunes to hand more than a certain amount to any one individual; the tax, of course, to be imposed by the national and not the state government."

This suggestion, by the way, is not a novel one. The President, in fact, has simply revived with slight modification the programme of inheritance taxation proposed over fifty years ago by John Stuart Mill. That programme included these measures: First, progressive taxation of inheritances, which Mill advocated strongly, although he disapproved of a graduated tax on incomes on the ground that it would discourage industry and economy; second, abolition of collateral inheritance, for the recognition of which Mill could see no logical reason; third, limitation of the amount that any person should be permitted to receive by way of gift, inheritance or bequest. More recently, Professor Adolph Wagner, of the University of Berlin, has vigorously championed progressive taxation of property, incomes, and inheritances, maintaining that the taxing power should be used systematically to redress inequalities in the distribution of wealth. The policy of repressive taxation of large inheritances has, furthermore, been urged in this country by Andrew Carnegie, who has repeatedly declared himself in favor of a tax rising as high as fifty per cent. in the case of the largest fortunes. In "The North American Review," in 1889, Mr. Carnegie wrote: "Indeed, it is difficult to set bounds to the share of a rich man's estate which should go at his death to the public through the agency of the state."

Constitutionality of the Proposed Tax.

The point has been raised by critics of the President's suggestion, that a graduated inheritance tax would be unconstitutional. The point is not well taken. The only provisions of the Constitution with which any tax can come into conflict are the clause in section 8 which requires that "all duties, imposts, and excises shall be uniform throughout the United States," and the clause in section 9 which provides that no "direct tax shall be laid unless in proportion to the census or enumeration hereinbefore directed to be taken." The Supreme Court has already decided that an inheritance tax is not a direct tax, within the meaning of the Constitution, but is plainly an excise tax or duty authorized by section 8 of article 1. (Scholey vs. Rew., 23 Wall. 331.) The prevailing view of the nature of the inheritance tax is that it is a tax on the civil privilege of transferring property, not on the property transferred. As an excise a national inheritance tax would not come under the provision of section 9 relating to direct taxes. Nor could the tax if progressive conflict with the provision of section 8 concerning uniformity. The word "uniform" in that provision means merely geographical uniformity as between states; it does not preclude the imposition of different rates as between individuals, graduated according to the amount of the inheritance. It is safe to predict that the proposed tax would stand the test of constitutionality.

As for the question of progressive taxation of inheritances, there is much that may be said in its favor. The case for progressive taxation in general has a three-fold basis. It is argued, in the first place, that the ability of the individual to pay taxes increases in greater ratio than his wealth. The man who has an income, say of $100,000, can pay a tax of ten per cent. as easily as the man with a $1,000 income can pay one per cent. Again, it is pointed out that small incomes are more heavily hit by the multitude of existing indirect taxes on consumption—duties and excises—than are large incomes; progressive direct taxation is advocated as a means of offsetting this inequality. Finally, it is maintained that the accumulation of big fortunes is undesirable anyway, and should be checked by taxation.

It cannot be denied that these arguments carry much weight. But, while progressive taxation may be theoretically sound and ideally just, the practical application of the principle encounters great difficulties. Professor E. R. A. Seligman, the foremost authority on taxation among American economists, considers the difficulties "well nigh insuperable." He observes: "Progression is defensible only on the theory that the taxes are so arranged as to strike every individual on his real income. But in default of a single tax on incomes, which is visionary, practicable tax systems can reach individual incomes only in a rough and round-about way. Under such practicable conditions it is doubtful whether greater individual justice will be attained by a system of progression than by the simple rule of proportion; and it is questionable whether the ideal advantage of progression would not be outweighed by its practical shortcomings." He adds, however, that the progressive scale is especially applicable to the inheritance tax.

The progressive scale has already been applied in some states to the collateral inheritance tax. This restricted application of the progressive principle arouses little opposition and can have no unfortunate effects. A collateral inheritance is a fortuitous gain, a sheer windfall, and the beneficiary can hardly complain if the state which permits this dubious form of accidental acquisition takes liberal toll. Nor can a progressive tax on collateral inheritances appreciably weaken the motives to work and save throughout the population.

But the extension of the progressive principle to direct inheritances is a more doubtful policy. It must be done, if at all, with cautious moderation. There is danger that the progressive principle might be carried so far as to weaken the motor forces of industrial progress—the incentives to work and to save. James Russell Lowell once remarked that socialism would mend the watch by taking out the mainspring. Experimenting with progressive taxation is like meddling with the mainspring.

The further question concerning the advisability of limiting arbitrarily the amount which may be given, bequeathed or transmitted to any individual is hardly worth discussing at the present time. The possibility is too remote. No thoughtful person would question that the accumulation of inordinately great fortunes is a menace to American ideals and institutions. It means the creation of a parasitic class of endowed idlers, the concentration of social and political power, the growth of demoralizing

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luxury, the passing of true democracy, and the incitement to social revolution. But there are many measures of reform that can be tried before resorting to the drastic scheme of last resort suggested by the President.

Other Remedies Suggested.

The logical path of reform lies in the direction of preventive rather than curative remedies. The thing to aim at is to prevent the accumulation of large fortunes by extortionate and corrupt methods, to make it impossible for any man to amass great wealth except by rendering proportionately great service to society. This calls for the abolition of special privileges of all sorts which enable individuals and corporations to exploit the public. The props of monoply must be knocked away, whether they be tariff favors, railway rebates, franchise grants, or exclusive control of coal fields, oil fields, and other natural resources. Monopoly must be destroyed wherever it is not economically necessary and desirable, and controlled, where it is, as in the case of the railways. When the available preventive remedies shall have been given a fair trial, then, if they be found ineffective, it will be time to consider plans to compel the dispersion of excessive accumulations by limiting the permissible amount of inheritances.

Meanwhile the development of the inheritance tax may well be left to the states, which are already moving rapidly in the extension of this form of taxation.

A STORY FROM PARIS.

JAMES STILLMAN, who has been in Europe for the past five months, is said to have repeated in a recent letter to a friend in New York this story, which he heard in Paris: An American banker brought his son to Paris with the intention of leaving him there to amuse himself for a while before assuming the duties devolving on him as a prospective partner in his father's banking house. The banker introduced his son to his Paris bankers, telling them to meet his son's drafts and to look to himself in case the account was overdrawn. The American banker went home to New York, and his son lost no time in starting out to have a good time. He made such progress in the course of a month that he had already become the source of some apprehension to the Paris bankers. The account had become overdrawn, but this caused no reduction in the volume of drafts drawn by the young American.

At the month's end the Paris bankers, to protect themselves, sent this cable to the young man's father:

"Your son's account overdrawn 100,000. Shall we honor further drafts?"

The father, who had more or less contempt for things French, although he liked Paris about as well as his son, sent this reply:

"If you mean pounds, send him home; if you mean dollars, tell him to be careful; if you mean those little things, let him have all he wants." —*New York Times.*

A PRACTICAL TREATISE ON BANKING AND COMMERCE.*

LOANS ON BONDS AND STOCKS.

THIS branch of banking loans has come into great prominence of late years on both sides of the Atlantic, owing to the increasing difficulty of obtaining satisfactory commercial loans and discounts. The immense increase in the deposits entrusted to Canadian banks has more than kept pace with the increase of satisfactory commercial business; hence, with many banks, the larger ones especially, it has become a regular branch of business to make advances on the security of bonds and stocks; not that, as a rule, they have deliberately passed by commercial business in order to enter upon this branch. No bank has a right to do this, for the very object for which banks are chartered is to promote trade and commerce. It is only when this requirement is fulfilled that banks can fairly enter upon this other field of enterprise. To put it in one word: it is only the banker's *spare funds* that can be properly so employed. The amount of such spare funds varies with the course of business and the season of the year; but, generally speaking, there is always sufficient to engage some measure of a banker's attention, and to make it important that he should master the principles on which loans should be carried on.

There are two very important differences in this class of business, usually expressed by the term, "loans at call," or "loans on time." There is also a distinction between "loans on bonds" and "loans on stocks."

Loans on Call.

By far the larger part of these are secured by stocks, of which there is in Canada a comparatively small range to choose from. Loans on bank stocks have been prohibited; for, when permitted, they gave rise to dangerous speculation. There remains, therefore, only the stocks of railways, shipping companies, and industrial enterprises. A banker in dealing with these will do well to make it a rule to lend on *no stock that is not listed and regularly quoted.* He will require as a minimum a margin of ten per cent., but the higher the price the larger percentage of margin he will exact. In fact, when a stock is obviously inflated, he will do well to fix a definite limit to his advances, no matter how high the stock may be quoted. This is a cardinal rule, and it will be found very dangerous to depart from it. He will be careful to have a substantial *borrower,* and avoid dealing with impecunious speculators, no matter how good the security may seem to be. And he will keep his eye upon

* Continued from June number, page 851.

the fluctuations of the market, and take means to keep well informed of the doings, speculations, and schemes of the principal operators. He will do well to observe certain rules or traditions, the result of experience, which, when applied, will rule out wrong classes of securities altogether. The greater part of call loans will be to stock brokers. Loans to them are *prima facie* safer than to principals, for the reason that they themselves have a principal behind them on whom they can call if needful. A banker dealing with brokers is, therefore, almost in a position of having a double security, besides the stock itself. A banker will take care to have his risks *well distributed,* not only amongst persons, but amongst stocks. He will take care not to have too much loaned on any one stock, otherwise he may find to his annoyance that he has been a party to some scheme for inflating a stock beyond a reasonable value. He may then be caught in a reaction, and find that he has *locked up* his money, instead of having it at his disposal on a day's notice. In a limited market like that of Canada, a banker will need to be careful not to have too much money out upon it. Experience has proved that this market cannot stand any very heavy strain of calls for money, especially on stocks that have a local value only.

Some stocks there are on which money can always be obtained in New York or London. These, of course, can bear a much heavier strain of call than the rest. But if advances rest on stocks that are not known in New York or London, the calling in of loans may sometimes result as "the calling of spirits from the vast deep" by the Welsh bard was said to do.

But much of the money lent on call by Canadian banks is through offices in New York. There the field is immensely greater. There is a much greater variety of quoted stocks, the changes in which are known far more rapidly than is the case in Canada. There are large numbers of brokers of solid means and standing, who are well able to stand the changes and even shocks of the market, as has been repeatedly proved. The tone of honor amongst this class is high. If calls for money are made, it is a point of honor to respond at once; and if the call is for more margin, it is at once lodged. No complaint is ever made cither of the suddenness or the amount of any call; or even of the sale of stock in case the call is not responded to—a rare event, however.

The great objection to the New York market is the rapid changes in the rate for money, and the fact that the rate may be as low as two to three per cent. for months together. Then, in a remarkably short time, the market may assume such a condition that rates of ten, fifteen, or even twenty per cent. per annum are paid without grumbling. This state of the market, however, rarely lasts more than a few days, or a few weeks at most; and, during its continuance, a vast amount of clearing out of weak speculators usually takes place.

The New York market, as is well known, is occasionally visited by spasms and cataclysms. Memories of "Black Fridays" still linger about

Wall Street (as indeed they do about Lombard Street), but these spasms are not so common now as formerly. They depend partly upon the money market itself. A continued period of very tight money will result in sharp spasmodic movements in which a fall of twenty to thirty per cent. (or even more in some cases) will take place along the whole line of stocks in a single day. Yet so solid is the underlying stratum that it has been known again and again that banks having large sums out "at call" have found themselves at the end of a most convulsive day in just as good a position as at the beginning. Their calls for margin or for payment had, in every case, been responded to, and not a single failure occurred amongst the circle of their customers.

Loans on Time.

The principal point of difference between call and time loans is that the latter are more nearly analogous to the ordinary loaning operations of the bank, and are not a mere employment of funds that may be wanted at any time, and must be at command on a day's notice.

A banker who is purposing to make loans on time will consider whether the prospective state of his finances warrants this mode of employing his funds. He will also scrutinize the security more carefully and avoid such stocks as have a tendency to considerable fluctuations during a given course of months. It has happened to a lender of money on time, that circumstances transpired making it most desirable, and indeed necessary for safety, to call in the loan. But being precluded from doing this, he was compelled to allow it to run on and so to submit to a loss. Loans on time are often advantageous to a banker with whom money is plentiful, when the rate he can command is good. He is saved from the trouble attendant on the constant changes involved in dealing with call loans, and will sometimes have the satisfaction of having his funds out at a higher rate than call loans are bringing. Of course, his experience may be the contrary.

There is one fundamental rule which experience has suggested in dealing with loans on stocks, viz., that it is never desirable to lend direct to the promoter of a company or to the man who owns and controls the majority of the stock in it. G. H.

Former General Manager Merchants' Bank of Canada.

MASSACHUSETTS NATIONAL BANKS.

THE official statement of the condition of national banks in Massachusetts outside of Boston, prepared under the call of the comptroller of the currency issued June 18, shows that they had total resources on that date amounting to $190,499,183.95. Individual deposits amounted to $105,795,372.64, and United States deposits $1,267,805.62. The column of liabilities shows the combined surplus fund of the banks, exclusive of Boston, to be $13,933,025, and undivided profits, less expenses and taxes paid, $7,454,714.89. The combined capital stock paid in was $33,477,500.

TRUST COMPANIES—THEIR ORGANIZATION, GROWTH AND MANAGEMENT.*

BY CLAY HERRICK.

FORMS AND RECORDS FOR THE BANKING DEPARTMENT.—*Continued.*

THE GENERAL BOOKS.

IF a general system of proofs, such as that described in connection with figures 124 to 128† is in use, the first form needed by the general bookkeeper for the record of the day's work is his proof, a form of which is shown in Figure 146. On this proof he lists the items received from or sent to the other workers, in the same manner as has already been described for the tellers' proofs, figures 124 to 128. When all of the items (except the bookkeepers' totals) have been entered, the totals are listed in the places indicated under the heading "Summary" at the right of the bottom of the proof: and if the work has been done correctly, the total of the debit items will agree with the total of the credit items. The bookkeeper then has a proof of the correctness of his work for all items except the totals to be furnished him by the individual bookkeepers, draft tellers, etc. When such totals are received they are entered in their designated places under the heading "Summary" at the left of the bottom of the proof, where are also entered the totals of the general book items listed on the proof. Meantime the general journal is written up, and the correctness of the work there is indicated if the total debits and total credits agree with such totals as shown by the final "Summary" on the proof. The difference between these totals shows the amount of "general cash" at the close of the day's business; and with this figure the amount of "general cash" shown by the paying teller's summary of general cash, figure 126‡, must agree.

For a general journal many companies still use the old-style two-column journal with debit and credit pages. Figure 147 shows the left-

* Publication of this series of articles was begun in the January, 1904, issue of the MAGAZINE, page 81.

† The Bankers' Magazine, May, 1906, pp. 666-671.

‡ The Bankers' Magazine, May, 1906, p. 670.

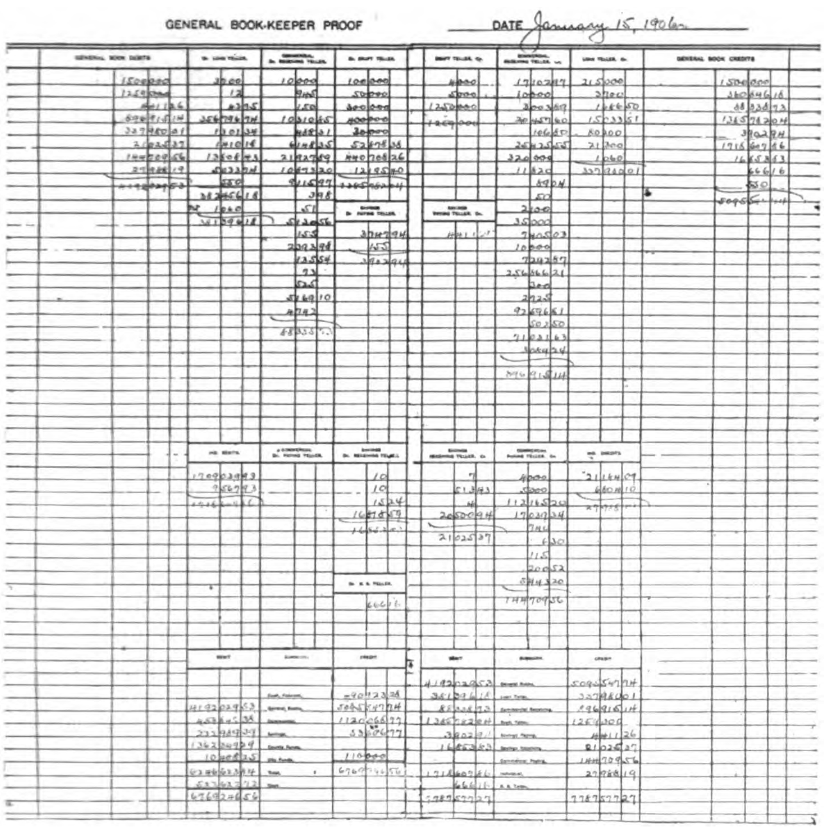

FIG. 146.- GENERAL BOOKKEEPER'S PROOF.

hand or debit page of such a journal. The right-hand page is ruled in the same way, having the heading "Cr." instead of "Dr." Much more convenient than the old form is the improved general journal shown in Figure 148, in which debits and credits are entered on one page, and the names of the accounts, being in the center, need not be repeated for debit and credit entries. The width of the page is about 13½ inches. Figure 149 shows another form of one-page general journal, having a different arrangement of the amount and explanatory columns.

For a general ledger, the old style ruling, without balance columns, is still in use by some companies; but ledgers having balance columns are decidedly preferable, and are in general use. Figures 150 and 151 show two forms of such a ledger—that shown in figure 151 being the better of the two, because it more distinctly separates debit and credit items. These ledgers may be either tight bound or in loose leaf form.

The general bookkeeper enters the balances from the general ledger in the daily statement (or balance) book, which serves the double purpose of a daily trial-balance of the general accounts and a condensed

Dr Monday, January 7, 1906.

Demand Loans	W. A. Smith #2117	✓	3000	
	Jones & Roe 2118	✓	2500	
	A. S. Johnson 2119	✓	325	
	R. J. Mills 2120	✓	600	6425
Time Loans	Philip Doe. #312	✓		500
Real Estate Loans	John & Mary Jones #1859	✓	2000	
	William R. Smith 1860	✓	1500	3500
Commercial Deposits		✓		69408 57
Savings Deposits		✓		27815 92

FIG. 147.—GENERAL JOURNAL, LEFT PAGE.

Monday, January 15, 1906

Total Debits		Debits	Description	Account	Description	Credits		Total Credits
	✓	5000	Mary R. Brown #2317	Loans, Demand	Wm. R. Smith #2143	1200	✓	
	✓	2500	Peter S. Prune 2318		James Doe 1644	500	✓	
	✓	700	John Jacobs 2320		Ralph Roe 2009	15000	✓	16700
	✓	10000	George Putnam 2319					
24700	✓	6500	Charles Stephen Roe 2321					
				do. Time	Ralph T. Johnson #708		✓	1000
	✓	2000	Israel Putnam #1604	do. Real Estate	John J. Ingalls #1564	5000	✓	
	✓	3650	John C. Calhoun 1605		Mary Brown 1280	600	✓	
9650	✓	4000	Chas. H. Benton 1606		William Mann 1417	1200	✓	6800
115669 33	✓			Deposits – Comml.			✓	128403 70
36721 67	✓			do. Savings			✓	44809 55

FIG. 148.—GENERAL JOURNAL.

GENERAL JOURNAL.

Date January 15 1906

Explanatory Matter.		Dr. Amounts.	Ck.	TITLES.	Ck.	Cr. Amounts.	Explanatory Matter.	
Mary R. Brown	#2317	5000	✓	Loans, Demand	✓	1200	Wm. R. Smith	#2143
Peter S. Prune	2318	2500	✓		✓	500	James Doe	1644
John Jacobs	2320	700	✓		✓	15000	Ralph Roe	2009
George Putnam	2319	10000	✓					
Rem		25000	✓	Seaboard Nat. N.Y.	✓	7510 81	Dfts.	
		250116 65	✓	Deposits – Com.	✓	216444 45		

FIG. 149.—GENERAL JOURNAL

Individual Deposits

Date 1905		Explanation	Debits	Credits	Dr. Balances	Cr. Balances
April	8	Balance forward				329 684 02
	9		37 618 50	35 430 66		327 496 19
	10		20 116 34	28 740 50		336 120 35
	12		22 407 55	31 670 40		345 383 20
	13		19 672 56	18 412 99		344 123 63

FIG. 150.—GENERAL LEDGER,

GENERAL LEDGER________ SHEET NO. 15 FROM 4/8/05 TO________

Individual Deposits

Explanation	Debits	Dr. Balances	Date 1905		Cr. Balances	Credits	Description
Balance forward,			Apl	8	329 684 03		
	37 618 50			9	327 496 19	35 430 66	
	20 116 34			10	336 120 35	28 740 50	
	22 407 55			12	345 383 20	31 670 40	
	19 672 56			13	344 123 63	18 412 99	

FIG. 151.—GENERAL LEDGER.

Ledger Folio		Monday, May 7, 1906. Dr	Cr	Tuesday, May 8, 1906 Dr	Cr	Wednesday, May 9, 1906 Dr	Cr
5	The First Trust Co.	31 219 76		35 836 84		34 763 57	
14	Fourteenth Nat Bank, N.Y.	20 180 50		21 765 75		20 567 28	
23	Commercial Deposits		100 684 95		103 763 48		99 557 24
42	Savings Deposits		326 641 84		335 165 20		335 954 02
73	Real Estate Loans	183 160		183 160		184 660	
99	Collateral Loans	138 333 78		141 333 78		184 742 87	
117	Cash	25 639 84		27 989 55		26 835 32	
134	Earnings		9 446 96		9 513 50		9 569 34
150	Expense	3 977 07		4 093 76		4 168 67	
175	Real Estate	50 000		50 000		50 000	
179	Furniture and Fixtures	10 000		10 000		10 000	
184	Interest on Savings Accts	4 551 23		4 551 23		4 631 82	
196	Interest on Com. Accts	1 759 81		1 759 81		1 759 81	
210	Bonds and Stocks	195 000		195 000		195 000	
230	Capital Stock		100 000		100 000		100 000
233	Surplus		50 000		50 000		50 000
235	Undivided Profits		10 103 74		10 103 74		10 103 74
240	Trust Deposits		56 944 50		56 944 50		56 944 50
250	Certificates of Deposit		10 000		10 000		10 000
		663 821 99	663 821 99	675 490 72	675 490 72	672 125 84	672 125 84

FIG. 152.—DAILY STATEMENT, OLD STYLE.

statement, which enables the officers to see the condition of the company at a glance.

In its simplest form this book is merely a list of the balances of the general ledger accounts, so arranged that separate footings may be taken of the debit and credit balances, to show their agreement. Figure 152

Daily Balances.

RESOURCES	Feb. 3, 1905			Feb. 4, 1905			Feb. 5, 1905			Feb. 6, 1905		
LOANS: Demand Loans	119	921	13	121	327	55	121	327	55	135	440	50
LOANS: Time Loans	107	528		107	528		107	528		107	528	
LOANS: Real Estate Loans	183	160		183	160		180	160		175	300	
TOTAL LOANS	410	609	13	412	015	55	409	015	55	408	268	50
INVEST'S: Bonds	94	500		94	500		94	500		94	500	
INVEST'S: Stocks	11	384	65	11	384	65	11	384	65	11	384	65
INVEST'S: Sundry Investments												
TOTAL INVEST'TS	105	884	65	105	884	65	105	884	65	105	884	65
Reserve (cash)	25	639	84	28	407	60	24	319	66	30	116	84
Reserve (city banks)	31	219	76	29	380	56	32	678	50	31	670	46
Reserve (outside banks)	20	180	50	22	679	30	21	888	34	25	389	60
TOTAL RESERVE	77	040	10	80	467	46	78	886	50	87	176	90
EXPENSE: Expense	1	285	16	1	368	23	1	561	40	1	593	86
EXPENSE: Int. Com'l Deposits		574	31		574	31		574	31		574	31
EXPENSE: Int. Savings Deposits	2	117	60	2	117	60	2	117	60	2	117	60
TOTAL EXPENSE	3	977	07	4	060	14	4	253	31	4	285	77
Real Estate	50	000		50	000		50	000		50	000	
Furniture and Fixtures	10	000		10	000		10	000		10	000	
	657	510	95	662	427	80	658	040	01	665	615	82
LIABILITIES												
Capital Stock	100	000		100	000		100	000		100	000	
Surplus	50	000		50	000		50	000		50	000	
Undivided Profits	10	103	74	10	103	74	10	103	74	10	103	74
EARNINGS: Bank Earnings	3	296	46	3	340	29	3	387	50	3	490	13
EARNINGS: Investment Earnings	1	079		1	079		1	079		1	079	
EARNINGS: Safe Deposit Earnings		325			325			356			369	
EARNINGS: Trust Earnings		746	50		746	50		928	38		928	38
EARNINGS: Sundry Earnings												
TOTAL EARNINGS	5	446	96	5	490	79	5	750	88	5	866	51
DEPOSITS: Certificates of Deposit	10	000		10	000		10	000		10	000	
DEPOSITS: Commercial Deposits	100	318	41	106	307	67	100	305	95	106	085	53
DEPOSITS: Savings Deposits	381	641	84	380	525	60	381	879	44	383	560	04
TOTAL DEPOSITS	[illegible]	960	25	496	833	27	492	185	39	499	645	57
	657	510	[illegible]	662	427	80	658	040	01	665	615	82

FIG. 153.—CLASSIFIED DAILY STATEMENT.

shows an old form of daily statement, in which the accounts are listed in the order in which they are found in the bound general ledger. As will be seen, two columns are required for each day's statement; and the book is usually arranged to show a week's work on each double page. By having some of the pages "cut short" along the line just after the names of the accounts, the frequent rewriting of the names may be

The Blank Trust Company.

New Commercial Accounts Opened	8	*New Savings Accounts Opened*	5
Commercial Accounts Closed	1	*Savings Accounts Closed*	2
Total No. of Open Com'l Acc'ts	938	*Total No. of Open Savings Acc'ts*	2254

May 5 1905

ASSETS.				LIABILITIES.			
Real Estate Loans	183	160		*Capital Stock*	100	000	
Collateral Loans	127	449	13	*Savings Deposits*	326	641	84
Bills Discounted	10	884	65	*Special Deposits*	55	000	
Cash	25	639	84	*Commercial Deposits*	95	372	95
Bankers National Bank	31	219	76	*Certfs. of Deposit, Special*		—	
Seaboard National Bank	20	180	50	*Certfs. of Deposit, 4%*	10	000	
Bank Building	30	000		*Certfs. of Deposit, 3%*	5	312	
Furniture and Fixtures	10	000		*Deposit Loan Payments*	1	944	50
Real Estate	20	000		*Current Earnings*	9	446	96
Stocks and Bonds	195	000		*Undivided Profits*	60	103	74
Insurance, Taxes, Etc.		—					
Interest Due and Unpaid		—					
Current Expenses	3	977	07				
Int. Paid on Certif. of Deposit		184	69				
Int. Paid on Commercial Accounts	1	759	81				
Int. Paid on Savings Accounts	4	366	54				
	663	821	99		663	821	99

FIG. 154.—DAILY STATEMENT.

avoided. In the larger companies, however, the names are usually printed in the book, and the short leaves are then unnecessary. Figure 153 shows an improved form of daily statement, in which the different accounts are grouped according to classes, and the totals of the classes are shown in red ink. The resources and liabilities are grouped separately, and only one column is used for each day's work. The balances for two weeks may be shown on each double page. Other forms of statement books provide an extra column for the group totals shown in Figure 153.

Some companies have each day's statement written on a separate sheet of paper, the sheets being filed in a loose-leaf holder. Figure 154 shows a form of such a statement, which includes also a memorandum of accounts opened and closed.

The arrangement of the details of the statement of course varies with different companies, according to the accounts carried and the character of the business. For example, some prefer to show in the general statement the balances in each of the depository banks, while others show, as in Figure 153, simply the totals, and give the details in a separate statement devoted to the reserve.

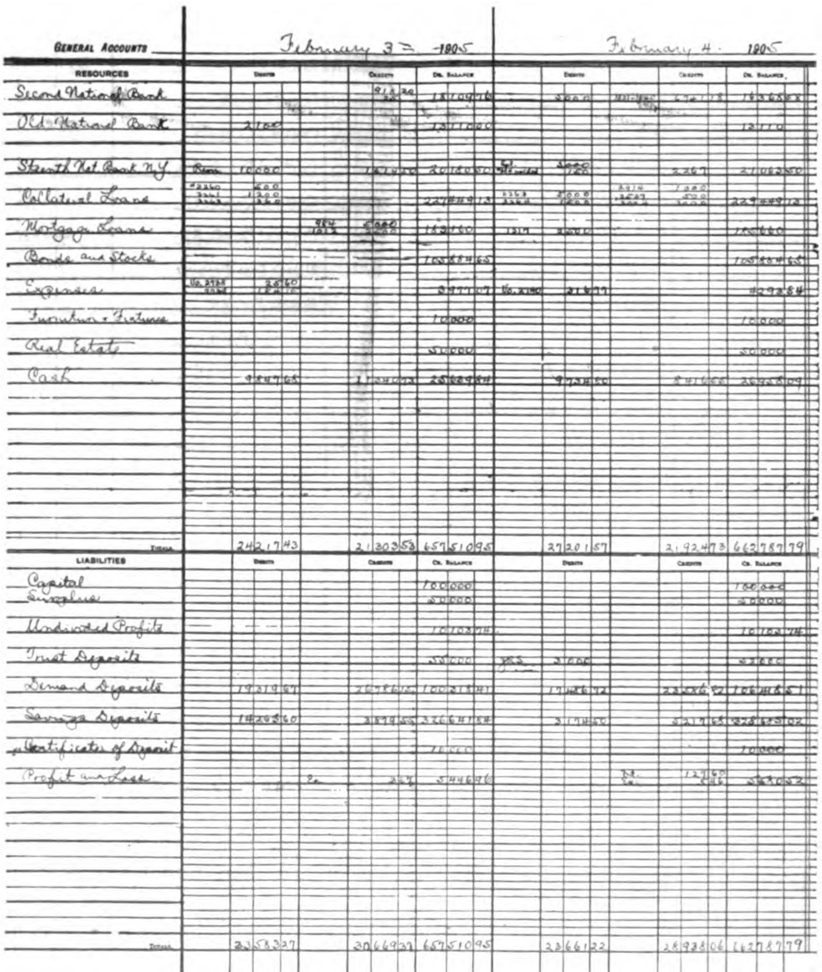

FIG. 155.—BOSTON LEDGER FOR GENERAL ACCOUNTS.

These three books—the journal, the ledger and the statement book—are the ones included in what is sometimes called the "three-book system" of keeping general accounts. Instead of this, some companies use the "one-book system"—the one book being a modification of the Boston Ledger. A form of such a ledger is shown in Figure 155. As a study of the figure will show, the accounts are kept in this book in practically the same way that individual accounts are kept in the regular Boston Ledger. The book serves for both journal and ledger, the entries being made directly from the original debit and credit tickets. Except for the convenience of the officers, a separate daily balance book is not needed,

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DEBIT		CREDIT		BALANCE
DETAIL	AMOUNT	AMOUNT	DETAIL	

FIG. 156.

DEBIT ITEMS	DEBITS	CREDIT ITEMS	CREDITS	RESOURCES	LIABILITIES

FIG. 157.

DEBIT Demand Loans

Brown and Doe	#3764	$	5000
M. J. Downey	3765		2500
Peter Samson	3766		1200

Date 5/21 1906 Wm. Doe, Loan Clerk

FIG. 158.—DEBIT SLIP.

as the balances in this ledger provide a daily statement. In this form, the resources are grouped at the top, and the liabilities at the bottom of the page, so that only one balance column is needed. Some prefer, however, to have two balance columns side by side for debit and credit balances respectively. This may be done by simply adding another balance column in the form shown in Figure 155—the balance of the ruling being the same. Figure 156 shows the ruling of another form having wider description columns; and Figure 157 shows a form with wide description columns and two balance columns. In both of these figures the ruling for one day's work only is shown; that for the other days being the same.

An evident objection to this method of keeping the general accounts is that the book does not provide much space for the description of items; which, for some accounts, is quite necessary. To overcome this obstacle, some bookkeepers use an auxiliary book, in which are carried in detail those accounts whose items are apt to need much description, only the totals for such accounts being entered in the regular ledger each day. It is of course possible to do away entirely with the description columns and use the book strictly as a ledger, with a regular journal for details.

Entries on the general books are usually made from debit and credit slips which are furnished to the general bookkeeper by the various tellers, bookkeepers and officers. Figures 158 and 159 show forms of debit and credit slips respectively. Figure 160 shows a combined debit and

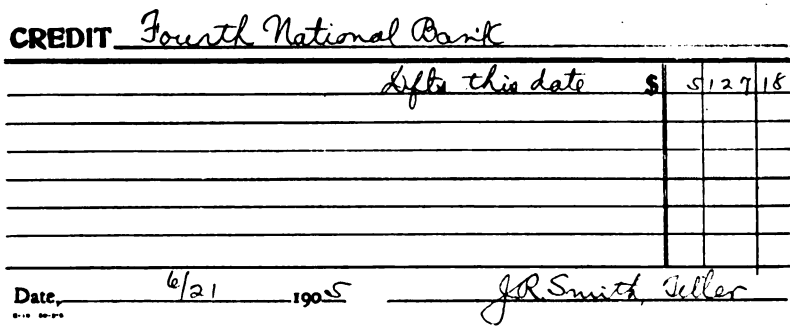


FIG. 159.—CREDIT SLIP.

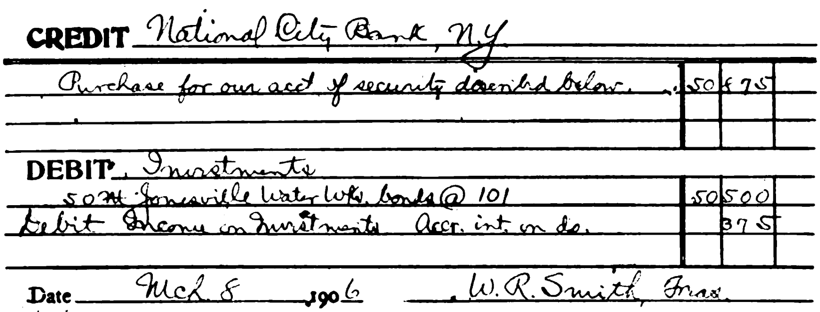


FIG. 160.—DEBIT AND CREDIT SLIP.

credit slip, which is convenient when both debit and credit go to the same bookkeeper. As a matter of convenience in filing, it is well to have all slips of this character of the same size and shape; although some prefer to have the debit slips of the size and shape of the company's check, and the credit slips of the size and shape of the deposit ticket. After using, the slips should be carefully filed for future reference, as they are the general bookkeeper's vouchers for entries in his books. In all cases the slips should be signed or initialed by the person responsible for the transactions represented. Theoretically they should be signed or "O. K.'d" by an officer; but this is practically impossible in a large institution.

Charges to the expense account, however, should invariably be approved by an officer. Many companies have a special form of debit slip or voucher for petty expense items, and Figure 161 shows a form of such a voucher. Petty expense items are often carried by the paying teller in his cash until the close of the week or month, when their total is entered on the general books. Instead of debit and credit slips, some companies use a bound book known as the charge and credit book; but while this provides a permanent record of such items, it is rather too cumbersome for a company doing a large business; and it is doubtful whether it adds anything in the way of safety.

In addition to the regular books of account, the general bookkeeper prepares or gathers from the heads of the different departments, daily reports, which, with the general statement, are placed each morning upon the desk of the executive officer. In a large company, these include reports from all the various departments—banking, savings, trust, safe-deposit, bond, real estate, etc. The amount of detail given in these reports varies in different companies; some of the items covered being lists of

EXPENSE DEBIT. DISTRIBUTION Bank — Supplies

FOR 10 gross XX pens @ 95¢ $ 9.50

DATE 5/6/06 O. K. BY Samil Roe, Treas.

RECEIVED OF The Star Trust Company FOR THE PURPOSE SPECIFIED ABOVE.

$9.50 SIGN HERE. Richard Stone, agt.

FIG. 161.—PETTY EXPENSE VOUCHER.

DAILY REPORT—BANKING DEPARTMENT—(CONTINUED.)

May 5, 1906

	Day	Month	Last Year Day	Last Year Month
Accounts Opened,	12	51	9	42
Accounts Closed,	3	17	4	21

Banks Issued, 3
Banks Surrendered 0
Total in Use 1287

Commercial Accounts 2348
Savings Accounts, 7564
Total, 9912

Name	Address	Commercial	Savings	Certificates	Source
James R. Redson	#37 8th Av.	350			W. R. S.
Robert T. Stokes	1968 Mass. Av.		1000		Ad.
Susan M. Smith	Holyoke, Mass.		500		J. D. R.
Arthur Brown	213 Star Bldg.	279.68			Customer
Black & White	25 5th St.			1500	M. P. D.
	Total Amount.				
	Average.				

(OVER)

FIG. 162.—PORTION OF DAILY REPORT.

accounts opened and accounts closed, with the sources of the former and the reasons for the latter; loans made and paid; overdrafts; details of the reserve; over and short cash; large deposits or withdrawals; new trusts received; trusts closed; important transactions in the trust department; investments made and investments sold; purchases and sales in the bond department; safes rented and safes surrendered, etc. These reports often contain a comparison with the figures for the same items on the corresponding date of the previous year. Figure 162 shows a portion of a daily report for the banking department, showing a list of new accounts.

Monthly, semi-annual and annual reports are also compiled, these usually including comparative statements to show the growth of the company month by month or year by year. The general purpose of such reports is to enable the executive officers—who naturally have little time for details—to quickly inform themselves of the condition and the trend of the business.

(To be continued.)

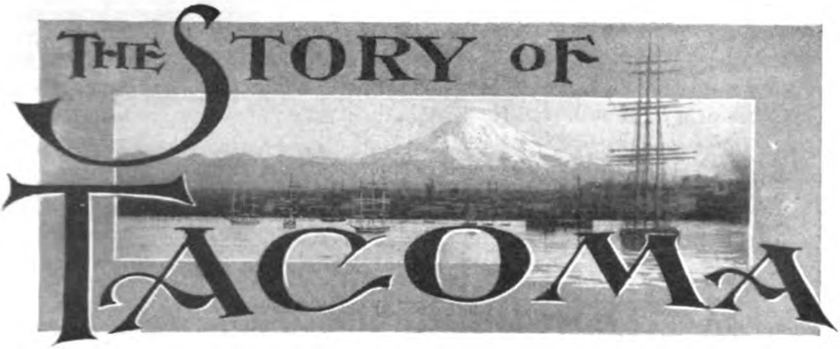
BANKING IN THE UNITED STATES.

IT is pointed out by "The New York Sun" that the banking progress made by Oklahoma and Indian Territory indicate the fitness of these territories for statehood. How remarkable this progress has been may be learned from the following figures:

	1895.	1905.
Number of banks	30	539
Capital	$1,007,625	$12,853,405
Surplus and profits	198,887	3,856,552
Individual deposits	1,746,516	34,274,686
Aggregate resources	3,275,232	59,554,208

Stated as percentages of increase, the ten-year gain in number of banks was about 1,700 per cent.; in capital, about 1,175 per cent.; in surplus and profits, about 1,800 per cent.; in individual deposits, about 1,800 per cent., and in aggregate resources, about 1,725 per cent.

NIGHT AND DAY BANKING.—The paying teller (in Day and Night Bank, at 4 A. M.)—"But this doesn't resemble your regular signature, Mr. Klubman?" Mr. Klubman—"Reg'lar night signature ol' boy. Darn lucky I (hic) didn't have to make my marksh!"—*Brooklyn Life.*



THE INDUSTRIAL CENTER OF THE PACIFIC NORTHWEST.

BY LOUIS W. PRATT, SECRETARY OF THE TACOMA CHAMBER OF COMMERCE AND BOARD OF TRADE.

(Louis W. Pratt, the author of this article, has resided in Tacoma about six years, and was for five years the editor of the Tacoma Daily Ledger. He has fathomed the Tacoma question probably as completely as any other man in the country, and is a recognized authority on all matters pertaining to the development of the Pacific Northwest. His statements of facts in this article will be of unusual interest, because they come from a man as well known for accuracy as for literary ability.)

EVERY community of the civilized world is to some extent engaged in manufacturing. The larger the city the greater and more varied are the industries required to supply the necessities of the residents. The Federal census includes in its list of manufacturing industries the bakers, merchant tailors, dressmakers, blacksmiths, masons, carpenters, plumbers, gas-fitters, pavers, bridge-builders, and jobbers and repairers who make and mend a multitude of things required in every community. Every village, town and city must have a force of artisans engaged in mechanical work which in a general way is termed manufacturing, as distinguished from agriculture or trade. On the other hand, an "industrial center" or a "manufacturing city," in the sense in which these terms are properly used, is a community which manufactures articles not alone for local consumption but for use in other and distant marts.

Tacoma is a manufacturing city in this sense, inasmuch as it has large mills and factories whose products are marketed in almost every quarter of the globe. No other city on the Pacific Coast actually produces as large a volume of manufactures for consumption elsewhere, or as large a proportion of the articles which enter into its jobbing and foreign trade.

Tacoma's progress and success in manufacturing are due to an unusual combination of natural resources and facilities which conduce to economy in production and ease in supplying the markets of the world. The basis of all manufacturing is raw material, which must be converted by mechanical processes into commercial products. The Bureau of

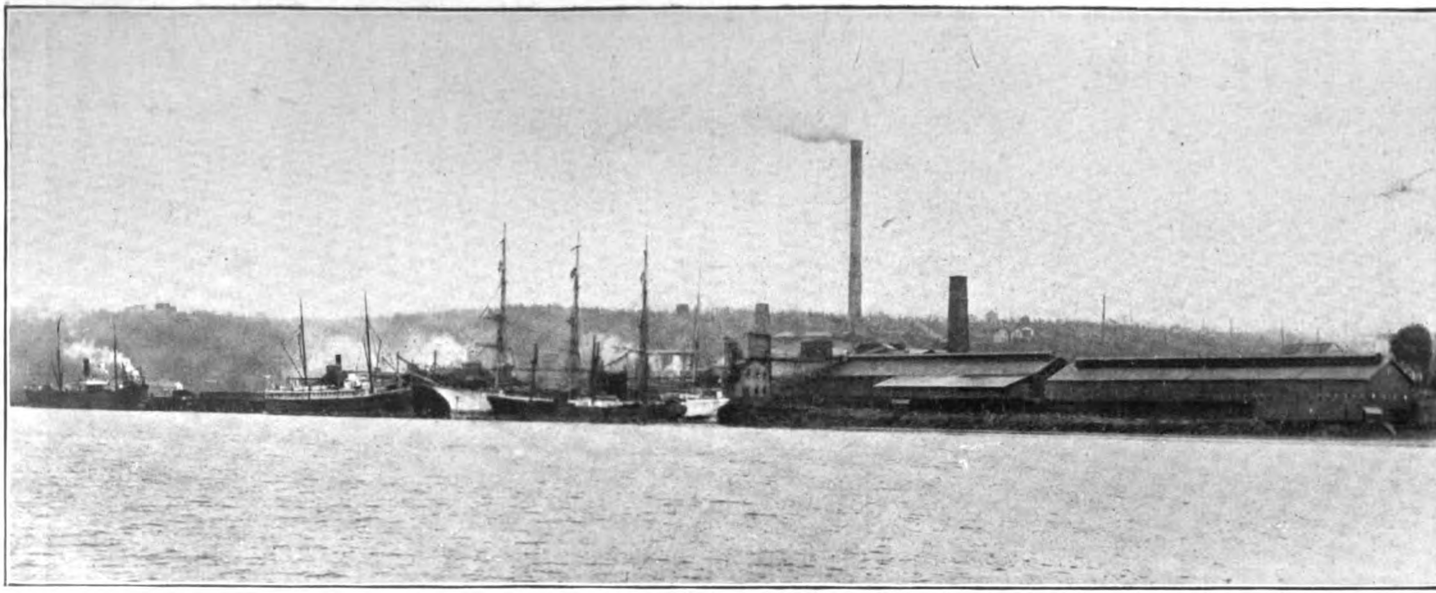
Statistics at Washington classifies all natural products which enter into our industries and commerce as products of agriculture, mining, the forests and fisheries. Add to these products in a natural state what are termed manufactures and we have a five-fold classification which embraces more than 99½ per cent. of the commodities which enter into American trade and commerce, foreign and domestic. Production is the primary source of all industry, of all trade, of all employment, and of all wealth.

Command of Raw Materials.

Among the manufacturing cities of the United States, Tacoma enjoys the almost unique distinction of having at command the raw products of agriculture, mines, forests and fisheries. The Inland Empire, as the

VIEW FROM COURT HOUSE, TACOMA, MOUNT TACOMA IN THE DISTANCE.

territory between the Rocky Mountains and the Cascades in Washington, Oregon and Idaho is called, has become an important factor in the cereal production of the United States. Tacoma is the natural outlet for the largest share of the wheat, barley, rye, and oats of this rich agricultural country, yielding about 90,000,000 bushels of grain a year, of the hops of Western Washington, and of the vegetables and fruits of many fertile valleys east and west of the Cascade Mountains. The standing timber of Washington, west of the summit of the Cascades, amounts to not less than three hundred billion feet, surpassing in size and quality the timber of any other evergreen forests in the world. The mines whose products are



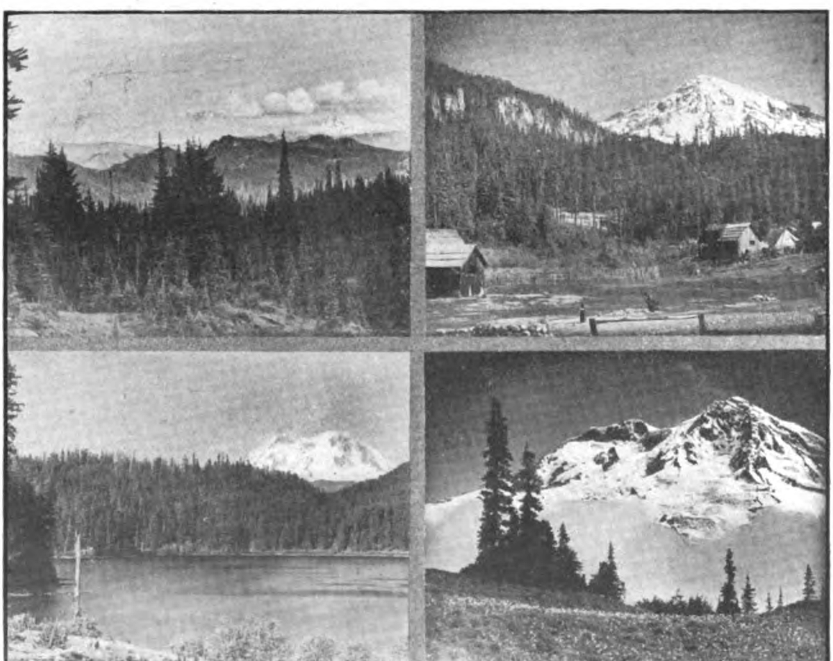
WORKS OF THE TACOMA SMELTER, SHOWING TALLEST CONCRETE CHIMNEY IN THE WORLD.

cheaply assembled at Tacoma include coal, copper, lead, gold and silver, while tin and iron are stored in enormous quantities within reach, and await the enterprising hands which will convert them into commercial tin and steel. The waters of the Pacific abound in fish and many varieties of sea food, from the sardine and the bivalve to the halibut that tips the scale at a thousand pounds and affords the material for an industry of large proportions.

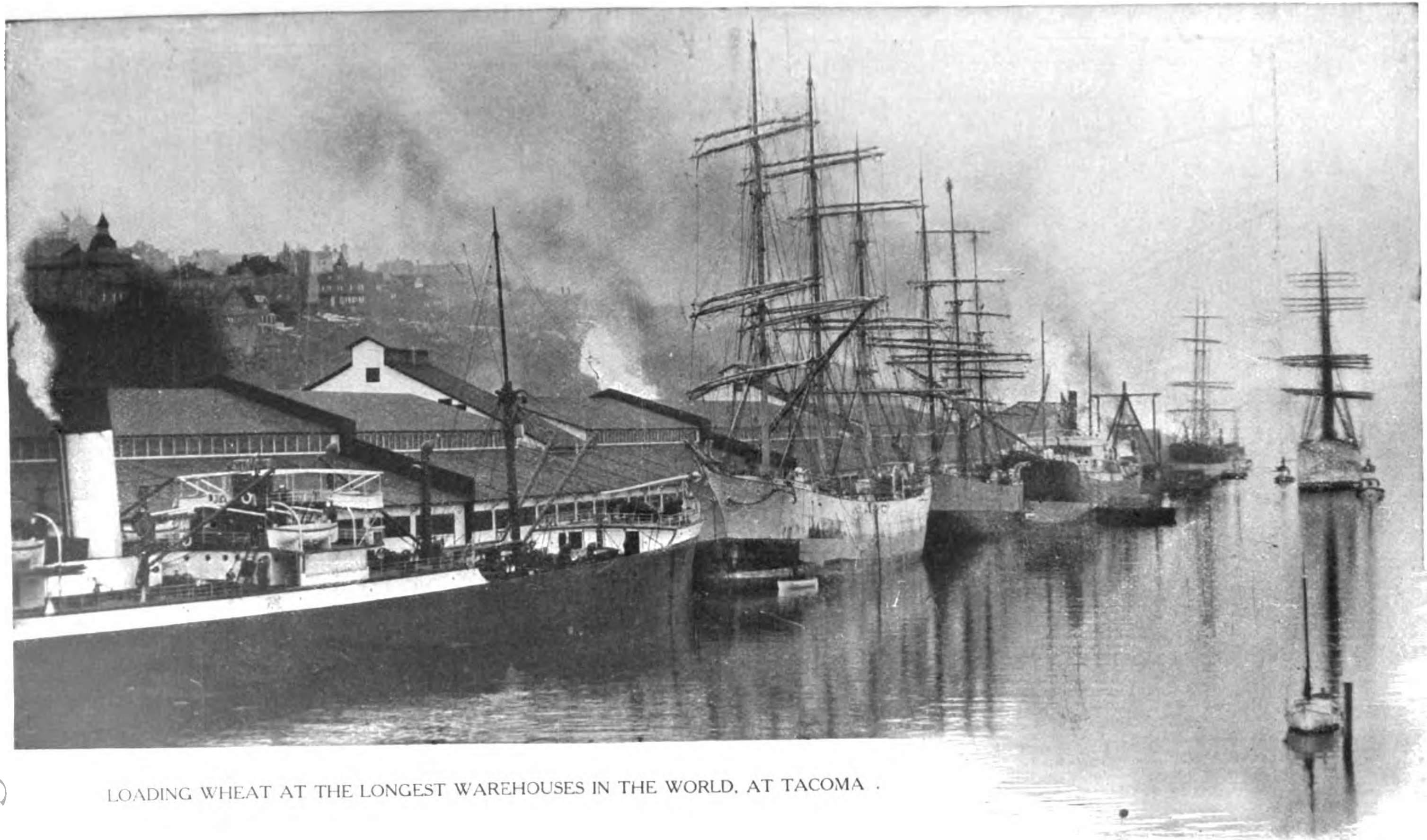
If there be any product of nature not embraced under one of the heads in the classification above referred to, it is possibly that of game or wild animals, and even in this line Tacoma finds an opportunity for the development of an important industry and considerable trade in the curing and manufacture into rugs and garments of Alaska furs.

CHEAP FUEL, COAL AND COKE.

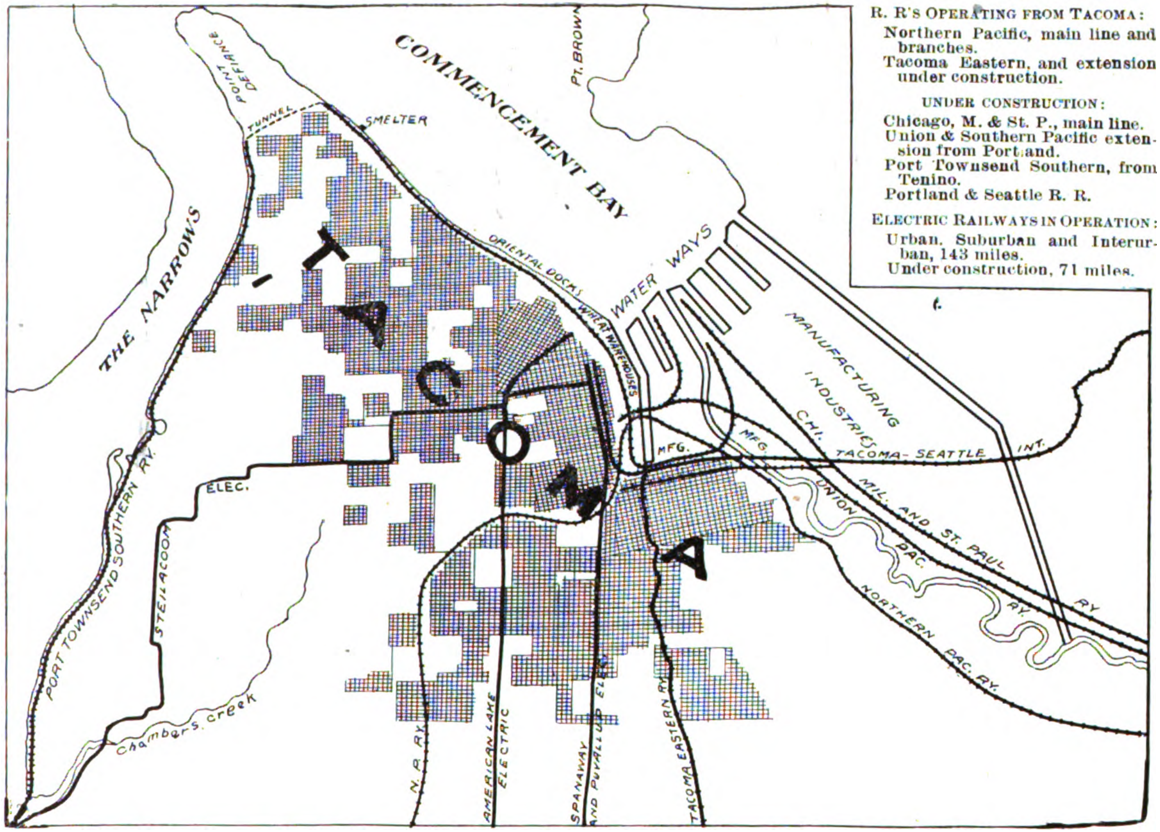
Coupled with this remarkable command of raw materials employed in manufacturing, Tacoma is abundantly supplied with fuel and cheap power. Coal in inexhaustible quantities is stored in the foothills of the Cascade Mountains, and is mined within thirty miles of the city. Mr. E. W. Parker, statistician of the United States Geological Survey, called attention a few years ago to the fact that the four states of the Union which lead in their respective belts in the production of coal have become the leaders of their respective sections in industrial activities. These



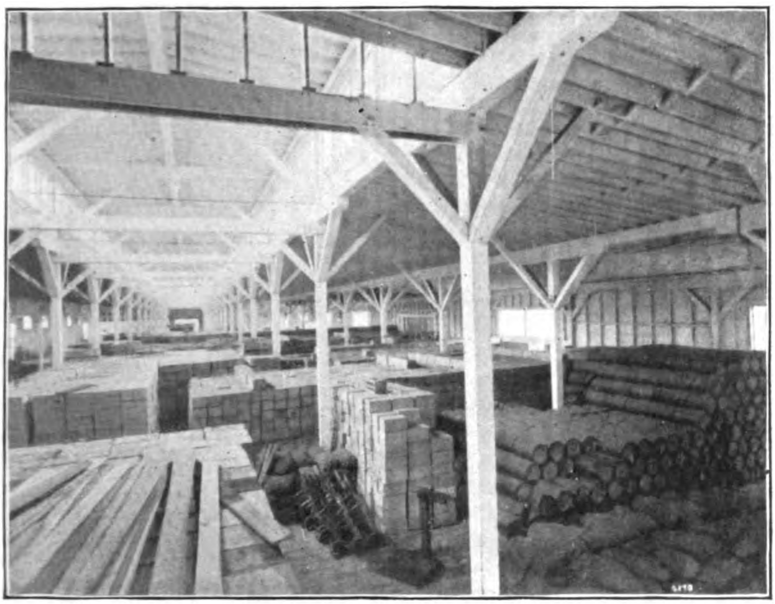
MOUNTAIN VIEWS NEAR TACOMA.



LOADING WHEAT AT THE LONGEST WAREHOUSES IN THE WORLD, AT TACOMA.


R. R'S OPERATING FROM TACOMA:
Northern Pacific, main line and branches.
Tacoma Eastern, and extension under construction.
UNDER CONSTRUCTION:
Chicago, M. & St. P., main line.
Union & Southern Pacific extension from Portland.
Port Townsend Southern, from Tenino.
Portland & Seattle R. R.
ELECTRIC RAILWAYS IN OPERATION:
Urban, Suburban and Interurban, 143 miles.
Under construction, 71 miles.
COMMENCEMENT BAY
PT. BROWN
POINT DEFIANCE
TUNNEL
SMELTER
THE NARROWS
TACOMA
ORIENTAL DOCKS
WHEAT WAREHOUSES
WATER WAYS
MANUFACTURING INDUSTRIES
MFG.
CHI. MIL. AND ST. PAUL RY.
TACOMA-SEATTLE INT.
UNION PAC. RY.
NORTHERN PAC. RY.
PORT TOWNSEND SOUTHERN RY.
ELEC.
STEILACOOM
Chambers creek
N. P. RY.
AMERICAN LAKE ELECTRIC
SPANAWAY AND PUYALLUP ELEC.
TACOMA EASTERN RY.

states are Pennsylvania, Illinois, Colorado and Washington. Tacoma is the most favorably situated point in the latter state with reference to the coal deposits of the leading coal-producing counties—Kittitas, Pierce and southern King. The best coking coal found in the state is produced at the Pierce county mines, about twenty-five miles from Tacoma, and the coke is used extensively in manufacturing and the reduction of ores in the city. An abundance of fuel is also obtainable from the waste of the lumber mills of the city, many of which maintain huge refuse burners in order to consume the surplus after marketing slabs and bark for the

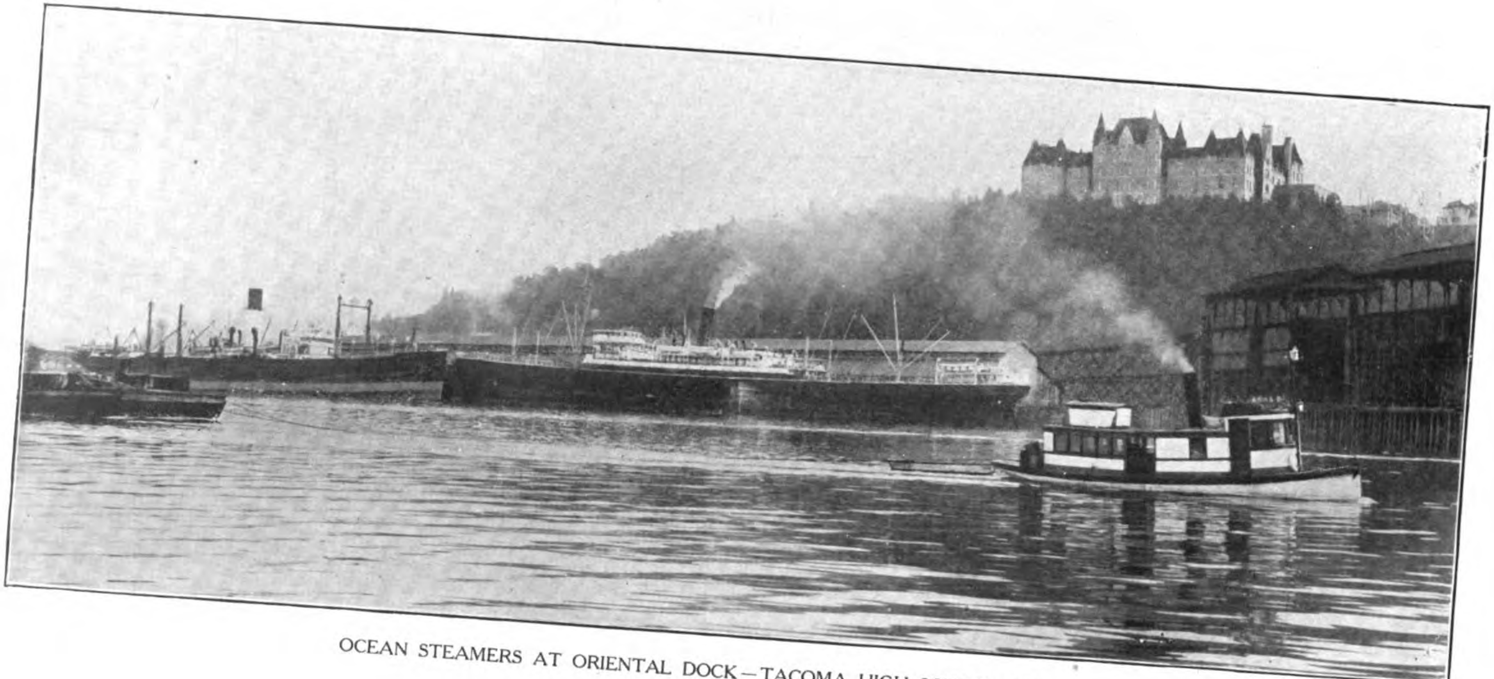


INTERIOR OF WAREHOUSE.

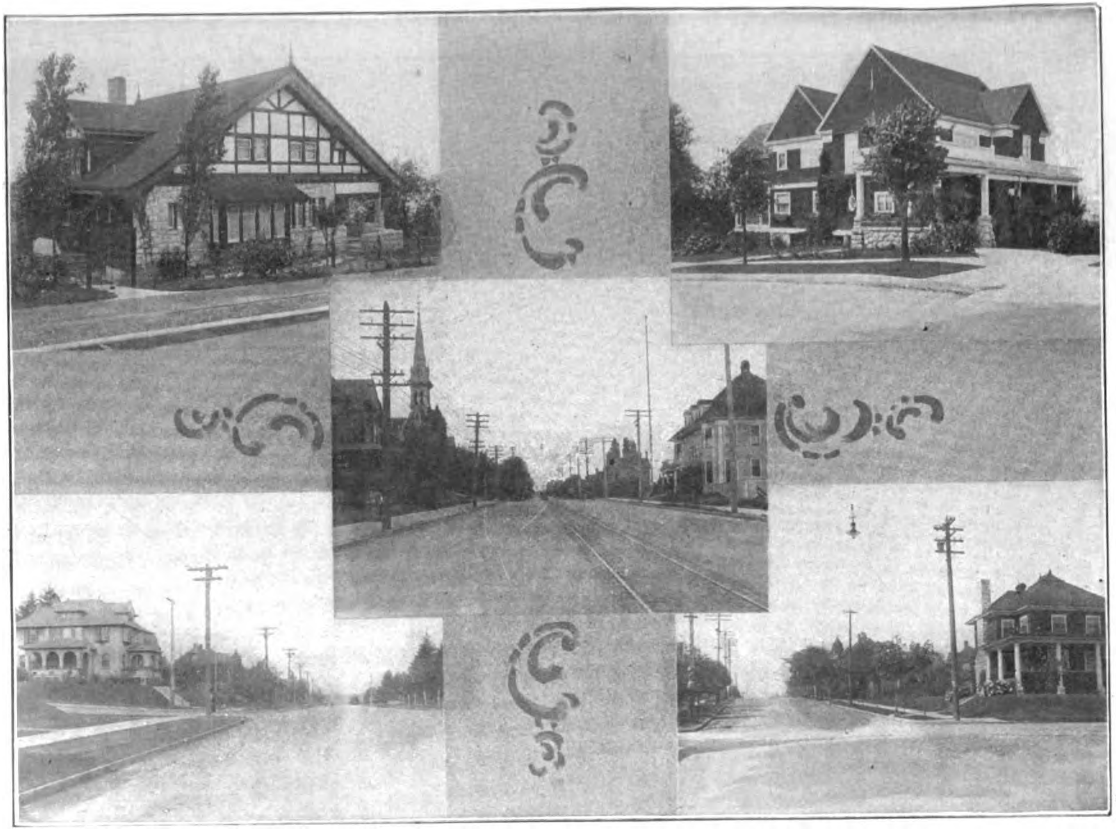
use of steam plants in other manufacturing establishments. California oil, which is used for fuel by some of Tacoma's industrial establishments, is brought to the city by water at low rates of freight in oil-tank vessels.

Marvelous Water Power Resources.

In addition to these fuel resources, there are water powers near Tacoma which fully equal in extent the efficiency of Niagara Falls. Mount Tacoma, whose snow-capped, glacier-buttressed dome rises to a height of 14,500 feet about forty miles southeast of the city, feeds a number of streams which descend 7,000 feet from the snow-line to the Sound within easy distance from Tacoma. The efficiency of these rivers for the production of electrical energy has never been fully measured. Two power plants have already been established, one about twenty-three miles from Tacoma and another about forty-six miles distant, at which 35,000



OCEAN STEAMERS AT ORIENTAL DOCK—TACOMA HIGH SCHOOL ON BLUFF.



VIEWS IN RESIDENCE SECTIONS.

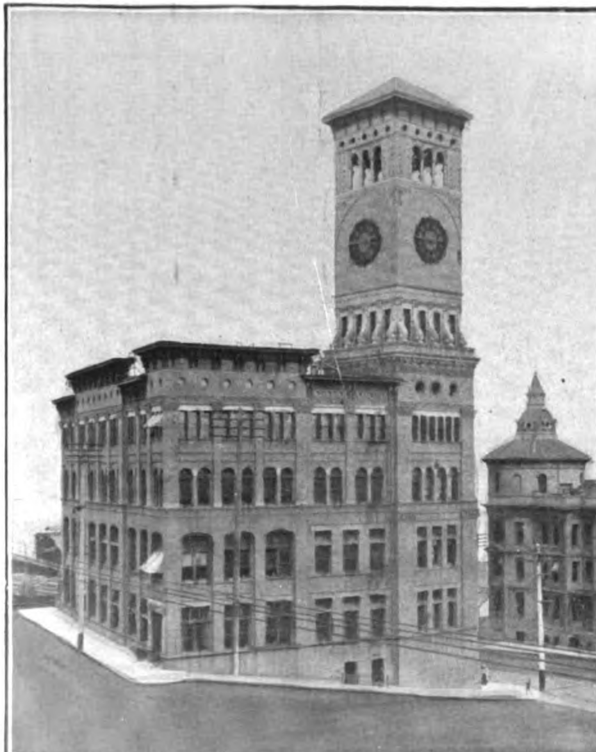
horse power is now produced. One of these plants, at Electron, has been constructed with flume line, reservoir, forebay, penstock, line and power-house site capable of installing and operating eight 5,000 horse power units, four of which are already in operation. The product of both of these plants is principally employed in operating street railways, furnishing current for electric lighting and in operating large industrial plants and the motors of a great many smaller establishments in the city of Tacoma. A third plant is soon to be installed on another of the glacier-

NESQUALLY CANYON.

fed streams which empty into the Sound near Tacoma, and it is easily possible to harness the rivers near the city to the extent of producing anywhere from 150,000 to 300,000 horse power of electrical energy as rapidly as required. Mount Tacoma, as will be readily seen, is as potential a factor in industrial development as is Niagara Falls, with this distinction, however, in favor of the former—that the utilization of the streams which pour down the slopes of Mount Tacoma in no way impairs the grandeur of one of the greatest scenic attractions of the continent, while the diversion of water from the bed of Niagara River above the Falls threatens the destruction of one of the most famous natural wonders in the world.

Ocean Transportation.

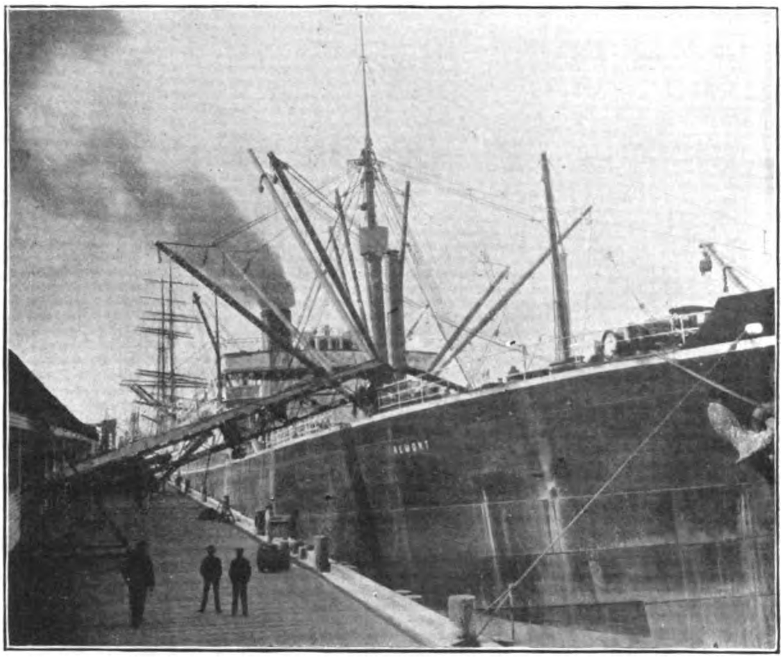
Tacoma's location upon one of the largest and deepest harbors in the world has also contributed to its development as a manufacturing city.



CITY HALL, TACOMA.

PIERCE COUNTY COURT HOUSE, TACOMA.

There are comparatively few good harbors on the Pacific Coast. Tacoma's is admitted to be the best of all and her ocean commerce extends to every quarter of the globe. Steamship lines operate regularly from Tacoma to Alaska, San Francisco, Honolulu, the Orient, Liverpool and Glasgow by way of the Suez Canal, Hamburg, Havre and other European ports by way of the Straits of Magellan, touching at various ports in Mexico, Central and South America, and to New York and other American ports on the Atlantic by the same route. In addition to regular steamship sailings, Tacoma dispatches annually more than 250 cargoes of lumber and wheat by sailing vessels and tramp steamers under special charter to her manufacturers and exporters.



LOADING SHIP WITH ELECTRIC CONVEYER.

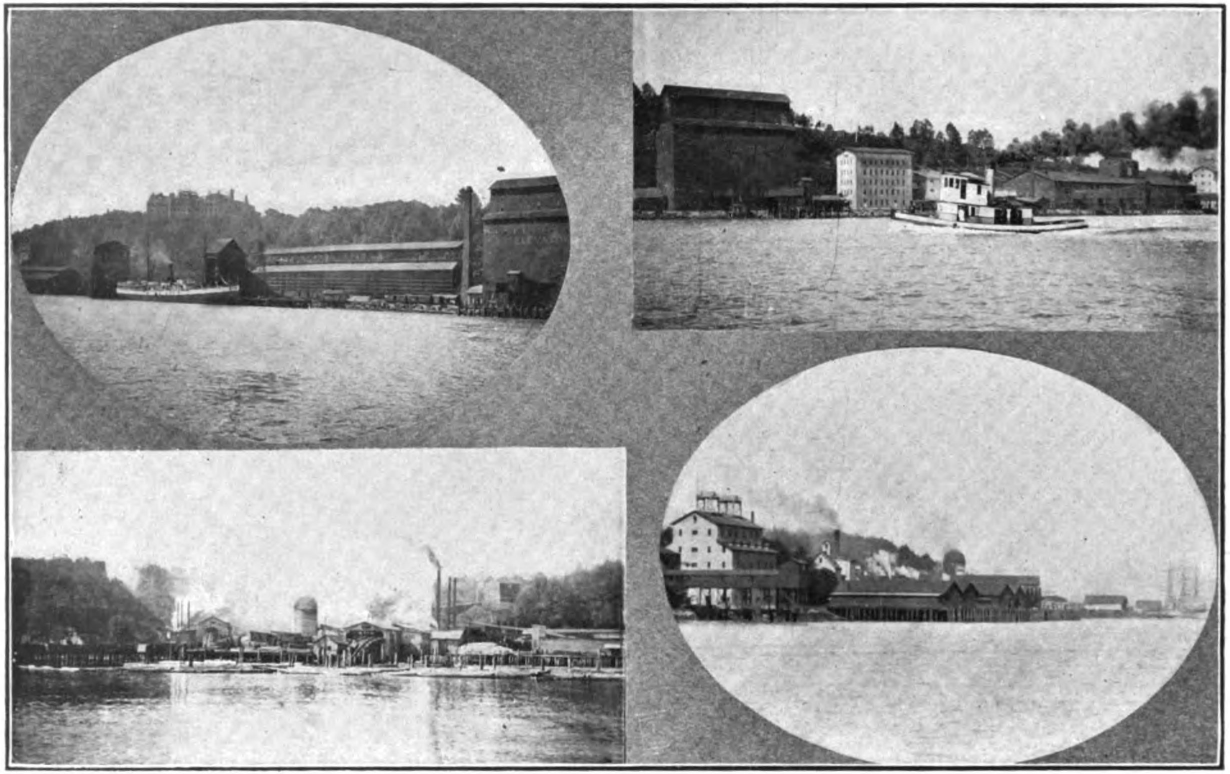
Water transportation is the best regulator of railway rates. By reason of Tacoma's water terminal facilities and ocean transportation to and from other parts of the United States, rail rates to Tacoma are much lower than to interior points to which the railroad haul is shorter. Tacoma is the chief Pacific Coast terminal and western headquarters of the Northern Pacific Railway, and the Union and Southern Pacific, the Chicago, Milwaukee and St. Paul, and the Great Northern are now engaged in active construction work in order to extend their systems to Tacoma. For many years Tacoma was, so to speak, a one-railroad town, but during the recent years it has become so important commercially and industrially that the railroads which are now competing for the traffic of the Pacific Northwest are expending millions of dollars and making great efforts to establish terminals at Tacoma. Mr. Harriman has invested several million dollars in the purchase of Tacoma real estate for rights of way and terminals during the past four months. The Chicago, Milwaukee and St. Paul has acquired more than two hundred acres of land with fully a mile and a half of deep water frontage at Tacoma and has begun the construction of its line from Tacoma to Snoqualmie Pass over the Cascades, while construction is also being pushed between the Pass and Evarts, South Dakota, the present western terminus of its line on the Missouri River.

Favorable Topographical Conditions.

Tacoma is admirably adapted for manufacturing. When the contemplated harbor improvements are completed Tacoma will have not less than thirty-three miles of deep water frontage, exclusive of piers, the construction of which would still further increase the wharfage facilities. It will be readily seen from this statement that Tacoma is qualified to handle as much shipping as the largest seaports in the world—New York, Hongkong, Liverpool and Hamburg. Manufacturers who employ water transportation have erected their plants where vessels of the greatest draught can tie up at their wharves, while rail facilities are obtainable everywhere along the waterfront or on six thousand acres of level land between the bluffs at the head of the bay, and on what is known as the prairie to the south of the city. It is more than ten miles from the smelter on the north and waterfront to the Northern Pacific car shops at the south end of the city. No comprehensive idea of the extent and variety of Tacoma's industries can be obtained by a cursory glance at the city. It has desirable manufacturing sites and large industries have already been established in a great variety of locations and directions.

Lumber Industry at Tacoma.

The leading industry at Tacoma at present is lumber manufacturing. In this Tacoma undoubtedly leads the world. The cut of her lumber mills for the present year will exceed five hundred million feet, besides half a billion shingles and the product of more than forty other woodworking establishments. Tacoma lumber manufacturers are shipping to eastern markets more than a thousand cars of lumber and shingles per month by rail, while cargoes amounting to from ten million to twenty million feet of lumber are dispatched monthly by water. A considerable portion of the product of the lumber mills is employed as raw material in other manufactures at Tacoma, such as box factories, planing-mills, sash, door and blind factories, furniture factories, ship yards, car manufacturing plants, and factories for the manufacture of woodenware, wooden stave water pipe, caskets and burial cases, show-cases, ladders, incubators, wheelbarrows, wagons, and a great variety of other manufactures of wood.



COAL BUNKERS, GRAIN ELEVATORS, FLOURING AND LUMBER MILLS ON TACOMA WATER FRONT.

In this connection it is worthy of mention that Washington fir has been proved by Government tests to have the greatest tensile strength of any wood produced in this country. It is admirable for use in a great many lines of manufacture, while cedar, spruce, and hemlock—which, by the way, is so far superior to eastern hemlock that it would not be recognized by those familiar with the latter—are also extensively employed.

Flour and Cereal Mills.

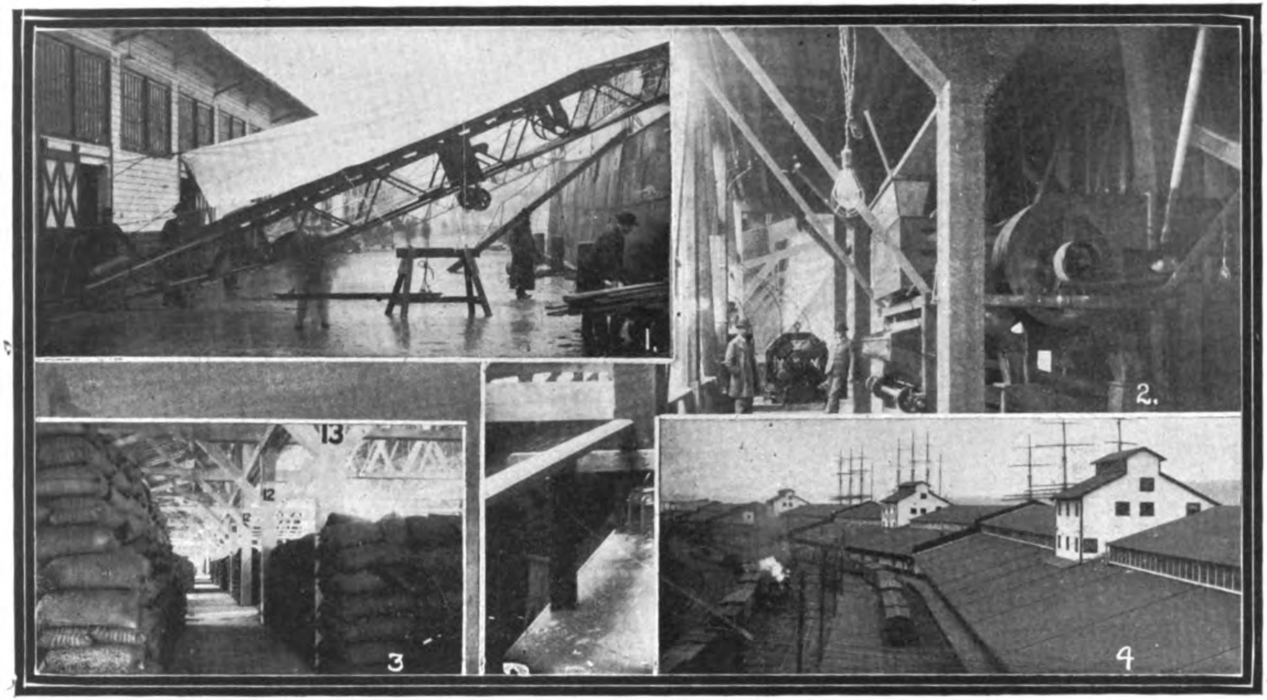
Tacoma has become the largest flour and cereal milling point west of Minneapolis and Kansas City. This is due to the fact that Tacoma is the leading grain port of the Pacific Coast and has the largest warehouse facilities for handling the crop of the Inland Empire. There are a num-

MOUNT TACOMA FROM WHITWORTH COLLEGE.

ber of large flour mills and cereal manufacturing plants whose product is marketed in the Orient, South America and South Africa, as well as in American markets.

Reduction of Ores.

Tacoma also leads all other points west of the Rocky Mountains in the reduction of ores and production of metals. The Tacoma Smelter, established in 1891, handles ores and concentrates which are brought by rail from the mines of Washington, Idaho, Montana and Oregon and by water from Alaska, the Yukon, British Columbia, Mexico, Central America, Peru, Chile, Straits Settlements, Korea and Japan. The output of the smelter last year amounted in value to more than $10,500,000. For a few years ores and concentrates of lead, gold and silver were exclusively handled. In 1902 a copper reduction plant—the first on the coast --was installed, which has since been increased in capacity to 600 tons per day, while a copper refinery, the only one west of Great Falls, Montana, was added in 1905 and has already been enlarged to a capacity of



TACOMA'S WHEAT WAREHOUSES – LOADING AND CLEARING.

12,000 tons per year. Direct shipments of refined copper are made from the smelter to the Orient and Europe. The steamship "Teucer," of the Tacoma-Liverpool line, one of the largest steamships in the Pacific trade, shifted from the Oriental docks at Tacoma to the smelter dock recently to load a consignment of copper valued at $185,000, thus eliminating the item of expense involved in switching the copper from the plant to the ocean docks. It is said that the Tacoma smelter, which is controlled by the American Smelting & Refining Company, produces refined copper more economically than any other copper plant in the United States. The electrolitic copper refinery employs 2,500 horse power of electric current, which it secures at a rental of $20 per horse power per year from the Tacoma Cataract Company, distributors of the product of the Sroqualmie Falls plant.

Car Shops, Foundries and Machine Shops.

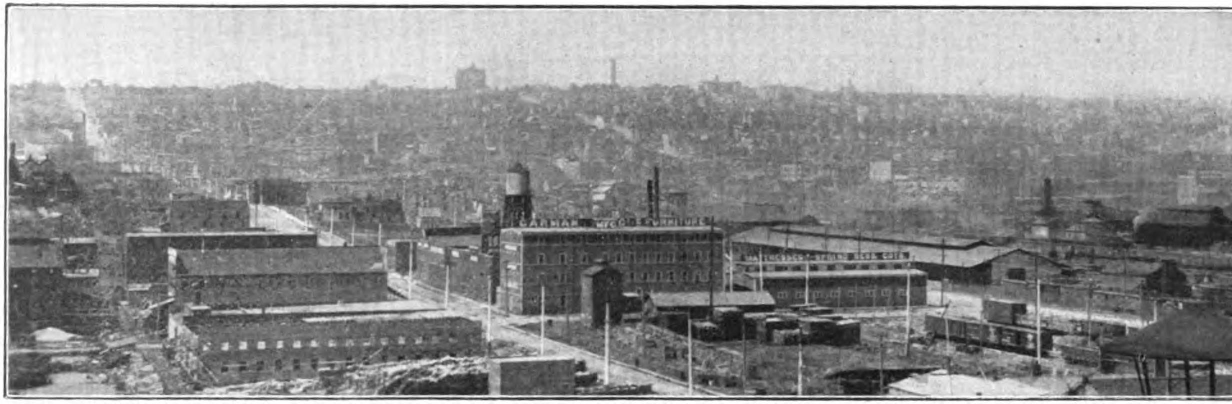
The Northern Pacific Railway operates at Tacoma the largest car and locomotive construction and repair plant in the Pacific Northwest. Adjoining the car shops is the Pacific Coast plant of the Griffith Wheel Works, which supplies all the car wheels used by the steam and electric railroads on the Pacific Coast. Tacoma has the largest private dry dock north of San Francisco, and a number of machine shops for the manufacture of stationary and marine engines, logging engines, and other machinery. Pig iron is brought to Tacoma from Alabama at cheaper rail rates than can be obtained at many interior points, while Scotch pig is brought by sailing vessels which would otherwise come in ballast from Western Europe to Tacoma to load cargoes of wheat. It is reasonably certain that within a short time iron furnaces will be erected and the steel industry established at Tacoma, which will prove as successful as the production of copper and lead.

Packing-House Industry and Fisheries.

Tacoma has the largest packing-house west of Denver, about which a number of secondary industries are being established which utilize the by-products of the packing-house. Tacoma has also several large fisheries plants, among them that of the International Fisheries Company, which a representative of the Bureau of Fisheries connected with the Department of Agriculture at Washington, D. C., recently declared to be the largest and most complete he had found in the United States. Large shipments of fish are constantly being made from Tacoma to Gloucester, the headquarters of the fishing industry of the New England states, and to Boston, New York, Chicago, and many other eastern points.

Miscellaneous Industries.

Tacoma's manufactures are constantly broadening in scope and variety. The boot and shoe industry has been successfully established. Gyp-



CARMAN MANUFACTURING COMPANY'S PLANT—LARGEST FURNITURE FACTORY ON THE COAST

NORTHERN PACIFIC CAR AND LOCOMOTIVE CONSTRUCTION WORKS, AND GRIFFIN WHEEL WORKS.

sum from Alaska is being manufactured at a newly established plant into wall plaster, land plaster, and dental plaster. Arsenic is produced from deposits found along the route of the Tacoma Eastern Railroad. Granite from British Columbia is brought to Tacoma to be cut into building stone for use in the Pacific Coast cities. Clay is converted into brick and tile. The DuPonts, of Wilmington, Delaware, are constructing a mammoth powder plant southwest of the city, for which they have acquired 2,700 acres of land, and a large number of miscellaneous manufactures not already referred to have been successfully established. Tacoma commands the raw materials and has the facilities for manufacturing on a large scale. No bonuses or free sites have been given to secure new industries, but the city has a record of the establishment of an average of more than two new manufacturing plants a month for the past five years. During this period the population of the city has more than doubled, and Tacoma has taken the position and acquired the distinction indicated by the title to this article, of the "Industrial Center of the Pacific Northwest."

FINANCIALLY AND INDUSTRIALLY SOUND.

BY EDWARD WHITE.

THERE are many substantial reasons upon which to base a prediction that Tacoma is upon the threshold of a magnificent career of industrial development, and the most important of these reasons is the fact that it has reached its present height through apparently insurmountable financial difficulties. In its first stage of development, following the completion of the Northern Pacific transcontinental line in 1887, it had reached a population of about 40,000, when, in the early '90s, its rise was suddenly and effectually checked by the panic of that period. Ere its troubles had reached an end, its local trade was in a condition bordering on paralysis; its infant industries were badly crippled, and many had succumbed; its active real estate market had completely collapsed; more than half its banks passed out of existence; its annual bank clearings had been reduced to less than one-half of their previous highest amount; a feeling of distrust had seized the business community, and its only railroad had gone into the hands of a receiver. The recovery from this condition did not begin until 1897, and then it was found that the slowest and most desultory part of the work would be the restoration of confidence in business circles, so nearly complete had been the ruin wrought by the effect of the panic. Under foreclosure proceedings the title to nearly all of the real estate in the city had passed into the hands of Eastern mortgagees.

Tacoma still had only one railroad and little worthy of mention in the way of municipal improvements. It had, however, a few citizens who realized the importance of the city's geographical position; who felt that such a splendid harbor, such available ground for the establishment of manufacturing plants, and withal such a magnificent location for the upbuilding of a great city, should not be unheeded. These intrepid men of affairs were not long in attracting others from different parts of the country, and the work of recovery proceeded so earnestly and so rapidly that by the year 1900, the city, whose population had undoubtedly dwindled to 25,000 in 1896, had a population of more than 37,000, its industries had taken on new life, and confidence was at least partially restored. In the six years that have elapsed since that date the population has considerably more than doubled, the output of its manufacturing plants has increased 160 per cent., its bank clearings have shown a growth of 260 per cent., real estate values have advanced from 100 to 1,000 per cent., and civic improvements have been carried forward which give Tacoma a high rank with the metropolitan cities of the country.

Progress Through Perplexities.

In digesting these achievemnts one should not lose sight of the fact that they have been accomplished by a city with only one railroad and with two older, larger and more pretentious cities flanking it, one to the north thirty miles, and the other to the south 140 miles, each with several lines of railroads distributing its wares and aiding its commerce in innumerable ways. Add to these unfavorable conditions the direful effects of one of the worst commercial panics in history, and it at once becomes plain that Tacoma's wonderful progress has been made through difficulties and perplexities of the most discouraging character. Few cities in the United States have made a like advancement under the most favorable auspices and conditions, and it is safe to say that none of the municipalities of the Middle West, which have suffered from collapsed booms during the past fifteen years, has made one-half its progress under circumstances one-half as distressing. A long list of instances might be cited where cities have but little more than held their own in commerce and population since passing through a period of depression and partial collapse, and none of which had less than two railroads, and some of them were really pretentious railroad centers.

A careful examination of the business situation in Tacoma reveals some very important facts upon which to predict a bright if not a brilliant future for the city. In the beginning it is laying the kind of a foundation that will insure a permanent, substantial growth. Every one of its population is industrially absorbed as fast as the acquirement is made. For more than four years the city's industrial growth has kept well ahead of its increase in population, and there is never a day that the demand for workingmen in nearly every line is not greater than the supply. Although no bonuses are given to secure the location of manufacturing plants within the city, the work of bringing them to Tacoma is systematically carried on, the effort being devoted to making plain the many advantages offered instead of furnishing them with free sites or providing them with capital or equipment.

What the Future Holds.

Two of the largest railroad systems in the United States—the Union Pacific, and the Chicago, Milwaukee & St. Paul—have acquired property for terminals in this city, and the work of construction of both lines will begin at once. The Northern Pacific is at work on extensive improvements that will give Tacoma the full benefit of its unsurpassed facilities, and already other railroad prospects and enterprises are being considered. Then there is one of the largest and finest harbors in the world, which, with the making of new ground and the construction of waterways on tide flats embracing nearly twelve square miles of territory, will give a water frontage for the largest vessels afloat of more than thirty miles, and facilities for foreign commerce unequaled by any other city in the world.

To Tacoma's industrial equipment, and the transportation advantages which are co-ordinately a part of it, must be added the almost unlimited resources of the country tributary to the city; and when the grouping is completed with the further addition of the efficient banking facilities provided by the stable financial institutions of the community, we have a side light which enables us to actually see Tacoma grow.

As a Wholesale Center.

Resting upon such an industrial supremacy and in a measure a part of it, is Tacoma's vast commercial trade, covering a wide range of territory and growing at a rapid rate. As a wholesale distributing center Tacoma enjoys facilities which are fast making it a great market, and its development along that line will undoubtedly be even greater with the completion of the two additional transcontinental railways. The growth in wholesale trade to the present time has largely been due to the enormous production of its manufacturing institutions and the wide-awake, square-deal methods of its merchants. In 1905 the sales of Tacoma houses reached an aggregate of $35,000,000, and a fair estimate of the sales for the first six months of 1906 is $25,000,000. With the completion of the new railway lines the only drawback to the extension of the jobbing trade will be removed, and it will undoubtedly go to the front by leaps and bounds. There is every reasonable indication to warrant such a prediction.

Tacoma's Freight Business.

Tacoma leads the Northwest cities in cars of pay freight consigned to it. The following figures show the number of cars handled in each of the years named:

1903	69,008
1904	71,697
1905	73,624

Foreign Commerce.

The growth of Tacoma's foreign commerce may be seen in the following comparative statement:

1900	$10,184,747
1901	12,215,150
1902	19,749,078
1903	18,170,612
1904	14,858,616
1905	23,015,013

Realty Transfers.

The real estate transfers of Tacoma have increased at a remarkable rate, both in number of transfers and in volume of money involved, as will be seen by the following statement:

Year.	*Transfers.*	*Amount.*
1902	5,862	$4,436,925
1903	6,806	4,646,537
1904	6,156	7,019,530
1905	7,006	7,770,675
1906 (5 months)	6,150	12,712,555

Growth in Population.

The growth of Tacoma in population has been a marked feature of Pacific Coast development. Its growth during the inordinate boom period was, of course, more or less founded on speculation, and was not destined to succeed, but the increase in population the last eight or nine years has been made from a sure foothold, and will be as permanent as the hills and mountains which surround the city. The following shows the growth of the city's population since 1870:

1870	73
1880	1,098
1900	37,714
1905, July 1,	74,870
1906, July 1,	90,000

Educational Advantages.

There are few cities of the 100,000 class with better educational facilities than Tacoma. It has just completed one of the finest high schools on the continent. The building commands a fine view of the bay and the Sound, and its equipment is modern and complete, having accommodations for over 2,000 pupils.

Tacoma is the seat of numerous private institutions of secondary and higher learning, among which are Whitworth College, conducted under the auspices of the Presbyterian Church; the University of Puget Sound, a Methodist institution; the Pacific Lutheran Academy and Business

College at Parkland; the Annie Wright Seminary for girls, finely equipped and liberally endowed; the Aquinas Academy and Academy of the Visitation, boarding and day schools for girls, under Roman Catholic auspices; Vashon College at Burton; DeKoven Hall for boys; several business colleges, training schools for nurses in connection with two of the city hospitals, and several schools of music and art.

Public Parks.

Tacoma has 1,450 acres of public parks. Point Defiance Park of 537.5 acres was granted in perpetuity to the city by act of Congress last winter. The city had occupied it under a lease since 1888, and had expended $100,000 in its improvement. Point Defiance Park is the most beautiful natural park in the United States. A large part of its area is covered with virgin forest of giant fir. Wright Park is a bower of beauty in the very heart of the city. Shanaway Park, comprising about 325 acres, is destined to be one of the finest suburban parks in the Northwest.

Municipal Improvements.

During the twelve months ending June 30, 1905, $1,262,497 worth of street improvements were contracted for, including nine miles of streets surfaces with asphalt. Ten additional miles of asphalt were completed during the year just closed.

Power Behind Tacoma's Growth.

Another of my observations is that a most potent factor in the development of Tacoma is the co-operative effort on the part of its business element, through its efficient commercial organizations. The Chamber of Commerce and Board of Trade, the principal association of this kind, is composed of leading business men of the city, bound together by ties of common welfare and common sense, with one great object in view,—the upbuilding of a great city along honorable lines. It is conducted on the strictest business principles and is ethically on a sound basis. While its activity in behalf of the city is continuous and its effectiveness is being felt from day to day, there is yet on the part of the membership a scrupulous regard for the rights of competitive communities, thus placing the organization on a plane of absolute reliability. The Boosters' Club, an auxiliary organization, is active in the work of creating and maintaining local interest in the city's upbuilding, and is rendering excellent service.

BANKING EFFICIENCY AND PROGRESS.

The banks of Tacoma are among the soundest and most prosperous in the Northwest. The basis of their progress is the solid increment which comes from actual commercial advancement, and which is the cornerstone of every business community built upon the right kind of a foundation. Their deposits are increasing at the rate of fifty per cent. a year, and their clearing-house exchanges are showing an increase of forty per cent. a year. This growth means that the banks of Tacoma are keeping pace with the city's commercial and industrial development, and that the extent of that development is measured by monetary transactions reaching an enormous volume.

It speaks well for the conservatism of the community to note that the banking business is not overdone; that the number of chartered banks is in proportion to the city's requirements—no more and at no time any less. It clearly indicates that the community is guided by a sense of safety, as well as by a spirit of enterprise. Another noteworthy indication of solidity is that during all this time of substantial growth and business development there has not been even the slightest approach to the speculative boom of the early period, a fact which is in itself a cause for serious reflection.

During the year 1905 the Lumberman's National Bank was consolidated with the Pacific National, leaving four commercial banks, one of which is a trust company, and one savings bank to handle the business of the city. Arrangements are being perfected for the establishment of two additional banks, and they will undoubtedly find a good field for business. The growing needs of the city's commercial interests will give them a foothold from the start. The following table shows the bank clearings of Tacoma each year from 1889:

TACOMA BANK CLEARINGS.

Year.		*Largest Month.*	
1889	$24,720,986.32	November	$3,138,628.50
1890	43,548,691,62	November	5,095,090.66
1891	49,086,280.42	November	5,233,916.25
1892	47,973,317.98	October	5,789,714.51
1893	35,622,462.81	March	4,426,455.66
1894	28,995,641.52	November	2,881,040.38
1895	28,663,458.44	October	2,728,473.44
1896	27,083,966.44	October	2,657,169.96
1897	28,921,480.29	November	3,819,713.41
1898	43,126,143.93	May	4,176,360.93
1899	45,289,836.17	October	5,104,103.75
1900	53,762,587.07	October	5,311,362.99
1901	59,622,551.65	October	5,982,652.46
1902	75,739,840.30	December	9,671,502.08
1903	100,474,164.08	December	10,060,853.96
1904	115,793,859.78	December	13,931,083.12
1905	164,955,034.83	December	17,370,608.85

Total for fiscal year ending June 30, 1906, $185,000,000.

The above figures show a growth of nearly 600 per cent. in less than nine years, an increase which places Tacoma among the leading cities of the country in financial development, and clinches the argument as to its future greatness.

THE FIDELITY TRUST COMPANY.

The Fidelity Trust Company of Tacoma was organized in 1889 with a paid-in capital of $300,000. It is the oldest trust company in the State of Washington, and has for many years maintained a place as one of the leading financial institutions of the Pacific Northwest. Its progress has been of that steady character which insures safety and solidity, and its hold upon the commercial interests of the city and its tributary territory is indeed strong. The management of the Fidelity Trust Company is in close touch with the banks and bankers of the entire country, making it one of the best-known and most popular institutions on the Pacific Coast.

The substantial growth of the Fidelity Trust Company is shown in the following comparative statement of deposits:

January 1, 1902	$726,821.87
January 1, 1903	1,128,798.60
January 1, 1904	1,485,414.89
January 1, 1905	1,698,730.90
January 1, 1906	2,033,937.50
June 18, 1906	2,966,635.27

The above figures show a net gain in deposits in four years and five months of more than 300 per cent., or at the rate of about seventy per cent. a year. In the same period the bank added over $60,000 to its surplus and profit account, besides paying good dividends.

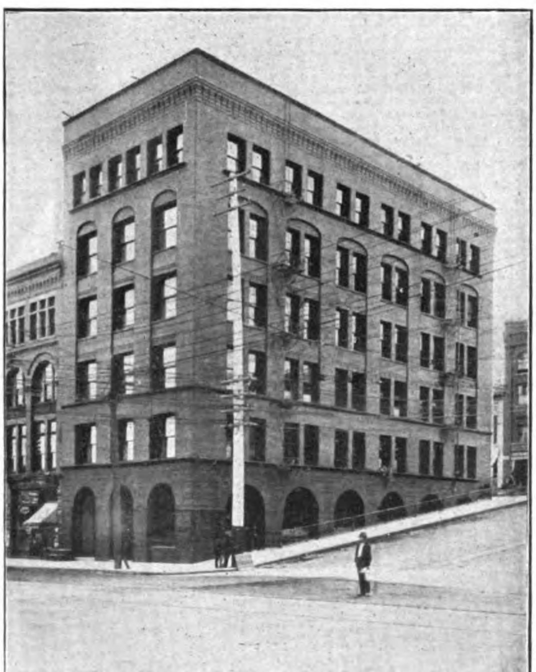
FIDELITY TRUST COMPANY BANK BUILDING.

The Fidelity Trust Company is dominated by an element of business and capital which is among the most powerful on the Pacific Coast, as will be seen by the following list of its board of directors: I. W. Hellman, president Wells Fargo Nevada National Bank, San Francisco, president Farmers and Merchants' National Bank, Los Angeles; John S. Baker, vice-president; J. C. Ainsworth, president, also president United States National Bank, Portland, Ore.; T. B. Wallace, capitalist; George Browne, treasurer St. Paul and Tacoma Lumber Co.; P. C. Kauffman, second vice-president; Arthur G. Prichard, cashier.

Following are the officers: J. C. Ainsworth, president; John S. Baker, vice-president; P. C. Kauffman, second vice-president; Arthur G. Prichard, cashier; F. P. Haskell, Jr., assistant cashier; George Browne, secretary.

The Bank of California.

The Bank of California was incorporated in 1864, at San Francisco, although it was in existence nine years previous to that date as a private institution. Its growth has been coincident with the development of



BANK OF CALIFORNIA BUILDING.

the Pacific Coast country, and it now occupies a commanding position among the leading banks of the nation.

In February, 1905, the business of the London and San Francisco Bank, Ltd., upon the Pacific Coast, was purchased, that bank going into liquidation in London, and The Bank of California acquiring, in addition to the San Francisco business of the London and San Francisco Bank, its three branches in Portland, Tacoma and Seattle, which have since continued as branches of The Bank of California. Its statement of April 1, 1906, shows that it has a capital of $4,000,000; surplus and profits of $9,896,617; deposits of $26,461,277, and resources reaching a total of $41,522,260.

The Tacoma branch of The Bank of California occupies the ground floor of the building at the corner of Pacific avenue and Thirteenth street, which it recently purchased, and is under the management of Mr. S. M. Jackson, assisted by Mr. E. J. Cooper, and is in a very prosperous condition. Mr. Jackson has been in Tacoma since the establishment of the Tacoma branch of the London and San Francisco Bank, sixteen years ago, and commands the confidence and esteem of the entire business community. The bank does a heavy international business, having direct connections with foreign banking centers and being especially well equipped for that line of business.

PACIFIC NATIONAL BANK.

THE PACIFIC NATIONAL BANK.

The Pacific National Bank was organized in 1885, and now has a capital of $300,000, and is distinguished as the oldest bank in Tacoma. It has not only witnessed the greater part of the city's material development, but has aided it in many ways, directly and indirectly. Its directing power is closely interwoven with the great lumber, grain, banking and business interests generally of the Pacific Northwest, and its place in the financial world is therefore one of the most secure of any in the country.

In June, 1905, the bank was reorganized under a plan admitting its consolidation with the Lumberman's National Bank, and it has since reaped the benefit of an institution fully equipped for the growing needs of Tacoma. The following condensed statement shows the condition of the bank, June 18, 1906:

RESOURCES.		LIABILITIES.	
Loans and discounts	$2,541,608.09	Capital stock	$300,000.00
Stocks and bonds	254,918.30	Surplus & undivided profits	78,441.00
U. S. bonds and premiums.	236,725.58	Circulation	225,000.00
Cash and due from banks..	1,020,918.79	Deposits	3,450,729.76
Total	$4,054,170.76	Total	$4,054,170.76

Officers: R. L. McCormick, president; William M. Ladd, vice-president; C. H. Hyde, vice-president; L. J. Pentecost, vice-president; W. E. Bliven, cashier; Stephen Appleby, assistant cashier.

Board of Directors: William M. Ladd, Ladd & Tilton, bankers, Portland, Ore.; R. L. McCormick, secretary Weyerhaeuser Timber Co., Tacoma; C. A. Weyerhaeuser, Pine Tree Lumber Co., Little Falls, Minn.; R. D. Musser, Pine Tree Lumber Co., Little Falls, Minn.; Edw. Cookingham, president Tacoma Eastern Railway Company, Portland, Ore.; George S. Long, Weyerhaeuser Timber Co., Tacoma; Charles H. Hyde, president West Coast Grocery Co., Tacoma; John Bagley, vice-president Tacoma Eastern Railway Company, Tacoma; Ralph B. Smith, general manager Puget Sound Flouring Mills Co., Tacoma; L. J. Pentecost, vice-president, Tacoma; E. M. Hayden, attorney, Tacoma; Fred S. Fogg, attorney, Tacoma; W. C. Wheeler, Wheeler, Osgood & Co., Tacoma; O. B. Hayden, Hayden & Whitehouse, Tacoma; George M. Hellar, Hellar, Lyon & Co., Tacoma; W. E. Bliven, cashier, Tacoma.

THE NATIONAL BANK OF COMMERCE.

The National Bank of Commerce of Tacoma was organized in 1887, with a capital of $200,000, and has had a substantial growth, its deposits now being upwards of $3,000,000, an increase of eighty per cent. in the past three years. In the five months from November 9, 1905, to April 6, 1906, the increase was in excess of $700,000, or thirty-three per cent. The bank has grown as the city has grown, the development of one being co-extensive with the other. It is, in fact, a Tacoma institution, its stock being owned by Tacoma people and its affairs being dominated by leading business men of the city.

The strength of the bank may be seen in the statement that it has an earned surplus in excess of its capital, and that its cash reserve is more than one-third of its deposits. Adding its cash and due from banks to the United States bonds and premiums which it holds, and it has available nearly fifty per cent. of its deposits, besides owning and occupying a building worth $200,000. The loans and discounts of the bank are approximately $2,000,000.

Following are the officers: Chester Thorne, president; Arthur F. Albertson, vice-president and cashier; Frederick A. Rice, assistant cashier; Delbert A. Young, assistant cashier.

NATIONAL BANK OF COMMERCE BUILDING.

Following are the directors: Chester Thorne, president; C. M. Levey, vice-president Northern Pacific Railway Co.; Charles Richardson, president Pacific Cold Storage Co.; S. A. Perkins, president News Publishing Co., Ledger Publishing Co.; A. M. Ingersoll, president Tacoma Warehouse and Sperry Mills; William Jones, president Jones-Scott Co.; W. G. Hellar, broker; Arthur F. Albertson, vice-president and cashier.

OUR CLEANING-UP PROCESS.

COMMENTING on the affected sorrow of European critics over the packing-house and other disclosures, "The New York Sun" says:

"The true friends of America and of democratic republican self-government abroad should not be disheartened, but encouraged, by each new manifestation of the unsleeping, resolute American determination to be clean in politics and in business. At whatever cost in money or good name among the nations, the United States means to punish wrong-doing and dishonesty. The innocent will suffer sometimes; zeal will distance discretion, but this is the text which the American people are bound to follow: 'The congregation of hypocrites shall be desolate, and fire shall consume the tabernacles of bribery.' "

THE NORTHWEST COMMONWEALTH.

BY EDWARD WHITE.*

THE state of Washington is dynamic. No other word or term in the English language so fittingly portrays the progressive force of a commonwealth which, in the first decade of its existence, advance in population and every material resource at a more rapid rate than either of the great states of New York, Pennsylvania or Ohio at any period of their history. The strongest words in any vocabulary are required to characterize a state that will achieve this in its first decade, and then double such a ratio of growth in the succeeding five years.

The Northeast commonwealth of the United States is Maine, the original settlement of which occurred nearly three hundred years ago. It is blessed with great natural resources, including vast forests, immense fisheries, productive soil, splendid waterways and adequate harbors. Its population has always been of the highest order of intelligence and thrift, its convenience to the markets of the Atlantic seaboard has given it the best of opportunities, and, although it has been a star in the constellation of states for eighty-six years, it is yet out-ranked and outclassed in every feature of progress and development by the state of Washington, whose settlement began scarcely half a century ago, and whose statehood is yet within its second decade.

The story is only begun. When the panic of the '90s spread its blight over the country, Washington was one of the worst sufferers. Its transportation facilities were badly crippled, its property values, especially in the cities, were depreciated to almost nothing, foreclosures placed most of its real estate in the hands of eastern mortgagees, and the situation at the end of the period of depression was indeed appalling. In the face of such serious handicaps and difficulties, the work of recuperation began toward the close of 1897, and the year 1900 found the state with over half a million people within its borders, much of its burden of debt lifted, its industries making great headway, and the entire commonwealth literally alive with the spirit of progress.

Growth of Past Six Years.

During the last six years the advancement has been at a far more rapid rate than from 1890 to 1900. There is every reason to believe that the million mark has been passed, so great and so constant is the stream of humanity in this direction, and so marked is the state's commercial and industrial growth. Figures showing material development of any kind cannot be fully understood and digested unless they are used in a comparative sense. To say that there are three cities in the state of Washington with a population aggregating 375,000 has some

* Address delivered at the annual convention of the Washington Bankers' Association, Tacoma, June 22, 1906, by Edward White, editor Pacific Department, The Bankers' Magazine.

significance, it is true, but the statement carries much more weight—appeals more quickly and with greater strength to the average man—if it is accompanied with the relative pronouncement that there are only twelve other of the forty-six states in the Union whose three leading cities have a population reaching a total of 375,000. Thirty-three states are led by the state of Washington in this one particular, and Washington only seventeen years of age.

In the growth of individual deposits in its banks, Washington makes another remarkable showing. From 1896 to 1905, nine years, the individual deposits of all the banks in the state increased from $9,228,848 to $60,361,844, a net gain of 670 per cent. Only one other state in the Union exceeded that percentage, and that was Nevada, where the total deposits in 1905 were only slightly in excess of $4,000,000, a volume too small to make the comparison significant. In volume of increase Washington exceeded twenty states in the nine years, making another noteworthy illustration of its substantial advancement. The state ranks ahead of sixteen states in volume of bank resources. These figures, it must be understood, were taken from reports for September, 1905. The development of the past year having so greatly exceeded that of all previous years, it is within the bounds of safety to say that Washington now stands at the head of all the states of the Union in ratio of increase of individual deposits from 1896 to 1906, and that she outranks more than one-half of the states in volume of increase.

Industrially, Washington is becoming a great state. In the four wealth-producing industries—lumber, fisheries, mining and agriculture—it leads all other states in the manufacture of lumber, and has the natural resources which will place it in the front rank in the other three. No other state is so adequately equipped for industrial supremacy, and no other state is making such substantial use of its equipment. In 1900 it ranked fifth as a lumber producing state, being led by Michigan, Minnesota, Wisconsin and Pennsylvania. In 1905 it ranked first and still holds that place by a good margin. The total lumber cut of the United States in 1905, according to the forest commission and the reports of the National Lumber Manufacturers' Association, was 27,738,000,000 feet, of which Washington produced 3,010,000,000 feet, or nearly 11 per cent., besides manufacturing 61 per cent. of all the shingles made in the entire country. The lumber cut of Washington exceeded by more than 100,000,000 feet that of all other Pacific states engaged in the industry, including Oregon, California, Idaho and Montana.

Washington is also an important coal mining state and is the only one of the Pacific states producing coal of a coking quality. Tributary territory furnishes ore capable of producing the finest grade of steel and many other high-grade minerals are abundant within the confines of the state. The fishing industry is making excellent progress, the value of the product increasing at the rate of nearly 50 per cent. a year, and wonderful advancement is being made in all agricultural pursuits.

Commercial Advantages.

The commercial advantages of Washington are equaled by very few states in the Union. Its transcontinental lines of railroad and its unsurpassed ocean harbors give it facilities for domestic trade and foreign commerce which practically guarantee its ultimate lead in the commercial world. In 1905, the ocean commerce of its various ports, foreign and coastwise, amounted to $150,000,000, an increase of 80 per cent. over the commerce of 1900. In every line of commercial activity the same noteworthy ratio of increase may be found, from the upbuilding of home markets to the control of the greater part of the trade with Alaska and the Orient.

These remarkable statements are neither conjectures nor haphazard compilations. They are based upon Government reports, state and national, and are therefore truthful and authoritative. The showing they make is a revelation to many who are residents of the state, and its significance does not strike with its full import even those who are familiar with the figures which produce that showing. The people of Washington are not building better than they know, but they are governed by that enlightened self-interest which reflects the sentiment, "Home first, the world afterward." They are presenting opportunities, rather than seeking them, and their state is becoming great by virtue of its internal strength.

The first natural inquiry of a non-resident is, "What is the cause of such extraordinary development as Washington is manifesting?" If you answer the inquiry by reciting the natural advantages of the state and explaining the geographical economy of its position with reference to the trade with the Orient, the inquirer still remains unsatisfied, for he may be able to say that his own state is similarly provided for by nature, that it enjoys distinction as a distributing point for many or all of the staples, and yet its growth is infinitely slower than that of Washington. So the interrogatory must be met from a different angle.

The magnets of great strength which are drawing so many to the Northwest commonwealth and causing its present rapid growth are the climate and the people. The resources, boundless as they are, are simply incidental—the means with which to attain an end. The climate of Washington is an inexhaustible resource—one that never can be measured—and the people of Washington are of the mold that make empires and glorify the supremacy of man. Climatic conditions which preclude the intense cold of the Northern states, the enervating heat of the Southland and the blizzards and cyclones of the Middle West, and which provide instead a temperature almost unequalled for uniformity and salubrity, with neither freezing nor roasting extremes, and with a never-ending spring-time of life and fragrance, must necessarily produce beneficent results if advantage is taken of them by man. These are the conditions which make the resources of the state so easily, so economically developed. It is true that the resources of a country may be developed under extremes of heat or cold, but the history of the nation, in connection with the history of Washington, proves that, with the possible exception of Oklahoma, the growth of no section is as rapid or as substantial as in the mild climate of the Pacific Northwest. Washington's material progress has exceeded in ratio nearly every state in the Union, and it is largely due to the influence of its climate. Ask a resident why he remains in Washington, and he quickly responds, "Because I would not live in any other climate." No matter how successful he may have been in business or how good his prospects that it is the climate that binds him to the Evergreen State.

It is true there are certain climatic contrasts in Washington, the Eastern portion being less mild than the Western portion, but Eastern Washington has long summers, very little in the way of extremes of cold in winter, and its soil, under existing systems of cultivation, will produce nearly everything that can be grown on the continent. Its compensations are many and effective.

Energetic Work of the People.

The people's part in the unrivalled progress which Washington has made in the past ten years is strongly reflected in the high state of civilization which prevails and in the mighty concentration of energy and intellect that has accomplished the state's wonderful development. From the beginning the people have worked as though they realized that "The wheels of nature are not made to roll backward," and as if the destiny of an empire were on their hands. They came from every part of the American continent, and it is plain that they left their Eastern homes because their thrift required more room for expansion. They knew that it was possible to sprout an acorn in a greenhouse, but that it was impossible to make an oak grow there. Therefore they came to a land where sprouting means growth of the tallest, most fruitful kind, and where the comforts of life are easily attainable in any season of the year. Their application to the work in hand produced such wonderful results—so quickly converted the wilderness into a commonwealth of wealth and grandeur—that they themselves became another loadstone for the attraction of newcomers.

The schemes of development and publicity that are practiced by the people of Washington are not only intelligent—they are honest. The literature advertising the state is not only truthful—it underestimates the value of the facts which it presents. This important virtue lends additional lustre to the creation of the Northwest Commonwealth, and makes its hold upon the people of the country permanent and secure. It teaches the world that the state is being built upon a graundwork of truth as well as upon a foundation of nature's choicest blessings, and that it is reaching the stars along a path that will forever glorify its achievements.

NATIONAL BANK LOANS.

CONGRESS has passed the bill permitting national banks to loan to one person, corporation or firm an amount equal to ten per cent. of the unimpaired capital and surplus of the bank, instead of ten per cent. of capital only. It is provided, however, that loans shall in no case exceed thirty per cent. of the capital.

Owing to the fact that the only way of compelling the banks to obey the law as it heretofore existed was by bringing suit for forfeiture of charter, the Comptrollers of the Currency have found it practically impossible to enforce the law, as the penalty appeared so severe that the Comptrollers have been loath to apply it. Now, however, it is announced, the new law will be rigidly enforced.

IMPORTANT LEGAL DECISIONS OF INTEREST TO BANKERS.

All the latest decisions affecting bankers rendered by the United States courts and State courts of last resort will be found in the MAGAZINE'S Law Department as early as obtainable.

Attention is also directed to the "Replies to Law and Banking Questions," included in this Department.

ACCEPTANCE OF CHECK—ACCORD AND SATISFACTION; PAYMENT OF LESS SUM—UNLIQUIDATED CLAIMS.

SNOW VS. GRIESHEIMER.

Supreme Court of Illinois, February 21, 1906.

A check offered under circumstances amounting to a condition that it is to be received in full payment will satisfy a demand, if accepted, notwithstanding a protest by the creditor at the time that it is not all that is due to him, or that he did not accept it in full payment. Such is the effect of a decision by the Supreme Court of Illinois in a suit of Helen E. Snow vs. Morris Griesheimer. The action arose over a dispute as to the amount due for rent of a store building in Chicago, a lease for three years, expiring April 30, 1898, at a rental of $18,000 a year, payable in monthly instalments of $500 in advance. In the spring of 1896 a verbal agreement was made reducing the rent to $416.66 per month. The plaintiff said the reduction was only for the summer of 1896 and thereafter it was to be according to the lease. After May 1, 1896, the rent was paid monthly at $466.66 by checks which on their face were in full for the rent and were offered as full payment. They were received and collected by the plaintiff, although she did not assent to the claim that they were in full of rent after the summer of 1896, and only credited them on account after that time. She sued for the balance. The defense was that she had received the checks in full payment of her claim, and nothing was owing.

Discussing the effect of the transaction with the checks the court says:

"The checks purported on their face to be in full payment, and there is no dispute that they were sent as payment in full; that plaintiff's agents so understood it, and that they were received and collected. The law is that where the amount due a creditor is ascertained, and not in dispute, the payment by the debtor and acceptance by the creditor of a less sum will not operate as a satisfaction of the demand, but if the amount due is unliquidated, or there is a bona fide dispute as to how much is due, a payment of the amount claimed by the debtor to be due, in full settlement, if accepted by the creditor, is a satisfaction of the claim. It is not necessary that the debtor shall pay more in such a case than what he admits to be due, and if a check for such sum is offered in payment of a disputed account it must be accepted by the creditor upon the terms upon which it is offered or must be rejected. If a check is offered under such circumstances as amount to a condition that it is to be received in full payment of the demand, an acceptance will satisfy the demand. although the creditor protests at the time that it is not all that is due him or that he does not accept it in full satisfaction of his claim. An acceptance in such a case is an acceptance of the condition notwithstanding any protest he may make to the contrary.

We do not agree with counsel that the decision in the case of Laroe vs. Sugar Loaf Dairy Co., 180 N. Y. 367, maintains a contrary rule. The court there held that the question whether the circumstances were such that the plaintiff knew, or should have known, that a check purporting to be in full payment was sent on the condition that its acceptance should operate as a discharge of the claim should have been submitted to the jury. While plaintiff would not have been bound by the verbal agreement modifying the terms of the lease, she could not revoke it after it was executed, and it was not error to admit the evidence.

The giving of the second instruction at the request of the defendant is assigned as error. But that instruction was in accordance with the principles we have stated. It was not disputed that the checks were offered as payment in full, and that they were received and collected, and the instruction was to the effect that if the agreement was made and the defendant remained in possession and made the repairs and improvements, and continued each month to pay the reduced rent with checks marked as receipts in full, until the expiration of the lease, the verdict should be for the defendant.

The judgment of the appellate court is affirmed.

Judgment affirmed."

PARTNERSHIP—RECEIVER—CLAIM OF BANK—ASSETS—NOTES—COLLATERAL SECURITY.

TEBBETS VS. ROLLINS.

Supreme Court of Massachusetts, May 18, 1906.

Under a decision by the Supreme Court of Massachusetts, it has been held that the Fourth National Bank of Boston is entitled to prove its claim in full against the firm of Henry Callender & Co. and can receive a dividend pro rata with the other creditors on the full amount without deduction on account of a balance remaining in its hands out of the proceeds of a note it held as collateral after it had applied a portion of the proceeds in satisfaction of the note of one of the members of the firm.

The decision was made in the suit of William Tebbets vs. Charles A. Rollins. The parties were co-partners, comprising the firm of Henry Callender & Co. which went into the hands of a receiver. Rollins discounted his personal note for $4,000 at the bank, which took as security a note of Rockwood & McIntyre for $5,000. This latter note had been given to Rollins in part payment of goods belonging to the firm that he sold to Rockwood & McIntyre. The bank was not cognizant of that fact and treated the note as a personal transaction of Rollins, who had indorsed it. When it matured, March 17, 1905, that note was paid and out of the proceeds the bank satisfied the amount due on the Rollins note, leaving a balance in its hands of $1,801.23. It was sought to have this deducted from the balance of $6,129.23 due on the note for $9,000 given by Callender & Co. to the bank. The court however holds that the bank should be permitted to participate in the distribution of the assets of the insolvent partnership, without any deduction from the amount proved, unless it should appear that by permitting such proof it would receive more than the face of its debts; if this were shown then there should be a proportionate reduction.

The full text of the decision follows:

Braley, *J.:* At the time when the bank proved the partnership note for the balance shown by the report it held another promissory note made by Rollins, who although a member of the firm was also liable on the first note as an endorser. To secure its payment he gave as collateral security a promissory note payable to his order, but actually received from the makers to whom he had sold the stock in trade belonging to the partnership as a payment in part of the price. It is stated, however, in the report that the bank took the collateral note without actual or constructive notice that it was a part of the assets of the partnership which Rollins was pledging to secure the payment of his individual debt. By the terms of the pledge the security was to be applied first in payment of the note which it was given to secure, with the right of the pledgee to appropriate any excess in payment of any other liability due from the maker. A sale of the pledge having occurred, and a surplus remaining after liquidating the principal demand, the question is whether the original proof made by the bank of the balance due upon the partnership note is to be reduced by deducting this surplus, or whether the proof shall stand for participation in dividends for the full amount. The case then is one where a creditor holding security from an endorser offers as against the maker proof of the entire amount due without crediting any payment made by the endorser, although it is shown that the endorser also is liable as a joint maker because a member of the partnership. The contracts of the bank gave it the right to pursue both the endorser and makers until full satisfaction of its debt was obtained, and this is not changed by the insolvency of the firm, or the right on the part of creditors to resort to the individual members for satisfaction of the firm debts. If the endorser had paid he would have been entitled to reimbursement from the partnership in full, or participation by way of a dividend if insolvency had intervened. Any security of his own that he might have pledged upon redemption would have remained his property, which his partners could not call upon him to contribute towards the payment of their joint debts, for it did not form any part of the joint assets. Upon the facts in evidence the bank having taken and held the pledged property without notice of any equities is in no worse position, and it is not estopped from insisting upon the full benefit of the contract which it made with the endorser. It has been held that in proof of debts against an insolvent, or a bankrupt, secured or unsecured creditors stand alike, in that each may prove his debt in full, though the secured creditor cannot eventually receive more than the face of his debt and interest. Merrill vs. National Bank, 173 U. S. 131. If this decision, as argued by the receiver, originally was made by a divided court, it was unanimously followed in the subsequent case of Aldrich vs. Chemical National Bank, 176 U. S. 618.

The receiver also contends that the first case arose under the National Banking Act, and is not of general application. But the equitable principle involved is not refined or limited by the nature of the business of the insolvent, or bankrupt, and depends entirely, in the absence of a statute, upon the right of the secured creditor to obtain the full benefit of his contract, unless by so doing it is found that the equitable rights of other creditors are wrongfully impaired. The general creditors of the firm have no larger rights than their debtors, who could not have compelled contribution from the separate property of the endorser, nor do they possess any equitable right to compel his creditor, who now holds his separate property under his individual contract, to make a similar contribution. Upon this somewhat vexed question it may be that our decisions are not entirely uniform, and perhaps cannot be fully harmonized, but they have been reviewed so exhaustively in the recent case of Hale vs. Leatherbee, 175 Mass. 547, which arose under Rev. Laws, c. 142, relating to the proof of claims against insolvent estates of deceased persons, that any further consideration of the subject would be unprofitable.

In that case in speaking of the rights of unsecured creditors as against the claim of secured creditors to be allowed to prove their debts in full, it was said by Mr. Justice Barker, "Their equitable right is to have their own claims proved at a just amount, and to have recognized and enforced all equities growing out of the relation of the insolvent to the demand offered for proof. Until . . . full payment . . . neither the insolvent, the assignee, nor the general creditors have an equitable right to prevent the creditor from realizing by means of his security the full payment of his debt. Where the creditor by means of his security and his proof receives his whole debt, his rights in the security and in the estate of the insolvent stop. If at the outset the value of the security and the value of the assets of the insolvent estate, as compared with the amount of the claims provable against it, are such as to show that the creditor will receive from both his funds more than the amount of his debt, the facts disclose an equitable right in the security on the part of the insolvent estate, which may be enforced by a restraint in the proof without doing injustice perhaps to the creditor. But when it is not shown that such a state of facts exists it is not necessary for the preservation of the equitable rights of the insolvent and his assignee and other creditors that the creditor be restrained in his proof." In accordance with this rule the bank should be permitted to participate in the distribution of the assets of the insolvent partnership without any deduction from the amount proved, unless it should appear that by permitting such proof it would receive more than the face of its debt; if this is shown then there should be a proportionate reduction. Decree accordingly.

POST-DATED AND POST-PAYABLE CHECK—FALSE PRETENCES—CRIMINAL LAW.

BROWN VS. STATE.

Supreme Court of Indiana, February 14, 1906.

It is held in the case of Brown vs. State decided by the Supreme Court of Indiana that a post-dated and post-payable check on the faith of which goods were obtained could not be made the basis of a prosecution for false pretences, either under the acts of 1905, ch. 169, sec. 677, prescribing punishment for obtaining anything of value by color of any false token or writing, or under section 678, prescribing punishment for obtaining property from another by color or aid of a check or order for payment of money, when the drawer or maker of the check or order is not entitled to draw on the drawee for the sum specified thereon. The conviction of Brown is set aside, and his discharge ordered. He and one Lamping were accused of obtaining goods by false pretences by reason of their getting merchandise on the presentation of the following instrument on June 23, 1905:

"Medora, Ind., June 23, 1905.

Payable June 26, 1905.

Medora State Bank: Pay to Henry Lamping or order ($15.00) fifteen dollars. Henry Lamping."

Indorsed on back "Henry Lamping. Fred Brown."

The court holds a false pretence cannot be predicated upon the non-performance of a future promise or happening of a future event. Authorities in support of the proposition are quoted and then the court says: "In this case the check was written on a blank form issued by the Medora State Bank. The first clause contained the name of the place and actual date of drawing the check, to wit, June 23, 1905. The second clause, and that wholly written, was in these words: 'Payable June 26, 1905.' There was nothing doubtful or misleading about the time when the check was payable. It was expressly announced and provided on the face that it was not payable before June 26, and in this offer to negotiate it on the day of its date, June 23, there was no implied representation that the money was or would be on deposit in the bank for its payment, before June 26. Even if Lamping had money on deposit with the bank June 23, sufficient to pay the check, he was under no obligation to keep it there, and might have checked it out for other purposes. The matter of essential importance to the defendant and Lamping was to have the money on deposit with the bank for the payment of the check on June 26. In short, the check amounted to nothing more than a promise by the drawer and endorser to have the money at the bank for the payment of the check at a future date, and brings the case fully within the rule above mentioned. Without considering any other question relating to the sufficiency of the charge, we hold that the court erred in overruling the motion to quash.

The judgment is therefore reversed, and, it appearing to the satisfaction of the court, that no offense has been committed, it is therefore ordered that appellant be forthwith discharged from custody by the warden of the state prison, and that the clerk without delay certify a copy of this order to said warden."

BILLS AND NOTES—CHECK—FRAUDULENT INDORSEMENT —AUTHORITY OF AGENT.

HAMILTON NATIONAL BANK VS. NYE.

Appellate Court of Indiana, March 14, 1906.

In a decision sent down by the Appellate Court of Indiana, Division 1, in the suit of the Hamilton National Bank vs. Nye, it is held that where an agent of the payee of a check, engaged in selling goods and authorized to collect money for goods sold, indorsed the check, without authority, express or implied, the bank, being bound to know whether the check was indorsed properly, acquired no title to the check, with the result that it could transfer none to a subsequent indorsee for value.

For goods sold to him, Nye executed his check upon the Lake City Bank, payable to "Walsh, Boyle & Co., or order" and delivered the check to a travelling salesman in the employ of that house. The salesman, instead of sending the check to his firm, as was his duty, took it to the Indiana National Bank, indorsing it, "Walsh, Boyle & Co." The bank sent it to its Chicago correspondent, the Hamilton National Bank. When the check was presented to the Lake City Bank, payment was refused. Nye received notice of the refusal to pay; protest was duly made. Nye later paid the amount due to Walsh, Boyle & Co., and contended he was not liable to the appellant on the check, for the reason that the latter had no valid title.

After discussing a question of pleading the court takes up the check and its indorsement. The court says: "The maker of the check did not undertake to pay the amount of the check to any person other than Walsh, Boyle & Co., or to some person to whom this firm should order it to be paid. When the check was drawn and delivered to the firm's agent, the title was in the firm, and remained in the firm until by some act of the firm, or its authorized agent, it passed to another. An indorsement by any other person could have no effect on the firm's title. Placing the firm's name on the back of the check and delivering it to a third person, such delivery could not affect the firm's title, but such an act could have no greater or less effect than the delivery of the check with an unauthorized indorsement.

If appellant has any title to the check, it derived it through the Indiana National Bank. But the unauthorized indorsement and delivery of the check had no effect on the payee's title and could not therefore convey anything, as against the payee, to that bank. We have nothing to do in this case with the respective rights of the two banks as against each other. 'The purchase of the check upon a forged or unauthorized indorsement conferred no title, and in contemplation of law the check remained untransferred.'

It is quite true, it is possible that a remote indorsee might acquire a better title to a negotiable instrument, so far as available equities and defenses between the parties are concerned, than some prior indorser through whom the indorsee's title came. But the unauthorized indorsement had no effect on the payee's title to the check. The delivery of the check with the unauthorized indorsement was in effect the delivery of the check without any indorsement, and in the latter case it is clear that the check in the hands of any one, other than the payee, would not be negotiable paper according to the custom of merchants. The agent Underhill was engaged in selling goods, and was probably authorized as such agent to collect money for goods sold. But he had no implied authority to bind his principal by the separate, original, and independent contract of indorsement.

In Tiedeman on Commercial Paper s. 77, the author says: 'And the execution and negotiation of commercial paper are considered by the commercial world so liable to the infliction of injury on the principals, if this authority is given to agents, the general custom being to reserve this power for personal exercise, that the presumption of the law is more strongly opposed to an implied authority to execute and negotiate commercial paper than to do anything else.' (See Knowlton vs. School, City of Logansport, 75 Ind. 103; Robinson vs. Anderson, 106 Ind. 152; 6 N. E. 12; Runyon vs. Snell, 116 Ind. 164, 18 N. E. 522, 9 Am. St. Rep. 839; Blackwell vs. Ketcham, 53 Ind. 184; Indianapolis, etc., Co. vs. Cleveland, etc., Ry. Co., 45 Ind. 281; Reitz vs. Martin, 12 Ind. 306; 74 Am. Dec. 215; Miller vs. Edmonston, 8 Blackf. 291; Smith vs. Gibson, 6 Blackf. 370; Kirk vs. Hiatt, 2 Ind. 322; Corning vs. Strong, 1 Ind. 329; Graham vs. U. S. Saving Inst., 46 Mo. 186.)

It is a general rule, applicable in cases of agency, that, where one of two innocent parties must suffer through the fraud of a third party, the loss should fall upon him who put it in the power of such third person to do the wrong. But this rule is not applicable in this case, for the same reason that would prevent its application if the Indiana National Bank had brought this suit, instead of appellant. When the Indiana bank had the check indorsed to it, it was bound to know whether it was properly indorsed, and it is well settled by the above authorities that it acquired no title to the check through the unauthorized indorsement. The wrong against appellant was the statement by the Indiana bank, through its indorsement to appellant, that it was the rightful holder of the check, and that the indorsement to it was a valid indorsement. The complaint shows that the check was indorsed to the Indiana bank, and then indorsed by that bank to appellant. The evidence supports the answer.

Judgment affirmed."

SALE OF BANK STOCK—CONTRACT—CONDITIONS.

ROBINSON VS. PIERCE.

Supreme Court of Colorado, November 6, 1905.

A seller of bank stock agreed to refund to the purchaser the proportionate share of any loss that might result to the purchaser, owing to the bank's failure to recover a sum that had been previously misappropriated by an officer; it being provided that the loss should be deemed to have been sustained if the money should not have been recovered at the expiration of a year. Held, that recovery after the year was a defense to an action by the purchaser on the contract.

The contract for the sale of the stock is set forth in the opening paragraph of the opinion of the court as follows:

Campbell, *J.:* In April, 1893, the defendant, Robinson, was the owner of seven shares of the capital stock of the American Savings Bank, of Trinidad, Colo. He desired to sell the same, and plaintiff, Pierce, desired to buy. They began negotiations to accomplish the end which each had in view. At first they differed as to its value, but finally concurred in the opinion that if $5,250 of the bank's money which, in the the previous January, had been misappropriated by its former vice-president, was ultimately recovered, the stock would be worth the price which Pierce paid for it. In order to maintain its value at the purchase price, and as a part of the contract of sale, the defendant Robinson signed a writing whereby he agreed to refund to the plaintiff the proportionate share of the loss, including expenses and interest, which he, as the owner of seven shares of the capital stock, would sustain, in the event that the bank, in its efforts to recover the whole or part of the converted funds, met with failure. The writing contained a proviso that the loss should be deemed to have been sustained by the bank if this money was not received by it within one year from the time it was withdrawn by the vice-president.

The court decided that time was not of the essence of such a contract, and that a recovery after the year provided it were before suit commenced, could be a compliance with the contract, as appears from the following language of the court:

Counsel have discussed at considerable length the nature of this written instrument—whether the contract therein contained is one of guaranty, suretyship, or indemnity. It is not important that it be given a name. It is clear that the contract is original, not collateral. Whatever be its form, the object and plain intent of the parties was that the defendant should pay, or, as the contract expresses it, "refund," to the plaintiff the loss which he, as a stockholder, might sustain in the event that the bank's resources were reduced by its failure to recover the whole or any part of the misappropriated fund. If the bank received all of it, and all expenses, interest, and costs, it would not sustain any loss. It is true that the writing says the loss shall be deemed to have been sustained if the misappropriated money is not received by the bank within one year from the date of withdrawal, and it may be, and doubtless is, also true that plaintiff's liability under the contract was fixed—but not unalterably—upon the happening of the contingency therein provided for. But if before the beginning of the plaintiff's action the bank should receive, by suit or otherwise, the total amount of money withdrawn, the interest provided for, and all costs and expenses of recovering the same, the plaintiff is not entitled to a judgment; for he has not sustained the loss from which the contract was intended to save him harmless. Time is not expressly made the essence of the contract, and there is no necessary or fair implication from its terms that such was the intention of the parties. The defense of a full receipt by the bank of this money before suit brought, with interest, and costs and expenses incurred in its recovery, was a good defense to the cause of action set up in the complaint.

PROMISSORY NOTE—CANCELLATION—INSANE MAKER—NOTICE TO PAYEE.

AMOS VS. AMERICAN TRUST AND SAVINGS BANK.

Supreme Court of Illinois, April 27, 1906.

In the original suit of the American Trust and Savings Bank, conservator of Joseph J. Miller, an insane person, against John E. Amos, Jr., and Henry W. Price, successor in trust of John E. Amos, to cancel a promissory note for $4,000, dated April 8, 1903, payable to the order of Rosalie G. Amos two years after date, at six per cent. interest, and signed by Joseph J. Miller, and also a trust deed of even date with the note, signed and acknowledged by the latter, conveying real estate in Chicago to John E. Amos, Jr., as trustee to secure payment of the note, the Supreme Court of Illinois, on the appeal of Amos, et al., decided in favor of the bank. The court held that the Amoses knew that Miller was insane and incompetent to execute a note and trust deed and that equity would cancel the note and deed without requiring a return of the money lent by them to Miller who lost or squandered it by reason of his insanity.

In the opinion written by Justice Hand, the facts are set forth. The court says in part:

HAND, J.: The questions presented on this appeal for decision are mainly questions of fact. It appears from the undisputed evidence that Joseph J. Miller, at the time of the execution of said note and trust deed, was about sixty-eight years of age; that for thirty-five years prior to their execution he had been afflicted with epilepsy; that up to within fifteen years of the date of said note and trust deed he had been a successful business man and accumulated a considerable amount of property, but for several years prior to the date of their execution his physical and mental powers had become greatly impaired from the effects of said disease; that John E. Amos, Jr., a lawyer in practice in the city of Chicago, in the year 1902 became the attorney of Joseph J. Miller; that prior to Amos's connection with Joseph J. Miller said Miller owned the property covered by said trust deed, a store building on Cottage Grove avenue, also unimproved real estate in Humboldt Park, a suburb of the city of Chicago, which last mentioned property was of the value of from $15,000 to $20,000; that Joseph J. Miller owed no debts; that his improved property furnished an ample income to support him and meet all of his liabilities; that he then made his home with his two sisters, who resided in one of the houses located on the property covered by said trust deed, and his brother, Judge Charles S. Miller, was acting as his legal adviser and assisting him in the management of his estate; that shortly after John E. Amos, Jr., became his attorney, Joseph J. Miller required his sisters to move out of the house in which they lived, he continuing to reside therein alone; that John E. Amos, Jr., thereupon made a demand upon Judge Miller that he deliver to him all the papers, abstracts of title, etc., of Joseph J. Miller, if any in his possession, and Joseph J. Miller placed his Humboldt Park property on sale, and the same was within a few weeks sold for $4,300 in cash, $1,500 of which was paid to John E. Amos, Jr.; that on April 8, 1903, the State Bank of Chicago, in the presence of John E. Amos, Jr., paid Joseph J. Miller in cash $4,000 upon the check of said Rosalie G. Amos, which check represented said $4,000 note and trust deed; that the appellee was appointed conservator of Joseph J. Miller April 28, 1903, and immediately made search for the property of said Joseph J. Miller, and especially the cash received as the consideration of the sale of said Humboldt Park property and the cash paid to him by the State Bank of Chicago upon the check of said Rosalie G. Amos, but the appellee was unable to find any property belonging to Joseph J. Miller other than the store building on Cottage Grove avenue and the two houses covered by said trust deed, the $4,300 received from the sale of said Humboldt Park property and the proceeds of said $4,000 check having disappeared, as well as all the private papers, abstracts of title, etc., of the said Joseph J. Miller.

The trial court found, among other things, that at the time said $4,000 note and said trust deed were executed said Joseph J. Miller was insane, and that John E. Amos, Jr., and Rosalie G. Amos had notice of such fact, and the main contention made in this case by the appellant is that the evidence found in this record does not justify such findings.

The rule in this state is that, where the testimony is conflicting, as it is in this case, a court of review will not disturb the finding of the chancellor upon a question of fact, unless it is clearly apparent the chancellor has committed error. (Biggerstaff vs. Biggerstaff, 180 Ill. 407, 54 N. E. 333; Elmstedt vs. Nicholson, 186 Ill. 580, 58 N. E. 381; Dowie vs. Driscoll, 203 Ill. 480, 68 N. E. 56.) We are of the opinion the chancellor properly found that Joseph J. Miller was lacking in mental capacity to execute said note and trust deed.

If John E. Amos, Jr., and Rosalie G. Amos had knowledge of the fact that Joseph J. Miller was insane and incompetent to execute said note and trust deed they dealt with him at their peril; and if they turned over to Miller $4,000 in cash, and by reason of his insanity he lost or squandered said sum of money, a court of equity, at the suit of his conservator, properly might cancel said note and trust deed without requiring a return of said $4,000 to Mrs. Amos or her executor. Especially is such the law if John E. Amos, Jr., and Rosalie G. Amos practiced a fraud upon Joseph J. Miller in obtaining said note and trust deed. (Ronan vs. Bluhm, 173 Ill. 277, 50 N. E. 694.) * * * We think the evidence clearly establishes that John E. Amos, Jr., and Rosalie G. Amos had notice of the mental incapacity of Joseph J. Miller at the time he executed said note and trust deed.

From an examination of this record, we are impressed with the conviction that the conclusions reached by the chancellor are correct, and that the Appellate Court properly affirmed the decree of the circuit court. The judgment of the Appellate Court will therefore be affirmed.

Judgment affirmed.

REPLIES TO LAW AND BANKING QUESTIONS.

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department.

A reasonable charge is made for Special Replies asked for by correspondents—to be promptly sent by mail.

IMPERSONATION OF PAYEE OF CHECK—NOTE PAYABLE AT BANK.

WASHINGTON, D. C., May 12, 1906.

Editor Bankers' Magazine:

SIR: A real estate agent is applied to for a loan of $1,000 by a woman claiming to own a certain piece of property, and who offers a mortgage upon the same as security. The agent not having the money to lend, introduces the applicant to a party who has it and who agrees to make the loan, provided the title company, after examination, finds the property good in the name given. After an examination of the records, the title company assures the lender that the title is good in the name as set forth and thereby upon instructions from the lender, draws its check payable to this woman, whose name is given as the owner of this piece of property, and gives the check to her in person, she having previously made all necessary affidavits by which the property becomes incumbered to the extent of the amount named. She endorses the check in blank and turns it over to the real estate agent, who in turn also endorses it and deposits it to his credit in his bank and then gives her the amount due her, after deducting certain expenses. The bank in which it is deposited stamps its usual endorsement upon it, guaranteeing all previous endorsements, sends it through the clearing-house to the bank on which it is drawn, they in turn paying it and charging the amount to the account of the title company.

Eighteen months after the loan was made it develops that the woman had assumed the name of the owner of the property, and the rightful owner, finding that her property had been mortgaged, asks for a release. The title company then requests their bank to credit their account with the $1,000, stating that the check was drawn in error, as the woman to whom it was made payable, and given, was not the real owner of the property. The title company's bank in turn makes a demand upon the bank in which the check was first deposited. The latter bank declined to return the money, for the reason that, although there may have been, and no doubt was, deception as to the real name of the party to whom the check was made payable, and that she probably was not the owner of the property mortgaged, but as it was well understood and not contradicted that the title company had drawn their check payable to this certain woman with whom the entire negotiations were made and delivered it to her in person, and as it was conceded that this same woman had endorsed it and turned it over to the agent, the bank did not feel called upon to guarantee more than that the first endorsement was that of the payee and that both endorsements were genuine, and further that it was not for the bank to know for what purpose the check was given, or to determine the legality of the transaction. You will observe that this same woman figured in the entire transaction from the beginning to the end. The title company made the check payable to her and presented it to her in person, not to the agent or to any one else to give to her, and she, as stated above, endorsed it and received her part of the proceeds.

Another case which has been brought to my attention and which I would like an expression on is as follows: Three parties having accounts in Bank A, made a note that we jointly and severally promise to pay to John Smith at Bank A, a certain sum of money, and each signed their full names to the note. Shortly before maturity this note is deposited in Bank B by John Smith for collection and on the day it is due, Bank B presents it to Bank A for payment. It develops at Bank A that each of the three signers of the note have credits in that bank of various amounts and the aggregate balance to the three accounts is just sufficient for the amount of the note, but neither of them has enough in Bank A to pay the note. There is no joint account of three, and the bank had not received any instructions from the makers except as set forth on the note. Should Bank A pay the note and charge the account of each maker as his balance will admit of, or should the bank decline to pay it, for want of instructions, and if the Bank did decline, would the makers of the note have a legal right of action against Bank A? A. B. C.

Answer.—(1) The case of Tolman vs. American Nat. Bank (22 R. I. 462) seems to be in point. In that case the plaintiff sued to recover money paid out by the defendant on his account upon his check, under a forged indorsement. Louis Potter, representing himself to be Ernest Haskell, went to the plaintiff to get a loan of money, giving the residence and occupation of Haskell as his own. The plaintiff made inquiry, and finding that Haskell was employed and was living as represented, he agreed to make the loan. Potter, under the name of Haskell, gave his note to the plaintiff, and the plaintiff gave him a check on the defendant payable to the order of Haskell, delivering it to Potter, supposing him to be Haskell. Potter indorsed Haskell's name on the back of the check and gave it to A. R. Hines, who collected it from the bank. When the note given to the plaintiff became due, the fraud was discovered. He thereupon notified the bank, and demanded a return of the amount paid on the check to the credit of his account.

The court held that under the Negotiable Instruments Law the depositor could recover back the money from the bank. In the course of its opinion, the court said:

"It would seem that upon so plain a proposition the decisions should be unanimous; but it is not so. To say that the money was intended for the one who had committed the fraud is simply to say that the fraud was complete. It is a surprising doctrine that if A can successfully personate B, he thereby escapes being guilty of forgery in signing B's name on a check of C's. Of course, C intended the money to go to him, as an actual person, but only because he supposed that he was the person whom he represented himself to be. Can the imposition upon C justify A's personation and signature of B? If C had sent his check to B by A, and the latter had written B's indorsement thereon, no one would say that it was forgery. How does it change the case when A gets the check by making C believe that he is B? In one case C sent it to B, and in the other he supposed that he handed it to B directly. In both cases it was intended for B.

* * * * * * *

Moreover, of what consequence is the intent of the drawer of the check, when the direction is to pay to the party named? He has the right to assume that the bank will pay to the party as directed. In this case the money was intended for Haskell, because his was the only name suggested; he had been looked up and found to be responsible. It is a perversion of words to say that it was intended for Potter, simply because he had fraudulently impersonated Haskell and led the plaintiff to believe that he was Haskell. The plaintiff did not intend to let Potter have money; his check showed he was not to have it, because it was made payable to Haskell. When, therefore, Potter fraudulently indorsed Haskell's name on the check, it was a typical case of forgery. It was a false signature, with intent to deceive.

* * * * * * *

The attention of counsel was called to the Negotiable Instrument Act (Pub. Laws, January, 1899, cap. 674, s. 31.) which is: 'Where a signature is forged or made without the authority of the person whose signature it purports to be, it is wholly inoperative; and no rights to retain the instrument or to give a discharge therefor, or to enforce payment thereof against any party thereto, can be acquired through or under such signature, unless the party against whom it is sought to enforce such right is precluded from setting up forgery or want of authority.' This statute covers this case. We have referred to authorities because the defendant's counsel so earnestly and ably argued that the act did not alter the law-merchant that it seemed proper to show that the law in this respect, outside of the act, is in a very unsatisfactory state and that the act is right. We do not think that the act does alter the law as it was when, a few years ago, it seems to have been switched off on a fallacy in some places. One of the advantages of the act is in settling the question. Waiving the question of forgery, about which the cases we have cited differ, the signature in this case is clearly one "made without the authority of the person whose signature it purports to be," and, therefore, it is "wholly inoperative." This being so, the defendant cannot justify its action under it, there being no evidence of any conduct by the plaintiff to mislead the defendant and so to estop his present claim. As the case stood, the plaintiff had ordered money paid to Haskell. The bank had not so paid it. The fact that the plaintiff had been imposed upon did not relieve the bank from its duty to see that the money was paid according to order."

Under this decision, the title company could demand the amount of the drawee bank. That bank, then, could recover from the bank to which it made payment, either upon the guarantee, or as for money paid under mistake of fact, and the latter would have its remedy against the real estate agent upon his indorsement, the effect of which was to warrant that he had good title to the instrument, which, of course, he had not, the prior indorsement being in effect a forgery.

(2) The Negotiable Instruments Law provides that "Where the instrument is made payable at a bank, it is equivalent to an order to the bank to pay the same for the account of the principal debtor thereon." (Sec. 87, D. C. Act.) In such case the direction is equivalent to a check. (Aetna Nat. Bank vs. Fourth Nat. Bank, 46 N. Y. 82.) But the note, like the customer's check, must be drawn in the character in which the account is kept. Suppose, for example, the bank has the joint account of A and B as co-partners, and the individual account of A. Now, it could not charge a firm check against the account of A, without special authority from him, nor, for like reason, could it charge against his account, a note of the firm made payable at the bank. So, in the case stated in the inquiry, the note being joint, could be charged only against a joint account.

CERTIFICATE OF DEPOSIT—TWO PAYEES.

WINONA, MINN., June 5, 1906.

Editor Bankers' Magazine:

SIR: I noticed that in the February issue of THE BANKERS' MAGAZINE a subscriber at Green Bay, Wis., asked if a certificate of deposit, payable to John Brown, and Mary Brown, his wife, or Frank Doe, or Mary Doe, his mother, and John Brown and Frank Doe die, a certificate is paid to Mary Brown or Mary Doe; can the administrator collect, and request a form to be stamped upon the certificate to that effect, in case of the death of either, the living one can draw money. Your answer to this being that the Negotiable Instruments Law provides that such an instrument may be drawn to the order of one or several payees; and where the instrument is so drawn, the endorsement of either payee is sufficient to pass the title, and the holder is entitled to demand payment of the bank. This right to endorse is not affected by the death of the other payee. It would be sufficient, therefore, to make the certificate payable to the "order of John Brown, or Mary Brown" in the same way that checks are often drawn. This is undoubtedly true in states having the Negotiable Instrument Law, but in states not having this it has been decided otherwise by the Supreme Court of Minnesota in the Old Bank of St. James, Minn. We, therefore, make our certificates payable to "John and Mary Brown, joint owners, payable to either or survivor."

O. M. Green,
Assistant Cashier.

Answer.—In the case mentioned, the certificate of deposit was in the following form: "Henry B. McHenry has deposited in this bank two thousand one hundred dollars, payable to the order of himself or wife upon the return of this certificate properly indorsed." The court treated the question as one of gift, and held that the facts as shown by the evidence given upon the trial did not establish a gift *causa mortis* or *inter vivos*, and that, therefore, the wife, after the husband's death, was not entitled to collect the money upon the certificate. The case is officially reported in 93 Minn. p. 507.

RESTRICTIVE INDORSEMENT—GUARANTY.

Astoria, Oregon, June 2, 1906.

Editor Bankers' Magazine:

Sir: A few days ago we received from our correspondent, the Seattle National Bank, a check on the Astoria National Bank as follows:

NEBRASKA

Albion, Neb., ... 190.... No.........
..................after date, for value received, we, or either of us, promise to pay to the order of.......................... $........
.... DOLLARS.

Payable at FIRST NATIONAL BANK OF ALBION

with interest at ten per cent. per annum, from.................... Interest payable annually, and defaulting interest to draw the same rate of interest as principal. The makers, endorsers and guarantors of this note hereby severally waive presentment, notice of non-payment, protest and notice of protest and diligence in bringing suit against any party thereto, and sureties and endorsers consent that time of payment may be extended without notice thereof.

P. O. ....
Due.............190.... ....

The Astoria National Bank refused payment, claiming the indorsement is restrictive. While the writer acknowledges the indorsement is restrictive, at the same time the conditions have been complied with, and it is not necessary to have the indorsement guaranteed.

FRANK PATTON, *Cashier.*

Answer: The Negotiable Instruments Law defines a restrictive indorsement as follows: "An indorsement is restrictive, which either: (1) Prohibits the further negotiation of the instrument; or (2) constitutes the indorsee the agent of the indorser; or (3) vests the title in the indorsee in trust for or to the use of some other person. But the mere absence of words implying power to negotiate does not make an indorsement restrictive." (Sec. 36, Oregon Act.) Now, it will be seen that the indorsement referred to in the inquiry does not come within any of these provisions. It is in the nature of a special indorsement, and confers upon "any bank or banker" the right to receive payment of the instrument, or further negotiate the same. Such indorsements are in common use, and we see no reason why it should be necessary to have them guaranteed.

PROMISSORY NOTE—PRESENTMENT.

ALBION, NEB., May 29, 1906.

Editor Bankers' Magazine:

SIR: Will you kindly advise us whether a note executed on the following blank needs to have demand, protest or notice of non-payment, diligence in bringing suit or notice of extension in order to hold indorsers in a state having the Negotiable Instruments Law?

F. M. WEITZEL, *Asst. Cashier.*

"Astoria, Oregon, Mar. 14, 1906. No.........

ASTORIA NATIONAL BANK

Pay to Seattle National Bank, or order....................$334.45
Three hundred thirty-four and 45-100......................Dollars

GEORGE W. BARKER."

Endorsed: Pay any Bank or Banker, or order. Seattle National Bank, S. Foster Kelly, Cashier.

Paid Mar. 19, 1906, Astoria Savings Bank, Astoria, Oregon.

Answer: The Negotiable Instruments Law provides: "Presentment for payment is dispensed with * * * by waiver of presentment express or implied." (Sec. 142, N. Y. act.) "Notice of dishonor may be waived, either before the time of giving notice has arrived or after the omission to give due notice, and the waiver may be express or implied." (Sec. 180.) "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." (Sec. 181.) "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 formal protest, but also of presentment and notice of dishonor." (Sec. 182.) Under these provisions, the form of waiver contained in the note above set forth would appear to be quite sufficient for all the purposes mentioned in the inquiry.

CANADIAN BANKING AND COMMERCE.

BY J. A. MARTIN.

A COMPARISON of the conditions of Canadian banking ten years ago with conditions to-day tells a story of inspiring commercial prosperity. No part of the Dominion has greater cause for pride in the results achieved than the Province of Ontario, and especially Toronto, which has made giant strides in this period. It is in the growth of deposits that the progress of this rich province is most marked.

It is rather difficult to separate the banks in Montreal from those in Toronto, to make a comparision of these two centres, but the following table makes as fair a comparison as possible of the banks having head offices in these two commercial centres:

APRIL 30, 1896.

	Paid up capital.	Rest.	Total deposits.	Total assets.
Montreal	$31,089,998	$19,991,333	$195,111,259	$297,684,385
Toronto	14,663,600	6,381,000	58,052,681	91,997,394

APRIL 30, 1906.

	Paid up capital.	Rest.	Total deposits.	Total assets.
Montreal	$31,089,998	$19,991,333	$195,111,359	$297,684,385
Toronto	32,498,371	20,969,636	221,541,489	311,760,564

At the close of 1896 there were thirty-eight chartered banks doing business in Canada. Since then three small ones failed (total liabilities under $9,000,000); six were absorbed by other institutions, and five new banks began business. So that at the close of 1905 the number was thirty-four. Of these one has a paid-up capital of $14,400,000, one of $10,000,000, one of $6,000,000, eight of $3,000,000 to $5,000,000, six of $2,000,000 to $3,000,000, six of $1,000,000 to $2,000,000, and eleven of under $1,000,000.

These thirty-four institutions do business at over 1,300 branches scattered throughout the Dominion, each branch being under the direction of the head office.

The banks have steadily provided additional capital to meet the demands for accommodation, the note circulation being limited to the amount of the unimpaired paid-up capital. These increases have been made in great part by pro rata issues to old shareholders of new stock at a premium over the par value, this premium being the percentage the reserve fund bore to the paid-up capital at the time of issue. This proportion of reserve fund to paid-up capital has steadily increased. In 1896 it stood at 43.20 per cent. By 1905 paid-up capital had increased 38.17 per cent., and reserves had grown to 70.22 per cent. of the increased capital. Average earnings show an increase from 10.7 per cent. to 15.07 per cent., while average dividends paid increased from 8.13 per cent. to 8.87 per cent. The accompanying tables show clearly the position of the banks at the end of 1905, and the growth in business during the past ten years:

Year.	*No Banks.*	*Paid-up Capital.*	*Reserve Fund.*	*Notes in Circulation.*	*Deposits.*	*Total Assets.*	*Total Liabilities.*	*Prop. of rest to cap.*	*Average rate % earned.*	*Average dividend paid.*
1896..	38	$61,731,354	$26,670,799	$33,095,784	$202,098,751	$329,692,255	$241,828,840	43.20	10.70	8.13
1897..	38	62,289,326	27,515,999	37,985,123	229,389,055	360,133,088	272,376,076	44.17	11.03	8.14
1898..	38	63,241,533	27,955,807	40,258,381	254,065,889	390,470,328	300,773,075	44.20	11.71	8.10
1899..	38	63,584,022	29,967,724	45,999,753	280,321,027	431,718,345	336,018,630	47.12	13.06	7.93
1900..	36	67,087,111	34,501,349	50,758,246	305,383,538	501,542,015	392,150,481	51.42	12.79	8.27
1901..	34	67,591,311	37,364,708	54,372,788	374,782,259	562,077,793	449,091,985	55.28	13.67	8.40
1902..	35	62,795,440	44,517,681	60,574,144	416,828,229	625,388,028	499,508,455	61.02	14.29	8.60
1903..	33	78,563,236	50,598,511	62,539,407	442,173,398	663,145,342	525,924,155	64.44	14.38	8.60
1904..	34	80,055,596	54,071,656	64,507,394	504,883,682	729,915,784	587,917,990	67.54	13.89	8.60
1905..	34	85,294,210	59,898,397	69,981,574	567,846,794	815,533,302	662,160,127	70.22	15.07	8.87
Increase for 10 yrs. Per cent.		38.17%	124.58%	108.43%	180.43%	147,36%	173.81%	62.54%		

When we consider the progress denoted by these figures, we see that the continued prosperity of the whole country has enabled all these institutions to employ their funds to increasing advantage.

Outlook for the Future.

At the present the outlook is bright. Immigrants are pouring into the country, the railways are rapidly extending their lines in the older as well as in the newer portions of the Dominion, the industries of the nation are working at full pressure, and, at the moment, the prospect is that the agricultural community will be rewarded this season with the largest wheat crop in the country's history. At the same time, it is to be remembered that new banks are coming into the field, that the older institutions are increasing their capital, and that both old and new are rapidly multiplying their branches. All this means that the banks are, as a whole, considerably increasing their operating expenses, and that the combined capital on which they have to earn profits is steadily expanding.

Some observers are inclined to think that the banks are justified in anticipating growth in the Northwest, but that they are overdoing it in opening so many branches in the settled portion of the country. At the beginning of 1902 there were 349 branches in Ontario, while in May, 1906, there were 701. The greater number of these branches have been opened in the country. The population of the country towns in Ontario is practically stationary, whilst in many parts of the rural districts it has shown some falling off. So that, in view of this, one may ask whether the expansion is altogether justified. It is doubtful if all these new branches will be able to obtain enough business, especially when times become less prosperous than now.

Taking the latest report of the chartered banks, that of May, 1906, we find the total current loans in Canada had grown to $493,505,634, as compared with $437,200,882 for the corresponding month of 1905. The thirty-five banks making returns have an aggregate paid-up capital of $90,006,340 as compared with $81,992,536 at the end of May, 1905. The reserves a year ago were $55,862,330 and these had increased to $62,084,267. The note circulation decreased $2,323,454. Deposits in Canada on demand fell off $2,163,061, and deposits in Canada on notice increased $4,232,534. Call loans in Canada shrank to the extent of $2,166,007, while they increased elsewhere (i. e. in the United States) by $4,143,305.

Expansion in business is reflected in the extension of $6,822,310 in current loans in Canada. The following table shows the condition of the banks according to the Dominion Government report, on May 31 last:

ASSETS.

Specie	$21,295,327
Dominion notes	39,231,532
Deposits of Dominion Government	3,460,334
Notes and checks of other banks	24,337,655
Loans to other banks	890,711
Deposits of other banks	6,648,415
Balance due United Kingdom	4,674,027
Balance due elsewhere	17,607,404
Government securities	8,926,769
Municipal securities	20,488,619
Railway debentures	40,568,883
Call loans, Canada	53,129,606
Call loans, elsewhere	55,886,119
Current loans, Canada	493,505,634
Current loans, elsewhere	33,585,615
Loans to Provincial Governments	1,520,110
Overdue debts	1,468,127
Real estate	836,804
Mortgages	450,971
Premises	12,393,966
Other assets	7,569,796
Total	$848,476,612

Loans to directors	$9,230,405
Average specie	19,332,712
Average Dominion notes	36,598,808

LIABILITIES.

Capital authorized	$106,146,666
Capital subscribed	92,245,803
Capital paid-up	90,006,340
Rest	63,295,954
Notes in circulation	64,217,332
Balance due Dominion Government	5,968,827
Balance due Provincial Government	6,554,660
Deposits, demand	154,988,952
Deposits, notice	377,608,583
Deposits, elsewhere	46,284,312
Loans, other banks	890,510
Balances due other banks	4,221,917
Balances due United Kingdom	6,146,711
Balances due elsewhere	2,759,108
Other liabilities	17,177,969
Total	$686,813,961

The greatest note circulation during the month was $67,944,424.

TRADE RETURNS.

Canada's aggregate foreign trade for the ten months ended April 30 reached the enormous total of $435,742,955, or nearly $69,000,000 more than for the same period of the year previous. The imports amounted to $225,257,576, an increase of $25,280,200, and the exports to $189,757,157, a gain of $35,815,754. The improvement in exports of domestic produce was, therefore, $10,535,554 more than that on imports. The most notable gain is in exports of agricultural products, which amounted to $18,392,640. The other increases were: Mines, $2,868,007; fisheries, $4,286,117; forests, $3,735,314; animals and their produce, $3,563,041; manufactures, $2,937,146. Imports for April amounted to $23,046,639, as against $20,708,422 for the same month last year. Exports of domestic produce were, $13,362,662, as compared with $9,088,495.

Following are the figures for the ten months in detail:

Imports for consumption.	Ten months. 1905.	1906.
Dutiable goods	$120,673,298	$138,344,074
Free goods	79,304,078	86,913,502
Total	$199,977,376	$225,257,576
Duty collected	$34,035,280	$37,708,663

Domestic Exports.	Ten months. 1905.	1906.
The mines	$24,622,986	$27,490,993
Fisheries	8,882,788	13,168,905
Forest	24,802,682	28,537,996
Animals and their produce	53,082,323	56,645,364
Agricultural products	25,709,620	44,102,260
Manufactures	16,811,351	19,748,497
Miscellaneous	29,653	63,142
Total	$153,941,403	$189,757,157

It is interesting in this connection to note that Canada stood fifth in the gold production of the world last year, being surpassed by the Transvaal, United States, Australia, and Russia, in order.

TO PREVENT FALSE ENTRIES.

THE following letter appeared in "The New York Sun" a short time ago:

"If bank mail clerks were to make a memorandum of checks received, and the entries were verified by this every day, it seems to me the bank book juggling would be eliminated.

In the banks in India, and I believe the Scotch banks, whence most of the bank officials of India are derived, every transaction is recorded on a printed slip, which passes through three hands, duly initialled. The day book is checked by these slips, which are preserved as original entries of more importance in a court of law, like the "blotter," familiar in our commerce, than the books into which their records are transcribed.

Embezzlement by juggling is impossible by this system.

BANK OF MADRAS."

LOCKING UP CAPITAL BY LOANS ON SECURITIES.

AN interesting letter in regard to the proper relation between loans on commercial paper and on securities has been written by Mr. Charles C. Jackson, the well-known broker and writer of Boston. Mr. Jackson makes the point that too large a proportion of loans on securities tends to encourage the sinking of capital in permanent forms and thereby diminishes the stock of consumable goods and raw materials. The text of his letter, which is addressed to Mr. Charles A. Conant of the Morton Trust Company, who is one of the members of the Chamber of Commerce Committee on Reform of the Currency, is as follows:

BOSTON, June 11, 1906.

C. A. Conant, Esq., *Morton Trust Co., New York City.*

MY DEAR MR. CONANT: Perhaps our prosperity is greater than it ever was before. It seems probable that all our population, taken as a whole, is better fed, clothed and sheltered than ever before. There are however two elements of danger present, which deserve our most careful thought. It is obvious to anybody who surveys our business situation that to maintain our present prosperity we must continue our present rapid construction of permanent property; but this rapid construction is creating a scarcity in two directions, and when either of these scarcities becomes sufficiently acute, construction must slacken, and then business and labor are likely to be much disorganized, and prosperity must decline.

THE SCARCITY OF CASH.

First.—There is a marked and growing scarcity of cash in the banks. Leaving out of view the figures of our savings banks, in 1893 our banking deposits—that is to say, the liabilities of the commercial banks and trust companies—were less than six times the amount of cash held by these banks and trust companies, whereas I understand that to-day they are more than eight times. Of course this progression cannot go on forever, and it cannot be denied that we have already reached the danger point; that is to say, it is clear that the cash held by the banks bears such a small ratio to their liabilities that, if a sudden desire to collect debts should spring up in the minds of the public, very serious trouble would be likely to occur. Perhaps this lack of cash can be cured, without upsetting business or curtailing construction, simply by means of a quiet liquidation of securities and real estate which would reduce loans and deposits; and perhaps better laws about currency can lessen the danger to be apprehended from it.

THE SCARCITY OF CONSUMABLE COMMODITIES.

Second.—There is another dangerous scarcity which is also growing. It is generally not much thought of by the financial public, and when thought of, is almost always looked upon with delight. It is the scarcity of consumable commodities—I mean of articles of food, fuel, clothing and building materials. How great is the scarcity of these things is shown by the trade reports and by the rise of eight per cent. in their prices during the past year in the face of tight money; and this scarcity is of course exactly what we might expect would result from our great devotion to the construction of permanent property and from the feeding and clothing of great bodies of workmen who execute this construction.

Now, this scarcity cannot be cured except by curtailing our construction. No new laws and no liquidation can cure it. Curtailing construction means the abandonment of plans by our leaders and the throwing of workmen out of employment, and therefore is very unpopular. But it is clear at any rate that the public ought to be warned of the danger created by the present rapidity of construction and, for myself, I believe it would be a great advantage if a little fright should possess the public now, so that we may be spared a much worse fright two or three years hence, when the banks have less available cash and the community has less consumable commodities. For if this scarcity of consumable commodities goes on increasing, it must sooner or later check construction, because at length it will be impossible to find sufficient food, fuel, clothing and building materials for the needed workmen to consume. And, since this scarcity is so generally overlooked by our financial men and by the leaders in our enterprises, the moment it is revealed by the enforced cessation of construction on the part of some great leader, that moment a fright will seize the public and a widespread desire to collect debts will almost certainly arise.

Too Much Lending on Collateral.

It seems that the habit of loaning very freely on collateral, which lending institutions have strongly and generally adopted in late years, tends to create both these elements of danger—to bring about a lack of supplies of cash in the banks, which everybody dislikes and fears, and to bring about a lack of supplies of consumable commodities among the community, which most financial observers seem to hail with delight. I think the following considerations make this clear.

A man who borrows on collateral which pays dividends or interest is not much tempted to sell his collateral and repay his loan for the sake of saving interest, because of the cash return which he constantly derives from the property on which he borrows. But when a merchant or a manufacturer or a farmer borrows in order to carry merchandise of any kind, he of course gets no return in interest or dividends from this merchandise and therefore is necessarily eager to pay back his loan in order to avoid losing interest, and is therefore constantly under pressure to sell his merchandise. In fact, in the ordinary course of trade there is of necessity a constant rapid and certain progression of merchandise from the producers into the hands of the consumers; and the certainty and rapidity of this progression is recognized in and demonstrated by the way in which merchants, manufacturers and farmers make their notes—namely, payable in short time, say four months or six months—because they are pretty sure, through the sale of the merchandise, to be put in funds with which to pay off these notes at the expiration of these months. On the other hand, borrowers on collateral, generally borrow for at least a year, or else simply on call, because they are entirely uncertain when they will be able or willing to stop borrowing. It is clear then that, when lending institutions loan on collateral, they are making loans which are less likely to be repaid promptly than commercial notes are, and are therefore helping to scatter cash and to denude the banks more than when they lend to merchants, manufacturers and farmers on their unsecured paper.

Now, as regards a maintenance of the supplies of consumable commodities, let us see what is the effect of lending on collateral. The money which Mr. Gould or Mr. Harriman borrows on securities issued by his railroad company, he spends, either directly or roundabout through other people, for buying food, fuel, clothing and building materials for the use of his workmen who are employed in building some additional railroads or bridges; and if Mr. Gould or Mr. Harriman sells these securities to me and I borrow on them, the money which I borrow is really in the same way used to support workmen employed in the construction of permanent property. But every manufacturer or farmer spends, either directly or indirectly, the money, which he borrows, for the purpose of supplying food and clothing and materials for workmen who are reproducing some consumable commodities of the same general class—food, fuel, clothing and building materials—as those which they are consuming. And the merchant spends the money, which he borrows, to buy more merchandise of the same kind as what he sells. Therefore, lending institutions, when loaning on collateral, are putting their money at the service of constructors, and are doing what they can to reduce the surplus supplies of consumable commodities, but when loaning to merchants, manufacturers or farmers are doing what they can to maintain the surplus supplies, because these people borrow in order to replace the consumed commodities by new ones.

It seems to me that these two bad effects of loaning on collateral—first, denuding the banks of cash, and second, promoting a dangerous scarcity of consumable commodities—ought to be brought vigorously and clearly before the minds of the business public—and that, as one step to this end, the banks should be forced to report each week how much of their money is tied up in purchases of shares and bonds or in loans on them as collateral, and how much of their money is employed in loans to merchants, manufacturers and farmers on unsecured paper.

Perhaps also, in order to avoid a monopolizing of the banks' money by powerful dealers in securities, the banks must be forbidden by law to invest in or loan on shares and bonds more than some definite portion of their loanable money—say perhaps forty per cent. The national banks are now forbidden *to loan at all on real estate,* and this new restriction, which I suggest, would be in the same line as that prohibition, and would be at least fully as fair and reasonable as that.

If loaning on collateral has the dangers which I suggest, it is greatly for the interest of us all to have it restricted, although curtailing loans on collateral would throw difficulties in the way of us people who negotiate securities. And at any rate if a man who has spent his life in one kind of business sees errors in its general conduct which seem to harm the community greatly, he is bound in honor to mention these errors.

If the financial world would remember that the most important kind of quick capital is food, fuel, clothing and building materials, that these consumable commodities are even more truly the life-blood of business than currency is, and that the size of the existing supplies of these things varies greatly from time to time, it would not store such mistaken hope in new currency legislation, nor believe that the dullness of the investment market to-day has a merely psychological basis, nor be so in doubt as to what is really behind the assertion that the quick capital of the country is temporarily exhausted, nor wonder that at times, like those of last autumn, the banks fail to accumulate cash, no matter how high they raise their charge for money. When there are on hand many little surplus supplies of consumable commodities scattered about through the community, the selling of these commodities to consumers by such owners as want to invest in securities or to pay up bank loans, will always give these owners cash for these purposes; but when the investing community has neither cash nor surplus supplies of consumable commodities to turn over for investment in securities, and speculators who have borrowed on securities sell these securities in order to pay up bank loans, these selling speculators get very little cash in payment, but instead of cash get bank checks and in payment of their loans can therefore give only these checks. Such selling, and such loan-paying as therefrom results, gradually reduces the banks' liabilities and so raises the ratio of their reserves to their deposits.. It is called liquidation, and as it is necessarily accompanied by a shrinkage in the prices of securities, it is of course unpopular in the financial world, and sometimes leads to a crash.

Of course, there is a large amount of cash investment going on all the time, due to the steady accumulation of profits reaped by manufacturers, farmers, etc. Sometimes, in addition to the investment of these profits, there are also surplus supplies of consumable commodities to be turned over for investment in securities. When these surplus supplies are exhausted, comparative dullness occurs in the investment market, as at present. The point which I wish to establish is that, if banking were properly conducted, the surplus supplies of consumable commodities would be better maintained, and in time of need the banks could then always get cash through the sales of these surplus supplies to consumers; and moreover that, in that case, a cash investment demand could always be aroused by a sharp reduction in the prices of securities—in short that we should not then be so badly denuded of quick capital as, for instance, we are now rapidly getting to be.

Very likely the retort will be made that, if a rise in the market prices of consumable commodities in the face of tight money shows a growing scarcity of them, at any rate the United States is not alone in this recklessness, for the same rise in the prices of consumable commodities is taking place in the European markets. This is perfectly true, and taken with the boom in the iron business in England and Germany, seems to indicate that the whole civilized world is indulging too freely in construction of permanent property, just as it did after the great gold discoveries in 1850 and the closely subsequent years. But these excesses were followed at that epoch by a world-wide panic and by a long continued world-wide business prostration. It is absurd for our people, who are so rich, prosperous, energetic and intelligent, to allow themselves to be entangled in a repetition of this disaster. Yours truly

CHARLES C. JACKSON.

THE REACTION IN THE PRICE OF SILVER.

AN interesting letter has been sent by Mr. Charles A. Conant and Professor Jeremiah W. Jenks to the Secretary of War, in regard to the present tendency of the gold price of silver bullion. The letter is addressed to the question of changing the weight and fineness of the silver coins of the Philippine Islands to meet the rise in their bullion value above legal parity, but incidentally it has a general interest because of its summary of the tendency of silver from the time when it first began to fall in 1866 down to the present time. The signers of the letter, Messrs. Conant and Jenks, were members of the Commission on International Exchange which visited Europe in company with a Mexican Commission, in the summer of 1903, in the effort to bring about greater stability in exchange between gold and silver countries. The check to the downward tendency of silver was due in part to their efforts, and to the movement which resulted on the part of the Government of British India to make purchases of the white metal with greater regularity. The letter is given below:

MORTON TRUST COMPANY,
38 NASSAU STREET,
NEW YORK, May 15, 1906.

MY DEAR SIR: Complying with your suggestion that, as former members of the Commission on International Exchange, we reduce to writing our views on the coinage ratio of the Philippine Islands, it is in our opinion very important that some action should be taken on the subject at the present session of Congress. If a change in the ratio is not authorized, there is danger that the existing coinage will be expelled from the islands by the rise in the price of silver bullion.

The silver market has been exceedingly strong for the past six months. The price of silver bullion on May 10 last was as high as 31d. per ounce London standard, and the price in New York was 67 cents American standard. This is about 2½ cents. per ounce above parity at the ratio of 32 to 1 which prevails in the coinage system of the Philippine Islands and would afford sufficient inducement to export the silver coins as bullion if this movement were not checked by the law already enacted by the Philippine government prohibiting exportation, and by the other causes reducing the net profit upon shipments for so great a distance. It is the opinion of experts in the silver market that silver is likely to go higher in the future. This will make it more and more difficult to enforce penalties against the exportation of the metal from the Philippines when such a movement affords the promise of large profits.

A remarkable change has taken place in the course of silver within the past three years. When the Commission on International Exchange was appointed by the President of the United States, in compliance with the requests of Mexico and China, to seek the restoration of stable exchange between the gold standard countries and the silver standard countries, silver was substantially at its lowest ebb. It was the general opinion, even of expert observers of the market and of political economists, that its decline could not be checked.

This decline had carried silver from an average quotation of 61⅛ pence per ounce in 1866 to 53⅛ pence in 1876, 45⅝ pence in 1886, and 30 13-16 pence in 1896. The further fall in six years to an average of 24 1-16 pence in 1902, and to a minimum quotation in November of 21 11-16 pence, constantly encouraged "short sales" of silver by speculators in London, which up to that time they had been able almost invariably to "cover" at a profit.

It was under the influence of these conditions that the weight and fineness of the Philippine coin were fixed. The original recommendation of the Philippine Commission, embodied in a report presented by one of the signers of this letter to the Secretary of War, provided for a coin of 385.8 grains, 835-thousandths fine. In view of the failure of Congress to act upon this report at the long session of 1902, and the sharp decline in sliver after that date, it was deemed prudent, when a law was enacted in 1903, to raise the weight of the coin to 416 grains, nine-tenths fine, corresponding substantially with the weight and fineness of the Mexican silver dollar, to the use of which the people of the Philippines were already accustomed.

The course of silver has been now for about three years tending upward. The lowest point was touched in November, 1902, and again in January, 1903, when the London price of silver was 21 11-16 pence, and the value of the bullion contained in an American silver dollar was about 37 cents. Beginning with February, 1903, improvement began in the price of silver, which has been arrested only temporarily at any time since that date, until now there has been a recovery from the low point of 1903 of more than 45 per cent.

The course of events since 1902, therefore, has negatived the belief, then generally held, that silver would continue to decline in gold value. The supply had been for many years nearly constant, and had exceeded demand at the old prices. The German Imperial Government sold at one time large amounts of silver and still retained enough to execute all its subsidiary coinage down to a recent date. The Government of the United States also not only suspended in 1893 regular purchases of silver, but availed itself of an accumulated stock of the metal for its subsidiary coinage, while the governments of the Latin Union, in providing for new subsidiary coinage, coined up their existing 5-franc pieces. Thus these governments withdrew from the silver market, and the chief outlets remaining for the metal were found in India and the Orient.

With the exhaustion or reduction of these old stocks occurred a considerable change in the demand for silver. All the governments which had been using their old silver have appeared in the market, or will soon appear, as purchasers of bullion. The war between Russia and Japan called for large amounts of silver in Manchuria, and while this demand was in a sense temporary, the silver absorbed there seems to be finding its way into circulation in different parts of China and the East, instead of returning upon the bullion market.

The Government of British India, moreover, has continuously made large purchases of silver since the autumn of 1903, and indicated to the Commission on International Exchange in 1904 that these purchases were being made with comparative regularity. Still more recently, a fund, known as the "Special ingot reserve," has been acumulated in London by the Indian government, with the avowed purpose of being prepared to meet coinage demands in India promptly when they arose. The last Indian financial statement states that experience has shown that the amount of this reserve "originally fixed was not large enough, and it has been decided that its amount shall be doubled." The adoption of this policy in India has been a natural result of the great expansion of the crop-shipping area by the extension of the railway network, and there are at present no indications of a cessation of the demand for the white metal in India.

Turning to the side of the supply of silver, there is no reason to believe, in the opinion of experts, that the rise of the price to 31 pence, or even several pence higher, will have any notable effect in stimulating production. Nearly all the silver now produced in commercial quantities is a by-product of lead, copper, and zinc. The supply is influenced by the price of these metals more than by the price of silver bullion. There is no indication that new mines will contribute to any considerable extent to increasing the supply, unless the price advances very much beyond recent quotations, to a point which would make it practically impossible to maintain the parity between gold and silver in the Philippines and keep existing silver coins in the islands.

A fact which makes the present upward tendency of silver a serious menace to existing coinage systems based upon too low a value for the metal is that the recent rise has taken place in face of the adoption by the Republic of Mexico of the gold exchange standard. When silver rose last autumn above 30 pence per ounce, London standard, the opportunity was quickly availed of by the Commission on Exchange and the banks of Mexico to substitute gold for silver in their reserves at a profit. The result was to release about 45,000,000 pesos ($22,500,000) in silver for the London market outside of the normal supply.

This reserve stock, so to speak, operated as a safety valve to keep the price of silver bullion from advancing far beyond the Mexican parity of about 32 to 1. With this stock exhausted, there is possibility of a pressing demand for silver from India and other countries which might, within the space of a few weeks, carry the bullion price much above 31 pence and make the profit from melting up and exporting the Philippine coins so considerable as to overcome the restraints of legal prohibition. For this reason, action by Congress without delay seems to us highly desirable.

As the future course of silver can not be calculated with certainty, even by the most expert, we would not recommend that a new ratio be fixed by Congress, but that the government of the Philippine Islands be given authority to change the ratio to correspond with the development of events. The proposal made does not involve any change of the standard of value in the Islands, which is based upon gold, but simply the granting of authority to the Philippine government to adapt the size and fineness of the token coins to the gold value given them by law, so that they shall not become more valuable as bullion than their face value in gold. While a reduction of weight and fineness to the limits originally proposed by the Philippine government in 1901 would keep the coins within their face value at the present price of silver, a further considerable rise in the price would pass this limit and compel another recoinage if such rise proved to be permanent.

If silver should continue to move upward in price it might be necessary, therefore, to fix a much lower weight and fineness for the Philippine coins than would be done if a change were made arbitrarily at the present time to conform to the existing price of silver. It is, therefore, suggested that Congress authorize the Philippine Government to make such changes in the weight and fineness of coins as they think proper, and to recoin at the new weight and fineness such of the old coins as they find it advisable to deal with in this manner.

Under a discretion of this sort, there would be several possible courses open to the government of the Philippine Islands for meeting a further rise in the price of silver bullion. They might see fit to issue subsidiary coin at a reduced rate, while permitting the pesos to leave the country under the impulse of their high value as bullion. They might decide to reduce both, but to reduce the subsidiary coin more than the peso, in order to afford a second line of resistance to an acute rise in silver. On the other hand, if the price of silver bullion should not advance farther, they might not find it necessary to make a change in the weight or fineness of the coins which the adoption of a new ratio by Congress at this time would compel them to do.

With discretion to act in the matter as they see fit, it will be possible for the Government of the Philippine Islands to anticipate future demands for silver coin and to determine whether only additional stocks of money should be coined at the new ratio, or whether it might not be necessary to recoin existing stocks. Such recoinage at a more favorable ratio for silver would not be a source of expense to the insular government, but a source of considerable profit. Already, the bullion purchased for coinage in 1903 and 1904 for 14,745,981 pesos ($7,372,990) at an average cost of 54.53 cents per ounce represents, at 67 cents, a profit of 12.47 cents per ounce.

These figures, moreover, do not include the coinage of new coins from the old Spanish-Filipino coins in circulation in the islands and redeemed by the new government. Upon coinage at the rate originally recommended by the Philippine government (385 grains 835-thousandths fine) there would be the difference between 374.40 grains and 322.15 grains of pure silver to the peso, or almost exactly 14 per cent. This ratio would permit the coinage, from the sum of about 39,000,000 pesos now in circulation in silver, of about 44,460,000 pesos, and the difference of 5,460,000 pesos ($2,730,000) might, after deducting the costs of recoinage, be covered into the Philippine treasury. If coinage at a rate even more favorable to silver were justified by the continued rise in its bullion price, the profit to the Philippine treasury would be still greater.

In view of the possibility of serious changes in the conditions of Eastern exchange and the thorough knowledge of the subject derived from experience on the ground, it seems to us advisable to leave this matter to the discretion of the Commission rather than to arbitarily fix a new ratio at the present time if Congress, in the language of the new legislation, makes it unmistakable that the government of the Philippine Islands shall not modify or impair in any way the existing gold standard of value established by the act of March 2, 1903.

Yours, very respectfully,

CHARLES A. CONANT.
JEREMIAH W. JENKS.

The honorable WILLIAM H. TAFT,
Secretary of War.

FOREIGN FAITH IN AMERICA.

THE London "Times" of June 26 publishes a letter from an American correspondent protesting against the alleged readiness of Europe to condemn the whole American people and their business on account of the scandalous disclosures respecting American life insurance methods and the operations of the Chicago meat packers. Commenting on the letter editorially, "The Times" says:

"It would be a great mistake to suppose that every Englishman belives everything said by every newspaper. No sensible man believes that American business is rotten because some swindles have been exposed, any more than he thinks that all French business is rotten because there was a Panama scandal, or that all our own business is in the same condition because we have scandals from time to time and are aware of much that is wrong, though it may not yet have come in so striking a form before the world.

Strong language about scandal is not to be taken to show that even those who use it suppose the whole business world in the country where it occurs to be corrupt. It is not their aim or business to offer a careful judicial view of American business as a whole. They are concerned with the scandal alone, and the general perspective must be left for adjustment on some other occasion.

Americans may dismiss the idea, if they ever entertain it, that the people of this country regard them as all in the same boat with the Beef Trust, Standard Oil Company, dishonest railway managers, and people who control yellow dog funds. There are Pharisees and foolish individuals in all countries. We have some among us, and as they are generally very ready to talk, they probably do some mischief, but the mass of the people understand very well that the mass of American people are very like themselves, and that in America, as here and elsewhere, society is held together only by the saving remnant of which our correspondent speaks—the quiet, inarticulate people who still believe in probity and honor and try to do their duty and fulfill their obligations honestly."

SAVINGS BANKS

SAVINGS BANK FACILITIES IN CANADA.

BY H. M. P. ECKARDT.

NATURALLY, one of the first things to strike a Canadian banker visiting the United States is the difference in the banking systems of the two countries. This difference is especially marked in the case of the machinery for the collection and reinvestment of the public's savings. Pretty much everybody knows that in the United States—particularly in the East—the savings banks are a thing apart from the ordinary or commercial banks, governed, in the conduct of their business and in their investments, by special laws and restrictions.

Among the other kinds of institutions which make a business of taking care of the savings of the people, the chief are: trust companies and loan and building societies. Though the national banks in the large cities have lately adopted the practice of paying interest on special balances, and though both national and state banks in the smaller places are used by workingmen and others whose savings are accumulating, neither of them offers the facilities that the regular savings banks in the United States, or the banks in Canada, give to their customers. Of course, the life insurance companies, in both countries, are among the most important of the takers of savings funds. But they are used for a special purpose; the savings entrusted to them cannot be withdrawn at will, unless a loss is faced. The same thing applies in a lesser degree to the building societies, but as the term of their contracts with depositors is shorter they can be used more conveniently as depositories. In any town in the states which has all the various kinds of institutions represented, the man in moderate circumstances who wishes to put by regularly a portion of his income so that it will bear interest and at the same time be available practically on his demand, or at short notice, has several satisfactory methods open to him. But there are many towns in which all the different kinds of institutions are not to be found, and some of quite respectable size have only one or two.

One place which came particularly within the writer's notice has a population of over 4,000 and the only financial institutions in it are a national bank and a building society. It should be said however that the place is a noted mountain health resort and on that account it would not be fair to compare its banking and deposit business with that of ordinary towns of the same size. The national bank accepts deposit accounts from customers who maintain a minimum balance of $75, but it pays no interest on the balances; the building society pays interest at four per cent., but the money must be left for stated periods of one or more years. There is no place whatever where money can be left at interest with the right to draw it back again at will. Those who wish to have savings accounts are under the necessity of sending their funds to New York, which is distant twelve hours' journey by rail, or to one or other of the towns within a distance of a hundred miles where a savings bank is located. The national bank, under date of August 25, 1905, showed deposits of $347,702; the figures of the building society are not available, but it is not likely that its deposits are heavy.

The circumstances are not such as to encourage the banking habit among the citizens and inhabitants; and it must be that one of the consequences of the state of affairs is that the amount of hard cash in circulation in the town is much greater than would be the case if the Canadian system prevailed. In other words, as things are, a considerable amount of money is carried in people's pockets and in their houses which would otherwise be taken by the banks at interest and used by them to stimulate industry and facilitate trade in their own or some other town. And besides, there is the inconvenience suffered by the people through the lack of suitable depositories for their money, not to mention the fact, generally admitted, that the lack of facilities for saving tends, to some extent, to promote extravagance in the general expenditure.

Union of Commercial and Savings Banks.

The general opinion, among the leading bankers in the United States, seems to be that the two kinds of banks—commercial and savings—should be kept distinct, and that the funds of the savings banks should be confined within strict investment limits and not allowed to be used to carry on mercantile operations or ventures. On this point it is not the writer's intention to argue. Circumstances in the United States are very different from those in Canada; what suits the one country might not suit the other at all. But it is very certain that in Scotland, and in the Dominion, two countries where savings banking and commercial banking are carried on by the same banks, the result has been uniformly beneficial—the development of the countries has been expedited, and thrifty, economical habits encouraged in the people.

Savings Bank Facilities in Canada.

In the hope that it will prove interesting to American bankers, a short description of the facilities existing in the small Canadian towns is given; with a list of the different places where a wage earner or a man on income may deposit his savings, and an account of what is done with the funds by the different depository institutions—how they are invested and what the effect is on trade and industry.

Of course, in the cities and larger towns there are plenty of facilities for the would-be savings depositor. Usually he can choose what suits him best from a number of different kinds of institutions. But it might be said, here, that even in the cities the Canadian banking system offers some exceptional conveniences. In the cities of every up-to-date civilized country the business section is thickly studded with banking and other offices for the reception of savings deposits. This is the case in Montreal and Toronto, but the banks in those two Canadian centres have, in addition, opened numerous city branches, with savings departments, in every section where deposits are likely to be had. In the residential districts, in the neighborhood of the factories—in short, wherever depositors are to be found in any number at all, branch banks have been opened.

But it is with the smaller towns that we are chiefly concerned here. One of the things on which Canadians pride themselves most is the excellent manner in which the banking needs of the inhabitants of small places are supplied. In Ontario and the Eastern provinces there are but few places of 1,000 population that are without a branch of a strong chartered bank; as a matter of fact the majority of places which can muster 600 or 700 people have branch banks. Out in the Northwest, where the towns and villages are growing rapidly, bank branches are established in even smaller places, and it is not uncommon to find a branch of one of the big banks controlling assets of fifty millions or more, planted in little hamlets with a population of from 250 to 400. Then, besides, all over the Dominion, at every post office of any consequence, is to be found a branch of the Dominion Government's Post-office Savings Bank. With regard to the loan and building societies they are to be found scattered through Canada pretty much the same, probably, as they are in the United States. But, taking them on the whole, they tend rather to follow the banking example; the bulk of the business is in the hands of big strong companies with head offices in the principal cities and branch offices in the lesser places. They receive deposits, some of them subject to withdrawal at short notice, and others for fixed terms of a year or more.

Now, let us take a town or village of 1,000 people in older Eastern Canada. What are the options before a man who wishes to have his surplus income taken care of? First of all, if he distrusts all banks, he can place his money in the Post-office Savings Bank, and thus have the Government of Canada for his debtor. He will receive interest at the rate of three per cent. per annum, which is credited to his account yearly. The books of the Post-office Savings Bank are kept at Ottawa and consequently when withdrawals are made the depositor must wait till time enough has elapsed for his request to go to Ottawa and for the reply to come back to him by mail. This bank is supposed to be for the benefit of workingmen and others possessing small means. The amount which any one person can have on deposit is limited to $3,000; a limit is placed also on the amount which can be deposited in any one year.

But provision is made for the easy conversion of the excess, when deposits reach the maximum, into Government bonds or stock bearing the same rate of interest. The post office is used very largely by the foreign immigrants who are inclined to be afraid of ordinary banks, but place absolute faith in the Government. Small deposits—one dollar and upwards—are received. If he be not afraid of banks he will have the option of depositing his savings in a branch of a strong big bank. Most of the banks now accept deposits from one dollar upwards; all of them accept deposits of $50. The savings bank depositor is an esteemed customer; everything is made easy for him. Interest is credited on his deposits twice a year; and some banks credit interest four times a year. Withdrawals can be made in any sums; the practice is to pay them on demand, though the banks have the right to require ten to fifteen days' notice. The rate of interest is three per cent. in every part of Canada. One consequence is that nearly everybody who has money to handle patronizes the banks; the amount of money hoarded or carried around is less, and the greater part of what is used that way is in the shape of bank notes, which, being issued against general assets, do not constitute a drain on the general money supply except in so far as they are covered by the specie reserves held against circulation by the issuing banks. Thus there is a twofold economy effected in the use of real money capital. There are over fourteen hundred and fifty branch banking offices in the Dominion; these offices are busy, all of them, in gathering up the savings of the people, and they do it pretty thoroughly. The following table shows how the two classes of bank deposits have grown in the last three years:

CANADIAN BANKS.

	Public Deposits payable on demand.	Public Deposits payable after notice.
31 Dec., 1902	$115,890,499	$254,217,869
30 June, 1903	111,298,423	267,639,035
31 Dec., 1903	120,529,032	279,327,788
30 June, 1904	115,934,016	307,940,014
31 Dec., 1904	134,280,104	319,132,078
30 June, 1905	134,804,501	333,767,147
31 Dec., 1905	155,346,759	356,880,974
30 April, 1906	157,147,012	373,376,049

The "demand" deposits represent the correct accounts or working balances of the banks' customers; the "notice" deposits consist chiefly of savings bank balances.

INVESTMENT OF SAVINGS DEPOSITS.

A word now as to how these savings deposits are invested. Taking first the deposits in the Government Savings Banks, they constitute, really, part of the fixed debt of the Dominion. Owing to the rapid extension of branches by the chartered banks the Government Savings Banks have made but little headway lately with respect to the total deposits held. This is because the facilities offered by the banks are better. But the increases in deposits, when there were increases, were used by the Government for its ordinary expenditure, just the same, practically, as if they had been a fund received through the issue of bonds or debentures. If the whole of the deposits were withdrawn, the Ottawa Treasury would be obliged to issue bonds in London to cover whatever was not covered by the small specie reserve held against the deposits. Thus the deposits in the Post-office Banks are, then, invested in the Government debt. The case is different with bank deposits. These are invested chiefly in loans and discounts to the business community. The funds go straight into the channels of active trade, being transferred, through the agency of the branch banks, to wherever the greatest need for them exists. Thus, in the rural districts of Ontario and the other older provinces deposits are often in excess of loans. The branches there fill the local demand for accommodation, whatever it may amount to, and send the surplus to the head offices, which distribute it according to where the greatest demand exists. The city branches, of course, have to meet heavy demands for loans and discounts; they also receive large sums from their savings bank customers, and in some cities and towns a fair approach to an equilibrum is effected. The newly-settled part of the West, in fact, the whole western country, is hungry for loans, and it is found generally that loans and discounts there exceed deposits.

The system as a whole has worked admirably in Canada and it is very doubtful if anything like the same progress would have been made under a different order.

EVENING HOURS FOR SAVINGS BANKS.

ALTHOUGH it is the custom among the savings banks of some places to keep open certain hours in the evening on one or more days of the week, other banks have been doubtful of the value of remaining open beyond regular hours. To test the matter two of the Springfield (Mass.) savings banks decided to keep open one evening each week. It was found that this afforded a decided accommodation to the patrons of the institution. A larger number of depositors visited the banks in the evening than during the same length of time in the day, and there was a consideral gain in accounts.

SAVINGS BANKS IN SAXONY.

CONSUL HARRIS, of Chemnitz, sends the following on the savings banks of Saxony and their depositors:

"In 1855 about one man in twelve in Saxony had deposits in some one of the many savings banks managed by the state. The number of depositors in 1855 was 151,036, and they had a total of $2,499,000. In 1904 more than 2,500,000 people in Saxony had something like $64,000,000 deposited in the same banks and those which have been established since 1855. A great many people point to these figures as conclusive proof of the country's prosperity. It is claimed by many, however, that a more careful examination of the people who have the deposits will reveal a different condition of affairs."

LETTERS TO THE EDITOR

AMERICAN SECURITIES IN EUROPE.

Editor Bankers' Magazine:

SIR: In your February number, replying to my query regarding American securities in Europe, Mr. W. R. Lawson says:

"The statement which Mr. W. H. Allen questions in my article on American securities in Europe, namely, 'that New York may now be said to control all its principal railroads and to be no longer dependent on London or Berlin,' is based on personal observation on the London Stock Exchange. It is quite a different statement from Mr. Allen's paraphrasing it, 'that at the present time foreign capitalists have less interest in American railroads than in a former period.'"

Mr. Lawson's full statement, which I quoted, is as follows:

"These two decades" (1873-'93) "represent the zenith of English injuence in Wall Street. With the reorganization of 1894-'96 it waned, German influence taking its place. But a more important change was the gradual predominance which New York acquired in its own market. It may *now* be said to control all its principal railroad stocks and to be no longer dependent either on London or Berlin."

If this does not mean that at the present time foreign capitalists have less interest in American railroads than formerly, what, in heaven's name, does it mean?

Mr. Lawson, like many other writers, constantly assumes that the parties who reorganized these roads in 1894-'96, and since, did it with American capital. But this is a false assumption. The chief reorganizers were J. P. Morgan, Kuhn, Loeb & Co., and August Belmont & Co. These parties represent foreign, not American, capital, and it is high time that financial writers here and in London recognized the fact.

Writing of Mr. Morgan in the "Saturday Evening Post," January 17, 1903, W. C. Stead says: "With his right foot planted in Wall Street, and the left in Capel Street, he bestrides the Atlantic and prepares for the conquest of the world." To the same effect, W. C. Hudson ("Brooklyn Eagle," 1902) says: "He sits in the boards of directors of the various railways of the Vanderbilt group, not for the purpose of observation, but as the *financial* agent of the Vanderbilt interests, *and as the representative of foreign investments.*"

The fact that in 1901, five years after the reorganizing period of 1894-'96, English investors insured Morgan's life for $20,000,000 is pretty positive proof that at that time he represented more English capital than any native British banker. And the further fact that no American had insured his life is pretty good proof that the great promoter represented little of American capital.

Of Jacob H. Schiff, head of the firm of Kuhn, Loeb & Co., Robt. Burnett in "The Cosmopolitan" magazine (April, 1903) has this to say:

"If J. P. Morgan were to die Mr. Schiff would take his place. * * E. H. Harriman got the credit for victory over Morgan and Hill, but Schiff was the power behind the throne. Mr. Schiff's ability as a financier was first brought before the public several years ago by the reorganization of the Union Pacific Railway and the settlement of the debt to the Government. Since then he has been the central figure in the control of the property. Mr. Schiff *was able to draw on his strong banking connections in Europe in putting through the reorganizing plan.*"

Alluding to his Chamber of Commerce speech last January, the London "Bankers' Magazine" says: *"Mr. Jacob H. Schiff of the firm of Kuhn, Loeb & Co., has for years stood at the head of the foreign banking community of New York."*

Besides Morgan, Schiff and Belmont we have Speyer & Co., Ladenburg, Thalman & Co., Seligman, Hallgarten & Co., Boissevain, and Baring, Magoun & Co., all of whom act as agents for foreign investors.

Going back to the panic of 1893, it is seen that these parties have handled fully nine-tenths of the securities issued since that time, and have also been the chief factors in at least three-fourths of the reorganizing schemes of this period. Hence, instead of this period being one of retirement of foreigners from control of our properties, it is rather the beginning of their greater predominance.

Mr. Lawson says that "every dealer in American stocks knows that control and holdings seldom go together." But here in New York there is a very common belief that since their disastrous experience with Erie under Gould and Fisk, foreigners are very shy of investing in stocks of roads not controlled by themselves or their friends. And any of the great reorganizations of recent years would have been impossible if the parties thereto had not first acquired control. The bonds might go where they listeth, but the reorganizers had to make sure of fifty-one per cent. of the stock.

It was one of these struggles for control that caused the panic of 1901. N. T. Bacon, in his article on this subject in "The New York Times" (1902), asserts that as a result of this contest we got back $125,000,000 worth of stocks of the Northern Pacific and related roads. The financial editor of the "Evening Post" (June 24, 1905) argues that the reorganization and consolidation of recent years would have been impossible but for this immense foreign liquidation; and the Northern Pacfic is cited as one instance. He says: "The stock of the Northern Pacific and the C., B. & Q. was not many years ago largely held in Europe. It was proved in the Peter Power case that the *very last share of Northern Pacific stock* had been repurchased from Europe."

Bosh! At the Northern Securities "show down" at Trenton last year it came out that titled Englishmen owned $9,000,000 of the stock credited to J. J. Hill. Lord Strathcona, of Canada, owned $18,000,000 more, and these parties owned this stock in 1901. It is quite likely that individual foreign investors holding a few shares sold them at the high prices then offered. But it was Morgan and Schiff who bought them up. They also bought up what shares were sold by our people so that the road was undoubtedly more foreign after the struggle than it was before.

The case of Northern Pacific illustrates the change that has of late years taken place in the form of foreign investments here. Instead of a multitude of small investors dealing independently, a big foreign banker and his American agents act for them. These bankers practically control the New York money and stock markets and they have a heavy grip on foreign exchanges.

The reports which I cited show that, instead of the immense liquidation claimed by Mr. Vanderlip in the four years prior to 1902, there was an excess of purchase for foreign account of over 3,700,000 shares on the New York Stock Exchange. Of the trustworthiness of these reports Mr. Lawson says:. "I agree with Mr. Vanderlip that there are no definite figures (and can be none) as to the movement of American securities between New York and Europe. The dealings in Wall Street which Mr. Allen thinks disprove my statement, are simply Wall Street guesses."

The information contained in these reports is gathered by press agents who know quite as well as Mr. Vanderlip or anyone else from whom to seek such information. And this information is, I take it, much more reliable than the "personal observation" of any single individual who does not take the same trouble to get all the facts. Besides, when I find that such papers as the "Wall Street Journal," the "Journal of Commerce" and the "Evening Post" pretty nearly agree in their figures and that the financial editors themselves accept them as being a guide, I have a right to assume that they must be fairly correct.

But the exchange deals are of the least account in the matter. In fact, excepting 1900 and 1901, they are practically of no account at all. It is the outside deals that tell the story; and they tell it so decidedly that there can be no room for quibbling. When, for instance, we see it stated that in 1898 an issue of Southern Pacific bonds floated by Speyer & Co. was oversubscribed six times, $20,000,000 in London, $20,000,000 in Berlin, and $20,000,000 in Holland, there is no room for dispute. The duty of these liquidation claimants is to submit equally plain proof that the securities bought back in those years more than offset what were sold abroad. There is nothing in this question that should exempt it from those rules of evidence which determine the truth or falsity of any other question.

Then there is still stronger evidence against this liquidation claim in the activity in our shares abroad; the growing prominence of foreign bankers here and the financial conditions. Regarding the American business in his own market, Mr. Lawson says: "What we know positively in London is that our market in American shares is much narrower than it was prior to the railroad reorganization of 1894-'96. The total volume of dealings may not have shrunk much, it may be even larger, but the bulk of it now originates from New York. The purely English dealings are a mere fraction of what they used to be."

Well, what is the "New York" influence but Morgan and his friends, whose capital is just as English as any other? That the business of the brokers who act for individual investors has narrowed somewhat, is quite likely; but this only proves that the big promoting bankers now dominate the London market just as completely as they do the New York market.

Referring to earlier activity in our shares Mr. Lawson says: "The 'Times' money article at the end of 1869 quotes about twenty American securities; among them were Atlantic & Great Western, Erie, Pennsylvania and Illinois Central. * * * From 1873 onward, the official list grew rapidly and kept on growing till the collapse of 1893. These two decades represent the zenith of English influence in Wall Street. With the reorganization of 1894-'96 it waned, German influence taking its place."

It is a wonder it didn't occur to him to seek the same source of information as to the situation at the beginning and at the latest period of this (alleged) waning influence. Under the head of "Foreign Markets" the London Times of January 31, 1893, has a list of sixty-five American stocks and bonds that were actively dealt in on the New York Exchange the day before. The report of Wall Street doings and this list fill about two-thirds of a column. On another page there is a smaller list of such of these issues as were dealt in on the London Exchange the day before.

How does this showing compare with that of to-day? The London "Times" of January 31, 1906, has a list of over ninety American stocks and bonds with the prices bid the day before in New York and London. This list and the report of Wall Street doings fill a column and two-thirds, which is more space than is given to all the other foreign markets put together. Two smaller lists of these shares are also published in other parts of the paper. One significant feature, not seen in the report of 1893, is that the whole London market now seems to be most concerned about what happens in Wall Street. I quote these items from the report:

"Most of the speculative markets were gloomy during the greater part of the day owing to the renewed fall in American shares in Wall Street." "American selling also affected Canadian railway and land companies, Japanese bonds and even, it was said, home railway stocks." "The strength of the consols market and a partial recovery in American shares made the general tendency firmer at the close."

If there was no other evidence at hand, these two reports would of themselves be sufficient to prove the utter absurdity of the claim of this immense English liquidation.

The greater prominence here of Morgan, Belmont, Speyer, and other agents of British capital, which is a matter of common observation, completely harmonizes with the London activity and fully corroborates my reports of their dealings here since 1897. And, as already stated, it is in reorganizing and consolidating that they are most prominent. On this point the "BANKERS' MAGAZINE" (July, 1902) says: "One reason, perhaps, of the successful wielding of capital here in the consolidation of great industrial interests has been the cessation of speculation in Europe. There is every reason to believe that much foreign capital has been used in the great operations of J. P. Morgan and others." Another familiar case in point is the Rothschild grip on the Interborough. According to the New York correspondent of the London "Economist" this one deal now amounts to $335,000,000; when completed, it will be $500,000,000. Where is there equally plain proof of any English liquidation to offset this one English investment? Does Mr. Lawson know of any?

Still more absurb is the talk of German liquidation. It is more absurd because the evidence to the contrary is so open and notorious. This evidence is seen in the greater activity in our shares in Germany, and the growing prominence of Kuhn, Loeb & Co. and other agents of German capital here. However, it is not necessary to seek any outside evidence on this point. Mr. Lawson himself furnishes enough for the purposes. Speaking of Henry Villard's operations he says:

"Indirectly however, the Germans gained much through Villard's unsuccessful combinations. * * * He opened the door for them into American railroad finance and gave them a *firm footing, which they never lost afterwards.* On the contrary, *they have strengthened and consolidated it year by year.* Three years after the collapse of Northern Pacific, Villard returned to the United States as agent of the Deutsche Bank. That was the beginning of a new era in international banking. That such a bank must be very useful to German holders of American securities goes without saying, and *that it has become a power in the American stock market is also self-evident. The prominent part it took in the reorganizing schemes of 1894-'96 indicated how large must have been the interests of itself and its friends in the reorganized properties. These interests have certainly not diminished since, but are more likely to have been increased.*"

Now, as the Deutsche Bank has been the chief agent of Berlin capital here, by what process of reason or logic does Mr. Lawson reach the conclusion that New York "may now be said to control all its principal railroads and to be no longer dependent on London or *Berlin?*"

Mr. Lawson ends his reply to my queries by saying that he "trusts that this explanation will clear Mr. Allen's doubts."

On the contrary, "Mr. Allen" is more than ever convinced that the whole claim of this immense liquidation is utterly false; and that instead of reducing our permanent foreign indebtedness, we are increasing it at a rate that bodes no good to our financial stability.

W. H. Allen.

Brooklyn, N. Y.

GOLD CERTIFICATES.

Webster City, Iowa, June 8, 1906.

Editor Bankers' Magazine:

Sir: Having been a subscriber to your magazine for the past fifteen years, I take the liberty of asking you a favor. Will you kindly inform me whether gold certificates are a legal tender for general indebtedness. We are not all agreed about it. An answer will much oblige. Yours truly, J. M. Jones,

President Farmers' National Bank.

Answer.—Gold certificates are not a legal tender, but are receivable for customs, taxes, and all public dues, and are redeemable in gold at the Treasury or any Sub-Treasury.

BANKING PUBLICITY

BANKERS AD ASSOCIATION OF PITTSBURGH.

THE Bankers Ad Association of Pittsburgh grew out of a meeting of men interested in bank advertising, held at the Hotel Lincoln, Pittsburgh, on Friday, January 12th, of this year. Those who called the meeting had in mind the organization of a chapter of the Banking Publicity Association of the United States. The meeting was addressed by Charles Burdette Hart of the Security Trust Company of West Virginia, E. M. Powers and W. S. Hill, both members of well-known advertising firms of Pittsburgh. After the address, the advisability of forming an association was discussed.

There was a division of sentiment as to the form the organization should take, but the prevailing idea seemed to be to form an independent local association. In order to formulate plans for organizing, the chairman, George K. Reed, representing the Colonial Trust Company, appointed a committee on organization, composed of B. H. Smyers, of the Pittsburgh Trust Company; D. C. Wills, of the Diamond National Bank, and E. B. Wilson, of the Real Estate Trust Company.

On January 25th this committee reported back to the appointing body, and a partial organization was effected, the constitution and by-laws being adopted. It was decided to form an entirely independent organization, it being the now unanimous belief of the organizers that affiliation with outside organizations was not advisable for the present. As set forth in the constitution, the purpose of the Bankers Ad Association of Pittsburgh is: (1) The study of bank and trust company advertising, with a view to furthering and protecting the interests of the banking institutions of the Pittsburgh district; (2) mutual helpfulness, through the interchange of ideas, and the meeting together of men interested in similar lines of work; (3) concerted effort to educate the public in regard to practical banking matters.

On the 19th of February, the twenty signers of the constitution met in the corporation room of the Colonial Trust Company and effected a permanent organization by the election of officers. The following persons were elected as managers for the ensuing year: Geo. K. Reed, D. C. Wills, W. L. Jack, E. B. Wilson, James K. Duff, Alex. Dunbar, W. C. Lowrie, Thomas W. Pomeroy, W. L. McCullagh.

The officers for 1906 are: Geo. K. Reed, president; David C. Wills, first vice-president; W. C. Lowrie, second vice-president; Edwin B. Wilson, secretary-treasurer.

The kind of work that the Bankers Ad Association proposes to do may be seen from the meeting held April 27th, which was addressed by F. R. Morison, advertising manager of the Citizens Savings and Trust

Company of Cleveland, and Mr. Robert Frothingham of "Everybody's" Magazine. Mr. Morison addressed the meeting on the subject of bank advertising. His paper was a very carefully prepared and enlightening treatise on the proper advertising for a banking institution. Mr. Morison emphasized the importance of preparing such advertising copy as will win the people's full confidence, and he disparaged any attempt at sensationalism. Mr. Frothingham's address was on the subject, "Prejudice in Advertising." He gave a very entertaining and forceful talk, showing the prejudices that frequently sway the advertiser and blind him to his own best interests. All who were present felt that even one such meeting a year would fully justify the existence of the association, on account of its educational value.

The association is endeavoring to protect the banks of Pittsburgh against fake and semi-blackmail advertising. It has done much in this direction already, and the number of fakirs operating on the banks has visibly diminished since the Bankers Ad Association came into existence. The association was directly responsible for the capture of one fake directory man, who had been operating in Pittsburgh for some time.

The full list of charter members is as follows: Geo. K. Reed, Colonial Trust Co.; D. C. Wills, Diamond National Bank; Herbert Riheldaffer, First National Bank, Homestead, Pa.; Edwin B. Wilson, Real Estate Trust Co.; Alex. Dunbar, Guarantee Title & Trust Co.; T. A. Dye, International Savings & Trust Co.; W. A. Hemphill, Guardian Trust Co.; Thomas W. Pomeroy, Equitable Trust Co.; A. D. Sallee, Mellon National Bank; L. E. Huseman, Diamond Savings Bank; Paul C. Dunlevy, East End Savings & Trust Co.; W. L. McCullagh, Pittsburgh Bank for Savings; C. E. Willock, Fidelity Title & Trust Co.; John Sylvan Brown, Land Trust Co.; James K. Duff, People's Savings Bank; A. G. Boal, First National Bank, West Elizabeth, Pa.; R. J. Davidson, Home Trust Co.; W. L. Jack, Bank of Pittsburgh, N. A.; J. S. Swartz, Park Bank of Pittsburgh; W. C. Lowrie, Columbia National Bank.

BANK ACCOUNTS.

UNDER the above title the Mercer Trust Company of Trenton, N. J., has issued a well-worded circular which we reproduce herewith:

"The modern trust company is as necessary to business as a school is to education or officers of administration to government. The systematic business or professional man having numerous daily calls upon his energies, is constantly seeking methods by which he can save time and insure correctness. He realizes that a bank account is a distinct asset of every well conducted business house and that the time may come when he would like to show in an authoritative way the character and volume of his affairs. He, therefore, opens an account with a trust company. His accounts of receipts and expenditures, carefully compared with his bank entries and returned vouchers, make a reliable record of his business. He deposits every dollar which he takes in. He pays all bills and replenishes his cash on hand by drawing checks so that he has a faithful accounting of all money received and paid out.

"During the time he maintains his bank account, the trust company is responsible for the safety of his funds. It is no longer necessary for him to retain in his office large sums of money, the danger of which practice is emphasized by the recent disaster in San Francisco; in fact a large portion of the contents of private safes in that city were totally destroyed by fire while the contents of all the trust company vaults were unharmed.

"The depositor also receives the advice, co-operation and assistance of the trust company officials in the protection and care of his capital. He, moreover, has established credit and is enabled to borrow money on properly secured loans. He can exercise the privilege of referring strangers to the trust company concerning his financial standing and there are extended to him many other courtesies.

"The trust company plan appeals especially to the small depositor and trust companies generally throughout the country are bringing into existence a large number of new accounts. Large and small depositors stand on equal ground, the same courtesies being extended to every one regardless of the size of the account. Moreover, trust companies make a special point of making all financial transactions so plain that banking soon becomes a pleasure.

"Women now-a-days find it a convenience and safeguard to pay household and other expenses by check. A housewife who pays for what she buys in this manner has always a receipt for every dollar expended. The stub of her check book shows where the money went and her bank book as written up month by month puts her house-keeping on a business and oftentimes more economical basis."

Union
National
Bank

Cleveland
Ohio

A UNIQUE AD. FOR A SMALL SPACE.
Serves Well to Keep the Name of the Bank Before the Public.

ADVERTISING AS A BUSINESS GETTER.

AT the recent organization of Group Five of the Wisconsin Bankers' Association at Oconomowoc, a paper was read by M. A. Graettinger, assistant cashier of the Germania National Bank of Milwaukee, on advertising as a business getter for banks. Mr. Graettinger called attention to Cleveland, O., as an example of what publicity will do for the banking business. Cleveland has savings deposits in its banks to the amount of 6 per cent. of the entire savings deposits of the United States, whereas its population is but one-half of one per cent. of the population of the country. The standing advertisement he said was of no more avail than the sign over a bank in getting business. The advertising must educate the public to use a bank. Mr. Graettinger contended that advertising tended to increase confidence in a bank.

WASHINGTON TRUST COMPANY.

THE Washington Trust Co., one of the newest of Boston's financial institutions, has issued a booklet calling attention to its facilities for serving the public, quoting from its illustrious namesake: "The best way to preserve the confidence of the people durably is to promote their true interest."

A circular signed by the Executive Committee accompanies the booklet, reading as follows: "The Washington Trust Company sends you the enclosed statement of its facilities as a fully-equipped financial institution, in the hope that it may prove of mutual benefit:—a benefit to you in suggesting an adequate, safe and profitable means of caring for your banking interests;—to itself, in securing another desired name on its list of depositors."

$$$ $$$ $$$

NEW CURRENCY

WE KEEP on hand at all time an ample supply of bright, new currency, fresh from the U. S. Treasury at Washington. If you have a horror of unclean bills, OPEN AN ACCOUNT WITH US and we will keep you supplied with money that is clean.

Capital City State Bank

Bank Building, East Fifth and Locust Streets.
TOTAL RESOURCES, $1,525,000.00.
Open Saturday Evenings from Five Until Six O'Clock.

$$$ $$$ $$$

NO "TAINTED MONEY" HERE.

An Attractive Ad. of the Capital City State Bank, Des Moines, Ia.

BANKING PUBLICITY NOTES.

TRUST COMPANY OF DALLAS.

A WELL gotten-up pamphlet is issued by the Trust Company of Dallas, Texas, outlining in a terse and convincing way the functions of its trust, banking, savings, municipal bond, real estate loan, real estate sales, rental and insurance departments. The company, of which Mr. H. A. Kahler is president, gives evidence of an enterprising management and apparently fills a large place in the business life of Dallas.

CHESTER COUNTY TRUST COMPANY.

The latest statement of the Chester County Trust Co. of West Chester, Pa., is issued in the form of an attractive folder bearing a cut of the company's handsome building. "We want to convince you," it says, "that the trust company is the modern twentieth century financial institution."

GARFIELD NATIONAL BANK.

The Garfield National Bank, Twenty-third street and Sixth avenue, New York, has recently issued a handsome booklet designed especially to emphasize its convenience and facilities for handling ladies' accounts. The bank is in the immediate vicinity of many of the favorite shopping places and the accounts of lady shoppers are especially solicited. Views of the banking rooms add to the attractiveness of the booklet, which is a production of the Ethridge-Kennedy Co.

LATROBE TRUST COMPANY.

The Latrobe (Pa.) Trust Company has issued a little booklet, printed in colors, in which it calls special attention to its savings department. It is well printed and convincing in its wording.

THE RIO PAN-AMERICAN COUNCIL.

AMONG the important questions that will come before the third international American conference, which meets at Rio de Janeiro on July 21, are the problems of more rapid communication between the different countries, involving a uniform subsidy for steamship lines; the conclusion of commercial treaties, under which there will come a discussion of reciprocity; the greatest possible dissemination of statistical and commercial information; and "measures tending to develop and extend commercial intercourse between the republics forming the conference," this last having to do with the establishment of a uniform gold standard and the organization of an international bank.

MODERN FINANCIAL INSTITUTIONS AND THEIR EQUIPMENT

CITY TRUST COMPANY OF BOSTON.

DURING the past ten years there have been a great number of bank consolidations in the city of Boston, and during that period there have been a number of trust companies organized, and in some instances national banks have been changed over into trust companies.

PHILIP STOCKTON,
President City Trust Company.

Photo by Garo, Boston.

Among the new trust companies which started out without having an older institution for a foundation, the City Trust Company stands preeminent. In 1902 it opened its doors with deposits aggregating $2,000,000. It had many strong men among its directors, and its officers and clerks were business men from the president down.

In ending the first half of the year 1906, the City Trust Company is able to show deposits of over $20,000,000 and has already absorbed or taken under control two national banks and two trust companies. It is to be noted, however, that the City Trust Company occupies an absolutely independent position in the banking field, having no affiliations whatever with any of the other large banks or trust companies in Boston, a fact which business men view with favor, as it is regarded as highly undesirable that the control of the monetary interests of any community should be concentrated in too few hands.

The first national bank to be taken in by the City Trust Company was the Bunker Hill National of Charlestown, which had already absorbed the Monument National Bank of Charlestown. The Bunker Hill Bank, which was a successful institution, has now become a branch of the City Trust with offices in City Square, Charlestown, and patrons

ENTRANCE TO UNION SAFE DEPOSIT VAULTS, CITY TRUST COMPANY.

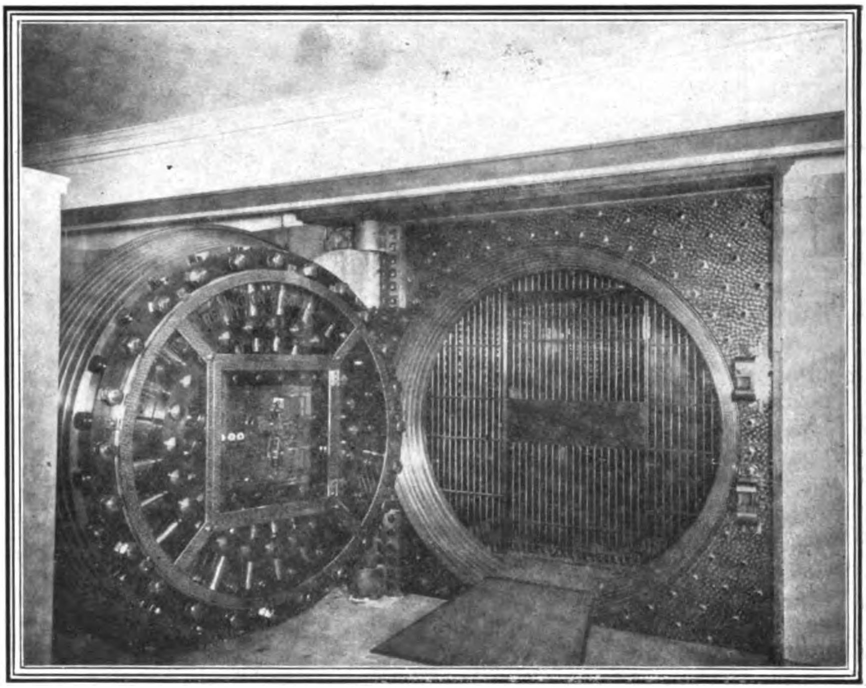
of the company in the Charlestown District of Boston find that their financial wants are amply cared for in the change.

Recently some surprise was excited, at least outside of close banking circles, by the announcement that the City Trust Company had acquired control of the prosperous Winthrop National Bank, of which Wilmot R. Evans has long been president, and of the Mercantile Trust Company, which latter company not long ago acquired control of the Beacon Trust Company and had previously absorbed the old Massachusetts Trust Company.

It is announced by President Evans of the Winthrop National that there is no intention on the part of those who have bought control of the stock to close up its business, but that it will continue as an independent institution.

In the case of the Mercantile Trust, however, the company will be liquidated and its business has been taken over by the City Trust, President Price of the Mercantile Trust becoming president of the Beacon Trust.

Much has been said above concerning the consolidations and absorption of banking institutions, because it is believed to be interesting

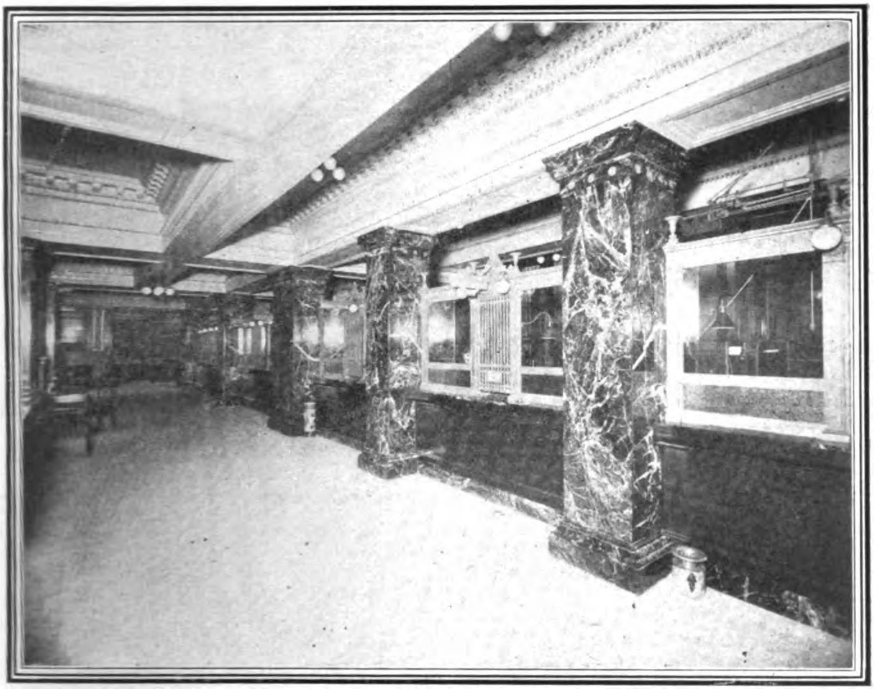


VAULTS. UNION SAFE DEPOSIT COMPANY.

as a part of the history of banking institutions in Boston. The work which has been done in this line, too, shows much careful planning along conservative business lines, with an evident desire and intent to preserve the rights of everyone, whether viewed from a business or a purely sentimental standpoint.

What has been done reflects great credit on the officers of the City Trust Company, who have made their institution one of the most important and substantial in New England. Its offices at 50 State street, which have recently been handsomely fitted up, also include safe deposit vaults of the most modern and up-to-date construction. The vaults which are carried on under the title of the Union Safe Deposit Vaults at 40-50 State street, are the oldest safe deposit vaults in New

England, having been established in 1868 with Col. Henry Lee of the banking firm of Lee, Higginson & Co., as proprietor and manager, and Mr. George C. Lee of the same firm, as sub-manager. They have an unbroken record of nearly forty years without a loss, and continue today under practically the same management with Mr. George C. Lee at the head. The new vaults were opened Oct. 1, 1905, at 50 State street and combine the most approved elements of strength and security that the long experience of the management and modern invention could suggest.

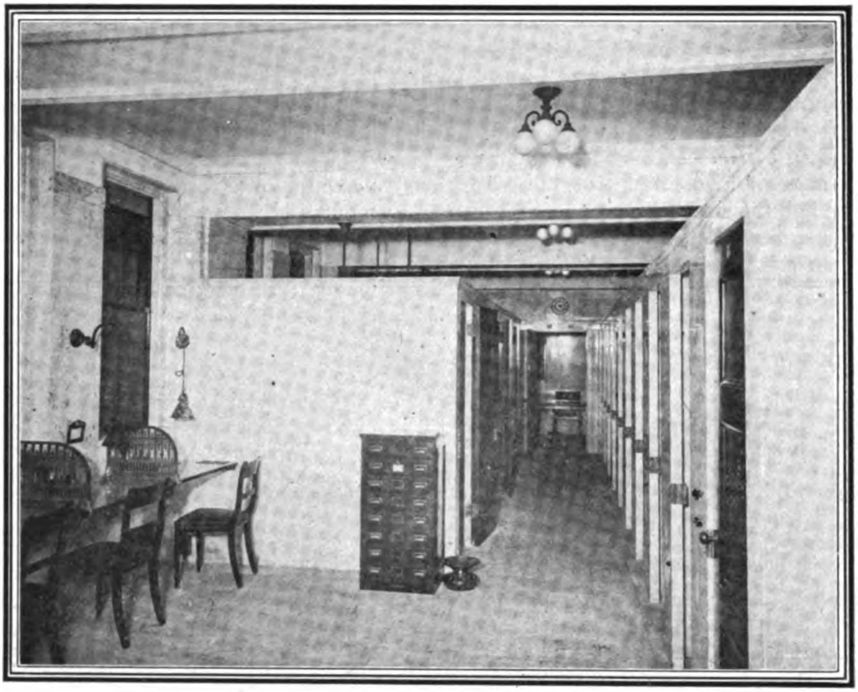


MAIN CORRIDOR, CITY TRUST COMPANY.

The City Trust Company acts in every fiduciary capacity, as executor, trustee, administrator, agent, etc., either alone or jointly with an individual. In this branch of its business the company has shown a gratifying growth which is likely to continue as the advantages of having such corporations act as trustees, executors, etc., become better and more generally known.

The location of the City Trust Company on State street is in the midst of the financial district and easily reached from any part of the city.

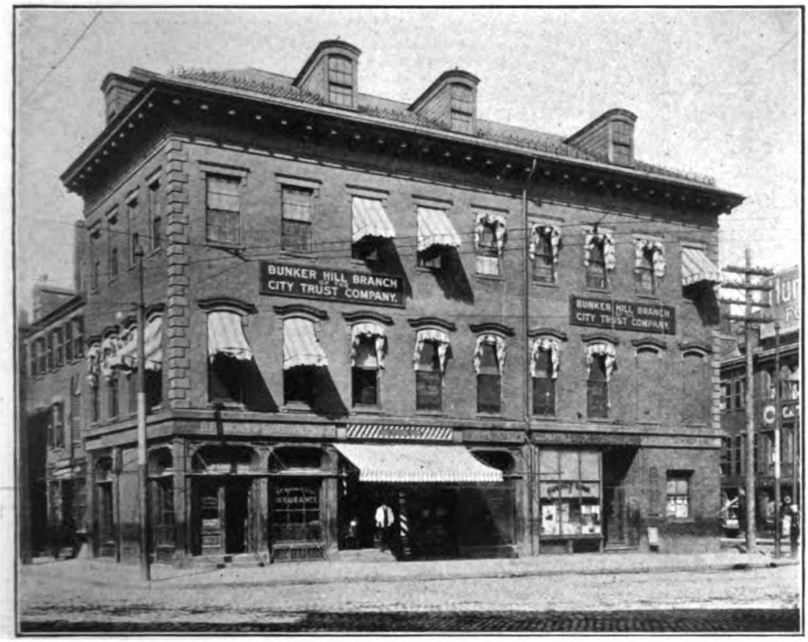
The officers of the City Trust Company are: President, Philip Stockton; vice-president, Charles Francis Adams, 2d; vice-president, Arthur Adams; secretary, George S. Mumford; treasurer, Charles B. Grant; assistant treasurer, Charles B. Jopp; assistant treasurer, Charles P. Blinn, Jr.; assistant secretary, S. Parkman Shaw, Jr.; assistant sec-



COUPON ROOMS, UNION SAFE DEPOSIT COMPANY.

CORRIDOR, CITY TRUST COMPANY.

retary, Percy D. Haughton. Directors: Charles F. Adams, 2d; Orlando H. Alford; F. Lothrop Ames, John S. Bartlett, T Jefferson Coolidge, Jr., Charles E. Cotting, Alvah Crocker, George A. Draper, William F. Draper, Frederick P. Fish, Robert F. Herrick, Francis L. Higginson, George E. Keith, Gardner M. Lane, Arthur Lyman, Maxwell Norman, Robert T. Paine, 2d, Quincy A. Shaw Jr., Howard Stockton, Philip Stockton, Chas. A. Stone, Nathaniel Thayer, W. Seward Webb, Sidney W. Winslow, Andrew W. Preston, Henry O. Underwood, Livingston Cushing, Henry C. Jackson, Richard S. Russell and Wilmot R. Evans.



CHARLESTOWN BRANCH, CITY TRUST COMPANY.

The trustees of the Union Safe Deposit vaults are: Geo. C. Lee, Philip Stockton, Chas. F. Adams, 2d, Gardiner M. Lane, Schuyler S. Bartlett, George S. Mumford, George C. Lee, Jr. The officers are: George C. Lee, manager; George S. Mumford, secretary; Schuyler S. Bartlett, sub-manager; Geo. C. Bradford, assistant secretary.

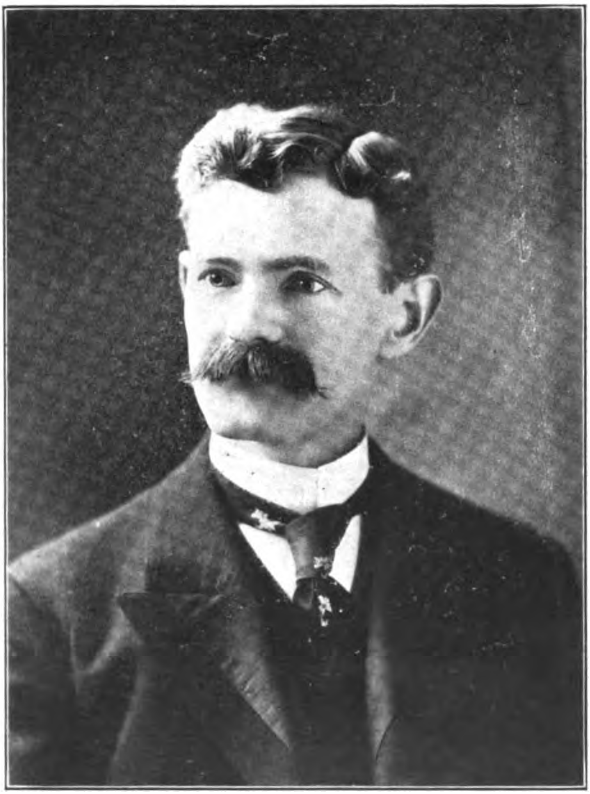
ARTISANS' SAVINGS BANK, WILMINGTON, DEL.

This institution was established in April 1861, on a purely mutual basis, and has paid over $800,000 in dividends to depositors.

A detailed statement of the bank's condition is published at the close of each fiscal year, and the accounts are annually audited by a firm of certified public accountants.

AMERICAN NATIONAL BANK OF WASHINGTON, D. C.

THE American National Bank of Washington, D. C., was incorporated in April, 1903, with a capital of $250,000, and began business on the following 4th of May. On September 24, 1904, its capital was increased to $500,000, the additional stock issue being subscribed for at the rate of $122.50 per share, placing to the surplus fund about $56,000.



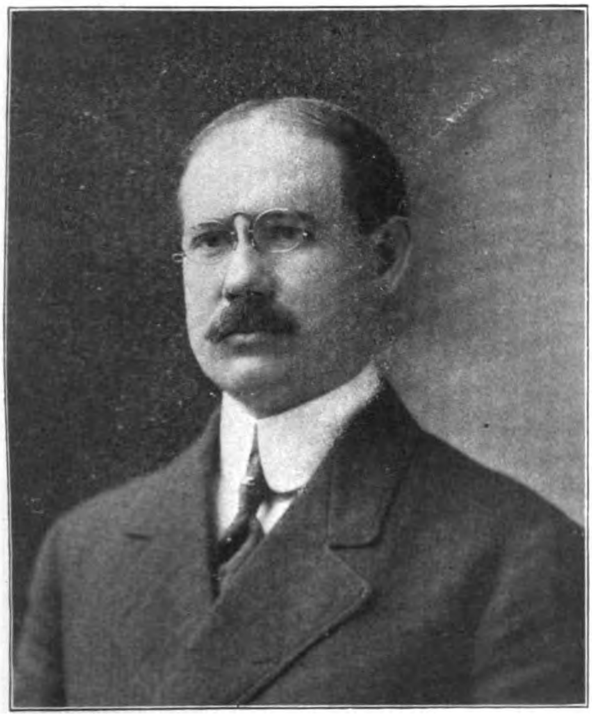
COL. ROBERT NEWTON HARPER,
President American National Bank.

Photo by Clinedinst.

On the first day the bank opened its deposits amounted to $107,000, and from that auspicious beginning to the present time, a period of but little more than three years, deposits and surplus have steadily increased until, with deposits aggregating over two and a quarter millions, and surplus and undivided profits of approximately $160,000, the bank stands near the top of the list of national banks in the city of

Washington as regards deposits, and much higher as regards the business done through the Clearing House. Its record of growth is one never before equaled by a national bank in the city, and indeed by few anywhere in the country, being strictly a new institution.

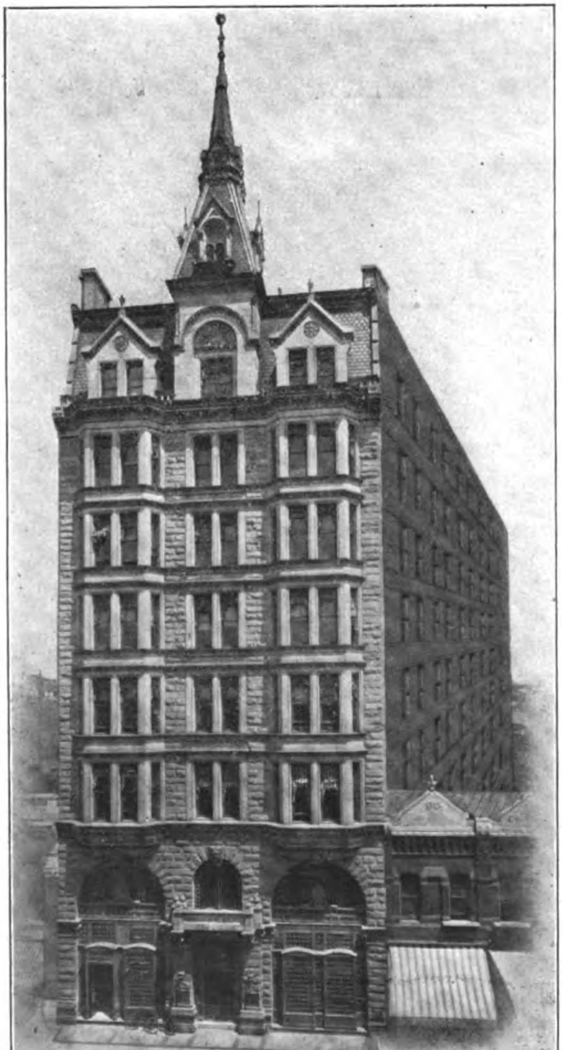
The bank opened up its business in unpretentious quarters at 610 Fourteenth street, where it leased the premises for a term of eight years. It was anticipated that by the expiration of that time it would probably become advisable to transfer its business to larger banking-rooms with increased facilities. But in less than a year, owing to the rapid increase of business, the managers found it absolutely necessary to seek larger



R. H. LYNN,
Cashier American National Bank.

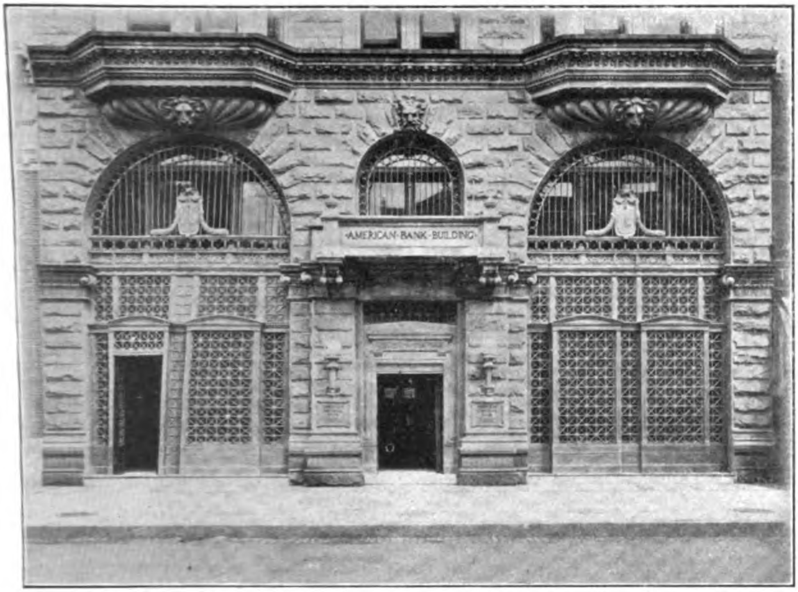
and more commodious quarters, and their efforts culminated in the purchase of the property at 1315-1317 F street, N. W., known as the Sun Building, a nine-story, marble-front structure, then occupied by the Baltimore Sun and the Interstate Commerce Commission. This purchase was looked upon as one of the best real-estate investments ever made in Washington, the bank having secured the property, it is said, at nearly a hundred thousand dollars less than it cost to construct the building.

In its present location the American National has established a thoroughly modern and splendidly-equipped banking institution. The interior plan of construction is complete in design, and elaborate in finish and decoration, intended to meet all the requirements of a large business constituency. The banking-room is spacious and well lighted. There is a separate department for lady customers, in charge of an experienced banking man. The bank conducts a savings department, which

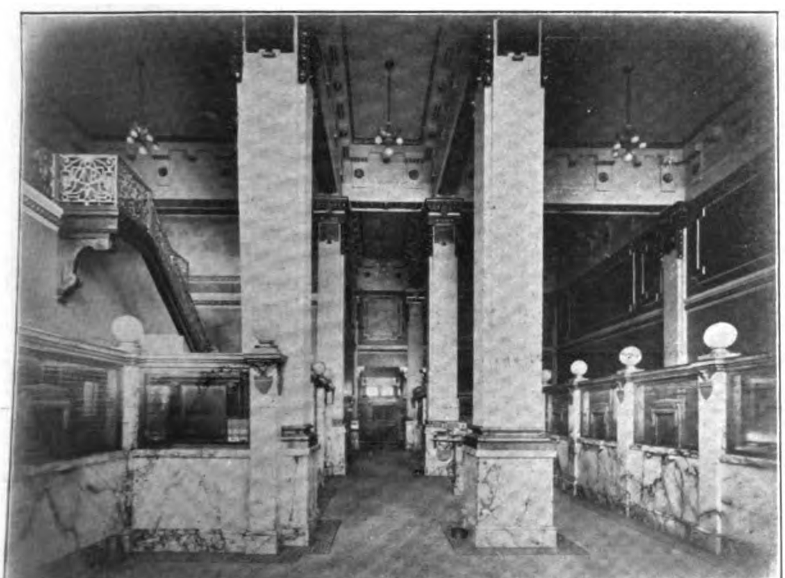


AMERICAN NATIONAL BANK BUILDING, WASHINGTON.

is surrounded by all the safeguards of a national bank, and is subject to the same control and supervision by the United States Treasury; interest is paid on deposits in this department, but loans are made strictly according to national bank regulations. The collection department, safe-deposit department, and stocks and bonds department, are all



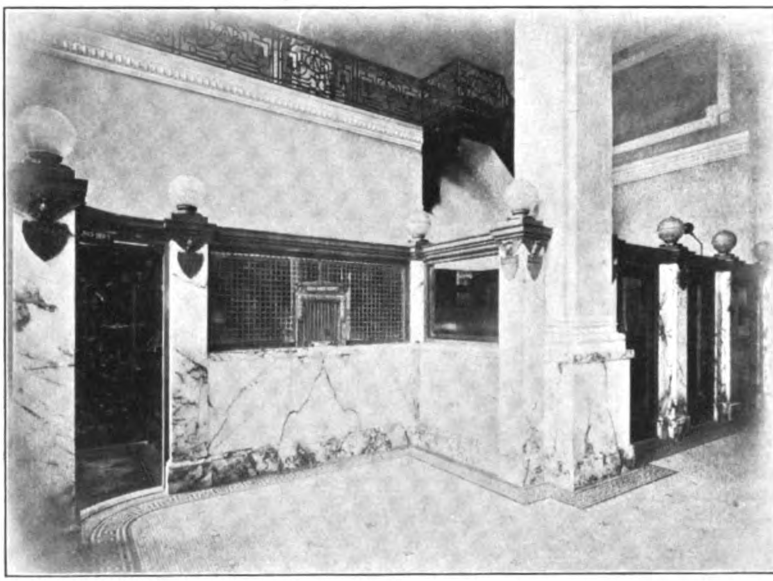
ENTRANCE TO BANKING ROOMS, AMERICAN NATIONAL BANK.



INTERIOR OF BANKING ROOM, AMERICAN NATIONAL BANK.

provided with exceptional facilities for serving customers with promptness and efficiency. The antiquated idea of privacy and selcusion for the officers does not receive favorable consideration here, the offices of the president and cashier being situated at the immediate front of the banking-room, where the personal acquaintance of patrons of the bank is sought, and they are invited to confer freely upon all matters connected with their banking business.

Up to the present year the bank had not declared a dividend, its board of directors looking upon it as a display of greater wisdom to strengthen the bank by adding all that was possible to its surplus fund. On January 1, 1906, however, a dividend at the rate of six per cent. was declared, and a similar dividend July 1, 1906, amounting to $30,000.



SAVINGS DEPARTMENT. AMERICAN NATIONAL BANK.

In addition to this the sum of $45,000 has been transferred to surplus. The condition of the bank at the close of business June 18, 1906, is shown by the following statement:

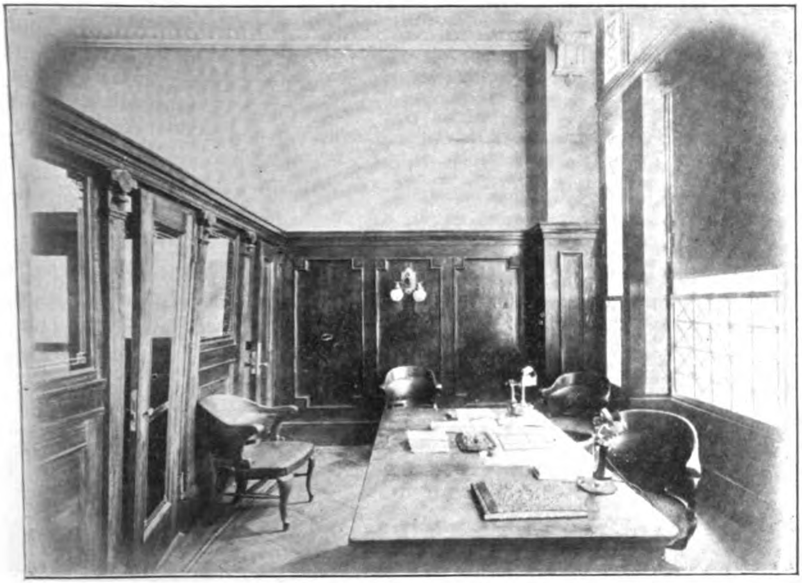
RESOURCES.

Loans and discounts		$1,574,536.97
Stocks, securities and premiums		771,614.37
Banking-house, furniture and fixtures		328,138.92
Due from banks	$376,264.46	
Cash on hand	300,233.17	676,497.63
Total		$3,350,787.89

LIABILITIES.

Capital stock	$500,000.00
Surplus & undivided profits	158,124.70
Circulation	370,900.00
Dividend checks outstanding	21.00
Deposits	2,286,742.19
Bonds borrowed	35,000.00
Total	$3,350,787.89

The officers of the American National Bank are: President, Robert N. Harper; vice-presidents, William H. Saunders and Colin H. Living-

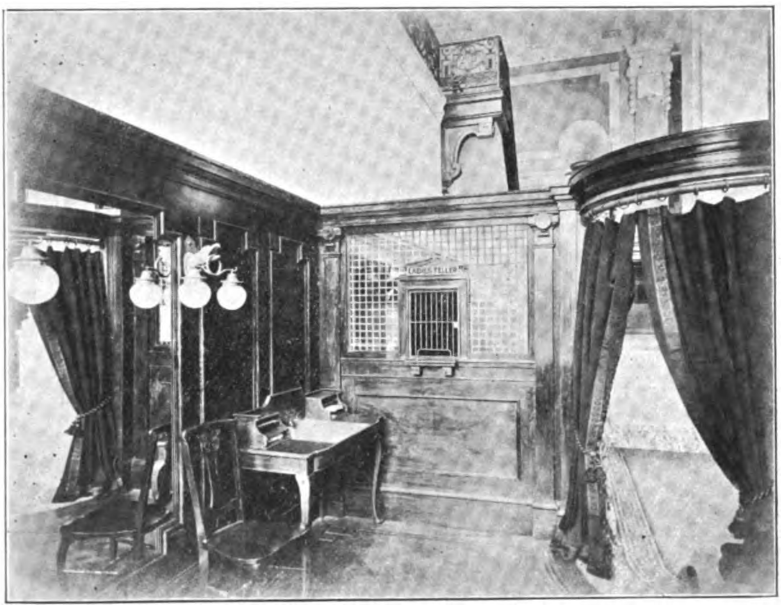


PRESIDENT'S ROOM, AMERICAN NATIONAL BANK.

CASHIER'S ROOM, AMERICAN NATIONAL BANK.

stone; cashier, R. H. Lynn; assistant-cashiers, A. G. West and J. W. Williams; directors, Lester A. Barr, J. H. Cranford, Charles A. Douglass, T. G. Dulin, United States Senator Stephen B. Elkins, W. T. Galliher, Robert N. Harper, James B. Henderson, J. T. Hendrick, J. Whit Herron, J. Miller Kenyon, Blair Lee, Irwin B. Linton, Colin H. Livingstone, B. S. Minor, William H. Saunders, James F. Shea, George E. Walker, Nathan Wallerstein and J. C. Weedon.

Robert Newton Harper, the president, was born near Leesburg, Virginia, in 1861, and after graduating from the Philadelphia College of Pharmacy, in 1884, engaged in the drug business in Washington, in which he continued for eighteen years. He relinquished his business by sale in 1903 to organize the American National Bank, of which at the first meeting of stockholders he was unanimously chosen president.



LADIES' DEPARTMENT, AMERICAN NATIONAL BANK.

During Mr. Harper's connection with the drug business he received many official recognitions by the druggists of the District of Columbia, either by election or appointment, as well as a number of a national character. He was the organizer of the Washington (D. C.) Wholesale Drug Exchange, and is a considerable holder of Washington real-estate; is president of the Prudential Building Association of Washington, and a director of the Commercial Fire Association. His summers are spent on his farm near Leesburg, Va., and he is president of the Colt Show Association of that section; owns a weekly newspaper in Leesburg and is a director of the Loudoun National Bank of Leesburg.

R. H. Lynn, cashier, has had a thorough training in the banking business, and has been for some years an organizer of and connected with various Virginia banks. He came to Washington in May, 1903, to accept a position in the American National Bank, just organized, having previously occupied the position of cashier of the Loudoun National Bank of Leesburg, Va. In addition to his office as cashier of the American National Bank, he is a director of the Consolidated National Bank of New York City, a member of the Washington Stock Exchange, director of the Commercial Fire Insurance Co., vice-president of the National Bank of Manassas, Virginia, and vice-president of the North Savings Bank of Washington, D. C. Mr. Lynn's education was received chiefly at Roanoke College, Salem, Va., after which he took an advanced course at Richmond College. To his personal qualities, his practical business ability and his especial efficiency as a bank executive, no small share of the rapid growth and remarkable success of the American National are due.

FRANKLIN TRUST COMPANY, NEW YORK CITY.

FRANKLIN TRUST COMPANY BUILDING.

THE Franklin Trust Company of New York City was organized and commenced business in the Borough of Brooklyn, August 1, 1888, with a capital of $500,000, and a paid-in surplus of $250,000. About a year later an additional stock issue of $500,000 was taken by the stockholders at par, thus increasing the capital to $1,000,000. In June, 1906, the accumulated surplus and undivided profits had increased to over $2,000,000.

Recently the stockholders authorized a further increase of the capital stock to $1,500,000, to take effect July 2, 1906. This $500,000 new capital was taken by the stockholders at $300 a share, of which $100 per share was placed to the capital account and $200 per share to the surplus, making the present capital of the company $1,500,000, and the surplus and undivided profits over $3,000,000, or a total capital, surplus and undivided profits of upwards of $4,500,000. The deposits have increased steadily from about 2½ millions at the close of the year 1888, to approximately 15 millions at the present time, July 1906. The dividends have likewise increased with regularity until the company is now paying $3\frac{1}{2}$ per cent. quarterly, or at the rate of 14 per cent. yearly.

In May, 1904, the Franklin Trust Company established a branch office in the Borough of Manhattan, at 140 Broadway, having acquired a controlling interest in the Safe Deposit Company of New York, located at that address. This was a new departure for a Brooklyn financial institution, but the wisdom of the move has been demonstrated by a constant and rapid increase in the business since the opening of this office, until

GEORGE H. SOUTHARD,
President Franklin Trust Company.

larger quarters became necessary. Accordingly the company during the June just passed have taken and now occupy a large and commodious office at the same location, 140 Broadway, equipped with all facilities for transacting an extensive banking business. A noteworthy feature which is of interest and of much service to its customers is the connection of the two offices by special private telephone, whereby any business can be transacted at either the New York or the Brooklyn office.

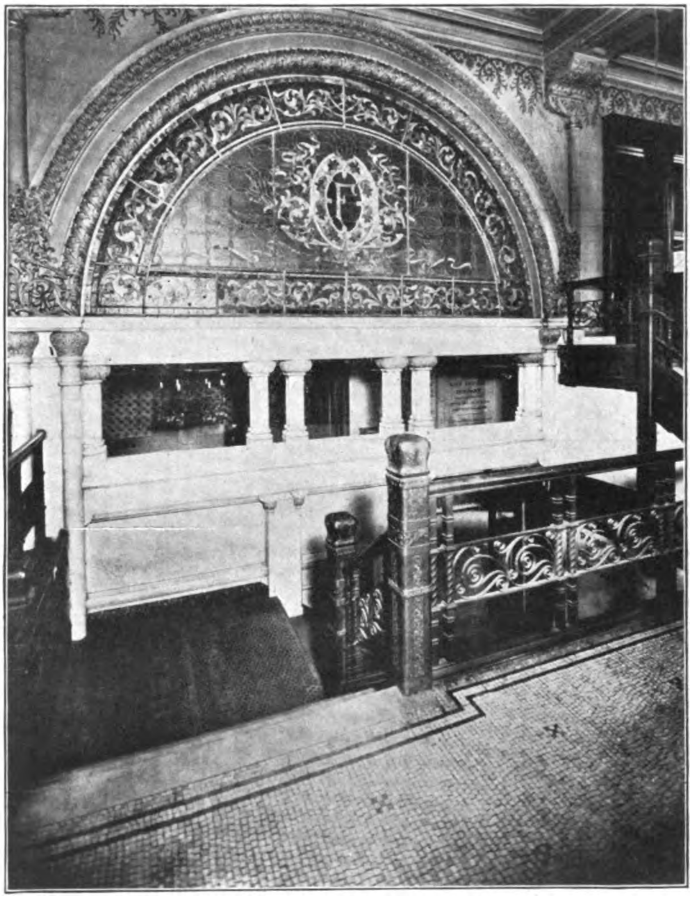
The Franklin Trust Company, acting under the banking law of New York state, is authorized to act as executor, administrator, guardian, trustee, committee of incompetents, assignee, receiver, broker or agent.

ENTRANCE TO FRANKLIN TRUST COMPANY BUILDING.

ENTRANCE HALLWAY, FRANKLIN TRUST COMPANY BUILDING.

It is a designated depositary of the State Courts, and of the United States Court in bankruptcy matters. It allows interest on deposits, subject to check, acts as trustee under mortgages, as transfer agent or registrar, and generally transacts any business which a trust company may do under its charter.

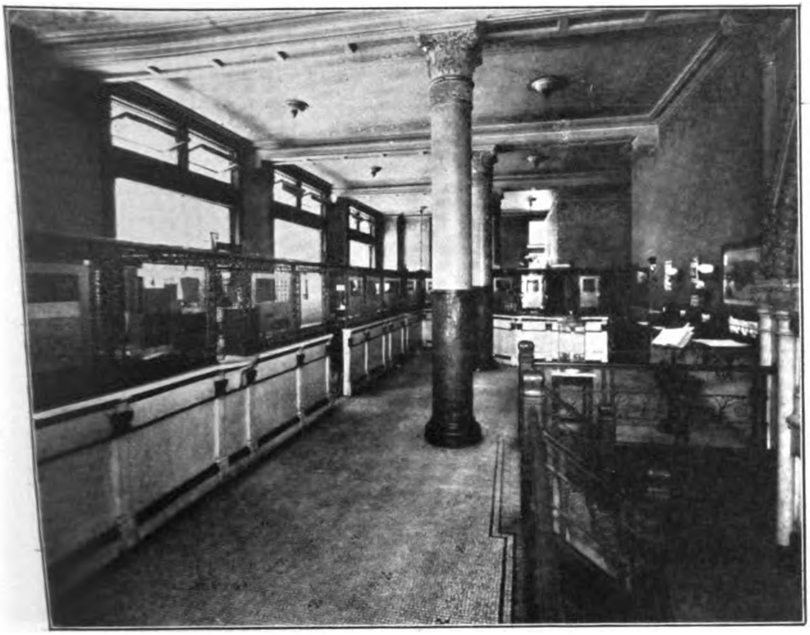
The home of the Franklin Trust Company at 164-166 Montague street, Brooklyn, is one of the finest and best-equipped of modern office-



ENTRANCE, INTERIOR BROOKLYN OFFICE, FRANKLIN TRUST COMPANY.

buildings, and the company's offices are, as shown by the illustrations, as attractive and well-appointed as any banking offices in the city.

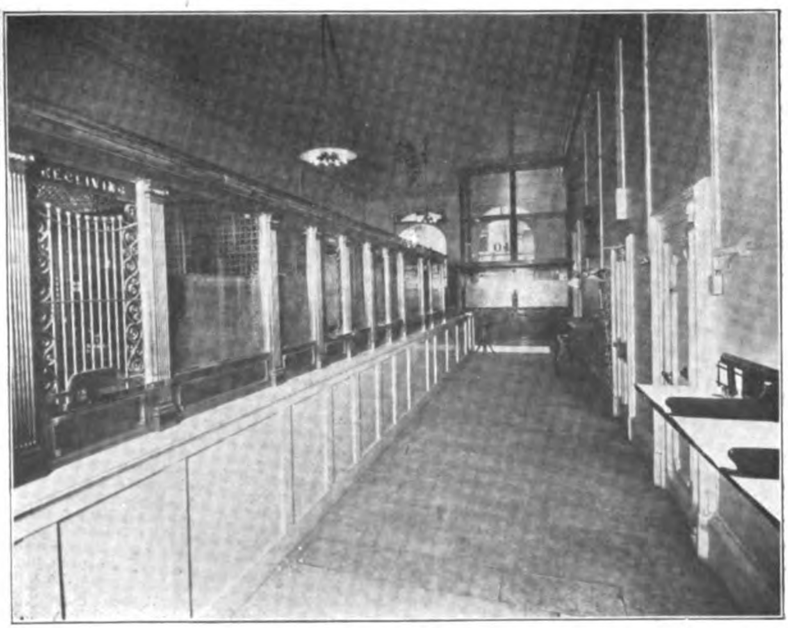
The list of trustees, which has been increased in number from twenty to twenty-seven, shows it to be composed of men of large affairs, ensuring the confidence of the public regarding the stability of the company and the direction of its policy and affairs. The members of the executive committee are well-known business men of special ability and sound judgment, and the officers are banking men of extended experience,



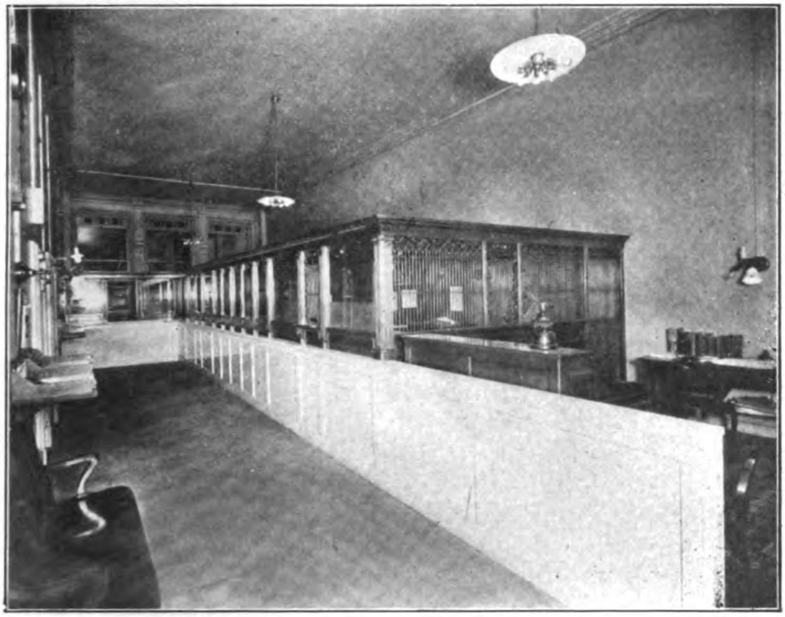
INTERIOR BROOKLYN OFFICE, FRANKLIN TRUST COMPANY.

INTERIOR BROOKLYN OFFICE, FRANKLIN TRUST COMPANY.

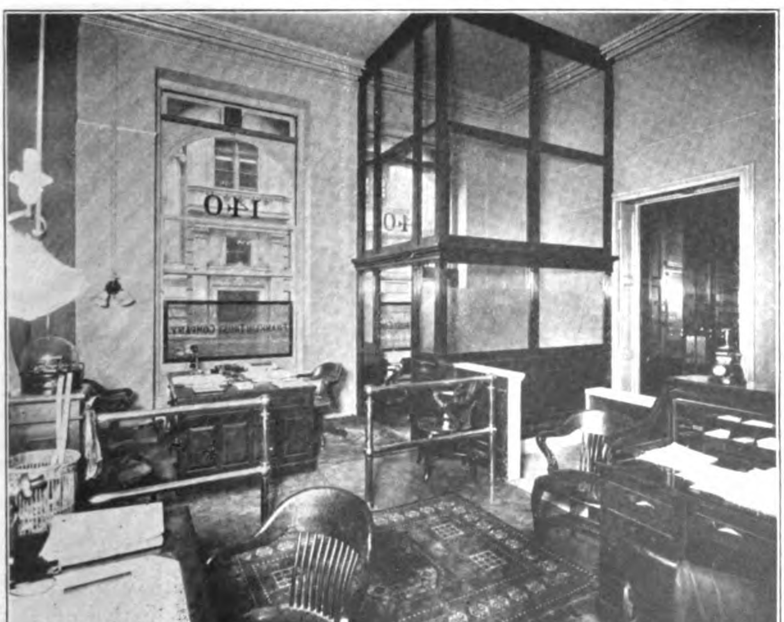
TRUSTEES' ROOM, FRANKLIN TRUST COMPANY.



INTERIOR MANHATTAN OFFICE, FRANKLIN TRUST COMPANY.



INTERIOR MANHATTAN OFFICE, FRANKLIN TRUST COMPANY.



INTERIOR MANHATTAN OFFICE, FRANKLIN TRUST COMPANY.

especially qualified and equipped for their positions. The full board of trustees is as follows:

Edwin Packard, Darwin R. James, William H. Wallace, Joseph E. Brown, Albro J. Newton, Crowell Hadden, H. E. Pierrepont, George M. Olcott, George H. Southard, Thomas E. Stillman, Robert B. Woodward, Stewart L. Woodford, George H. Prentiss, Henry C. Hulbert, Wilhelmus Mynderse, Gates D. Fahnestock, William G. Low, Lowell M. Palmer, Charles J. Peabody, Francis M. Jencks, George B. Moffat, Edward S. Harkness, George F. Vietor, William B. Lane, M. D., George H. Southard, Jr., Stephen Loines, Cornelius Zabriskie.

The officers are: President (since December 31, 1891), George H. Southard; vice-president, William H. Wallace; second vice-president, Gates D. Fahnestock; third vice-president, George H. Southard, Jr.; secretary, Clinton W. Ludlum; assistant-secretaries, Frederick W. Richt and Henry C. Low, Jr.; trust officer, Thornton Gerrish.

UTAH NATIONAL BANK.

Joseph S. Peery has recently been elected vice-president of the Utah National Bank of Ogden, Utah. Mr. Peery is a Yale graduate, Law

JOSEPH S. PEERY,
Vice-President Utah National Bank, Ogden, Utah.

Class of 1894. He is thirty-seven years of age, is a native of Ogden city, born of Virginia parentage, and has made a fortune in the sheep-raising industry of Utah.

MISSISSIPPI VALLEY TRUST COMPANY.

JAMES E. Smith was elected a director of the Mississippi Valley Trust Company of St. Louis, at a meeting of the Board of Directors held June 11. He succeeds Harrison I. Drummond who resigned some time ago by reason of his absence from the city, spending winters in California and summers in Colorado. Mr. Smith is president of the Business Men's League of St. Louis, and vice-president of the Simmons

JAMES E. SMITH,
Director Mississippi Valley Trust Company, St. Louis.

Hardware Company. He is a director of the Louisiana Purchase Exposition; also served as Chairman of the Committee of Electricity; member of the Committee of Fine Arts, and member of the International Jury of Awards. It was largely through his personal efforts that the exhibit of the Japanese Government was secured. He is Japanese Consul for St. Louis and has been decorated by the Emperor of Japan with the Order of the Rising Sun.

PANAMA BANKING COMPANY.

THE Panama Banking Company, referred to in our last issue, was organized about a year ago to do business in the Republic of Panama and on the Canal Zone. It has recently established an office at 17 State street, New York, to look after the business at this end. The institution has offices at Panama, Colon and Empire, and the establishment of the New York office is for the purpose of handling the business between Panama and this port. Our trade with Panama now amounts to upwards of $13,000,000 per annum.

EMILE C. BATAILLE.
President Panama Banking Company.

E. C. Bataille, president of the institution, has charge of the New York office; Phillip L. Fellinger is the manager on the Isthmus with his office at Panama, and J. Jay Enderton is the manager of the Colon office. The other officers are: Dr. Pablo Arosemena, Chas. R. Wilmot and Henry H. Truman, vice-presidents, and Chas. H. Ely, treasurer.

LONG ISLAND CITY SAVINGS BANK.

THIRTY years ago the Long Island City (N. Y.) Savings Bank began business in a modest way, and has grown steadily until the deposits now amount to $3,741,268. Depositors have received $820,825.95 in interest. Of the four officers who were with the bank at the time of its organization, only the secretary, J. Henry Smedley, is now living. He is still active in the conduct of the bank's affairs.

MONEY, TRADE AND INVESTMENTS

NEW YORK, July 3, 1906.

A VERY WEAK STOCK MARKET during the greater part of the month just closed leaves prices generally at the lowest recorded during the year. Wall Street at the present time is the most sombre place in the country. As to the causes, as usual, they are largely theoretical and variously assigned. The sensational decline in prices of securities in a way is inexplicable, for rarely have the financial happenings in a single month been more encouraging to the owner of securities than those of last month. At the beginning of the month currency in considerable amounts started to come from San Francisco, and $500,000 was received in the first half. Until the close of the month the money market was fairly easy.

There was a series of new or increased dividend declarations during the month which were distributed among railroad and industrial properties. The Mackay Company increased its dividend two per cent. per annum. The quarterly dividend of the Interborough Rapid Transit Company was increased from 2 to $2\frac{1}{4}$ per cent., and the first quarterly dividend of $1\frac{1}{4}$ per cent. was declared on the new Interborough Metropolitan preferred stock. The semi-annual dividend of the Pennsylvania Company was increased from $2\frac{1}{2}$ to 3 per cent. The company paid nothing from 1895 to 1900, 3 per cent. in 1901 and 1902, 4 per cent. in 1903, 5 per cent. in 1904 and 1905, and now 6 per cent.

The Pittsburgh, Cincinnati, Chicago and St. Louis, another Pennsylvania property, increased its semi-annual dividend on the preferred stock, from 2 to $2\frac{1}{2}$ per cent., putting the stock on a 5 per cent. basis. The rate was 4 per cent. per annum for the last six years. A few days after these increases were announced the Baltimore and Ohio followed with the declaration of a semi-annual dividend of 3 per cent. on the common stock. This stock paid 2 per cent. in 1900, 4 per cent. for the following four years, was raised to 5 per cent. last year, and is now on a 6 per cent. basis.

Other dividend announcements were: American Locomotive, an *initial* dividend on the common stock of $1\frac{1}{4}$ per cent. quarterly; New York, Ontario and Western, an increase to 2 per cent., semi-annually; Wells Fargo Company, an increased semi-annual dividend of 1 per cent., making it 5 per cent., and Anaconda Copper an increase to $5\frac{1}{2}$ per cent. quarterly. The latter has declared three quarterly dividends this year aggregating 13 per cent. In 1905 the full year's dividend was 8 per cent., and in the previous three years 4 per cent. per annum.

Viewed from the standpoint of the returns which investors are getting, the situation is one of exceptional encouragement. But the evidence of prosperity is not confined to the exhibit of dividends declared. The reports of earnings, both of railroad and industrial corporations, are very satisfactory. The annual report of the International Mercantile Marine Company for the year 1905 was a great surprise because of the remarkable improvement shown. The total receipts were $33,362,-918, as compared with $28,846,993 in 1904 and $31,037,420 in 1903. The net earnings were $5,906,744, as against only $1,806,407 in 1904 and $4,000,522 in 1903. The company reports a surplus after deducting all charges of $3,127,491 for the year. In the previous year there was a deficit of $1,378,740. Here is an improvement in one year of $4,500,000, equal to 4½ per cent. on the entire stock.

Railroad properties generally are reporting substantial gains. The coal strikes affected the earnings of some of the roads this year, but the gross earnings on nearly 100,000 miles of railroad in May, as compiled by the "Financial Chronicle," increased more than $9,000,000, or 13 per cent., and in the five months ended May 31, $52,000,000, or 16 per cent. Fuller returns for the four months ended April 30 show an increase of nearly $61,000,000, or 15 per cent., in gross earnings and of nearly $30,000,000, or 28 per cent., in net earnings. In the last ten years gross earnings show a decrease for the five months only twice—in 1897 and 1904—and net earnings only once—in 1904. The following table shows gains almost continuously for ten years, a record without parallel since American railroads came into existence:

RAILROAD EARNINGS.

YEAR.	JANUARY 1 TO APRIL 30.		JANUARY 1 TO MAY 31.	
			INCREASE IN GROSS EARNINGS.	
	Gross Earnings Increase.	*Net Earnings Increase.*	*Amount.*	*Per Cent.*
1897..........	*$3,129,052	$1,941,770	*$1,462,909	*0.81
1898..........	81,511,129	12,835,951	29,283,147	15.95
1899..........	10,903,885	957,734	9,572,935	5.22
1900..........	44,256,385	17,390,351	53,419,076	10.84
1901..........	35,895,164	16,428,519	24,175,443	9.4[illegible]
1902..........	24,102,532	5,472,500	20,396,100	8.35
1903..........	47,134,386	9,319,027	39,723,869	13.21
1904..........	*3,662,856	*14,533,260	*5,667,279	*2.18
1905..........	21,314,957	6,842,504	14,103,975	6.49
1906..........	60,968,196	29,943,163	52,167,778	15.93

* Decrease.

While the railroads have increased their business to a remarkable extent in the last decade, their stock capital and bonded debt have also been increased and many of the railroads have entered upon schemes of extension and improvement involving a further increase in their capital and debt of considerable proportions. The accommodation of the demand for this purpose is at present one of the problems, the satisfactory solution of which involves the future of not only the railroads but of the security market as well. Last month the Pennsylvania Railroad placed a loan of $50,000,000 in Paris. The loan consists of bonds bearing 3¾ per cent. interest and running from twelve to fifteen years. The bonds were disposed of on a 4½ per cent. basis. This issue makes $120,000,-000 of securities issued by the Pennsylvania since January 1, $50,000,-000 short-term notes having been issued in May and $20,000,000 4 per cent. bonds in April.

A statement issued by President Cassatt shows how the capital of the Pennsylvania has been increased in recent years. The capital stock of the road was $129,000,000 in 1900 and now is $303,000,000, an increase of $174,000,000 in six years. The bonded debt has been increased from $88,000,000 to $192,000,000, an increase of $104,000,000, but of this amount $13,000,000 represents the bonded debt of branch roads absorbed by the company. That this great increase in stock and bonds has been justified by the increase in earnings of the property is indicated in figures presented by Mr. Cassatt. From 1893 to 1898 the company paid a yearly dividend of 5 per cent. and earned a surplus of $3,700,000 per annum. From 1900 to 1905 it paid 6 per cent. per annum and earned an average surplus of $11,400,000 per annum.

The Pennsylvania is not alone in showing a large capitalization apparently justified by increased earnings. In fact, most of the railroads are reporting fair returns upon the total capital invested. If business is to continue upon the same magnitude as at present, there would be little room for pessimistic views regarding the future value of securities. But the question which is forcing itself upon attention is, whether the prosperity so long unquestioned is near its ebb. It used to be an accepted dogma that a property capitalized upon the basis of good times would in bad times come into a receiver's hands. A great majority of the big industrial concerns have been financed in the last ten years and a large amount of capital in the form of securities has been created upon a basis of what it can earn in good times. Nor has the issue of new securities on a large scale come to an end. During the first half of the year the securities listed at the New York Stock Exchange exceeded $1,076,000,000, the largest aggregate recorded for any similar period except in 1901, when the listing of United States Steel securities carried the total to about $1,670,000,000. Of the amount listed during the present year $405,000,000 were stocks and $671,000,000 bonds. Of the stocks $99,000,000 were issues for new capital, $16,000,000 old issues just listed, and about $290,000,000 issues replacing old securities. The new issues of stock were the largest for any year since 1902. Of the bond issues listed $452,000,000 represented new capital, but $300,000,000 were Japanese Government bonds and $20,000,000 New York city bonds. Deducting these, the new issues of bonds would be $132,000,000, while in 1905 they amounted to $342,000,000. But $182,000,000 in 1905 were Japanese, Cuban and other government and city bonds, leaving $160,000,000 as representing the ordinary issues.

The continuous declines which since the early part of the month were the features of the stock market are explained to suit the preconceived notions of those more or less interested in security values. A more impartial view is to be expected, however, from those who have no ventures in Wall Street to protect or defend. Congress has been busy with railroad rate and pure food legislation, but to allege, as has been done by professedly unprejudiced critics, that legislation is either directly or remotely responsible for the conditions existing in the stock market, is to be guilty of exaggeration.

It will not do any good, but rather harm, when men once honored and trusted confess that they have juggled accounts, falsified bills, debauched legislation, practiced graft, and violated law; when courts are sentencing to prison, and grand juries are bringing in indictments, to prate about "assaults on corporate affairs and aggregated wealth." That the American people are able to distinguish between the criminal and the corporation he happened to control, or between the rich scoundrel exposed, and the wealthy class into which he intruded, there is evidence sufficient. While dishonest life insurance officials have been exposed, life insurance itself is being purchased by hundreds of thousands of people.

Congress may have gone too far in pushing legislation against certain corporate methods. The responsibility, however, must be traced originally to those who refused to recognize any law but that of their own desire. The investor is not likely to suffer in the end, for his interests are usually found to be very nearly identical with those of the community his corporation serves.

If the stock market is to be less buoyant than formerly, if values of securities are to grow less, the cause must be found outside of legislative halls. It must be found in the history of the last ten years, for it is about that length of time since prosperity first made its last reappearance. The country has been growing rich at a tremendous rate, and never before have the people of the United States spent money more extravagantly than now. Never before was there as much money spent for trips to Europe, for tours over our own continent, for imported luxuries, for handsome residences, for yachts, automobiles, etc. On every hand there is the evidence of a people grown vastly rich and extravagant. Are people spending beyond their means? The future must determine that. But prosperity carries in its wake many dangers.

In the table printed below are given the listings of stocks and bonds in the first half of each of the last ten years as compiled by the "Financial Chronicle." The table shows that the issue of new securities continues to be very large, even as compared with the extraordinary period of a few years ago:

Six Months Ended June 30.	Stocks.		Bonds.	
	New Issues.	*Total Issues.*	*New Issues.*	*Total Issues.*
1897	$28,168,500	$385,801,800	$20,707,502	$217,935,500
1898	8,943,305	253,728,505	28,657,000	387,705,500
1899	152,790,300	405,239,230	66,911,240	267,504,740
1900	206,609,000	325,320,150	65,831,000	293,745,000
1901	296,830,050	1,273,587,575	161,678,500	396,191,000
1902	128,093,700	315,853,890	157,261,315	355,377,700
1903	86,258,840	280,957,435	115,577,150	322,165,800
1904	30,336,900	41,527,300	193,144,500	233,858,500
1905	66,794,200	358,064,800	342,800,000	642,315,650
1906	99,065,900	405,166,000	*452,015,060	*671,375,000

* Includes $300,000,000 Japanese bonds.

The amount of money that has gone into real estate operations in the last few years is of staggering magnitude. The United States Geological Survey reports that during the year 1905, buildings valued at $640,555,641 were erected in forty-seven leading cities. The value of new buildings in New York was $178,000,000, in Brooklyn, $73,000,000, in Chicago $65,000,000, in Philadelphia $34,000,000, in St. Louis $23,000,000, while in nine other cities the total was in excess of $10,000,000 each. This activity in building has called for the employment of a large amount of capital. It has helped to make prosperity, and at the same time has encouraged extravagance.

Turning to our foreign trade, while the exports of merchandise are exceeding all previous records, and for the eleven months ended May 31 are $221,000,000 greater than in 1905, when they were the largest ever reported until this year, the imports have also increased beyond all precedent. For the eleven months the imports have increased nearly $99,000,000 over those of the same period last year. Compared with the year 1901 imports have increased $371,000,000, while exports increased only $234,000,000.

The crops of the country are at all times the foundation of its wealth, and the assuring reports concerning the growing wheat crop give promise of a continuance of good times for a while. The Government report on June 10 made the condition of winter wheat on June 1 83, as compared with 85.5 a year ago, indicating a yield of 414,722,000 bushels. The condition of spring wheat was 93, as compared with 93.7 in 1905, indicating a yield of 298,617,000 bushels. These figures would give a total wheat crop of 713,000,000 bushels, the largest ever harvested with the exception of 1901, when the yield was 748,000,000 bushels.

On June 22 Congress enacted a law regulating loans of national banks, and the Comptroller of the Currency on the following day issued a circular calling the attention of those institutions to the construction to be put on the law. Under its provisions a bank may lend to one individual or concern an amount equal to 10 per cent. of the combined capital and surplus, but not to exceed 30 per cent. of the capital. The effect of this law, when applied to different institutions, is varied, not to say peculiar. For instance, one bank in New York has $300,000 capital and $1,500,000 surplus, a total of $1,800,000. Its maximum loan is limited to $90,000. Another bank has $1,000,000 capital and $500,000 surplus, a total of $1,500,000. It can loan $150,000. Another bank has a capital of $300,000 and a surplus of nearly $8,000,000. It can not loan more than $90,000, while another bank with about the same aggregate capital and surplus, but with $3,000,000 in capital and $5,000,000 in surplus may loan $800,000. While the law was intended to enlarge the powers of the national banks in making loans, in some instances, it will leave the banks in no better position than they were before.

The Money Market.—There was an easy money market throughout the month, a slight hardening of rates occurring late in the month influenced by the approach of July 1 interest disbursements. There was a good demand for time money for long periods in the last few weeks. At the close of the month call money ruled at 2¾@6 per cent., with the majority of loans at 3¾ per cent. Banks and trust companies loaned at 3 per cent. as the minimum. Time money on Stock Exchange collateral is quoted at 4½@5 per cent. for 60 to 90 days, 5 per cent. for four to five months, 5¼@5½ per cent. for six months, and 5½@5¾ per cent. for seven months, on good mixed collateral. For commercial paper the rates are 5@5½ per cent. for sixty to ninety days' endorsed bills receivable, 5@½ per cent. for first-class four to six months' single names, and 5½@6 per cent. for good paper having the same length of time to run.

New York Banks.—The increase in bank deposits which began in the latter half of May continued throughout the month of June, the total gain from May 12 to June 30 being $35,000,000, but the increase since June 9 was only about $2,500,000. The gain for the month of June was about $13,000,000, while loans increased only about $5,000,-000. The deposits now amount to $1,049,617,000, a decrease of $116,-000,000 as compared with a year ago and of $103,000,000 as compared

Money Rates in New York City.

	Feb. 1.	Mar. 1.	April 1.	May 1.	June 1.	July 1.
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
Call loans, bankers' balances	3¾–4	4¾–6¾	4 –7¾	3½–4¾	2 –4½	2¾–6
Call loans, banks and trust companies	3¾–	3 –	4 –	4 –	3 –	3 –
Brokers' loans on collateral, 30 to 60 days	4½–	5½–6	4¾–5	5½ 6	4 – ½	4½ 5
Brokers' loans on collateral, 90 days to 4 months	4½– ¾	5½– ¾	4¾–5	5½–6	4 – ½	4½–5
Brokers' loans on collateral, 5 to 7 months	4½– ¾	5¼– ½	4¾–5	5½–6	4½–5	5 – ¾
Commercial paper, endorsed bills receivable, 60 to 90 days	4½ 5	5 – ½	5¼ – ½	5½–6	5 – ½	5 – ½
Commercial paper, prime single names, 4 to 6 months	4¾–5¼	5¼– ¾	5¼– ½	5½–6	5 – ½	5 – ½
Commercial paper, good single names, 4 to 6 months	5½–6	6 –	6 –	6 –	5½–6	5½– 6

with two years ago. Loans amount to $1,056,944,900, which is within $64,000,000 of what they were a year ago and only $18,000,000 less than on July 1, 1904. Reserves were increased $8,000,000 during the month and the surplus reserve, which was below $7,000,000 a month ago, has increased to $12,000,000, or slightly in excess of what it was a year ago.

New York City Banks—Condition at Close of Each Week.

	Loans.	Specie.	Legal tenders.	Deposits.	Surplus Reserve.	Circulation.	Clearings.
June 2...	$1,051,543,200	$183,105,600	$82,898,200	$1,036,751,100	$6,816,025	$49,739,200	$1,581,568,900
" 9...	1,059,162,600	187,129,600	81,816,300	1,047,135,400	7,162,050	48,931,400	1,732,598,800
" 16...	1,060,076,300	185,357,000	83,761,900	1,048,182,100	7,073,375	48,487,400	1,769,246,000
" 23...	1,057,758,300	186,888,800	84,397,200	1,049,472,300	10,912,925	48,471,100	1,766,633,700
" 30...	1,056,944,900	187,184,500	87,275,500	1,049,617,000	12,055,750	48,362,400	1,812,510,000

DEPOSITS AND SURPLUS RESERVE ON OR ABOUT THE FIRST OF EACH MONTH.

Month.	1904.		1905.		1906.	
	Deposits.	Surplus Reserve.	Deposits.	Surplus Reserve.	Deposits.	Surplus Reserve.
January	$866,178,900	$9,541,350	$1,104,049,100	$13,683,425	$977,651,300	$4,292,575
February	1,023,943,800	25,129,050	1,189,828,600	26,979,550	1,061,408,100	11,127,625
March	1,027,920,400	32,150,200	1,179,824,900	14,646,075	1,029,545,000	5,006,755
April	1,069,369,400	27,755,050	1,188,661,300	8,664,575	1,004,290,500	5,131,270
May	1,114,387,800	33,144,250	1,146,528,600	16,665,250	1,028,683,200	10,367,400
June	1,098,953,500	29,692,325	1,136,477,700	6,050,275	1,036,751,100	6,816,025
July	1,152,988,800	36,105,300	1,166,038,900	11,658,875	1,049,617,000	12,055,750
August	1,204,965,600	55,969,600	1,190,744,900	15,305,975	....	....
September	1,207,302,800	57,375,400	1,166,587,200	5,498,785	....	....
October	1,212,977,100	19,913 425	1,080,465,100	7,440,025	....	....
November	1,204,434,200	16,793,650	1,042,092,300	12,430,925	....	....
December	1,127,878,100	8,539,075	1,023,882,300	2,565,375	....	....

Deposits reached the highest amount, $1,224,206,600, on September 17, 1904; loans, $1,146-163,700 on August 5, 1905, and the surplus reserve $111,623,000 on Feb. 3, 1894.

NON-MEMBER BANKS—NEW YORK CLEARING-HOUSE.

DATES.	*Loans and Investments.*	*Deposits.*	*Specie.*	*Legal tender and bank notes.*	*Deposit with Clearing-House agents.*	*Deposit in other N. Y. banks.*	*Surplus Reserve.*
June 2.....	$143,198,200	$154,432,800	$6,437,300	$7,254,900	$14,309,500	$6,029,800	* $4,589,200
" 9.....	143,388,800	155,179,200	6,773,900	7,865,600	14,911,500	6,152,900	* 3,090,900
" 16.....	144,242,600	158,004,600	6,850,700	7,735,800	16,980,600	6,020,700	* 1,913,250
" 23.....	144,748,000	156,554,700	6,916,500	7,640,100	15,389,800	6,508,100	* 2,689,175
" 30.....	144,476,000	157,089,200	6,781,000	7,966,000	15,330,200	6,922,000	* 2,278,100

* Deficit.

BOSTON BANKS.

DATES.	*Loans.*	*Deposits.*	*Specie.*	*Legal Tenders.*	*Circulation.*	*Clearings.*
June 2:.......	$177,676,000	$202,218,000	$13,800,000	$5,450,000	$7,529,000	$131,464,906
" 9.......	175,994,000	201,676,000	14,521,000	5,418,000	7,545,000	151,948,500
" 16.......	177,050,000	207,679,000	17,335,000	5,481,000	7,561,000	154,974,700
" 23.......	181,217,000	207,815,000	17,725,000	5,381,000	7,549,000	142,860,700
" 30.......	182,502,000	207,548,000	17,483,000	5,444,000	7,522,000	....

PHILADELPHIA BANKS.

DATES.	*Loans.*	*Deposits.*	*Lawful Money Reserve.*	*Circulation.*	*Clearings.*
June 2.................	$216,018,000	$255,008,000	$64,277,000	$14,024,000	$145,638,100
" 9.................	217,542,000	252,344,000	61,045,000	14,042,000	146,377,800
" 16.................	218,070,000	255,448,000	62,560,000	14,055,000	144,446,900
" 23.................	218,279,000	255,472,000	61,936,000	14,058,000	149,962,800
" 30.................	218,929,000	254,321,000	61,189,000	14,006,000	154,364,700

FOREIGN BANKS.—Russia gained nearly $70,000,000 gold last month, while the changes in the holdings of other European banks were not important, except a loss of $6,000,000 by the Imperial Bank of Germany.

GOLD AND SILVER IN THE EUROPEAN BANKS.

	May 1, 1906.		*June 1, 1906.*		*July 1, 1906.*	
	Gold.	*Silver.*	*Gold.*	*Silver.*	*Gold.*	*Silver.*
England............	£35,504,720	....	£36,672,822	....	£37,567,502	....
France............	119,543,505	£42,295,517	117,647,607	£42,531,659	117,968,751	£42,720,585
Germany............	36,528,000	12,174,000	39,515,000	13,172,000	38,289,000	12,746,000
Russia............	90,068,000	4,914,000	94,741,000	5,572,000	108,455,000	5,901,000
Austria-Hungary..	46,257,000	12,880,000	46,650,000	12,874,000	46,888,000	12,782,000
Spain............	15,111,000	24,133,000	15,184,000	24,452,000	15,148,000	24,790,000
Italy............	28,360,000	3,886,700	28,575,000	3,963,400	29,001,000	3,997,000
Netherlands.......	5,469,300	5,923,300	5,522,000	5,770,800	5,522,700	5,844,100
Nat. Belgium......	3,232,000	1,616,000	3,234,667	1,617,333	3,287,333	1,643,667
Sweden............	....	....	....	....	3,877,000	....
Totals..........	£377,068,525	£107,822,517	£384,691,996	£109,958,192	£405,951,286	£110,424,852

FOREIGN EXCHANGE.—Sterling exchange was strong early in the month, but afterwards became weak. The placing of the $50,000,000 Pennsylvania loan had a weakening influence on the market and at the close of the month there were indications of drawing of bills to meet the San Francisco losses of foreign fire insurance companies.

Rates for Sterling at Close of Each Week.

Week ended.	Bankers' Sterling. 60 days.	Bankers' Sterling. Sight.	Cable transfers.	Prime commercial, Long.	Documentary Sterling, 60 days.
June 2	4.8210 @ 4.8225	4.8510 @ 4.8525	4.8565 @ 4.8575	4.81¾ @ 4.81⅞	4.81⅛ @ 4.82⅛
" 9	4.8285 @ 4.8300	4.8585 @ 4.8595	4.8635 @ 4.8645	4.82½ @ 4.82⅝	4.82 @ 4.82⅞
" 16	4.8300 @ 4.8310	4.8590 @ 4.8600	4.8635 @ 4.8645	4.82⅝ @ 4.82¾	4.82 @ 4.83
" 23	4.8230 @ 4.8240	4.8505 @ 4.8515	4.8540 @ 4.8550	4.82 @ 4.82⅛	4.81¼ @ 4.82⅛
" 30	4.8190 @ 4.8200	4.8465 @ 4.8475	4.8500 @ 4.8510	4.81⅝ @ 4.81¾	4.81 @ 4.82

Foreign Exchange—Actual Rates on or about the First of Each Month.

	Mar. 1.	April 1.	May. 1.	June 1.	July. 1.
Sterling Bankers—60 days	4.82⅝— ¾	4.82½— ⅝	4.81¼— ⅜	4.82⅛— ¼	4.81⅞— 2
" " Sight	4.86 — ⅛	4.85¼— ⅜	4.84¼— ⅜	4.85⅛— ¼	4.84⅝— ¾
" " Cables	4.86⅝— ¾	4.85¾— ⅞	4.84⅞—85	4.85⅝— ¾	4.85 — ⅛
" Commercial long	4.82⅜— ½	4.82⅛— ¼	4.81 — ¼	4.81¾— ⅞	4.81⅝— ¾
" Docu'tary for paym't.	4.82 — ⅞	4.81⅜— 2¼	4.80¾— 1¾	4.81½— 2⅛	4.81 — 2
Paris—Cable transfers	5.16¼—	5.16⅞—	5.18¾— ⅛	5.18⅛—	5.18⅛—
" Bankers' 60 days	5.18¾—	5.19⅜—	5.21⅞— ¾	5.21¼—20⅝	5.21¼—20⅝
" Bankers' sight	5.16⅞—	5.17½—	5.19⅜—18¾	5.18¾—	5.18¾—
Swiss—Bankers' sight	5.18⅛—	5.18⅛—	5.19⅜—	5.18¾— ⅛	5.18¾— ⅛
Berlin—Bankers' 60 days	94⅜—	94¼— 5/16	94 — ⅛	94⅛— ¼	94⅛— ¼
" Bankers' sight	94 11/16— ⅞	94 11/16—	94½— 9/16	94 11/16— ¾	94 11/16— ¾
Belgium—Bankers' sight	5.18⅛—	5.18¾—	5.20⅝—20	5.20 —19⅜	5.20¼—19⅜
Amsterdam—Bankers' sight	40 — 1/16	40 1/32— 1/16	39⅞— 15/16	39 15/16—40	40 — 1/16
Kronors—Bankers' sight	26 11/16— 13/16	26¾— ⅞	26⅝— ⅞	26¾—27	26¾— ⅞
Italian lire—sight	5.16⅞— ¼	5.19⅞—	5.19⅜—18¾	5.17½—16⅞	5.18⅛—17½

Money Rates Abroad.—The only change in posted bank rates of discount was by the Bank of England, which reduced its rate from 4 to 3½ per cent. Other rates are lower at London and higher at Paris and Berlin. Discounts of sixty to ninety-day bills in London at the close of the month were 3⅛ per cent., against 3½ per cent. a month ago. The open market rate at Paris was 2⅝ per cent., against 2¼ per cent. a month ago, and at Berlin and Frankfort 3⅞@4 per cent., against 3½ per cent. a month ago.

Bank of England Statement and London Markets.

	Mar. 31, 1906.	Apr. 30, 1906.	May 31, 1906.	June 30, 1906.
Circulation (exc. b'k post bills)	£28,498,000	£29,062,000	£28,946,000	£29,369,000
Public deposits	19,259,000	8,329,000	10,048,000	11,411,000
Other deposits	43,620,000	48,082,000	42,678,000	44,638,000
Government securities	16,115,000	15,977,000	15,977,000	15,977,000
Other securities	36,754,000	36,394,000	31,483,000	31,364,000
Reserve of notes and coin	28,402,000	21,892,000	23,176,000	26,648,000
Coin and bullion	38,450,118	32,504,718	33,672,322	37,567,502
Reserve to liabilities	45.12%	38.76%	43.90%	47.44%
Bank rate of discount	4%	3½%	4%	3½%
Price of Consols (2½ per cents.)	90⅛	90⅝	89⅝	88
Price of silver per ounce	29 13/16d.	30½d.	31⅛d.	30 3/16d.

Monthly Range of Silver in London—1904, 1905, 1906.

Month.	1904. High	1904. Low.	1905. High	1905. Low.	1906. High	1906. Low.	Month.	1904. High	1904. Low.	1905. High	1905. Low.	1906. High	1906. Low.
January	27 5/16	25⅛	28⅜	27 3/16	30¼	29 11/16	July	27	26⅜	27 5/16	26⅞	....	....
February	27⅛	25⅝	28 5/16	27⅜	30 13/16	30⅛	August	27	26 5/16	28¾	27⅛	....	....
March	26 11/16	25⅛	27 11/16	25 11/16	30 7/16	29	Septemb'r	26⅞	26	28¾	28	....	....
April	25⅛	24 7/16	26⅝	25 7/16	30 5/16	29⅝	October	26 11/16	26½	28 11/16	28⅜	....	....
May	25 13/16	25⅛	27 1/16	26¼	31⅜	30 3/16	Novemb'r	27 5/16	26¾	30 5/16	28 13/16	....	....
June	26⅛	25 5/16	27⅛	26¾	31 5/16	29⅝	Decemb'r	28 9/16	27 5/16	30 5/16	29⅝	....	....

SILVER.—The price of silver in London fell to 29⅝d. on June 15, but later became stronger and had recovered to 30 3-16d. at the close of the month.

FOREIGN AND DOMESTIC COIN AND BULLION—QUOTATIONS IN NEW YORK.

	Bid.	*Asked.*
Sovereigns	$4.85½	$4.88
Bank of England notes	4.85	4.88
Twenty francs	3.86	3.89
Twenty marks	4.75	4.78
Twenty-five pesetas	4.78	4.82
Spanish doubloons	15.55	15.65
Mexican doubloons	$15.55	$15.65
Mexican 20 pesos	19.55	19.65
Ten guilders	3.95	4.00
Mexican dollars	.50⅝	.53⅜
Peruvian soles	.46⅝	.49⅝
Chilian pesos	.46⅝	.49⅝

Bar silver in London on the first of this month was quoted at 30 1-16d. per ounce. New York market for large commercial silver bars, 65⅝ @ 67c. Fine silver (Government assay), 65⅛ @ 67⅛c. The official price was 65¼c.

NATIONAL BANK CIRCULATION.—The circulation of national bank notes increased nearly $2,000,000, in June, making an increase for the year ended June 30, 1906, of more than $65,000,000. The Government bond deposits to secure circulation were increased $1,800,000, but the 2 per cent. on deposit for this purpose were reduced $1,100,000, while there was an increase of $2,400,000 in bonds of other issues.

NATIONAL BANK CIRCULATION.

	Mar. 31, 1906.	*Apr. 30, 1906.*	*May 31, 1906.*	*June 30, 1906.*
Total amount outstanding	$554,666,967	$556,646,282	$559,129,660	$561.112,360
Circulation based on U.S. bonds	512.221.551	514,423,519	516.036,146	517,847,749
Circulation secured by lawful money	42,445,416	42,222,763	43,093,514	43,264,611
U. S. bonds to secure circulation:				
Funded loan of 1907, 4 per cent	8,479,200	10,772,200	14,194,800	16,475,200
Four per cents. of 1925	3,989.500	3,749,500	4,399.500	4.456,500
Three per cents. of 1908-1918	2,219,540	2,263,840	2,421.380	2,550,160
Two per cents. of 1930	499,674,750	499,601,900	498,249,850	497,123,350
Total	$514,362,990	$516.387,440	$519,265,530	$520,605,210

The National banks have also on deposit the following bonds to secure public deposits: 4 per cents. of 1907, $5,478,700: 4 per cents. of 1925, $7,228,800: 3 per cents. of 1908-1918, $4,140,930; 2 per cents. of 1930, $47,662,500: District of Columbia 3.65's, 1924, $1,108,000; Hawaiian Islands bonds, $1,478,000; Philippine loan, $7,550,000; state, city and railroad bonds, $20,928,825; a total of $95,575,725.

GOVERNMENT REVENUES AND DISBURSEMENTS.—The financial statement of the Government for the last month of the fiscal year shows a surplus so large that it suggests "window dressing." The month of June usually makes a good showing and this year a surplus of $20,000,000 is reported, while the surplus for the entire twelve months is only $26,000,000. In June last year the surplus was $12,600,000, while for the year there was a deficit of $24,000,000. Compared with the previous year the receipts for the fiscal year just closed show an increase of $51,000,000 and expenditures of $1,000,000. Customs receipts increased $38,000,000.

UNITED STATES TREASURY RECEIPTS AND EXPENDITURES.

RECEIPTS.

Source.	*June, 1906.*	*Since July 1, 1905.*
Customs	$26,259,265	$300,657.413
Internal revenue	22,607,387	249.063,868
Miscellaneous	6,500,429	45,193,433
Total	$55,367,081	$594,914,714
Excess of receipts	$20,024,772	$26,187.150

EXPENDITURES.

Source.	*June, 1906.*	*Since July 1, 1905.*
Civil and mis.	$6,647,120	$120,000,627
War	4,698,848	93,659,462
Navy	7,450,819	110,956,167
Indians	773,126	12,746,511
Pensions	10,374,064	141,034,081
Public works	4,981,291	66,020,390
Interest	417,041	24,310,326
Total	$35.342,309	$568,727,564

UNITED STATES PUBLIC DEBT.—The interest and non-interest bearing debt remains practically unchanged, but there was an increase of $5,000,000 in gold and silver certificates in the month. The total cash assets in the Treasury increased $18,000,000 and the net cash balance nearly $18,000,000. The net debt, after deducting the cash balance, was reduced $17,500,000 and stood at $964,435,000 at the close of the month.

UNITED STATES PUBLIC DEBT.

	April 1, 1906.	*May 1, 1906.*	*June 1, 1906.*	*July 1, 1906.*
Interest-bearing debt:				
Loan of March 14, 1900, 2 per cent.......	$595,942,350	$595,942,350	$595,942,350	$595,942,350
Funded loan of 1907, 4 per cent........	116,755,050	116,755,050	116,755,150	116,755,150
Refunding certificates, 4 per cent......	26,410	26,400	26,290	26,280
Loan of 1925, 4 per cent..................	118,489,900	118,489,900	118,489,900	118,489,900
Ten-Twenties of 1898, 3 per cent........	63,945,460	63,945,460	63,945,460	63,945,460
Total interest-bearing debt...........	$895,159,170	$895,159,160	$895,159,150	$895,159,140
Debt on which interest has ceased... ...	1,139,425	1,139,145	1,135,045	1,128,135
Debt bearing no interest:				
Legal tender and old demand notes.....	346,734,298	346,734,298	346,734,298	346,734,298
National bank note redemption acct..	41,583,908	41,640,909	42,445,616	42,635,639
Fractional currency....................	6,865,959	6,865,959	6,865,959	6,865,757
Total non-interest bearing debt......	$395,184,165	$395,241,166	$396,045,873	$396,235,694
Total interest and non-interest debt.	1,291,482,760	1,291,539,471	1,292,340,068	1,292,522,970
Certificates and notes offset by cash in the Treasury:				
Gold certificates........................	544,746,869	550,691,869	557,599,869	559,779,869
Silver certificates......................	469,729,000	472,644,000	474,640,000	477,478,000
Treasury notes of 1890	7,794,000	7,661,000	7,504,000	7,386,000
Total certificates and notes...........	$1,022,269,869	$1,030,996,869	$1,039,743,869	$1,044,638,869
Aggregate debt	2,313,752,629	2,322,536,340	2,332,083,937	2,337,161,839
Cash in the Treasury:				
Total cash assets	1,434,138,945	1,441,615,921	1,453,270,606	1,471,358,119
Demand liabilities.......................	1,124,279,623	1,134,489,696	1,142,885,230	1,143,270,836
Balance	$309,859,322	$307,126,224	$310,385,376	$328,087,283
Gold reserve.............................	150,000,000	150,000,000	150,000,000	150,000,000
Net cash balance........................	159,859,322	157,126,224	160,385,376	178,087,283
Total	$309,859,334	$307,126,224	$310,385,376	$328,087,283
Total debt, less cash in the Treasury.....	981,623,822	984,413,247	981,954,692	964,435,687

MONEY IN CIRCULATION IN THE UNITED STATES.—The amount of money in circulation increased $800,000 in June, not enough to maintain the per capita circulation at its former level. The average on July 1 was $32.42, as compared with $32.45 on June 1.

MONEY IN CIRCULATION IN THE UNITED STATES.

	Apl. 1, 1906.	*May 1, 1906.*	*June 1, 1906.*	*July 1, 1906.*
Gold coin..................................	$643,993,307	$672,524,404	$683,426,878	$673,327,609
Silver dollars.............................	81,711,436	80,424,056	78,602,135	77,073,327
Subsidiary silver.........................	109,489,339	109,494,665	109,894,319	111,401,668
Gold certificates.........................	489,830,619	500,696,389	513,803,789	518,092,969
Silver certificates.......................	465,110,695	467,[illegible]74,470	469,663,586	471,964,597
Treasury notes, Act July 14, 1890.........	7,768,095	7,640,039	7,477,[illegible]18	7,338,598
United States notes......................	337,524,081	337,130,321	335,552,893	336,401,454
National bank notes......................	541,077,216	544,765,959	545,260,302	548,883,608
Total....................................	$2,676,504,788	$2,720,250,3[illegible]3	$2,743,681,120	$2,744,483,880
Population of United States.............	84,311,000	84,428,000	84,545,000	84,662,000
Circulation per capita...................	$31.75	$32.22	$32.45	$32.42

MONEY IN THE UNITED STATES TREASURY.—The Treasury holdings of cash increased $17,600,000 in June and certificates outstanding increased $6,400,000, making the increase in net cash in the Treasury $11,200,000. The gain in net gold was nearly $17,000,000.

MONEY IN THE UNITED STATES TREASURY.

	Apl. 1, 1906.	*May 1, 1906.*	*June 1, 1906.*	*July. 1, 1906.*
Gold coin and bullion	$774,208,903	$760,926,166	$783,494,496	$802,514,212
Silver dollars	486,517,429	487,804,809	489,626,780	491,177,528
Subsidiary silver	7,274,243	7,425,109	7,045,873	6,596,920
United States notes	9,156,965	9,550,695	11,128,123	10,279,562
National bank notes	13,589,751	11,880,323	13,869,358	12,228,752
Total	$1,290,747,261	$1,277,587,102	$1,305,164,580	$1,322,796,974
Certificates and Treasury notes, 1890, outstanding	962,709,409	975,910,898	990,944,593	997,396,164
Net cash in Treasury	$328,037,352	$301,676,204	$314,219,987	$325,400,810

SUPPLY OF MONEY IN THE UNITED STATES.—The stock of money in the country increased nearly $12,000,000 last month, of which $9,000,000 was in gold, $1,000,000 in subsidiary silver and $2,000,000 in national bank notes.

SUPPLY OF MONEY IN THE UNITED STATES.

	Apl. 1, 1906.	*May 1, 1906.*	*June 1, 1906.*	*July 1, 1906.*
Gold coin and bullion	$1,418,202,210	$1,433,450,570	$1,466,921,374	$1,475,841,821
Silver dollars	568,228,865	568,228,865	568,228,865	568,250,855
Subsidiary silver	116,763,582	116,919,774	116,940,192	117,998,588
United States notes	346,681,016	346,681,016	346,681,016	346,681,016
National bank notes	554,666,967	556,646,282	559,129,660	561,112,360
Total	$3,004,542,640	$3,021,926,507	$3,057,901,107	$3,069,884,640

FOREIGN TRADE OF THE UNITED STATES.—The exports of merchandise in May were valued at $130,000,000, exceeding the total for the corresponding month in any previous year. Compared with 1905 there is an increase of nearly $7,000,000 and with 1906 an increase of $40,000,000. The total for the eleven months ended May 31 is nearly $1,619,000,000, an increase of $221,000,000 over the corresponding period of 1905. Imports of merchandise in May were valued at about $105,000,000, an increase of $12,000,000 over May, 1905, and for the eleven months $1,216,000,000, an increase of $108,000,000. The net exports in May were $25,600,000 and the balance for the eleven months is $493,000,000, the largest balance since 1901. The net imports of gold in May exceeded $28,000,000, making a total gain in gold by import for the fiscal year to May 31, $57,580,000.

EXPORTS AND IMPORTS OF THE UNITED STATES.

MONTH OF MAY.	MERCHANDISE.				*Gold Balance.*		*Silver Balance.*	
	Exports.	*Imports.*	*Balance.*					
1901	$124,567,911	$78,642,703	Exp.,	$45,925,208	Exp.,	$8,328,343	Exp.,	$1,640,754
1902	102,321,531	75,689,087	"	26,632,444	"	471,354	"	1,838,494
1903	100,929,591	79,035,137	"	21,894,454	"	13,025,423	"	535,831
1904	89,886,925	80,698,161	"	9,188,764	"	32,596,471	"	3,114,653
1905	123,793,569	92,525,424	"	31,268,145	Imp.,	2,175,573	"	1,688,477
1906	130,549,287	104,948,403	"	25,600,794	"	28,283,773	"	1,173,758
ELEVEN MONTHS.								
1901	1,384,990,728	754,767,508	Exp.,	630,223,220	Imp.,	14,950,111	Exp.,	25,264,111
1902	1,292,478,918	830,205,894	"	462,273,024	Exp.,	242,628	"	20,052,923
1903	1,324,918,833	943,719,460	"	381,199,373	Imp.,	7,631,467	"	26,581,163
1904	1,367,602,405	909,930,136	"	457,672,269	"	14,231,693	"	20,045,655
1905	1,397,408,180	1,027,065,826	"	370,342,354	Exp.,	37,063,232	"	18,975,400
1906	1,618,912,839	1,125,821,671	"	493,091,168	Imp.,	57,580,344	"	20,708,320

STOCKS AND BONDS

ACTIVE STOCKS, COMPARATIVE PRICES AND QUOTATIONS.

The following table shows the highest, lowest and closing prices of the most active stocks at the New York Stock Exchange in the month of June and the highest and lowest during the year 1906, by dates, and also, for comparison, the range of prices in 1905:

	YEAR 1905.		HIGHEST AND LOWEST IN 1906.		JUNE, 1906.		
	High.	*Low.*	*Highest.*	*Lowest.*	*High.*	*Low.*	*Closing.*
Atchison, Topeka & Santa Fe.	93⅜	77⅝	96⅞—Jan. 13	85⅜—May 2	91⅝	87⅜	87⅜
" preferred	105⅝	99	106 —Jan. 3	99¾—June 30	103	99¾	99¾
Baltimore & Ohio	117	100⅛	119¾—June 21	105¾—May 2	119¾	107¾	116⅜
Baltimore & Ohio, pref	100	95¾	99½—Jan. 5	92 —June 27	94½	92	92
Brooklyn Rapid Transit	91⅝	56⅞	94⅛—Jan. 26	72 —May 2	85½	73¾	75⅛
Canadian Pacific	177⅛	130¾	177¾—Jan. 19	155⅝—May 2	162⅝	158	158
Canada Southern	74⅞	67	70⅞—Jan. 8	65⅛—June 30	68⅞	65⅛	65⅛
Central of New Jersey	235	190	239⅞—May 24	204 —May 2	237¾	218	220
Ches. & Ohio	60⅛	45½	62¼—Jan. 23	53⅛—Apr. 28	59⅝	55½	55½
Chicago & Alton	44½	30	38¼—Jan. 15	25 —May 5	30¼	30	30¼
" preferred	83¾	73	80⅝—Jan. 12	74 —May 3	78¾	76¼	76½
Chicago, Great Western	25⅛	17½	23⅝—Jan. 20	16 —June 28	19⅝	16	16⅜
Chic., Milwaukee & St. Paul	187½	168⅛	193 —Jan. 22	155¼—May 2	182⅛	169⅝	171
" preferred	192½	182½	196 —Jan. 22	177½—May 2	191	181	184
Chicago & Northwestern	249	190½	240 —Jan. 15	192 —Apr. 27	209⅞	195	195
" preferred	265½	234	270 —Mar. 30	230 —May 22	238	230	230
Chicago Terminal Transfer	20	7¾	18¼—Jan. 19	9¾—Apr. 19	14	12½	14
" preferred	42½	17½	42¾—Jan. 22	27 —Apr. 27	34	28	30
Clev., Cin., Chic. & St. Louis	111	90	109⅞—Jan. 15	90¼—May 2	99½	92	92
Col. Fuel & Iron Co	59	38	83⅝—Jan. 26	40⅛—May 2	64⅝	44¼	45⅛
Colorado Southern	30⅛	22¼	37 —Jan. 24	29½—Jan. 4	34⅞	33	33½
" 1st preferred	69⅞	52	73⅛—Feb. 20	66½—Apr. 30	70⅝	67	68¼
" 2d preferred	55	32½	56¾—Jan. 12	43 —May 2	52¾	47	49
Consolidated Gas Co	214	175	181¾—Jan. 23	130⅝—Apr. 27	147¼	137	138⅝
Delaware & Hud. Canal Co	240¾	178½	231 —June 12	189 —May 2	231	209½	210
Delaware, Lack. & Western	498½	335	560 —May 24	437¾—May 2	550	522	522
Denver & Rio Grande	39¾	27¼	51⅞—Jan. 26	36⅝—May 2	47⅜	39¼	39⅞
" preferred	91¼	83¼	91½—Jan. 22	84⅞—May 2	89¼	85½	85½
Duluth So. S. & Atl., pref	46¾	21	45 —Jan. 11	32 —Apr. 28	39½	35	35
Erie	52¾	37½	50⅞—Jan. 16	38⅛—May 2	46¾	40	40⅝
" 1st pref	85½	74⅞	83 —Jan. 15	75 —May 2	79⅞	77	77
" 2d pref	78⅜	55½	76⅜—Jan. 16	62½—Apr. 27	72	67	67
Express Adams	250	236	250 —Mar. 5	240 —June 14	240	240	240
" American	246	209½	249½—Jan. 26	215 —Apr. 26	230	220	230
" United States	134	110	138½—Jan. 26	109 —May 1	116	115	116
" Wells, Fargo	260	227	286 —June 12	233 —Mar. 19	286	275	275
Great Northern Pref.	335	236	348 —Feb. 9	275 —May 2	309	278½	281½
Hocking Valley	121½	86⅝	135 —Apr. 24	113⅛—Feb. 8	134	121	121
" preferred	97¼	90	99⅜—June 1	93 —May 2	99⅜	95½	95½
Illinois Central	183	125¾	184½—June 7	164 —May 2	184½	174½	175½
Iowa Central	32	24	34¾—Jan. 12	24¾—May 2	29	24⅞	24⅞
" preferred	61	50	63¾—Jan. 13	49 —May 4	55½	50	50
Kansas City Southern	36¼	22⅛	37⅜—Jan. 5	23½—May 2	27½	24	24
" preferred	70	52	71 —Jan. 5	50 —May 2	57	50	50½
Kans. City Ft. S. & Mem. pref.	87	81⅝	84½—Feb. 7	80 —June 15	80½	80	80½
Lake Erie & Western	47½	28¼	44⅞—Jan. 12	27¾—June 30	33	27¾	27¾
Louisville & Nashville	157¾	134½	156½—Jan. 19	130¼—May 2	151⅛	140⅞	142
Manhattan consol	175	161	162 —Jan. 26	147¼—May 2	152	147½	147½
Metropolitan securities	91	68⅝	75⅞—May 11	70⅛—May 2	....	....	....
Metropolitan Street	133	114	118¾—Apr. 4	104½—May 3	113½	105	106
Mexican Central	26	18¼	26⅝ Jan. 19	18⅜—May 2	23⅝	20	20¼
Minneapolis & St. Louis	84¾	56½	84¼—Jan. 11	66 —June 28	71¾	66	66
Minn., S. P. & S.S. Marie	145	89½	164 —Mar. 24	141½ Jan. 4	159	153	153
" preferred	173	148	183¾—Jan. 11	163½—Apr. 30	175¾	171	171

ACTIVE STOCKS, COMPARATIVE PRICES AND QUOTATIONS.—*Continued.*

	Year 1905.		Highest and Lowest in 1906.		June, 1906.		
	High.	*Low.*	*Highest.*	*Lowest.*	*High.*	*Low.*	*Closing.*
Missouri, Kan. & Tex.	39⅛	24	40⅝—Jan. 12	29 —May 2	36¾	31⅞	32¼
• preferred	73	56¼	74⅝—Jan. 18	64¼—Apr. 27	71	64⅞	66½
Missouri Pacific	110⅞	94½	106¾—Jan. 20	85½—May 2	98¾	89½	89⅝
Natl. of Mexico, pref	45	33⅛	41 —Mar. 14	36 —Apr. 27	39¼	37	37
• 2d preferred	24½	17¾	21¾—Feb. 24	18¼ —June 16	19	18¼	19
N. Y. Cent. & Hudson River	167¾	136¾	156¼—Jan. 8	130½—May 2	142¼	130¾	131
N. Y., Chicago & St. Louis	76¼	42	73½—Apr. 17	59 —Mar. 5	71½	63	66
• 2d preferred	95	74	91¾—Jan. 9	80 —May 3	91	85	85
N. Y., Ontario & Western	64	40⅝	57¼—Jan. 27	43¾—May 2	51⅞	46½	47½
Norfolk & Western	88½	76	93½—Feb. 1	84 —Feb. 28	90¾	86¼	87⅝
• preferred	96	91⅛	96 —Jan. 6	89½—Apr. 12	91	91	91
North American Co.	107	95⅝	107 —Jan. 12	91⅞—June 29	98¾	91⅞	92½
Northern Pacific	216½	165	232½—Feb. 14	179¼—May 2	214	191	193¾
Pacific Mail	53¾	33	51½ - Jan. 19	28¾—June 29	39⅞	28¾	30
Pennsylvania R. R.	148	131½	147½—Jan. 23	135 June 30	135⅛	125	125¼
People's Gas & Coke of Chic.	115⅛	97¼	103 —Jan. 2	89 —June 27	98⅞	89	89⅛
Pullman Palace Car Co.	258	230	247¾—Jan. 15	219¾—May 2	231	220	220
Reading	143¾	79	164 —Jan. 23	112 —May 2	145¾	120½	123⅞
• 1st prefered	97	90	96 —Jan. 22	89½—Mar. 1	93	92	93
• 2d preferred	101	84	102 —Jan. 20	90 —Apr. 30	97	95	95
Rock Island	37⅞	21¾	28⅝—Apr. 2	23½—May 2	26⅝	23½	28⅝
• preferred	85	60½	68⅝—Mar. 31	61 —June 29	66½	61	61¼
St. L. & San Fran. 2d pref	73½	45	51¼—Feb. 6	41 —May 2	47	42½	42⅛
St. Louis & Southwestern	27½	20	27⅞—Jan. 19	20½—May 2	23½	20⅝	21
• preferred	66⅝	55	61½—Jan. 24	48¾—May 2	56½	50	50
Southern Pacific Co.	72⅝	57¾	72⅞—Jan. 22	61 —May 2	69¾	64	66⅛
Southern Railway	38	28	42⅞—Jan. 26	35 —May 2	39¼	33	33⅝
• preferred	102½	95	103 —Jan. 16	97¾—May 2	99½	98⅞	99
Tennessee Coal & Iron Co.	148	68	165 —Jan. 12	129 —Jan. 2			
Texas & Pacific	41	29¾	39¾—Jan. 24	28 —May 2	158	150	150
Toledo, St. Louis & Western	48¾	34⅛	40½—Jan. 19	26 —June 27	35⅛	30½	31
• preferred	65	51¾	59⅞—Jan. 19	46 —June 28	31¾	26	26¼
					49½	46	47
Union Pacific	151¼	113	160½—Jan. 24	138½—May 2	153	141¼	142⅛
• preferred	101⅝	95½	99¼—Jan. 2	91½—May 2	95	94	94½
Wabash R. R.	24¼	17½	26½—Jan. 24	19 —Apr. 28	21¾	19	19¾
• preferred	48	37	53⅝—Feb. 27	40½—Jan. 3	50⅞	44½	44½
Western Union	95½	92	94¼—Jan. 26	91 —Mar. 20	93½	91⅝	91⅝
Wheeling & Lake Erie	19¾	15	21¾—Feb. 6	16 —Apr. 28	19⅞	17¼	17¼
• second preferred	28½	20	29½—Feb. 6	22 —Apr. 27	25¾	23¾	23¾
Wisconsin Central	33½	20	33 —Jan. 17	23 —May 2	26½	24	24
• preferred	64½	45	64 —Jan. 15	44⅛—Apr. 28	53	45	45
"Industrial"							
Amalgamated Copper	111¾	70	118¼—Feb. 13	95½ - June 28	110⅝	95½	96½
American Car & Foundry	43⅝	31	47½—Jan. 24	34½—May 2	42½	35	35⅛
• pref	104½	91¾	105 —Jan. 24	99½—Jan. 4	103	100	100
American Co. Oil Co.	40⅛	27¾	44¼—Jan. 11	28 —May 2	34⅜	29	29
American Ice	36	24¾	65¼—May 10	35¼—Jan. 2	64⅞	59⅝	60⅛
American Locomotive	76¼	33	78½—Jan. 3	53¾—May 2	73¼	65½	65¾
• preferred	122¾	133¾	120¼—Jan. 16	110½—May 2	115	115	115
Am. Smelting & Refining Co.	170⅜	79¾	174 —Jan. 18	138½—May 2	159¾	140⅝	142⅛
• preferred	137	111¼	130 —Jan. 12	114 —June 28	120	114	114⅛
Am. Steel & Foundries	18⅝	6⅞	15¼—Jan. 17	10 —Apr. 30	13⅝	10	10
• pref	67½	35⅛	53¼—Jan. 17	40 —May 2	50¼	41½	41½
American Sugar Ref. Co.	154⅜	130	157 —Jan. 8	127½—May 2	137¾	128¼	129¼
American Tobacco, pref	109⅜	91⅞	109 —Jan. 22	99 —June 30	104½	99	99
Anaconda Copper Mining	295	100½	200 —Feb. 13	223½—May 4	273	228	235
Central Leather	47½	40	49⅞—Jan. 24	35¾—June 30	43½	35⅝	35⅝
• preferred	105⅞	102½	107½—Jan. 24	100½—Apr. 28	105⅛	101	101
Corn Products. Ref'g	22¾	8¾	28 —Apr. 4	19⅛—June 30	23¾	19⅝	19⅝
• preferred	79	40	85¾—Apr. 2	74½—May 2	83⅛	77⅛	77⅛
Distillers Securities	54⅛	34⅞	65¾—May 9	51 —Jan. 30	63¾	56¼	57½
Federal Min'g & Smelt., pref.	110½	75	112⅞—Jan. 22	92 —June 30	99¾	92	92
General Electric Co.	192	169	181¼—Jan. 9	160⅝ - June 29	173⅛	160⅝	161¼
International Paper Co.	25¼	18⅛	26¼—Jan. 15	17½—June 28	21	17½	18½
• preferred	88¼	76	90 —Jan. 12	82½—Mar. 15	86½	82¾	82¾
International Power	100	48	95 —Jan. 29	48 —June 30	57	48	49
International Steam Pump	40⅞	26	60 —May 8	27 —Jan. 2	55⅛	44	44
National Biscuit	69½	52	71¼—Feb. 6	62 —May 2	68½	63⅝	64
National Lead Co.	89½	24½	95⅜—Jan. 19	66 —May 2	78⅞	70	72⅜
Pressed Steel Car Co.	58⅞	34	64⅝—Jan. 24	43 —May 2	54	44	44½
• preferred	101½	87	105 —Feb. 1	95 —May 2	99	96	96½
Republic Iron & Steel Co.	36⅛	15	39 —Jan. 12	22¼—May 2	31¼	25¾	25¾
• preferred	108	67	110½—Jan. 9	91 —May 2	105¼	94	94
U. S. Rubber Co.	58½	33¾	58½—Jan. 22	44½—June 28	51½	44½	45
• 1st preferred	118½	98⅜	115 —Jan. 15	105½—May 2	109½	107	107
U. S. Steel	43¼	24⅞	46¼—Jan. 20	33¾—June 30	42	33¾	34
• pref	107	90¾	113¼—Jan. 20	98⅞—June 30	107⅛	98⅞	98¾

RAILWAY, INDUSTRIAL AND GOVERNMENT BONDS.

LAST SALE, PRICE AND DATE AND HIGHEST AND LOWEST PRICES AND TOTAL SALES FOR THE MONTH.

NOTE.—The railroads enclosed in a brace are leased to Company first named.

NAME.	*Principal Due.*	*Amount.*	*Int'st Paid.*	LAST SALE.		JUNE SALES.		
				Price.	*Date.*	*High.*	*Low.*	*Total.*
Ann Arbor 1st g 4's	1995	7,000,000	Q J	95	June13,'06	95½	91⅛	31,000
Atch., Top. & S. F.								
Atch Top & Santa Fe gen g 4's	1995	148,155,000	A & O	101⅞	June30,'06	103¼	101	441,000
″ registered		....	A & O	100⅞	May 28,'06	....	....	....
″ adjustment, g. 4's	1995	25,616,000	NOV	94	June27,'06	95	94	210,000
″ registered		....	NOV	95	Sep. 11,'05	....	....	....
″ stamped	1995	26,112,000	M & N	92¼	June30,'06	93	92¼	168,000
″ registered		....	M & N	96	Feb. 19,'06	....	....	....
″ fifty-yearconv. g.4's	1955	39,059,000	J & D	100¾	June30,'06	101⅝	100½	1,505,000
″ registered		....	J & D	....	....	....	....	....
″ serial debenture 4's—								
″ series E	1907	2,500,000	F & A	99⅝	May 2,'05	....	....	....
″ registered		....	F & A	....	....	....	....	....
″ series F	1908	2,500,000	F & A	98¾	Apr. 10,'04	....	....	....
″ registered		....	F & A	....	....	....	....	....
″ series G	1909	2,500,000	F & A	100½	Jan. 19,'06	....	....	....
″ registered		....	F & A	....	....	....	....	....
″ series H	1910	2,500,000	F & A	99½	Jan. 10,'05	....	....	....
″ registered		....	F & A	....	....	....	....	....
″ series I	1911	2,500,000	F & A	98½	Nov. 23,'04	....	....	....
″ registered		....	F & A	....	....	....	....	....
″ series J	1912	2,500,000	F & A	....	....	....	....	....
″ registered		....	F & A	....	....	....	....	....
″ series K	1913	2,500,000	F & A	97	Oct. 26,'04	....	....	....
″ registered		....	F & A	....	....	....	....	....
″ series L	1914	2,500,000	F & A	92⅞	Nov. 10,'02	....	....	....
″ registered		....	F & A	....	....	....	....	....
″ East.Okla.div.1stg.4's	1928	6,128,000	M & S	99½	Feb. 23,'06	....	....	....
″ ″ registered		....	M & S	....	....	....	....	....
″ Chic. & St. L. 1st 6's	1915	1,500,000	M & S	....	....	....	....	....
Atlan.Coast LineR.R.Co.1stg.4's	1952	43,141,000	M & S	100	June30,'06	100½	99½	226,000
″ registered			M & S	102	Nov.27,'05	....	....	....
Charleston& Savannah 1st g.7's	1936	1,500,000	J & J	108¾	Dec. 13,'99	....	....	....
Savanh Florida & W'n 1st g.6's	1934	4,056,000	A & O	132⅞	Jan. 30,'06	....	....	....
″ 1st g. 5's	1934	2,444,000	A & O	112⅝	Jan. 26,'04	....	....	....
Alabama Midland 1st gtd g. 5's	1928	2,800,000	M & N	114⅝	Nov.14,'05	....	....	....
Brunswick & W'n 1st gtd.g.4's	1938	3,000,000	J & J	99½	Mar. 30,'06	....	....	....
"L'ville & Nash. col." g. 4's	1952	35,000,000	M & N	90¼	June29,'06	94½	90	109,000
″ registered		....	M & N	....	....	....	....	....
Sil.SpsOc.& G.RR.&ldg.gtdg.4s	1918	1,067,000	J & J	98	May 31,'06	....	....	....
Balt. & Ohio prior lien g. 3½s	1925	72,822,000	J & J	96⅞	June28,'06	97¼	95⅞	116,000
″ registered			J & J	95	June20,'06	95	95	10,000
″ g. 4s	1948	70,963,000	A & O	103⅛	June30,'06	103⅞	103	214,000
″ g. 4s. registered			A & O	103	June19,'06	103	101½	52,000
″ Pitts. Junc. 1st g.6's	1922	478,000	J & J	120	Oct. 11,'01	....	....	....
Pitt Jun. & M. div. 1st g. 3½s.	1925	11,293,000	M & N	91	June20,'06	91¾	90⅛	22,000
″ registered			QFeb	....	....	....	....	....
Pitt L. E. & West Va. System refunding g 4s	1941	31,347,000	M & N	97¼	June22,'06	97½	97	64,000
″ Southw'n div. 1st g.3½s	1925	43,590,000	J & J	92¾	June28,'06	93	92¼	184,000
″ registered			Q J	92⅛	June23,'05	....	....	....
Monongahela River 1st g. g., 5's	1919	700,000	F & A	108½	July 13,'05	....	....	....
Cen. Ohio. Reorg. 1st c. g. 4½'s,	1908	1,009,000	M & S	109	Apr. 25,'05	....	....	....
Ptsbg Clev. & Toledo, 1st g.6's	1922	441,000	A & O	119½	Mar. 7,'04	....	....	....
Pittsburg & Western, 1st g.4's	1917	633,000	J & J	97	May 8,'06	....	....	....
Buffalo, Roch. & Pitts. g. g. 5s	1937	4,427,000	M & S	119½	June28,'06	119½	119	8,000
Alleghany & Wn. 1st g. gtd 4's	1998	2,000,000	A & O	....	....	....	....	....
Clearfield & Mah. 1st g. g. 5's	1943	650,000	J & J	128	June 6,'02	....	....	....
Rochester & Pittsburg. 1st 6's	1921	1,300,000	F & A	124	Apr. 26,'06	....	....	....
″ cons. 1st 6's,	1922	3,920,000	J & D	128½	Feb. 23,'06	....	....	....
Buff. & Susq. 1st refundg g. 4's	1951	6,521,000	J & J	98½	May 8,'06	....	....	....
registered			J & J	....	....	....	....	....

BOND QUOTATIONS.—Last sale, price and date; highest and lowest prices and total sales for the month.

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NAME.	*Principal Due*	*Amount.*	*Int'st Paid.*	LAST SALE. *Price.*	LAST SALE. *Date.*	JUNE SALES. *High.*	JUNE SALES. *Low.*	JUNE SALES. *Total.*
Canada Southern 1st int. gtd 5's	1908	14,000,000	J & J	103	June29,'06	103	102¼	131,000
" 2d mortg. 5's	1913	6,000,000	M & S	105¾	June12,'06	105¾	105¼	8,000
" registered			M & S	105¼	Jan. 3,'04	....	....	....
Central Branch U. Pac. 1st g. 4's	1948	2,500,000	J & D	95	Mar. 22,'06	....	....	....
Central R'y of Georgia, 1st g. 5's	1945	7,000,000	F & A	119	May 3,'06	....	....	....
" registered $1,000 & $5,000			F & A	....	....	....	....	....
" con. g. 5's	1945	16,700,000	M & N	112	June30,'06	112	111⅛	101,000
" con. g. 5's, reg. $1,000 & $5,000			M & N	113	Apr. 17,'06	....	....	....
" 1st. pref. inc. g. 5's	1945	2,359,000	OCT 1	98	June21,'06	99	97	8,000
" " stamped		1,641,000	OCT 1	97	June19,'06	98⅛	97	33,000
" 2d pref. inc. g. 5's	1945	3,012,000	OCT 1	91	June21,'06	91	89⅛	32,000
" " stamped		3,998,000	OCT 1	90¼	June15,'06	91	90	64,000
" 3d pref. inc. g. 5's	1945	2,325,000	OCT 1	86	June19,'06	88⅛	86	11,000
" " stamped		1,675,000	OCT 1	88⅛	June27,'06	89	88⅛	18,000
" Chat. div. pur. my. g. 4's	1951	2,057,000	J & D	93	June29,'06	93	93	5,000
" Macon & Nor. Div. 1st g. 5's	1946	840,000	J & J	104	Feb. 19,'04	....	....	....
" Mid. Ga. & Atl. div. g 5s	1947	413,000	J & J	110⅝	Sept. 5,'05	....	....	....
" Mobile div. 1st g. 5's	1946	1,000,000	J & J	115½	Aug. 3,'05	....	....	....
Cent. R. & Bkg. Co. of Ga. c. g. 5's	1987	4,880,000	M & N	108¾	Aug. 4,'05	....	....	....
Central of New Jersey, gen. g. 5's	1987	45,091,000	J & J	128	Apr. 27,'06	....	....	....
" registered			Q J	125½	June23,'06	125½	125½	2,000
Am. Dock & Improvm't Co. 5's	1921	4,987,000	J & J	112¾	May 17,'06	....	....	....
Lehigh & H. R. gen. gtd g. 5's	1920	1,062,000	J & J	....	....	....	....	....
Lehigh & W.-B. Coal con. 5's	1912	2,691,000	Q M	102	Mar. 7,'06	....	....	....
" con. extended gtd. 4½'s	1910	12,175,000	Q M	101	June25,'06	101⅛	100	30,000
N.Y. & Long Branch gen. g. 4's	1941	1,500,000	M & S	....	....	....	....	....
Ches. & Ohio 6's, g., Series A	1908	2,000,000	A & O	104	June15,'06	104	104	1,000
" Mortgage gold 6's	1911	2,000,000	A & O	107	May 16,'06	....	....	....
" 1st con. g. 5's	1939	25,858,000	M & N	118	June25,'06	118	116½	36,000
" registered			M & N	116	June 6,'06	116	116	11,000
" Gen. m. g. 4½'s	1992	40,573,000	M & S	107	June30,'06	107¼	106	178,000
" registered			M & S	104	May 23,'06	....	....	....
" Craig Val. 1st g. 5's	1940	650,000	J & J	112	Feb. 28,'06	....	....	....
" (R. & A. d.) 1st c. g. 4's	1989	6,000,000	J & J	101⅝	June 2,'06	101⅝	101⅝	1,000
" 2d con. g. 4's	1989	1,000,000	J & J	96¾	May 11,'06	....	....	....
" Warm S. Val. 1st g. 5's	1941	400,000	M & S	113¼	Feb. 17,'05	....	....	....
Greenbrier Ry. 1st gtd. 4's	1940	2,000,000	M & N	99¾	Feb. 2,'06	....	....	....
Chic. & Alton R. R. ref. g. 3's	1949	37,350,000	A & O	80¼	June29,'06	80½	79	34,000
" " registered			A & O	....	....	....	....	....
Chic. & Alton Ry 1st lien g. 3½'s	1950	22,000,000	J & J	79½	June30,'06	80½	78½	36,000
registered			J & J	80¼	Mar. 4,'05	....	....	....
Chicago, Burl. & Quincy:								
" Denver div. 4's	1922	4,534,000	F & A	101¼	June14,'06	101½	101	15,000
" Illinois div. 3½s	1949	50,835,000	J & J	93¾	June28,'06	94⅝	93	151,000
" registered			J & J	96⅛	Feb. 24,'05	....	....	....
" Illinois div. 4s	1949	10,306,000	J & J	105½	June18,'06	105½	105½	2,000
" registered		....	J & J	....	....	....	....	....
" (Iowa div.) sink. f'd 5's	1919	2,329,000	A & O	110¼	Jan. 5,'05	....	....	....
" 4's	1919	7,712,000	A & O	101⅜	June21,'06	101½	101⅜	8,000
" Nebraska extensi'n 4's	1927	24,791,000	M & N	103	June18,'06	103¼	103	13,000
" registered			M & N	104¼	May 8,'06	....	....	....
" Southwestern div. 4's	1921	2,382,000	M & S	98	June26,'05	98	98	1,000
" 4's joint bonds	1921	215,225,000	J & J	99¾	June30,'06	100½	99½	1,613,000
" " registered			Q JAN	97¾	June25,'06	99⅛	97¾	39,000
" 5's, debentures	1913	9,000,000	M & N	103	June22,'06	104	102½	7,000
Han. & St. Jos. con. 6's	1911	8,000,000	M & S	110	June18,'06	110¼	110	11,000
Chic. & E. Ill. 1st g. 4's ref. & imp.	1955	5,000,000	J & J	95⅝	June18,'06	95⅝	18	5,000
" registered			J & J	....	....	....	....	....
Chicago & E. Ill. 1st s. f'd c'y. 6's	1907	2,989,000	J & D	102¼	June 7,'06	102¼	102¼	5,000
" small bonds			J & D	103½	July 8,'04	....	....	....
" 1st con. 6's. gold	1934	2,653,000	A & O	133	Apr. 11,'06	....	....	....
" gen. con. 1st 5's	1937	16,529,000	M & N	116¾	June29,'06	116¾	116½	3,000
" registered			M & N	118½	Feb. 26,'06	....	....	....
Chicago & Ind. Coal 1st 5's	1936	4,626,000	J & J	118¼	Mar. 28,'06	....	....	....
Chicago, Indianapolis & Louisville.								
" refunding g. 6's	1947	4,700,000	J & J	133	[illegible],'06	133½	133	4,000
" ref. g. 5's	1947	4,942,000	J & J	114½	[illegible],'06	114½	114½	6,000
Louisv. N. Alb. & Chic. 1st 6's	1910	3,000,000	J & J	107½	[illegible],'06	107½	107½	5,000
Chicago, Milwaukee & St. Paul.								
Chic. Mil. & St. Paul term. g 5's	1914	4,748,000	J & J	108⅛	M... 27,'06	....	....	....
" gen. g. 4's. series A	1989	23,676,000	J & J	111	[illegible]'06	111	108½	19,000
" registered		....	Q J	109½	[illegible]'04	....	....	....

BOND QUOTATIONS.—Last sale, price and date; highest and lowest prices and total sales for the month.

NOTE.—The railroads enclosed in a brace are leased to Company first named.

NAME. Principal Due.	Amount.	Int'st paid.	LAST SALE. Price.	Date.	JUNE SALES. High.	Low.	Total.
" gen. g. 3½'s, series B.1989	8,950,000	J & J	93⅝	June29,'06	95	93⅝	84,000
" registered....		J & J	....	....	....	....	....
" Chic. & Lake Sup. 5's, 1921	1,360,000	J & J	115¼	Oct. 24,'05	....	....	....
" Chic. & M. R. div. 5's, 1926	3,083,000	J & J	115¾	June20,'06	115¾	115¾	1,000
" Chic. & Pac. div. 6's, 1910	3,000,000	J & J	108	Apr. 28,'06	....	....	....
" 1st Chic. & P. W. g. 5's.1921	25,340,000	J & J	114	June18,'06	114	114	2,000
" Dakota & Gt. S. g. 5's.1916	2,856,000	J & J	110	June25,'06	110¼	110	30,000
" Far. & So. g. 6's assu...1924	1,250,000	J & J	137¼	July 18,'98	....	....	....
" 1st H'st & Dk. div. 7's. 1910	5,680,000	J & J	113	June20,'06	113	113	7,000
" 1st 5's 1910	990,000	J & J	106	Aug. 3,'04	....	....	....
" 1st 7's, Iowa & D. ex. 1908	546,000	J & J	182⅛	Apr. 5,'06	....	....	....
" 1st 5's, La. C. & Dav...1919	2,500,000	J & J	111½	May 17,'06	....	....	....
" Mineral Point div. 5's, 1910	2,840,000	J & J	106⅝	Apr. 3,'05	....	....	....
" 1st So. Min. div. 6's....1910	7,432,000	J & J	108¾	June 8,'06	108¾	108⅛	11,000
" 1st 6's, Southw'n div., 1909	4,000,000	J & J	106¾	Feb. 13,'06	....	....	....
" Wis. & Min. div. g. 5's.1921	4,755,000	J & J	112¾	Apr. 7,'06	....	....	....
" Mil. & N. 1st M. L. 6's.1910	2,155,000	J & D	108¾	Mar. 17,'06	....	....	....
" 1st con. 6's............1913	5,092,000	J & D	115	Feb. 10,'06	....	....	....
Chic. & Northwestern con. 7's...1915	12,832,000	Q F	122⅛	June20,'06	122⅞	122⅛	52,000
" extension 4's.....1886-1926	18,632,000	F A 15	103	Apr. 12,'06	....	....	....
" registered..............		F A 15	102	Mar. 31,'06	....	....	....
" gen. g. 3½'s..........1987	20,538,000	M & N	98¼	June22,'06	98¼	98¼	30,000
" registered		Q F	103	Nov.19,'98	..	....	....
" sinking fund 6's..1879-1929	5,686,000	A & O	113	June14,'06	113	113	12,000
" registered..............		A & O	114½	Feb. 7,'06	....	....	....
" sinking fund 5s'..1879-1929	6,702,000	A & O	109¾	June30,'06	109¾	109	6,000
" registered..............		A & O	107⅛	June 5,'06	107⅛	107⅛	1,000
" deben. 5's............1909	5,618,000	M & N	104⅛	Mar. 23,'06	....	....	....
" registered..............		M & N	104	Mar. 3,'04	....	....	....
" deben. 5's............1921	10,000,000	A & O	112¼	Mar. 2,'06	....	....	....
" registered..............		A & O	108¾	Jan. 12,'04	....	....	....
" sinking f'd deben. 5's.1933	9,800,000	M & N	116¾	Mar. 9,'06	....	....	....
" registered..............		M & N	117	Feb. 8,'06	....	....	....
Des Moines & Minn. 1st 7's.....1907	600,000	F & A	127	Apr. 8,'84	....	....	....
Northern Illinois 1st 5's.........1910	1,500,000	M & S	105¼	Dec. 11,'05	....	....	....
Ottumwa C. F. & St. P. 1st 5's..1909	1,600,000	M & S	104	Dec. 5,'05	....	....	....
Winona & St. Peters 2d 7's.....1907	1,592,000	M & N	102¼	June 1,'06	102¼	102⅛	4,000
Mil., L. Shore & We'n 1st g. 6's.1921	5,000,000	M & N	124	June 2,'06	124	124	16,000
" ext. & impt. s.f'd g. 5's1929	4,148,000	F & A	117⅝	June22,'06	117⅝	117⅝	3,000
" Ashland div. 1st g. 6's 1925	1,000,000	M & S	142½	Feb. 10,'02	....	....	....
" Michigan div. 1st g. 6's.1924	1,281,000	J & J	128⅛	Feb. 27,'06	....	....	....
" con. deb. 5's..........1907	436,000	F & A	105⅛	Sept.18,'05	....	....	....
" incomes...............1911	500,000	M & N	109	Sept. 9,'02	....	....	....
Chic., Rock Is. & Pac. 6's coup...1917	12,500,000	J & J	120⅝	Feb. 21,'06	....	....	....
" registered...........1917		J & J	119	Mar. 23,'06	....	....	....
" gen. g. 4's...........1988	61,581,000	J & J	102	June30,'06	103¼	102	89,000
" registered		J & J	102	May 9,'06	..	..	....
" refunding 4s. 1934	44,342,000	A & O	94	June30,'06	94¾	94	392,000
" registered..............		A & O	96	Nov.29,'05	....	....	......
" coll. tr. ser. 4's.							
" E....................1907	1,494,000	M & N	....	....	....	....	....
" F....................1908	1,494,000	M & N	....	....	....	....	....
" G....................1909	1,494,000	M & N	97½	June14,'06	97½	97½	10,000
" H....................1910	1,494,000	M & N	97	July14,'04	....	....	... ...
" I....................1911	1,494,000	M & N	97½	May 28,'05	....	....	....
" J....................1912	1,494,000	M & N	96¾	Dec. 19,'05	...	....	....
" K....................1913	1,494,000	M & N	....	....	....	....	....
" L....................1914	1,494,000	M & N	96¼	May 26,'05	....	....	....
" M....................1915	1,494,000	M & N	96	Nov.11,'05	....	....	....
" N....................1916	1,494,000	M & N	93	May 24,'04	....	....	....
" O....................1917	1,494,000	M & N	89½	May 1,'06	....	....	....
" P....................1918	1,494,000	M & N	90	May 11,'04	....	....	....
Chic. Rock Is. & Pac. R.R. 4's..2002	69,938,000	M & N	76	June30,'06	78⅝	76	383,000
" registered..............		M & N	79	Dec. 19,'05	....	....	....
" coll. trust g. 5's.......1913	17,342,000	M & S	90½	June30,'06	91½	90½	232,000
Burlington, Cedar R. & Northern.							
" con. 1st & col. tst 5's.1934	11,000,000	A & O	118	June13,'06	118	118	7,000
" registered..............		A & O	120½	Mar. 16,'03	....	....	....
Ced. Rap Ia. Falls & Nor. 1st 5's.1921	1,905,000	A & O	111	Nov.20,'04	....	....	....
Minneap's & St. Louis 1st 7's. g. 1927	150,000	J & D	140	Aug.24,'95	....	....	....
Choc., Okla. & Glf. gen. g. 5s....1919	5,500,000	J & J	105	May 8,'06	....	....	....
" con. g. 5's............1952	5,411,000	J & J	111	May 17,'05	....	....	....
Keokuk & Des M. 1st mor. 5's..1923	2,750,000	A & O	108	Apr. 7,'06	....	....	....
small bond 1923	....	A & O	110¾	Mar. 3,'06	....	....	... ...

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Chic., St.P., Minn.& Oma.con. 6's	1930	15,000,000	J & D	135	June27,'06	....	....	....
• con.6's reduced to 3½'s	1930	2,000,000	J & D	93	Dec. 19,'04	....	....	....
Chic., St. Paul & Minn. 1st 6's	1918	1,572,000	M & N	133	June27,'06	133	133	1,000
North Wisconsin 1st mort. 6's	1930	641,000	J & J	129¾	Mar. 3,'04	....	....	....
St. Paul & Sioux City 1st 6's	1919	6,070,000	A & O	120¾	June 8,'06	120¾	120½	21,000
Chic., Term. Trans. R. R. g. 4's	1947	15,135,000	J & J	101½	May 8,'06	....	....	....
• coupons off				99½	June25,'06	100	99½	36,000
Chic. & Wn. Ind. gen'l g. 6's	1932	8,963,000	Q M	113½	June26,'06	113½	113	4,000
• con. 50 yr. 4's	1952	17,143,000	J & J	....		....	....	....
Cin., Ham. & Day 2d g. 4½'s	1937	2,000,000	J & J	113	Oct. 10,19'	....	....	....
Cin., Day. & Ir'n 1st gt. dg. 5's	1941	3,500,000	M & N	112	Mar. 12,'06	....	....	....
Cin. Find. & Ft. W. 1st gtd g. 4's	1923	1,150,000	M & N	....		....	....	....
Cin. Ind. & Wn. 1st & ref. gtd g. 4's	1953	4,672,000	J & J	91	Mar. 27,'06	....	....	....
Clev., Cin., Chic. & St.L. gen. g. 4's	1993	20,749,000	J & D	102¾	June30,'06	102⅞	102	17,000
• do Cairo div. 1st g. 4's	1939	5,000,000	J & J	100¼	June14,'06	100¼	100¼	5,000
Cin., Wab. & Mich. div. 1st g. 4's	1991	4,000,000	J & J	100	June14,'06	100	100	2,000
St. Louis div. 1st col. trust g. 4's	1990	9,750,000	M & N	100¼	June 6,'06	100¼	100¼	2,000
• registered				100	Oct. 3,'04	....	....	....
Sp'gfield & Col. div. 1st g. 4's	1940	1,035,000	M & S	99¾	Feb. 8,'05	....	....	....
White W. Val. div. 1st g. 4's	1940	650,000	J & J	94½	Aug. 31,'03	....	....	....
Cin., Ind., St. L. & Chic. 1st g. 4's	1936	7,545,000	Q F	101	June26,'06	101	101	5,000
• registered				101	May 21,'06	....	....	....
• con. 6's	1920	654,000	M & N	105	Jan. 22,'04	....	....	....
Cin., S'dusky & Clev. con. 1st g. 5's	1928	2,571,000	J & J	113¼	June 5,'06	113¼	113¼	5,000
Clev., C., C. & Ind. con. 7's	1914	3,991,000	J & D	122	Jan. 29,'07	....	....	....
• sink. fund 7's	1914		J & D	119⅜	Nov. 19,'89	....	....	....
• gen. consol 6's	1934	3,205,000	J & J	134	Feb. 15,'06	....	....	....
• registered			J & J	....		....	....	....
Ind. Bloom. & West. 1st pfd 4's	1940	981,500	A & O	104½	Nov. 19,'01	....	....	....
Ohio, Ind. & W., 1st pfd. 5's	1938	500,000	Q J	....		....	....	....
Peoria & Eastern 1st con. 4's	1940	8,103,000	A & O	98½	June20,'06	98½	97⅝	38,000
• income 4's	1990	4,000,000	A	72	June30,'06	74	72	44,000
Clev., Lorain & Wheel'g con. 1st 5's	1933	5,000,000	A & O	115½	Mar. 29,'06	....	....	....
Clev., & Mahoning Val. gold 5's	1938	2,986,000	J & J	116½	Jan. 23,'05	....	....	....
• registered			Q J	....		....	....	....
Col. Midld Ry. 1st g. 4's	1947	8,946,000	J & J	76¼	June27,'06	78	76	109,000
Colorado & Southern 1st g. 4's	1929	19,103,000	F & A	93¾	June28,'06	94½	93	170,000
Conn., Passumpsic Riv's 1st g. 4's	1943	1,900,000	A & O	102	Dec. 27,'93	....	....	....
Delaware, Lack. & W. mtge 7's	1907	3,067,000	M & S	104⅞	Apr. 11,'06	....	....	....
Morris & Essex 1st m 7's	1914	5,000,000	M & N	120	June20,'06	120	120	1,000
• 1st c. gtd 7's	1915	11,677,000	J & D	127	Jan. 16,'06	....	....	....
• registered			J & D	127	June23,'05	....	....	....
• 1st refund. gtd. g. 3½'s	2000	7,000,000	J & D	....		....	....	....
N. Y., Lack. & West'n. 1st 6's	1921	12,000,000	J & J	126½	Mar. 9,'06	....	....	....
• const. 5's	1923	5,000,000	F & A	112	Mar. 24,'06	....	....	....
• terml. imp. 4's	1923	5,000,000	M & N	102¼	June19,'06	102¼	102	3,000
Syracuse, Bing. & N. Y. 1st 7's	1906	1,966,000	A & O	101½	May 15,'06	....	....	....
Warren Rd. 1st rfdg. gtd g. 3½'s	2000	905,000	F & A	102	Feb. 2,'03	....	....	....
Delaware & Hudson Canal.								
• 1st Penn. Div. c. 7's	1917	5,000,000	M & S	133	Feb. 13'06	....	....	....
• reg	1917		M & S	149	Aug. 5,'01	....	....	....
• 10 y. con. del. c'p'n 4's	1916	11,134,000	J & D	107	June30,'06	110¼	107	429,000
Alb. & Sus. cuv. con. 40y. g. 3½'s	1946	10,000,000	A & O	112½	June26,'06	117	111	962,000
• registered			A & O	....		....	....	....
Rens. & Saratoga 1st 7's	1921	2,000,000	M & N	142½	Mar. 10,'05	....	....	....
Denver & Rio G. 1st con. g. 4's	1936	33,450,000	J & J	100¾	June20,'06	101¼	100½	44,000
• con. g. 4½'s	1936	6,382,000	J & J	108	Mar. 24,'06	....	....	....
• impt. m. g. 5's	1928	8,318,500	J & D	107¼	May 15,'06	....	....	....
Rio Grande Western 1st g. 4's	1939	15,200,000	J & J	98	June27,'06	98½	97½	26,000
• mge. & col. tr. g. 4's ser. A	1949	13,336,000	A & O	88¾	June25,'06	89	88½	30,000
Utah Central 1st gtd. g. 4's	1917	550,000	A & O	97	Jan. 3,'02	....	....	....
Des Moines Union Ry 1st g. 5's	1917	628,000	M & N	110	Sept. 30,'04	....	....	....
Detroit & Mack. 1st lien g. 4s	1995	1,050,000	J & D	99¼	Feb. 19,'06	....	....	....
• g. 4s	1995	1,250,000	J & D	96¾	Mar. 23,'06	....	....	....
Detroit S'th'n O. So. div. 1st g. 4's	1941	4,495,000	M & S	89½	June22,'06	89½	89½	5,000
Duluth & Iron Range 1st 5's	1937	6,732,000	A & O	112	May 22,'06	....	....	....
• registered			A & O	112½	Feb. 13,'06	....	....	....
• 2d l m 6s	1916	2,000,000	J & J	....		....	....	....
Duluth So. Shore & At. gold 5's	1937	3,816,000	J & J	113½	Apr. 12,'06	....	....	....
Duluth Short Line 1st gtd. 5's	1916	500,000	M & S	....		....	....	....
Elgin Joliet & Eastern 1st g 5's	1941	8,500,000	M & N	116⅝	June11,'06	116⅝	116⅝	5,00

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Erie 1st ext. g. 4's	1947	2,482,000	M & N	107 1/8	Jan. 30,'06	....	....	....
• 2d extended g. 5's	1919	2,149,000	M & S	114 1/8	Feb. 23,'06	....	....	....
• 3d extended g. 4 1/2's	1923	4,617,000	M & S	107 1/4	May 7,'06	....	....	....
• 4th extended g. 5's	1920	2,926,000	A & O	115 1/4	Jan. 24,'06	....	....	....
• 5th extended g. 4's	1928	709,500	J & D	101	Jan. 8,'06	....	....	....
• 1st cons gold 7's	1920	16,890,000	M & S	131	June11,'06	131	131	2,000
• 1st cons. fund g. 7's	1920	3,699,500	M & S	133	Feb. 21,'06	....	....	....
Erie R.R. 1st con. g-4s prior bds.	1996	35,000,000	J&J	101 3/4	June27,'06	102	101 1/4	99,000
• registered			J&J	100 1/4	Apr. 19,'06	....	....	....
• 1st con. gen. lien g. 4s.	1996	35,885,000	J&J	93	June30,'06	93 1/8	92 1/4	64,000
• registered			J&J	88	Nov.15,'04	....	....	....
• Penn. col. trust g. 4's.	1951	33,000,000	F & A	94	June25,'06	94 3/4	94	133,000
• 50 yrs. con. g. 4's ser A.	1953	10,000,000	A & O	102 5/8	June30,'06	107 3/4	102 5/8	574,000
Buffalo, N. Y. & Erie 1st 7's	1916	2,380,000	J & D	122 1/2	Feb. 26,'96	....	....	....
Buffalo & Southwestern g. 6's	1908	1,500,000	J&J	104 5/8	Feb. 16,'06	....	....	....
• small			J&J	....		....	....	....
Chicago & Erie 1st gold 5's	1982	12,000,000	M & N	119 3/4	June20,'06	120 1/8	119 3/4	65,000
Jefferson R. R. 1st gtd g. 5's	1909	2,800,000	A & O	102 3/4	Dec. 5,'05	....	....	....
Long Dock consol. g. 6's	1935	7,500,000	A & O	135 1/2	Feb. 23,'06	....	....	....
N. Y. L. E. & W. Coal & R. R. Co. 1st gtd. currency 6's	1922	1,100,000	M&N	118	July25,'04	....	....	....
N. Y., L. E. & W. Dock & Imp. Co. 1st currency 6's	1913	3,396,000	J&J	115 5/8	Dec. 8,'05	....	....	....
N. Y. & Greenw'd Lake gt g 5's	1946	1,452,000	M&N	121 1/8	Oct. 17,'05	....	....	....
• small				117	July 20,'05	....	....	....
Midland R. of N. J. 1st g. 6's	1910	3,500,000	A & O	107	June25,'06	107	107	4,000
N.Y., Sus. & W. 1st refdg. g. 5's	1937	3,745,000	J & J	116 1/2	June18,'06	116 1/2	116 1/2	1,000
• 2d g. 4 1/2's	1937	447,000	F & A	103	Feb. 3,'06	....	....	....
• gen. g. 5's	1940	2,546,000	F & A	105 5/8	June30,'06	105 5/8	105	3,000
• term. 1st g. 5's,	1943	2,000,000	M & N	118	May 23,'06	....	....	....
• registered......$5,000 each			M & N	....		....	....	....
Wilkesb. & East. 1st gtd g. 5's	1942	3,000,000	J & D	110	June29,'06	110	110	24,000
Evans. & Ind'p. 1st con. g g 6's	1926	1,591,000	J & J	116	Apr. 25,'06	....	....	....
Evans. & Terre Haute 1st con. 6's.	1921	3,000,000	J & J	123	Oct. 20,'05	....	....	....
• 1st General g 5's	1942	2,672,000	A & O	109 1/2	June12,'06	109 1/2	107 1/4	2,000
• Mount Vernon 1st 6's	1923	375,000	A & O	114	Apr. 19,'05	....	....	....
• Sul. Co. Bch. 1st g 5's	1930	450,000	A & O	106 1/4	Feb. 21,'06	....	....	....
Ft. Smith U'n Dep. Co. 1st g 4 1/2's.	1941	1,000,000	J & J	105	Mar. 11,'98	....	....	....
Ft. Worth & D. C. ctfs. dep. 1st 6's	1921	8,176,000	......	111 3/4	June20,'06	112	111 3/4	16,000
Ft. Worth & Rio Grande 1st g 5's.	1928	2,863,000	J & J	87 3/4	June29,'06	87 3/4	87 3/4	10,000
Galveston H. & H. of 1882 1st 5s	1913	2,000,000	A & O	101	Dec. 6,'05	....	....	....
Gulf & Ship Isl. 1st refg. & ter. 5's	1952	4,937,000	J & J	104 1/8	June30,'06	105 3/4	103 1/2	45,000
• registered			J & J	....		....	....	....
Hock. Val. Ry. 1st con. g. 4 1/2's	1999	14,139,000	J & J	108 1/2	June29,'06	108 1/2	107 3/4	87,000
• registered			J & J	105 1/2	July 14,'04	....	....	....
Col. Hock's Val. 1st ext. g. 4's.	1848	1,401,000	A & O	100	May 2,'06	....	....	....
Colu. & Tol. RR. Co. 1st m. ex. 4's	1955	2,441,000	......	100	Apr. 3,'06	....	....	....
Illinois Central, 1st g. 4's	1951	1,500,000	J&J	110	Dec. 18,'05	....	....	....
• registered			J&J	113 1/2	Mar. 12,19'	....	....	....
• 1st gold 3 1/2's	1951	2,499,000	J&J	99 7/8	June18,'06	100	99 7/8	2,000
• registered			J&J	94	Mar. 28,'03	....	....	....
• extend 1st g 3 1/2's	1951	3,000,000	A & O	99 1/2	June22,'06	99 1/2	99 1/2	7,000
• registered			A & O	....		....	....	....
• 1st g 3s sterl. £500,000	1951	2,500,000	M & S	70	Oct. 17,'04	....	....	....
• registered			M & S	....		....	....	....
• total outstg....$13,950,000								
• collat. trust gold 4's	1952	15,000,000	A & O	106	June19,'06	106	105	16,000
• regist'd			A & O	102	Oct. 4,'03	....	....	....
• col. t. g. 4s L. N. O. & Tex.	1953	24,679,000	M & N	105	June30,'06	105	104 1/4	13,000
• registered			M & N	100	May 8,'06	....	....	....
• Cairo Bridge g 4's	1950	3,000,000	J & D	106 1/2	Mar. 7,'03	....	....	....
• registered			J & D	123	May 24,'99	....	....	....
• Litchfield div. 1st g. 3s.	1951	3,148,000	J & J	....		....	....	....
• Louisville div. g. 3 1/2's.	1953	14,320,000	J & J	92 1/4	Apr. 27,'06	....	....	....
• registered			J & J	88 1/2	Dec. 8,'99	....	....	....
• Middle div. reg. 5's	1921	600,000	F & A	95	Dec. 21,'99	....	....	....
• Omaha div. 1st g. 3's	1951	5,000,000	F & A	78 1/2	Apr. 10,'06	....	....	....
• St. Louis div. g. 3's	1951	4,989,000	J & J	82 1/2	May 31,'06	....	....	....
• registered			J & J	101 1/4	Jan. 31,'19	....	....	....
• g. 3 1/2's	1951	6,821,000	J & J	93 1/4	June23,'06	93 1/2	93 1/2	1,000
• registered			J & J	101 1/2	Sept. 10,'95	....	....	....
• Sp'gfield div 1st g 3 1/2's.	1951	2,000,000	J & J	100	Nov. 7,19'	....	....	....
• registered			J & J	124	Dec. 11,'99	....	....	....
• West'n Line 1st g. 4's,	1951	5,425,000	F & A	107 3/4	Jan. 26,'06	....	....	....
• registered			F & A	101 1/2	Jan. 31,'91	....	....	....
Belleville & Carodt 1st 6's	1923	470,000	J & D	122	July 7,'04	....	....	....
Carbond'e & Shawt'n 1st g. 4's,	1932	241,000	M & S	105	Jan. 22,'91	....	....	....
Chic., St. L. & N. O. gold 5's	1951	16,555,000	J D 15	120 5/8	June27,'06	123	120 5/8	15,000

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" gold 5's, registered		16,555,000	J D 15	119¾	Mar. 12,'04	....	....	....
" g. 3½'s	1951	1,852,000	J D 15	98⅝	May 31,'04	....	....	....
" registered			J D 15	106¼	Aug.17,'99	....	....	....
" Memph. div. 1st g. 4's	1951	8,500,000	J & D	110½	Jan. 4,'05	....	....	....
" registered			J & D	121	Feb. 24,'99	....	....	....
St. Louis South. 1st gtd. g. 4's	1931	538,000	M & S	101⅛	Mar. 16,'05	....	....	....
Ind., Dec. & West. 1st g. 5's	1935	1,824,000	J & J	108⅞	Jan. 30,'06	....	....	....
" 1st gtd. g. 5's	1935	933,000	J & J	107⅛	Dec. 18,'01	....	....	....
Indiana, Illinois & Iowa 1st g. 4's	1950	4,850,000	J & J	100	Apr. 3,'06	....	....	....
Internat. & Gt. N'n 1st. 6's, gold	1919	11,291,000	M & N	117	June20,'06	117	117	10,000
" 2d g. 5's	1909	10,391,000	M & S	100⅛	June22,'06	100⅛	98⅞	32,000
" 3d g. 4's	1921	2,960,500	M & S	75¼	June12,'06	75¼	75¼	1,000
Iowa Central 1st gold 5's	1938	7,650,000	J & D	111¼	June29,'06	111⅝	111¼	2,000
" refunding g. 4's	1951	2,000,000	M & S	86	Mar. 15,'06	....	....	....
Kansas City Southern 1st g. 3's	1950	30,000,000	A & O	72⅝	June29,'06	73	72	73,000
" registered			A & O	63¼	Oct. 16,19'	....	....	....
Lake Erie & Western 1st g. 5's	1937	7,250,000	J & J	118	June14,'06	118	118	1,000
" 2d mtge. g. 5's	1941	3,625,000	J & J	112¾	June28,'06	112¾	112¾	2,000
Northern Ohio 1st gtd g 5's	1945	2,500,000	A & O	117	Jan. 17,'06	....	....	....
Lehigh Val. N. Y. 1st m. g. 4½'s	1940	15,000,000	J&J	111½	June29,'06	111½	111	7,000
" registered		....	J&J	112⅛	Nov. 6,'05	....	....	....
Lehigh Val. (Penn.) g. c. g. 4's	2003	22,000,000	M & N	98¼	June23,'06	98¼	98¼	3,000
" registered			M & N	....	....	....	...	....
Lehigh Val. Ter. R. 1st gtd g. 5's	1941	10,000,000	A & O	118¾	Apr. 10,'06	....	....	....
" registered			A & O	109½	Oct. 18,'99	....	....	....
Lehigh V. Coal Co. 1st gtd g. 5's	1933	10,114,000	J & J	112⅝	Apr. 6,'06	....	....	....
" registered	1933		J & J	....	....	....	....	....
" 1st 40-yr gtd int. red to 4%	1933	1,400,000	J & J	....	....	....	....	....
Lehigh & N. Y., 1st gtd g. 4's	1945	2,000,000	M&S	96¼	May 4,'06	....	....	....
" registered			M&S	....	....	....	...	....
Elm., Cort. & N. 1st g. 1st pfd 6's	1914	750,000	A & O	113⅞	Jan. 22,'06	....	....	....
" " g. gtd 5's	1914	1,250,000	A & O	105¼	Jan. 5,'06	....	....	....
Long Island 1st cons. 5's	1931	3,610,000	Q J	115	June 8,'06	115	115	1,000
" 1st con. g. 4's	1931	1,121,000	Q J	116¼	June 8,'04	....	....	....
Long Island gen. m. 4's	1938	3,000,000	J & D	98¼	June23,'06	99	88⅛	7,000
" Ferry 1st g. 4½'s	1922	1,494,000	M & S	102	Nov.27,'05	....	....	....
" g. 4's	1932	325,000	J & D	99¼	Oct. 28,'04	....	....	....
" unified g. 4's	1949	5,660,000	M & S	97	June29,'06	97½	96	37,000
" deb. g. 5's	1934	1,135,000	J & D	110	June 22,'04	....	....	....
" gtd. refunding g. 4's	1949	22,408,000	M & S	99½	June29,'06	100⅝	99½	27,000
" " registered			M & S	99	Mar. 19,'06	....	....	....
Brooklyn & Montauk 1st 6's	1911	250,000	M & S	....	....	....	....	....
" 1st 5's	1911	750,000	M & S	106½	Dec. 9,'05	....	....	....
N. Y. B'kln & M. B. 1st c. g. 5's	1935	1,601,000	A & O	112	Mar. 10,'02	....	....	....
N. Y. & Rock'y Beach 1st g. 5's	1927	883,000	M & S	111	Jan. 23,'06	....	....	....
Long Isl. R. R. Nor. Shore Branch 1st Con. gold garn't'd 5's	1932	1,425,000	Q JAN	112⅛	July 7,'05	....	....	....
Louisiana & Arkan. Ry. 1st g. 5's	1927	3,390,000	M & S	105	June29,'06	105	105	10,000
Louis. & Nash. gen. g. 6's	1930	7,492,000	J & D	115¼	June22,'06	116½	115¼	9,000
" gold 5's	1937	1,764,000	M & N	121⅛	Feb. 27,'06	....	....	....
" Unified gold 4's	1940	87,562,000	J & J	103	June30,'06	104	102¾	91,000
" registered	1940		J & J	101	May 1,'06	....	....	....
" collateral trust g. 5's	1931	5,129,000	M & N	111¼	June12,'06	111¼	111¼	1,000
" 5-20yr. col. tr. deed g. 4's	1923	23,000,000	A & O	97¾	June27,'06	98	97½	57,000
" E., Hend. & N. 1st 6's	1919	1,600,000	J & D	114¼	June 6,'05	....	....	....
" L. Cin. & Lex. g. 4½'s	1931	3,258,000	M & N	109	Mar. 6,'05	....	....	....
" N.O. & Mobile 1st g. 6's	1930	5,000,000	J & J	130	June13,'06	130	129¾	36,000
" 2d g. 6's	1930	1,000,000	J & J	122¼	Mar. 19,'06	....	....	....
" Pensacola div. g. 6's	1920	405,000	M & S	114	Apr. 26,'02	....	....	....
" St. Louis div. 1st g. 6's	1921	3,500,000	M & S	120⅛	Mar. 6,'06	....	....	....
" 2d g. 3's	1980	3,000,000	M & S	74⅜	Oct. 4,'05	....	....	....
" At. Kx. & N. R. 1st g. 5's	1946	1,000,000	J & D	116	June 6,'06	116	116	5,000
" H. B'ge 1st sk'fd. g 6's	1931	1,414,000	M & S	108½	Jan. 3,'06	....	....	....
" Ken. Cent. g. 4's	1987	6,742,000	J & J	100	June 8,'06	100½	100	13,000
" L. & N. & Mob. & Montg 1st. g. 4½s	1945	4,000,000	M & S	108¾	June13,'06	108¾	108¾	10,000
" South. Mon. joint 4's	1952	11,827,000	J & J	97	June15,'06	97	96	35,000
" registered			Q Jan	95	Feb. 6,'05	....	....	....
" N. Fla. & S. 1st g. g. 5's	1937	2,096,000	F & A	114	May 2,'06	....	....	....
" Pen. & At. 1st g. g. 6's	1921	2,331,000	F & A	112⅛	Mar. 28,'06	....	....	....
" S.&N.A. con. gtd. g. 5's	1936	3,673,000	F & A	107	Dec. 4,'05	....	....	....
" sinking fund g. 6s	1910	1,942,000	A & O	110	Mar.23,'02	....	....	....
Lo. & Jefferson Bdg. Co. gtd. g. 4's	1945	3,000,000	M & S	97	May 8,'06	....	....	....
Manhattan Railway Con. 4's	1990	28,065,000	A & O	100¾	June26,'06	101	101⅝	46,000
" registered			A & O	104	Apr. 5,'05	....	....	....
Metropolitan Elevated 1st 6's	1908	10,818,000	J & J	105½	June29,'06	106	105⅝	13,000
Manitoba Swn. Coloniza'n g. 5's	1934	2,544,000	J & D	....	....	....	....	....
Mexican Central, con. mtge. 4's	1911	65,690,000	J & J	80	June27,'06	80½	79½	159,000

BOND QUOTATIONS.—Last sale, price and date; highest and lowest prices and total sales for the month.

NOTE.—The railroads enclosed in a brace are leased to Company first named.

NAME.	Principal Due.	Amount.	Int'st Paid.	LAST SALE. Price.	Date.	JUNE SALES. High.	Low.	Total.
• 1st con. inc. 3's	1939	20,511,000	JULY	18	June30,'06	21¾	18	755,000
• 2d 3's	1939	11,724,000	JULY	15	June29,'06	17½	14½	615,000
• equip. & collat. g. 5's	1917	500,000	A & O	....	....	....	....	....
• 2d series g. 5's	1919	615,000	A & O	....	....	....	....	....
• col. trust g. 4½'s 1st se of	1907	10,000,000	F & A	100¼	June25,'06	100½	100¼	100,000
Mexican Internat'l 1st con g. 4's	1977	706,000	M & S	90⅝	July 29,'01	....	....	....
• stamped gtd.		6,377,000	......	....	....	....	....	....
Mexican Northern 1st g. 6's	1910	905,000	J & D	....	....	....	....	....
• registered			J & D	105	May 2,19'	....	....	....
Midland Term'l Ry. 1st g.s.f.5's	1925	472,000	J & D	....	....	....	....	....
Minneapolis & St. Louis 1st g. 7's	1927	950,000	J & D	137	June29,'05	....	....	....
• Iowa ext. 1st g. 7's	1909	1,015,000	J & D	111½	Oct. 26,'05	....	....	....
• Pacific ext. 1st g. 6's	1921	1,382,000	J & A	118	June 5,'06	118	117⅝	6,000
• Southw. ext. 1st g. 7's	1910	636,000	J & D	113¼	Mar. 10,'05	....	....	....
• 1st con. g. 5's	1934	5,000,000	M & N	112⅞	June20,'06	112⅞	112⅞	8,000
• 1st & refunding g. 4's	1949	9,350,000	M & S	93½	June12,'06	93½	93½	5,000
DesMoines & Ft. Dge 1st gtd g.4's	1935	3,072,000	J & J	97	Apr. 19,'06	....	....	....
Minn., S. P. & S. S. M., 1st c. g. 4's	1938	38,105,000	J & J	102¼	June14,'06	102¼	102¼	4,000
• stamped pay. of int. gtd.				....	....	....	....	....
Minn., S. S. M. & Atlan. 1st g. 4's	1926	8,209,000	J & J	103	Nov.11,'01	....	....	....
• stamped pay. of int. gtd.				89⅝	June18,'91	....	....	....
Missouri, K. & T. 1st mtge g. 4's	1990	40,000,000	J & D	99¼	June26,'06	100½	99⅛	85,000
• 2d mtge. g. 4's	1990	20,000,000	F & A	88¼	June28,'06	89	88¼	68,000
• 1st ext gold 5's	1944	3,254,000	M & N	106	June25,'06	106	105	8,000
• 1st & ref. mtg. 4s	2004	5,182,000	M & S	87½	June 5,'06	87½	87½	10,000
• • small			M & S	....	....	....	....	....
St. Louis div. 1st refundg 4s	2001	1,915,000	A & O	88	June20,'06	88	88	6,000
Dallas & Waco 1st gtd. g. 5's	1940	1,340,000	M & N	108	Feb. 13,'06	....	....	....
Kan. City & Pac. 1st g. 4s	1990	2,500,000	F & A	96	June 4,'06	96	96	....
Mo., Kan. & East. 1st gtd. g. 5s.	1942	4,000,000	A & O	113¼	May 26,'06	....	....	....
Mo., Kan. & Ok. 40 yr. 1st gtd. 5s.	1942	5,468,000	M & N	107	June22,'06	107¾	107	60,000
Mo., K. & Tex. of Tex. 1st gtd. g. 5s	1942	4,505,000	M & S	105	June19,'06	105	105	5,000
Sher., Shreve. & So. 1st gtd. g. 5s.	1943	1,689,000	J & D	108¼	Apr 3,'06	....	....	....
Tex. & Ok. 40 yr. 1st gtd. g. 5s	1943	2,347,000	M & S	105¾	Apr. 25,'06	....	....	....
Missouri Pacific 1st con. g. 6's	1920	14,904,000	M & N	120¾	June28,'06	121½	120½	25,000
• 3d mortgage 7's	1906	3,828,000	M & N	101⅝	June22,'06	101⅝	101¼	4,000
• trusts gold 5's stamp'd	1917	14,376,000	M & S	105	June25,'06	106	105	18,000
• registered			M & S	107¼	Feb. 17,'06	....	....	....
• 1st collateral gold 5's	1920	9,636,000	F & A	105	June29,'06	106½	105	31,000
• registered			F & A	....	....	....	....	....
• forty yrs. 4's g. loan	1945	25,000,000	......	93	June27,'06	93	92⅞	15,000
Cent. Branch Ry. 1st gtg. g. 4's	1919	3,459,000	F & A	95	June27,'06	96	95	4,000
Leroy & Caney Val. A. L. 1st 5's	1926	520,000	J & J	110	Mar. 13,'05	....	....	....
Pacific R. of Mo. 1st m. ex. 4's	1938	7,000,000	M & S	103	Apr. 27,'06	....	....	....
• 2d extended g. 5's	1938	2,573,000	F & A	118	June29,'06	118	116¼	59,000
St. L. & I. g. con. R.R. & l. gr. 5's	1931	36,624,000	A & O	114½	June29,'06	114¾	114	47,000
• stamped gtd gold 5's	1931	6,833,000	A & O	116	Nov. 6,'05	....	....	....
• unify'g & rfd'g g. 4's	1929	30,469,000	J & J	93½	June28,'06	94	93	29,000
• registered			J & J	87¼	Apr. 23,'04	....	....	....
• Riv & Gulf divs 1st g 4s	1933	22,754,000	M & N	93½	June30,'06	94½	93¼	22,000
Verdigris V'y Ind. & W. 1st 5's	1926	750,000	M & S	107½	Apr. 13,'06	....	....	....
Mob. & Birm., prior lien, g. 5's	1945	574,000	J & J	115⅛	Apr. 14,'06	....	....	....
• small		226,000	J & J	90	Feb. 4,'03	....	....	....
• mtg. g. 4's	1945	700,000	J & J	96	Oct. 9,'05	....	....	....
• small		500,000	......	94	Aug. 6,'04	....	....	....
Mob. Jackson & Kan. City 1st g. 5's	1946	1,882,000	J & D	96	Apr. 7,'06	....	....	....
Mobile & Ohio new mort. g. 6's	1927	7,000,000	J & D	126	May 2,'06	....	....	....
• 1st extension 6's	1927	974,000	J & D	122	Dec. 20,'05	....	....	....
• gen. g. 4's	1938	9,472,000	Q J	96¾	Jan. 5,'06	....	....	....
• Montg'ry div. 1st g. 5's	1947	4,000,000	F & A	114½	June 4,'06	114¾	114½	5,000
St. Louis & Cairo gtd g. 4's	1931	4,000,000	M & S	96½	June 5,'06	96½	96½	2,000
• collateral g. 4's	[illegible]	2,494,000	Q F	[illegible]	Oct. 18,'05	....	....	....
Nashville, Chat. & St. L. 1st 7's	1913	6,300,000	J & J	[illegible]	Mar 24,'06	....	....	....
• 1st cons. g. 5's	1928	7,6[illegible]	A & O	[illegible]	June[illegible]	113⅝	113	12,000
• 1st g. 6's Jasper Branch	1923	371,000	J & J	[illegible]	Feb. [illegible]	....	....	....
• 1st 6's M. M. W. & Al.	[illegible]	750,000	J & J	[illegible]	Mar. 6,'06	....	....	....
• 1st 6's T. & P.	[illegible]	300,000	J & J	113	July 6,'05	....	....	....
Nat R.R. of Mex prior lien 4½'s	[illegible]	23,000,000	J & J	[illegible]	Apr. 6,'06	....	....	....
• 1st con. g. 4's	[illegible]	[illegible]	A & O	[illegible]	June [illegible]	[illegible]	[illegible]	73,000
N. O. & N. East prior lien g. 6's	[illegible]	1,320,000	A & O	[illegible]	Apr. [illegible]	....	....	....
N. Y. Cent. & Hud. R. g. mtg. [illegible]	[illegible]	[illegible]	J & J	[illegible]	June [illegible]	[illegible]	[illegible]	153,000
• • registered			J & J	[illegible]	June [illegible]	[illegible]	[illegible]	17,000
• deb. g. 4s	[illegible]	[illegible]	M & N	[illegible]	[illegible]	[illegible]	[illegible]	35,000
• • registered			M & N	[illegible]	Apr. [illegible]	....	....	....
Lake Shore col. g. 3½s.	[illegible]	[illegible]	F & A	[illegible]	[illegible]	[illegible]	[illegible]	17,000
• registered			F & A	[illegible]	June[illegible]	[illegible]	[illegible]	[illegible]

BOND QUOTATIONS.—Last sale, price and date; highest and lowest prices and total sales for the month.

NOTE.—The railroads enclosed in a brace are leased to Company first named.

Name.	*Principal Due.*	*Amount.*	*Int'st Paid.*	Last Sale. *Price.*	Last Sale. *Date.*	June Sales. *High.*	June Sales. *Low.*	June Sales. *Total.*
Michigan Central col. g. 3½s	1998	19,836,000	F & A	90	June 27,'06	90	89⅛	27,000
" registered			F & A	88¼	June 21,'06	88¼	88¼	2,000
Beech Creek 1st. gtd. 4's	1936	5,000,000	J & J	104	June 6,'06	104	104	5,000
" registered			J & J	104	Dec. 13,'05	....	....	....
2d gtd. g. 5's	1936	500,000	J & J	....	....	....	....	....
" registered		....	J & J	....	....	....	....	....
" ext. 1st. gtd. g. 3½'s	1951	3,500,000	A & O	....	....	....	....	....
" registered			A & O	....	....	....	....	....
Carthage & Adiron. 1st gtd g. 4's	1981	1,100,000	J & D	....	....	....	....	....
Clearfield Bit. Coal Corporation, 1st s. f. int. gtd. g. 4's ser. A.	1940	699,000	J & J	87½	June 23,'04	....	....	....
" small bonds series B		32,500	J & J	....	....	....	....	....
Gouv. & Oswega. 1st gtd g. 5's	1942	300,000	J & D	....	....	....	....	....
Mohawk & Malone 1st gtd g. 4's	1991	2,500,000	M & S	105	Nov. 20,'05	....	....	....
N. Jersey Junc. R. R. g. 1st 4's	1986	1,650,000	F & A	105	Oct. 10,'02	....	....	....
" reg. certificates			F & A	....	....	....	....	....
N. Y. & Putnam 1st con. gtd g. 4's	1993	4,000,000	A & O	104⅛	Feb. 28,'06	....	....	....
Nor. & Montreal 1st g. gtd 5's	1916	130,000	A & O	....	....	....	....	....
West Shore 1st guaranteed 4's	2361	50,000,000	J & J	108	June 28,'06	108	107	56,000
" registered			J & J	104⅛	June 28,'06	107¼	104	13,000
Lake Shore g 3½s	1997	50,000,000		97¾	June 30,'06	98	97	95,000
" registered			J & D	97¼	June 4,'06	97¼	97¼	44,000
" deb. g. 4's	1928	50,000,000	M & S	99⅝	June 30,'06	99¾	97⅛	386,000
Detroit, Mon. & Toledo 1st 7's	1906	924,000	F & A	101⅛	Feb. 9,'06	....	....	....
Kal., A. & G. R. 1st gtd c. 5's	1938	840,000	J & J	....	....	....	....	....
Mahoning Coal R. R. 1st 5's	1934	1,500,000	J & J	125⅛	Mar. 5,'06	....	....	....
Pitt McK'port & Y. 1st gtd 6's	1932	2,250,000	J & J	139	Jan. 21,'03	....	....	....
" 2d gtd 6's	1934	900,000	J & J	....	....	....	....	....
McKspt & Bell. V. 1st g. 6's	1918	600,000	J & J	....	....	....	....	....
Michigan Cent. 6's	1909	1,500,000	M & S	107¼	June 19,'06	107¼	107¼	1,000
" 5's	1931	3,576,000	M & S	120	Jan. 3,'06	....	....	....
" 5's reg	1931		Q M	119	June 12,'06	119	119	2,000
" 4's	1940	2,600,000	J & J	104⅛	Mar. 23,'06	....	....	....
" 4's reg			J & J	106⅛	Nov. 26,19'	....	....	....
" g. 3½'s sec. by 1st mge. on J. L. & S.		1,750,000	M & S	....	....	....	....	....
" 1st g. 3½'s	1952	13,000,000	M & N	96⅝	June 25,'06	96⅝	96⅝	5,000
Battle C. Sturgis 1st g. g. 3's	1989	476,000	J & D	....	....	....	....	....
N. Y. & Harlem 1st mort. 7's c.	1900	12,000,000	M & N	105⅛	Mar. 2,'05	....	....	....
" 7's registered	1900		M & N	102¾	Apr. 6,19'	....	....	....
N. Y. & Northern 1st g. 5's	1927	1,200,000	A & O	119⅛	Mar. 31,'05	....	....	....
R. W. & Og. con. 1st ext. 5's	1923	9,081,000	A & O	114	June 21,'06	114	114	34,000
coup. g. bond currency			A & O	....	....	....	....	....
Oswego & Rome 2d gtd gold 5's	1915	400,000	F & A	113¾	Jan. 25,'02	....	....	....
R. W. & O. Ter. R. 1st g. gtd 5's	1918	375,000	M & N	....	....	....	....	....
Utica & Black River gtd g. 4's	1922	1,800,000	J & J	107⅛	Feb. 4,'05	....	....	....
N. Y., Chic. & St. Louis 1st g. 4's	1937	19,425,000	A & O	104⅛	June 22,'06	104½	104⅝	12,000
" registered			A & O	103	Oct. 6,'05	....	....	....
N. Y., N. Haven & Hartford.								
Housatonic R. con. g. 5's	1937	2,838,000	M & N	124	Feb. 24,'06	....	....	....
New Haven and Derby con. 5's	1918	575 000	M & N	115½	Oct. 15,'94	....	....	....
N. Y., Ont. & W'n. ref'ding 1st g. 4's	1992	20,000,000	M & S	101⅛	June 27,'06	101½	100¼	54,000
" registered......$5,000 only.		....	M & S	101½	June 29,'06	101½	101½	20,000
Norfolk & Southern 1st g. 5's	1941	1,500,000	M & N	110	May 31,'06	....	....	....
Norfolk & Western gen. mtg. 6's	1931	7,283,000	M & N	132⅝	Apr. 27,'06	....	....	....
" imp'ment and ext. 6's	1934	5,000,000	F & A	130¾	Feb. 15,'06	....	....	....
" New River 1st 6's	1932	2,000,000	A & O	129¾	Nov. 27,'05	....	....	....
Norfolk & West. Ry. 1st con. g. 4s	1996	40,400,500	A & O	100⅜	June 25,'06	100½	100⅛	189,000
" registered			A & O	100	Feb. 16,'06	....	....	....
" small bonds			A & O	....	....	....	....	....
" div. 1st lien & gen g. 4s	1944	11,000,000	J & J	99	June 30,'06	99	98½	6,000
" " registered			J & J	....	....	....	....	....
" Pocahon C. & C. Co. jt. 4's	1941	20,000,000	J & D	92½	June 30,'06	93¾	92½	104,000
" C. C. & T. 1st g. t. g g 5's	1922	600,000	J & J	109½	Feb. 20,'05	....	....	....
" Sci'o Val & N. E. 1st g. 4's	1989	5,000,000	J & N	100¼	June 25,'06	100½	99¾	21,000
N. P. Ry prior ln ry. & ld. gt. g. 4's	1997	101,392,500	Q J	105¼	June 30,'06	105½	104	301,000
" registered			Q J	102½	May 18,'06	....	....	....
" gen. lien g. 3's	2047	56,000,000	Q F	76⅜	June 30,'06	76¾	75¾	169,000
" registered			Q F	76	June 25,'06	76	76	5,000
Paul & Duluth div. g. 4's	1996	7,897,000	J & D	98	June 4,'06	98	98	5,000
" registered			J & D	....	....	....	....	....
St. Paul & N. Pacific gen g. 6's	1923	7,985,000	F & A	124¾	May 4,'06	....	....	....
" registered certificates			Q F	132	July 28,'98	....	....	....
St. Paul & Duluth 1st 5's	1931	1,000,000	F & A	113	Mar. 22,'06	....	....	....
" 2d 5's	1917	2,000,000	A & O	110	Mar. 13,'06	....	....	....
" 1st con. g. 4's	1968	1,000,000	J & D	100¼	Dec. 22,'05	....	....	....
Washington Cen. Ry 1st g. 4's	1948	1,538,000	Q M C H	93	May 9,'06	....	....	....
Nor. Pacific Term. Co. 1st g. 6's	1933	3,533,000	J & J	116	May 16,'06	....	....	....

BOND QUOTATIONS.—Last sale, price and date: highest and lowest prices and total sales for the month.

NOTE.—The railroads enclosed in a brace are leased to Company first named.

Name.	Principal Due.	Amount.	Int'st Paid.	Last Sale. Price.	Last Sale. Date.	June Sales. High.	June Sales. Low.	June Sales. Total.
Ohio River Railroad 1st 5's	1936	2,000,000	J & D	116	May 16,'06	....	....	....
″ gen. mortg. g 6's	1937	2,428,000	A & O	114¾	Jan. 20,'06	....	....	....
Ozark&Cher.Cent.Ry.1st gtd g 5s	1913	2,880,009	A & O	98¼	June20,'06	98¼	98¼	2,000
Pacific Coast Co. 1st g. 5's	1946	5,000,000	J & D	110	June29,'06	110	110	2,000
Panama 1st sink fund g. 4½'s	1917	2,272,000	A & O	105	Dec. 22,'05	....	....	....
″ s. f. subsidy g 6's	1910	533,000	M & N	102	Apr. 14,'02	....	....	....
Pennsylvania Railroad Co.								
Penn. Co.'s gtd. 4½'s, 1st	1921	19,467,000	J & J	107¾	June27,'06	108¾	107¾	10,000
″ reg	1921		J & J	107¾	Dec. 11,'05	....	....	....
″ gtd.3½ col.tr.reg.cts.	1937	4,815,000	M & S	90½	June 8,'06	91½	90½	6,000
″ gtd.3½ col.tr.cts.serB	1941	9,581,000	F & A	91½	Mar. 7,'06	....	....	....
″ Trust Co. ctfs. g. 3½'s.	1916	14,664,000	M & N	96½	June27,'06	96½	96¼	9,000
″ gtd. g. 3½'s tr. cts. s.C.	1942	4,948,000	J & D	....		....	....	....
″ gtd. g. 3½'s tr. cts.s.D.	1944	10,000,000	J & D	90½	Mar. 20,'06	....	....	....
Chic., St. Louis & P. 1st c. 5's	1932	1,506,000	A & O	118	June16,'06	118	118	6,000
″ registered		....	A & O	110	May 3,'92	....	....	....
Cin., Leb. & N. 1st con.gtd.g.4's.	1942	900,000	J & J	....		....	....	....
Clev.&P.gen.gtd.g.4½'s Ser. A.	1942	3,000,000	J & J	108¼	Aug.21,'03	....	....	....
″ Series B	1942	1,561,000	A & O	....		....	....	....
″ ″ int. reduc. 3½ p.c.		439,000	......	....		....	....	....
″ Series C 3½s	1948	2,944,000	M & N	98½	Dec. 15,'05	....	....	....
″ Series D 3½s	1950	1,975,000	F & A	96	Jan. 8,'04	....	....	....
E.&Pitts. gen.gtd.g.3½s Ser.B.	1940	2,240,000	J & J	96¼	Jan. 2,'06	....	....	....
″ ″ ″ C.	1940	2,218,000	J & J	98¾	Apr. 4,'04	....	....	....
Newp. & Cin. Bge Co. gtd g. 4's.	1945	1,400,000	J & J	....		....	....	....
Ohio Con'ing Ry.1st gtd.s.f.4's.	1943	2,000,000	M & S	....		....	....	....
Pitts., C. C. & St. L. con. g 4½'s..								
″ Series A	1940	10,000,000	A & O	110	June28,'06	110	109½	5,000
″ Series B gtd	1942	8,786,000	A & O	110	June11,'06	110	109⅝	60,000
″ Series C gtd	1942	1,379,000	M & N	112½	June12,'05	....	....	....
″ Series D gtd. 4's	1945	4,983,000	M & N	99	June15,'06	99	99	1,000
″ Series E gtd. g. 3½s	1949	9,851,000	F & A	92½	Mar. 5,'06	....	....	....
″ Series F c. gtd. g. 4's	1953	10,000,000	J & D	....		....	....	....
Pitts., Ft. Wayne & C. 1st 7's	1912	2,219,000	J & J	127⅝	Oct. 21,'02	....	....	....
″ 2d 7's	1912	1,918,000	J & J	119	June18,'06	119	119	1,000
″ 3d 7's	1912	2,000,000	A & O	119	Apr. 11,'04	....	....	....
Tol Walhonding Vy.&O.1st gtd.bds 4½'s series A	1931	1,500,000	J & J	....		....	....	....
″ 4½'s series B	1933	978,000	J & J	....		....	....	....
″ 4's series C	1942	1,453,000	M & S	....		....	....	....
Penn. RR. Co. 1st Rl Est. g 4's	1923	1,675,000	M & N	106½	June20,'05	106½	106½	2,000
con. gold 5 per cent	1919	4,998,000	M & S	111½	Sept.21,'04	....	....	....
″ registered			Q M	....		....	....	....
con. gold 4 per cent	1943	2,741,000	M & N	106	Aug.28,'03	....	....	....
″ ten year conv. 3½'s	1912	20,211,500	M & N	96⅝	June30,'06	98¼	96⅝	461,000
Penn. R.R. 10-year conv. g.3½'s.	1915	99,675,000	J & D	93½	June30,'06	94⅝	93¼	1,577,000
″ registered		....	J & D	....		....	....	....
Allegh. Valley gen. gtd. g.4's.	1942	5,389,000	M & S	104¼	Oct. 26,'05	....	....	....
Belvedere Del. con. gtd. 3½'s.	1943	1,000,000	J & J	....		....	....	....
Clev. & Mar. 1st gtd g. 4½'s	1935	1,250,000	M & N	110	Jan. 19,'05	....	....	....
Del.R. RR.& BgeCo 1stgtdg.4's,	1936	1,300,000	F & A	....		....	....	....
G.R. & Ind. Ex. 1st gtd. g 4½'s	1941	4,455,000	J & J	107½	May 8,'06	....	....	....
Phila. Balto. & Wash. 1st g. 4's.	1943	10,570,000	M & N	110½	Feb. 24,'06	....	....	....
″ registered			M & N	....		....	....	....
Pitts. Va.&Charl. Ry1stgtdg.4's.	1943	6,000,000	M & N	....		....	....	....
Sunbury & Lewistown 1stg.4's.	1936	500,000	J & J	....		....	....	....
U'd N.J. RR. & Can Co. g 4's	1944	5,646,000	M & S	110½	Sept.28,04'	....	....	....
Peoria & Pekin Union 1st 6's	1921	1,495,000	Q F	123⅛	Jan. 18,'05	....	....	....
″ 2d m 4½'s	1921	1,499,000	M & N	100¾	Dec. 5,'05	....	....	....
Pere Marquette.								
Chic. & West Mich. Ry. 5's	1921	5,753,000	J & D	109	Apr.28,'02	....	....	....
Flint & Pere Marquette g. 6's	1920	3,999,000	A & O	112½	Apr. 17,'06	....	....	....
″ 1st con. gold 5's	1939	2,850,000	M & N	110½	Jan. 22,'06	....	....	....
″ Port Huron d 1st g 5's.	1939	3,325,000	A & O	110	Apr. 23,'06	....	....	....
Sag'w Tusc. & Hur.1st gtd.g.4's.	1931	1,000,000	F & A	....		....	....	....
Pine Creek Railway 6's	1932	3,500,000	J & D	137	Nov.17,'93	....	....	....
Pittsburg & L. E. 2d g.5's ser. A.	1928	2,000,000	A & O	112½	Dec. 13,'93	....	....	....
Pitts., Shena'go & L. E. 1st g.5's,	1940	3,000,000	A & O	120	Mar. 23,'06	....	....	....
″ 1st cons. 5's	1943	408,000	J & J	87¾	Jan. 12,19'	....	....	....
Pittsburg. Y & Ash. 1st cons. 5's,	1927	1,562,000	M & N	116	May 24,'05	....	....	....
Reading Co. gen. g. 4's	1997	68,330,000	J & J	102¼	June30,'06	102½	100¾	343,000
″ registered			J & J	100½	June 1,'06	100½	100½	2,000
″ Jersey Cent. col. g.4's.	1957	23,000,000	......	98¾	June27,'06	99¼	98¼	43,000
″ ″ registered		....	......	....		....	....	....
Atlantic City 1st con. gtd. g.4's.	1951	1,850,000	M & N	....		....	....	....
Philadelphia & Reading con.6's.	1911	7,304,000	J & D	110⅞	Mar. 5,'06	....	....	....
″ registered		663,000	J & D	....		....	....	....

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NAME.	Principal Due.	Amount.	Int'st Paid.	LAST SALE. Price.	LAST SALE. Date.	JUNE SALES. High.	JUNE SALES. Low.	JUNE SALES. Total.
" 7's	1911	7,310,000	J & D	115½	Mar. 22,'06	....	....	....
" " registered		3,339,000	J & D	118	Jan. 7,'05	....	....	....
Rio Grande Junc'n 1st gtd. g. 5's,	1939	2,000,000	J & D	109	Mar. 11,'05	....	....	....
Rio Grande Southern 1st g. 4's	1940	2,233,000	J & J	76	Dec. 20,'05	....	....	....
" guaranteed		2,277,000	......	89	Jan. 4,'05	....	....	....
Rutland RR 1st con. g. 4½ s	1941	2,440,000	J & J	106⅛	Oct. 24,'05	....	....	....
Ogdnsb.&L.Ch'n.Ry.1st gtd g4s	1948	4,400,000	J & J	98⅛	June14,'06	98⅛	98⅛	2,000
Rutland Canadian 1st gtd.g.4's.	1949	1,350,000	J & J	101¼	Nov.18,'01	....	....	....
St. Jo. & Gr. Isl. 1st g. 3.342	1947	3,500,000	J & J	92½	May 5,'06	....	....	....
St. L. & Adirondack Ry. 1st g.5's.	1996	800,000	J & J	122	Jan. 18,'06	....	....	....
" 2d g. 6's	1996	400,000	A & O	....	....	....	....	....
St. Louis & San F. 2d 6's, Class B,	1906	998,000	M & N	101	June 6,'06	101	101	4,000
" 2d g. 6's, Class C	1906	829,000	M & N	100¼	May 10,'06	....	....	....
" gen. g. 6's	1931	3,681,000	J & J	127	May 22,'06	....	....	....
" gen. g. 5's	1931	5,803,000	J & J	113⅛	June29,'06	113⅛	113⅛	3,000
St. L & San F. R. R. con. g. 4's.	1996	1,558,000	J & D	98½	Sept.26,'05	....	....	....
" S. W. div. g. 5's	1947	829,000	A & O	102¼	Aug. 7,'05	....	....	....
" refunding g. 4's	1951	60,104,000	J & J	85⅝	June30,'06	87⅜	85⅝	311,000
" " registered			J & J	....	....	....	....	....
" 5 year 4½'s gold notes.	1908	5,728,000	J & D	97	May 22,'06	....	....	....
Kan. Cy Ft.S.&MemRRcong6's	1928	13,736,000	M & N	121	June29,'06	121	121	6,000
Kan.Cy Ft.S &MRyrefggtd g4s.	1936	17,810,000	A & O	84	June28,'06	84½	84	38,000
" registered			A & O	78½	Jan. 14,'04	....	....	....
Kan.Cy&M.R.&B.Co.1stgtdg5s.	1929	3,000,000	A & O	....	....	....	....	....
St. Louis Memp.So.E. gtd.g.4½s.	1909	15,627,000	J & D	....	....	....	....	....
St. Louis S. W. 1st g. 4's Bd. ctfs.,	1989	20,000,000	M & N	95½	June29,'06	96¾	95¼	83,000
" 2d g. 4's inc. Bd. ctfs.	1989	3,272,500	J & J	87	June16,'06	89	87	21,000
" con. g. 4's	1932	16,678,000	J & D	77	June30,'06	79½	77	116,000
Gray's Point, Term. 1st gtd. g. 5's.	1947	339,000	J & D	....	....	....	....	....
St. Paul, Minn. & Manito'a 2d 6's.	1909	6,646,000	A & O	106¼	Apr. 19,'06	....	....	....
" 1st con. 6's	1933	13,344,000	J & J	133½	June19,'06	133½	133½	1,000
" 1st con. 6's, registered			J & J	140	May 14,'02	....	....	....
" 1st c. 6's, red'd to g. 4½'s		19,322,000	J & J	111⅛	June13,'06	111⅛	111⅛	20,000
" 1st cons. 6's register'd			J & J	115¼	Apr. 15,'01	....	....	....
" Dakota ext'n g. 6's	1910	5,040,000	M & N	108½	June22,'06	108½	108	18,000
" Mont. ext'n 1st g. 4's.	1937	10,185,000	J & D	102¼	June19,'06	102¼	102¼	2,000
" registered			J & D	103½	Sept.19,'05	....	....	....
" Pac. Ext. sterl. gtd. 4s. $5=£1.	1940	£4,000,000	J & J	....	....	....	....	....
Eastern R'y Minn. 1st d. 1st g. 5's.	1908	4,700,000	A & O	101¼	Apr. 18,'06	....	....	....
" registered			A & O	....	....	....	....	....
" Minn. N. div. 1st g. 4's.	1940	5,000,000	A & O	....	....	....	....	....
" registered			A & O	....	....	....	....	....
Minneapolis Union 1st g. 6's	1922	2,150,000	J & J	124	May 4,'05	....	....	....
Montana Cent. 1st 6's int. gtd.	1937	6,000,000	J & J	134¼	June 1,'06	134¼	134¼	3,000
" 1st 6's, registered			J & J	136¼	May 31,'04	....	....	....
" 1st g. g. 5's	1937	4,000,000	J & J	119½	Mar. 20,'06	....	....	....
" registered			J & J	....	....	....	....	....
Willmar & Sioux Falls 1st g. 5's,	1938	3,625,000	J & D	121⅛	Oct. 3,'05	....	....	....
" registered			J & D	....	....	....	....	....
San Fe Pres. & Phoe. Ry. 1st g. 5's.	1942	4,940,000	M & S	112½	Jan. 16,'06	....	....	....
San Fran. & N. Pac. 1st s. f. g. 5's,	1919	3,851,000	J & J	110	Oct. 4,'05	....	....	....
Seaboard Air Line Ry g. 4's	1950	12,775,000	A & O	87¼	June29,'06	88¾	87¼	77,000
" registered			A & O	....	....	....	....	....
" col. trust refdg g. 5's.	1911	10,000,000	M & N	101¾	June29,'06	101¾	101	32,000
Atlanta—Bir'hm 30-yr-1st g. 4's.	1933	5,760,000	M & S	95¼	Apr. 3,'06	....	....	....
Carolina Central 1st con. g. 4's.	1949	2,847,000	J & J	96½	Mar. 24,'06	....	....	....
Fla Cent & Peninsular 1st g. 5's.	1918	3,000,000	J & J	109¾	June29,'06	109¾	109¾	2,000
" 1st land grant ext g. 5's.	1930	410,000	J & J	....	....	....	....	....
" cons. g. 5's	1943	4,370,000	J & J	109¼	May 2,'05	....	....	....
Georgia & Alabama 1st con. 5's.	1945	2,922,000	J & J	111¼	June12,'06	111¼	111¼	1,000
Ga. Car. & Nthern 1st gtd g. 5's.	1929	5,360,000	J & J	110	Jan. 16,'05	....	....	....
Seaboard & Roanoke 1st 5's	1926	2,500,000	J & J	110	May 22,'06	....	....	....
Sodus Bay & Sout'n 1st 5's, gold,	1924	500,000	J & J	102	Jan. 20,'03	....	....	....
Southern Pacific Co.								
" g. 4's Central Pac. coll.	1949	28,818,500	J & D	92¼	June28,'06	92½	91¼	84,000
" " registered			J & D	91½	May 24,'06	....	....	....
" two-five ys. col. tr 4's.	1910	7,253,000	J & D	....	....	....	....	....
Austin & Northw'n 1st g. 5's	1941	1,920,000	J & J	109½	Feb 19,'06	....	....	....
Cent. Pac. 1st refud. gtd. g. 4's.	1949	79,292,000	F & A	101	June29,'06	101¾	100¼	184,000
" registered			F & A	98½	May 9,'05	....	....	....
" mtge. gtd. g. 3½'s	1929	17,493,000	J & D	87¼	June22,'06	87¼	87¼	30,000
" " registered			J & D	....	....	....	....	....
" through S L 1st gtd g. 4's.	1954	8,300,000	A & O	95	June28,'06	95	95	5,000
" registered			A & O	....	....	....	....	....
Gal. Harrisb'gh & S. A. 1st g 6's.	1910	4,756,000	F & A	106	Feb. 21,'06	....	....	....
" Mex. & P. div 1st g 5's.	1931	13,418,000	M & N	111¾	June11,'06	111¾	110	27,000
Gila Val. G. & N'n 1st gtd g 5's.	1924	1,514,000	M & N	106⅛	June14,'06	106⅛	106⅛	3,000

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Houst. E. & W. Tex. 1st g. 5's	1933	501,000	M & N	105½	Jan. 27,'05	....	....	....
• 1st gtd. g. 5's	1933	2,199,000	M & N	103½	May 1,'06	....	....	....
Houst. & T.C. 1st g 5's int. gtd.	1937	4,242,000	J & J	111¾	June25,'06	111¾	111¾	8,000
• con. g 6's int. gtd.	1912	2,080,000	A & O	111½	Apr. 13,'06	....	....	....
• gen. g 4's int. gtd.	1921	4,275,000	A & O	96	June26,'06	96⅞	96	8,000
• W&Nwn.div.1st.g.6's.	1930	1,105,000	M & N	127½	Feb. 27,'02	....	....	....
Louisiana Western 1st 6's	1921	2,240,000	J & J	....		....	....	....
Morgan's La & Tex. 1st g 6's	1920	1,494,000	J & J	118	Feb. 17,'06	....	....	....
• 1st 7's	1918	5,000,000	A & O	129½	Nov. 5,'04	....	....	....
N. Y. Tex. & Mex. gtd. 1st g 4's	1912	1,465,000	A & O	....		....	....	....
Nth'n Ry of Cal. 1st gtd. g. 6's	1907	3,964,000	J & J	106	Sept.14,'04	....	....	....
• gtd. g. 5's		4,751,000	A & O	113	Jan. 4,'01	....	....	....
Oreg. & Cal. 1st gtd. g 5's	1927	18,235,000	J & J	102½	Mar. 2,'06	....	....	....
San Ant.&Aran Pass 1st gtd g 4's	1943	17,544,000	J & J	89¾	June27,'06	90	88⅝	31,000
South'n Pac. of Ariz. 1st 6's	1909	6,000,000	J & J	105½	Mar. 14,'06	....	....	....
• •	1910	4,000,000	J & J	107	Apr. 28,'06	....	....	....
• of Cal. 1st g 6's C. & D.	1906	12,693,500	A & O	102	Jan. 2,'06	....	....	....
• • • E. & F.	1902		A & O	113¾	Feb. 15,'06	....	....	....
• • •	1912		A & O	116	June29,'04	....	....	....
• 1st con. gtd. g 5's	1937	6,809,000	M & N	119	Jan. 3,'06	....	....	....
• stamped	1905-1937	21,470,000	......	108⅝	July 11,'05	....	....	....
So. Pacific Coast 1st gtd. g. 4's	1937	5,500,000	J & J	....		....	....	....
• of N. Mex. c. 1st 6's	1911	4,180,000	J & J	105¾	May 16,'06	....	....	....
Tex.&N.O. Sabine div. 1st g 6's	1912	2,575,000	M & S	111¼	Jan. 6,'06	....	....	....
• con. g 5's	1943	1,620,000	J & J	110	Apr. 10,'06	....	....	....
Southern Pacific R.R. Co		75,000,000	J & J	97½	June30,'06	97⅝	96⅝	703,000
• st. refundg mtge. s. f. 4's	1955		J & J	....		....	....	....
Southern Railway 1st con. g 5's	1994	44,766,000	J & J	118½	June29,'06	119	118	90,000
• registered			J & J	117⅛	Jan. 25,'06	....	....	....
Mob. & Ohio collat. trust g. 4's	1938	8,069,000	M & S	95	June27,'06	95	94½	28,000
• registered			M & S	....		....	....	....
• Memph.div.1st g. 4-4½-5's	1996	5,183,000	J & J	119½	June 8,'06	119½	118	9,000
• registered			J & J	....		....	....	....
• St. Louis div. 1st g. 4's	1951	11,750,000	J & J	98	June22,'06	98¼	97	14,000
• • registered			J & J	....		....	....	....
Alabama Central, 1st 6's	1918	1,000,000	J & J	113	Jan. 4,'06	....	....	....
Atlantic & Danville 1st g. 4's	1948	3,925,000	J & J	96	June 1,'06	96	96	10,000
• 2d mtg	1948	775,000	J & J	92	June14,'06	92	92	10,000
Atlantic & Yadkin, 1st gtd g 4s.	1949	1,500,000	A & O	....		....	....	....
Col. & Greenville, 1st 5-6's	1916	2,000,000	J & J	116½	May 8,'05	....	....	....
East Tenn., Va. & Ga. div. g. 5's	1930	3,106,000	J & J	116	May 24,'06	....	....	....
• con. 1st g 5's	1956	12,770,000	M & N	117¼	June20,'06	118	116¼	13,000
• reorg. lien g 4's	1938	4,500,000	M & S	113½	May 15,'06	....	....	....
• registered			M & S	....		....	....	....
Ga. Midland Ry. Co., 1st 3's	1946	1,650,000	A & O	72¼	June22,'06	72¼	72¼	5,000
• Pacific Ry. 1st g 5-6's	1922	5,660,000	J & J	122¼	June22,'06	122¼	122¼	3,000
Knoxville & Ohio, 1st g 6's	1925	2,000,000	J & J	122⅝	Apr. 10,'06	....	....	....
Rich. & Danville, con. g 6's	1915	5,597,000	J & J	115⅝	June26,'06	115⅝	114⅝	9,000
• deb. 5's stamped	1927	3,368,000	A & O	114½	Feb. 13,'06	....	....	....
Rich. & Mecklenburg 1st g. 4's	1948	315,000	M & N	98	Feb. 18,'05	....	....	....
South Caro'a & Ga. 1st g. 5's	1919	5,250,000	M & S	105	May 5,'06	109	109	8,000
Vir. Midland serial ser. B 6's	1911	1,900,000	M & S	109	June15,'06	....	....	....
• small			M & S	....		....	....	....
• ser. C 6's	1916	1,100,000	M & S	123	Feb. 8,'02	....	....	....
• small			M & S	....		....	....	....
• ser. D 4-5's	1921	950,000	M & S	110	Dec 22,'04	....	....	....
• small			M & S	....		....	....	....
• ser. E 5's	1926	1,775,000	M & S	113	Dec. 20,'05	....	....	....
• small			M & S	....		....	....	....
• ser. F 5's	1931	1,310,000	M & S	115¾	Nov. 2,'05	....	....	....
Virginia Midland gen. 5's	1936	2,392,000	M & N	111⅝	May 21,'06	....	....	....
• gen. 5's. gtd. stamped	1926	2,466,000	M & N	109½	May 2,'06	....	....	....
W. O. & W. 1st cy. gtd. 4's	1924	1,025,000	F & A	97¾	May 15,'05	....	....	....
W. Nor. C. 1st con. g 6's	1914	2,531,000	J & J	114⅛	June22,'06	114⅛	114	5,000
Spokane Falls & North. 1st g. 6's	1939	2,812,000	J & J	117	July 25,19'	....	....	....
Staten Isl. Ry. N.Y. 1st gtd. g. 4½'s	1943	500,000	J & D	100	Nov. 22,'04	....	....	....
St. L. Mers. bdg. Ter. gtd g. 5's	1930	3,500,000	A & O	111	June22,'06	111	111	2,000
Ter. R. R. Assn. St. Louis 1 g 4½'s	1939	7,000,000	A & O	109	May 16,'06	....	....	....
• 1st con. g. 5's	1894-1944	5,000,000	F & A	120	Apr. 24,'06	....	....	....
• gn. refdg. sg. fd. g. 4's.	1953	18,000,000	J & J	98	June18,'06	98	98	....
• " " registered.			J & J	....		....	....	2,000
Tex. & Pacific, 1st gold 5's	2000	25,000,000	J & D	119	June26,'06	120⅝	119	24,000
• 2d gold income, 5's	2000	963,000	MAR.	102	Jan. 9,'06	....	....	....
• La. Div. B.L. 1st g. 5's	1931	4,241,000	J & J	108¾	Mar. 29,'06	....	....	....
Weatherford Mine Wells & Nwn. Ry. 1st gtd. 5's	1930	500,000	F & A	106½	Nov. 7,'04	....	....	....

BOND QUOTATIONS.—Last sale, price and date; highest and lowest prices and total sales for the month.

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NAME. *Principal Due.*	*Amount.*	*Int'st Paid.*	LAST SALE. *Price.*	LAST SALE. *Date.*	JUNE SALES. *High.*	JUNE SALES. *Low.*	JUNE SALES. *Total.*
Toledo & Ohio Cent. 1st g 5's....1935	3,000,000	J & J	112	June12,'06	112	112	1,000
" 1st M. g.5's West. div...1935	2,500,000	A & O	115	Oct. 28,'04	....	....	....
" gen. g. 5's..............1935	2,000,000	J & D	109	May 25,'06	....	....	....
" Kanaw & M. 1st g. g. 4's.1990	2,469,000	A & O	98	June28,'06	98¾	97¼	8,000
Toledo, Peoria & W. 1st g 4's....1917	4,900,000	J & D	91¼	June20,'06	91¼	91¼	1,000
Tol., St.L.&Wn. prior lien g 3½'s.1925	9,000,000	J & J	89¾	May 24,'06	....	....	....
" registered..................		J & J	....	....	....	....	....
" fifty years g. 4's........1925	6,500,000	A & O	81	June28,'06	81⅛	80⅛	19,000
" registered..................		A & O	....	....	...	....	....
Toronto, Hamilton&Buff 1st g 4s.1946	3,230,000	J & D	99⅛	Nov. 8,'05	....	....	....
Ulster & Delaware 1st c. g 5's....1928	2,000,000	J & D	110	June25,'06	110	110	2,000
" 1st ref. g. 4's...........1952	700,000	A & O	93	Jan. 20,'06	....	....	....
Union Pacific R. R. & ld gt g 4s...1947	100,000,000	J & J	105¼	June30,'06	105¼	104¼	529,000
" registered................		J & J	104	May 28,'06	....	....	....
Oreg. R. R. & Nav.Co.con. g 4's.1946	21,482,000	J & D	100⅝	June22,'06	100⅝	99⅛	58,000
Oreg. Short Line Ry. 1st g. 6's.1922	14,931,000	F & A	124	June27,'06	124	123⅜	5,000
" 1st con. g.5's.1946..........	12,328,000	J & J	119	June22,'06	119	118⅛	12,000
" gtd. refunding g. 4's..1929	45,000,000	J & D	95	June29,'06	95⅛	94¼	378,000
" " registered....		J & D	96⅛	Dec. 30,'05	....	....	....
Utah & Northern 1st 7's........1908	4,993,000	J & J	105⅛	Jan. 16,'02	....	....	....
" g. 5's...................1926	1,842,000	J & J	110	June27,'06	110	110	5,000
Vandalai R. R. con. g. 4's........1955	10,000,000	F & A	102⅞	Feb. 2,'06	....	....	....
" registered..................		F & A	....	....	....	....	....
Vera Cruz & Pac. tr. gtd. g.4½'s.1934	2,500,000	J & J	101⅜	Nov.29,'05	....	....	....
" 1st mtg. gtd. bonds of 1934, scaled int.to 1910 Speyer&Co's coupn	5,891,000	J & J	....	....	....	....	....
Virginia & S'western 1st gtd. 5's..2003	2,000,000	J & J	112½	Apr. 30,'06	....	....	....
Wabash R.R. Co., 1st gold 5's....1939	33,011,000	M & N	113¾	June29,'06	114	113⅝	82,000
" 2d mortgage gold 5's...1939	14,000,000	F & A	106½	June29,'06	107	104¾	70,000
" deben. mtg series A...1939	3,500,000	J & J	97¾	June11,'06	98	95	113,000
" series B................1939	26,500,000	J & J	81½	June30,'06	86¼	80	9,525,000
" first lien eqpt. fd.g. 5's.1921	2,500,000	M & S	102	Dec. 28,'05	....	....	....
" 1st lien 50 yr.g.term4's.1954	2,508,000	J & J	93	Mar. 24,'06	....	....	....
" 1st g.5's Det.& Chi.ex..1940	3,349,000	J & J	110	June 7,'06	110	110	1,000
" Des Moines div.1st g.4s.1939	1,600,000	J & J	97	Nov.16,'04	....	....	....
" Omaha div. 1st g. 3½s..1941	3,173,000	A & O	85½	May 1,'06	....	....	....
" Tol. &Chic.div.1st g.4's.1941	3,000,000	M & S	97	May 27,'05	....	....	....
St.L.,K.C.& N.St.Chas. B.1st6's1908	463,000	A & O	109½	Mar. 13,'03	....	....	....
Wabash Pitts Terml Ry 1st g.4's.1954	29,000,000	J & D	84½	June29,'06	85	83	196,000
" 2d g. 4's..................1954	20,000,000	J & D	38	June29,'06	40½	37	2,017,000
Western Maryland 1st 4's... 1952	83,194,000	A & O	85¾	June30,'06	87	84⅞	199,000
West. M'land. g.lien& con.g.4's..1952	10,000,000	A & O	72	June28,'06	76	72	224,000
Western N.Y. & Penn. 1st g. 5's..1937	9,990,000	J & J	116⅞	May 11,'06	....	....	....
" gen g. 3-4's.............1943	9,789,000	A & O	95	May 29,'06	....	....	....
" inc. 5's..................1943	10,000,000	Nov.	30	May 3,'06	....	....	....
West Va.Cent'l & Pitts.1st g. 6's.1911	3,250,000	J & J	109	June13,'06	109	109	1,000
Wheeling & Lake Erie 1st g. 5's.1926	2,000,000	A & O	112	June22,'06	112	112	4,000
" Wheeling div. 1st g. 5's.1928	894,000	J & J	112½	Feb. 9,'06	....	....	....
" exten. and imp. g. 5's...1930	343,000	F & A	114	June23,'05	....	....	....
" 20 year eqptmt s.f.g.5's.1922	2,152,000	J & J	102⅝	Nov.28,'05	....	....	....
Wheel. & L. E. RR. 1st con. g. 4's..1949	11,697,000	M & S	89½	June29,'06	90	88⅝	46,000
Wisconsin Cen. R'y 1st gen. g. 4s.1949	23,743,000	J & J	91½	June30,'06	92½	91½	150,000
Mil. & L. Winnebago 1st 6's.....1912	1,430,000	J & J	....	....	....	....	....
STREET RAILWAY BONDS.							
Brooklyn Rapid Transit g. 5's...1945	6,625,000	A & O	105½	June28,'06	106	105½	10,000
" 1st ref. conv. g. 4's....2002	22,042,000	J & J	95¾	June30,'06	98¾	95¾	1,108,000
" " registered........		J & J	....	....	....	....	....
" City R. R. 1st c. 5's 1916.1941	4,378,000	J & J	107	June14,'06	107	107	3,000
" Qu. Co. & S. c. gd. g. 5's.1941	2,255,000	M & N	100	June 5,'06	100	100	1,000
" Union Elev. 1st. g. 4-5s.1950	16,000,000	F & A	109	June29,'06	109	108	127,000
" stamped guaranteed......		......	110	Feb. 6,'06	....	....	....
Kings Co. Elev. R. R. 1st g. 4's.1949	7,000,000	F & A	91	May 28,'06	....	....	....
" stamped guaranteed......		......	92	June26,'06	93	91½	21,000
Nassau Electric R. R. gtd. g. 4's.1951	10,474,000	J & J	88	June12,'06	88	87½	23,000
City & Sub. R'y, Balt. 1st g. 5's...1922	2,430,000	J & D	105⅜	Apr. 17,'95	....	....	....
Conn.Ry.& Lightg 1st&rfg.g4½'s.1951	10,913,000	J & J	102	Mar. 29,'06	....	....	....
" stamped guaranteed........		......	102½	Apr. 2,'06	....	....	....
Denver Con. T'way Co. 1st g. 5's.1933	730,000	A & O	97½	June 13,19'	....	....	....
Denver T'way Co. con. g. 6's....1910	1,219,000	J & J	....	....	....	....	....
Metropol'n Ry Co. 1st g. g. 6's.1911	913,000	J & J	....	....	....	....	....
Detroit United Ry 1st c. g. 4½'s...1932	11,367,000	J & J	96	June28,'06	96	94½	43,000
Grand Rapids Ry 1st g. 5's........1916	2,750,000	J & D	....	....	....	....	....
Havana Elec. Ry. con. g. 5s.....1952	6,957,000	F & A	93¾	June20,'06	94	93¾	22,000
Interborough Met. clt. tr. g. 4½s.1956	67,406,000	A & O	83¾	June30,'06	89¾	83½	4,781,000
" registered..................		A & O	....	....	....	....	....
Internat Tract'n 50-yr. clt. tst.4s.1949	17,940,000	J & J	84	June28,'06	84	84	10,000

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Louisville Railw'y Co. 1st c. g. 5's, 1930	4,600,000	J & J	109	Mar. 19,'03	....	....	....
Manila E'tric 1st l'n & cl. tst sf 5's. 1953	4,635,000	M & S	....	....	....	....	....
Market St. Cable Railway 1st 6's, 1913	3,000,000	J & J	....	....	....	....	....
Metro. St. Ry N.Y. g. col. tr. g. 5's. 1997	12,500,000	F & A	111	June28,'06	111¼	111	34,000
" refunding 4's..........2002	16,418,000	A & O	85	June30,'06	86	84½	44,000
B'way & 7th ave. 1st con. g. 5's, 1943	7,660,000	J & D	113¼	May 25,'06	....	....	....
" registered		J & D	119½	Dec. 3,19'	....	....	....
Columb. & 9th ave. 1st gtd g 5's, 1993	3,000,000	M & S	114½	May 11,'06	....	....	....
" registered..................		M & S	....	....	....	....	....
Lex ave & Pav Fer 1st gtd g 5's, 1993	5,000,000	M & S	114	May 31,'06	....	....	....
" registered..................		M & S	....	....	....	....	....
Third Ave. R.R. 1st c. gtd. g. 4's..2000	36,943,000	J & J	94½	June27,'06	94¾	93	27,000
" registered..................		J & J	....	....	....	....	....
Third Ave. R'y N.Y. 1st g 5's...1937	5,000,000	J & J	118	June28,'06	118	116⅝	70,000
Met. West Side Elev. Chic. 1st g. 4's. 1938	9,808,000	F & A	94	Oct. 23,'05	....	....	....
" registered..................		F & A	....	....	....	....	....
Mil. Elec. R. & Light con. 30 yr. g. 5's. 1926	6,500,000	F & A	106	Oct. 27,'99	....	....	....
Minn. St. R'y (M. L. & M.) 1st con. g. 5's....................1919	4,050,000	J & J	107½	Feb. 14,'06	....	....	....
New Orl. Ry. & Lgt. g. mtge 4½'s. 1935	13,643,000	J & J	92¼	June27,'06	92¼	92	19,000
St. Jos. Ry. Lig't, Heat & P. 1st g. 5's. 1937	3,763,000	M & N	....	....	....	....	....
St. Paul City Ry. Cable con. g. 5's. 1937	2,480,000	J&J15	114½	Nov. 18,'05	....	....	....
" gtd. gold 5's 1937	1,138,000	J & J	112	Nov. 28,'99	....	....	....
Salt Lake City 1st g. sk. fd 6's ..1918	297,000	J & J	....	....	....	....	....
Undergr'd Elec. Rys. of London Ltd.	16,550,000	J & J	95⅞	June30,'06	96⅝	95½	197,000
5% profit sharing notes 1908 series A		J & D	....	....	....	....	....
" series B		J & D	....	....	....	....	....
" series C		J & D	....	....	....	....	....
" series D		J & D	....	....	....	....	....
Union Elevated (Chic.) 1st g. 5's. 1945	4,367,000	A & O	106¼	July 13,'05	....	....	....
United Railways of St. L. 1st g. 4's. 1934	28,292,000	A & O	88½	June26,'06	88½	88⅛	76,000
" St. L. T. Co. gtd. imp. 20 yr 5's. 1924	10,000,000	A & O	96½	Apr. 12,'06	....	....	....
United R. R. of San Fr. s. fd. 4's...1927	20,000,000	A & O	79¾	June30,'06	80½	78⅝	312,000
West Chic. St. 40 yr. 1st cur. 5's. 1928	3,969,000	M & N	87	Sept. 9,'05	....	....	....
" 40 years con. g. 5's......1936	6,031,000	M & N	99	Dec. 28,'97	....	....	....
MISCELLANEOUS BONDS.							
Adams Express Co. col. tr. g. 4's. 1948	12,000,000	M & S	103	June28,'06	103	102⅞	21,000
Am. Steamship Co. of W. Va. g. 5's 1920	5,062,000	M & N	100¾	June 4,'02	....	....	....
Bklyn. Ferry Co. of N.Y. 1st c. g. 5's. 1948	6,500,000	F & A	47	June25,'06	47	47	8,000
Chic. Junc. & St'k Y'ds col. g. 5's. 1915	10,000,000	J & J	108	July 3,'05	....	...	....
Der. Mac. & Ma. ld. gt. 3½'s sem. an. 1911	1,432,000	A & O	70	May 29,'06	....	....	....
Hackensack Water Co. 1st 4's....1952	3,000,000	J & J	....	....	....	....	....
Hoboken Land & Imp. g. 5's.....1910	1,440,000	M & N	102	Jan. 19,'94	....	....	....
Madison Sq. Garden 1st g. 5's....1916	1,250,000	M & N	102	July 8,'97	....	....	....
Manh. Bch H. & L. lim. gen. g. 4's. 1940	1,300,000	M & N	50	Feb. 21,'02	....	....	....
Newport News Shipbuilding & Dry Dock 5's............1890-1990	2,000,000	J & J	94	May 21,'94	....	....	....
N. Y. Dock Co. 50 yrs. 1st g. 4's...1951	11,580,000	F & A	94½	June29,'06	94¾	94¼	30,000
" registered..................		F & A	....	....	....	....	....
Provident L. Soc. of N.Y. g. 4's..1921	2,000,000	M & S	99	May 10,'06	....	....	....
St. Joseph Stock Yards 1st g. 4½'s 1930	1,250,000	J & J	100½	Sept. 15,'05	....	....	....
St. Louis Terml. Cupples Station. & Property Co. 1st g 4½'s 5-20..1917	3,000,000	J & D	....	....	....	....	....
So. Y. Water Co. N. Y. con. g 6's..1923	478,000	J & J	112	July 27,'04	....	....	....
Spring Valley W. Wks. 1st 6's....1906	3,897,000	M & S	113½	Dec. 18,19'	....	. ..	....
U. S. Mortgage and Trust Co. Real Estate 1st g col tr. bonds.							
Series E 4's...............1907-1917	1,000,000	J & D	....	....	....	....	....
" F 4's...............1903-1918	1,000,000	M & S	100	Mar. 15,19'	....	....	....
" G 4's...............1903-1918	1,000,000	F & A	....	....	....	....	....
" H 4's...............1903-1918	1,000,000	M & N	....	....	....	....	....
" I 4's...............1904-1919	1,000,000	F & A	....	....	....	....	....
" J 4's...............1904-1919	1,000,000	M & N	....	....	....	....	....
" K 4's...............1905-1920	1,000,000	J & J	....	....	....	....	....
Small bonds..........	....	......	....	....	....	....	....
INDUSTRIAL AND MFG. BONDS.							
Am. Cotton Oil deb. ext. 4½'s....1915	5,000,000	......	96	June15,'06	96	95½	7,000
Am. Hide & Lea. Co. 1st s. f. 6's...1919	7,863,000	M & S	90½	June29,'06	91	90½	73,000
Am. Ice Securities Co. deb. g. 6's. 1925	2,655,000	A & O	90½	June27,'06	90½	89	18,000
" small bonds......		A & O	....	....	....	....	....
Am. Spirit Mfg. Co. 1st g. 6's....1915	1,521,000	M & S	104	June18,'06	104	104	6,000
Am. Thread Co., 1st coll. trust 4's. 1919	6,000,000	J & J	91⅞	Apr. 30,'06	....	....	....
Am. Tobacco Co. 40 yrs g. 6's....1944	54,864,750	A & O	111½	June30,'06	114½	111½	419,000
" registered..................		A & O	114	June 8,'06	114½	114	10,000
" g. 4's....................1951	58,168,000	F & A	77¾	June30,'06	79⅞	77¾	746,000
" " registered...........		F & A	78¾	June 6,'06	78¾	78¾	2,000

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MISCELLANEOUS BONDS—*Continued.*

NAME. *Principal Due.*	*Amount.*	*Int't paid.*	LAST SALE. *Price.*	*Date.*	JUNE SALES. *High.*	*Low.*	*Total.*
Barney & Smith Car Co. 1st g. 6's.1942	1,000,000	J & J	105	Jan. 10,'04	....	....	....
Bethlehem Steel 1st ext. g. sf. 5's.1926	3,500,000	J & J	....	....	....	....	....
Central Leather Co. 20 yr. g. 5's.1925	33,882,000	A & O	98¼	June30,'06	100	98¼	360,000
Consol. Tobacco Co. 50 year g. 4's.1951	5,310,500	F & A	77⅝	June30,'06	79¼	77⅝	72,000
" registered..................		F & A	78¼	Mar. 16,'06	....	....	....
Dis. Secur. Cor. con. 1st g. 5's.....1927	13,609,000	A & O	85⅛	June30,'06	90	85⅛	347,000
Ill. Steel Co. deb. 5's st pd. non con..1910	2,922,000	J & J	99	Jan. 17,'99	....	....	....
" non. conv. deb. 5's......1910	7,000,000	A & O	92	Feb. 23,'04	....	....	....
Internat'l Paper Co. 1st con. g 6's.1918	9,724,000	F & A	109⅛	June20,'06	109¼	109	24,000
" con. conv. sinkg fund g5s1935	5,000,000	J & J	97½	June26,'06	97½	96½	218,000
Int. Steam Pump 10 year deb. 6's.1913	3,500,000	J & J	104⅝	June22,'06	104⅝	104⅝	2,000
Knick'r'ker Ice Co. (Chic) 1st g 5's.1928	1,937,000	A & O	97½	Oct. 20,'05	....	....	....
Lack. Steel Co., 1st con. g. 5's....1923	15,000,000	A & O	104¼	June30,'06	105	105⅛	85,000
Nat. Starch Mfg. Co., 1st g 6's...1920	2,848,000	J & J	90	May 31,'06	....	....	....
Nat. Starch. Co's fd. deb. g. 5's..1925	3,920,000	J & J	77	June13,'06	77	77	1,000
Rep. Ir. & St. 1st m. & clt. 1st sf. 5's 1934	8,625,000	A & O	....	....	....	....	....
United Fruit Co., con. 5's........1911	2,081,000	M & S	....	....	....	....	....
U. S. Env. Co. 1st sk. fd. g. 6's...1918	1,624,000	J & J	....	....	....	....	....
U. S. Leather Co. 6% g s. fd deb..1915	5,280,000	M & N	109	May 23,'06	....	....	....
U. S. Reduction & Refin. Co. 6's..1931	....	......	103	June26,'06	103	101½	34,000
U.S. Realty & Imp. con. deb. g. 5's 1924	13,284,000	......	94	June30,'06	96	94	119,000
U.S. Steel Corp. 10-60 yr. g. sk. fd 5's 1963	....	M & N	96¼	June30,'06	99	95⅞	3,049,000
" " " reg. 1963	170,000,000	M & N	96¼	June28,'06	99¼	96⅛	18,000
Va. Carol Chem. col. tr. s. fd. g. 5's..1912	6,000,000	A & O	98⅛	June12,'06	98⅛	98⅛	1,000
BONDS OF COAL AND IRON COS.							
Col. Fuel & Iron Co. g. s. fd. g 5's..1943	5,855,000	F & A	102½	June28,'06	102½	100	2,000
" conv. deb. g. 5's.........1911	1,659,000	F & A	91½	Mar. 21,'06	....	....	....
" " registered............		F & A			....	....	....
Col. C'l & I'n Dev. Co. gtd g. 5's..1909	700,000	J & J	55	Nov. 2,19	....	....	....
" Coupons off..................	....	......			....	....	....
Colo. Fuel Co. gen. g. 6's.......1919	560,000	M & N	107½	Oct. 7,'04	....	....	....
Grand Riv. C'l & C'ke 1st g. 6's.1919	949,000	A & O	103⅝	Apr. 25,'06	....	....	....
Col. Inds. 1st cv g&col tr gt5s ser A 1934	13,030,000	F & A	76	June29,'06	80	76	562,000
" registered....................	....	F & A	....	....	....	....	....
" 1st g & col tr gt 5s ser B.1934	12,537,000	F & A	76⅝	June29,'06	79¼	76⅝	572,000
" " registered..............	....	F & A	....	....	....	....	....
Con. Ind. Coal Co. 1st 30 yr. sf. 5's 1935	2,500,000	J & D	....	....	....	....	....
Continental Coal 1st s. f. gtd. 5's..1952	2,750,000	F & A	107⅝	Dec. 12,'04	....	....	....
Jeff. & Clearf. Coal & Ir. 1st g. 5's1926	1,588,000	J & D	105½	Oct. 10,'98	....	....	....
" 2d g. 5's.................1926	1,000,000	J & D	102¼	Oct. 27,'03	....	....	....
Kan. & Hoc. Coal&Coke 1st g. 5's 1951	3,000,000	J & J	105½	Oct. 7,'05	....	....	....
Pleasant Valley Coal 1st g. s. f. 5s.1928	1,110,000	J & J	106¼	Feb. 27,'02	....	....	....
Roch & Pitts. Cl&Ir. Co. pur my 5's.1946	1,044,000	M & N	....	....	....	....	....
Sun. Creek Coal 1st sk. fund 6's..1912	321,000	J & D	105	Aug. 10,'05	....	....	....
Tenn. Coal, Iron & R.R. gen. 5's..1951	4,424,000	J & J	98	June30,'06	100	98	43,000
" Tenn. div. 1st g. 6's.....1917	1,160,000	A & O	109	June29,'06	109	109	6,000
" Birmingh. div. 1st con. 6's 1917	3,603,000	J & J	111	June20,'06	111	107	1,000
Cahaba Coal M. Co., 1st gtd. g. 6's 1922	854,000	J & D	102	Dec. 28,'03	....	....	....
De Bardeleben C&I Co. gtd. g. 6's 1910	2,716,500	F & A	103½	Feb. 20,'06	....	....	....
Utah Fuel Co. 1st s. f. g. 5's......1931	810,000	M & S	....	....	....	....	....
Va. Iron, Coal & Coke, 1st g. 5's...1949	6,157,000	M & S	95¼	June26,'06	96	95	24,000
GAS & ELECTRIC LIGHT CO. BONDS.							
Atlanta Gas Light Co. 1st g. 5's..1947	1,150,000	J & D	....	....	....	....	....
B'klyn Union Gas Co. 1st con g. 5's.1945	14,498,000	M & N	109	June 6,'06	109¼	109	11,000
Buffalo Gas Co. 1st g. 5's.........1947	5,900,000	A & O	71	June19,'06	71	70½	5,000
Columbus Gas Co., 1st g. 5's......1932	1,315,000	J & J	104½	Jan. 28,'98	....	....	....
Consolidated Gas Co., con. deb. 6's..1909	19,857,500	J & J	145	June29,'06	150¼	143	390,000
Detroit City Gas Co. g. 5's.......1923	5,608,000	J & J	104	June28,'06	104	103	7,000
Detroit Gas Co. 1st con. g. 5's.....1918	381,000	F & A	105	Sept. 28,'05	....	....	....
Eq. G. L. Co. of N.Y. 1st con. g. 5's.1932	3,500,000	M & S	102½	Nov. 5,'04	....	....	....
Gas. & Elec. of Bergen Co. c. g. 5s.1949	1,146,000	J & D	67	Oct. 2,'01	....	....	....
Gen. Elec. Co. del. g. 3½'s 1942	2,047,000	F & A	90	June13,'06	90	90	2,000
Grand Rapids G. L. Co. 1st g. 5's.1915	1,225,000	F & A	107¾	Dec. 17,'04	....	....	....
Hudson Co. Gas Co. 1st g. 5's....1949	10,290,000	M & N	105	June28,'06	105	105	4,000
Kansas City Mo. Gas Co. 1st g 5's.1922	3,750,000	A & O	98	Feb. 8,'06	....	....	....
Kings Co. Elec. L. & Power g. 5's..1937	2,500,000	A & O	....	....	....	....	....
" purchase money 6's....1997	5,010,000	J & J	121	Feb. 28,'06	....	....	....
Edison El. Ill. Bkln 1st con. g. 4's.1939	4,275,000	J & J	93¾	Mar. 13,'06	....	....	....
Lac. Gas L't Co. of St. L. 1st g. 5's.1919	10,000,000	Q F	105	June26,'06	105½	104⅞	18,000
" small bonds................							
" refdg. & enten 1st g. 5s.1934	5,000,000	A & O	103½	May 26,'06	....	....	....
Milwaukee Gas Light Co. 1st 4's..1927	7,000,000	M & N	93¼	June12,'06	93¼	93¼	6,000
Newark Cons. Gas, con. g. 5's....1948	5,274,000	J & D	90¼	July 30,'04	....	....	....

BOND QUOTATIONS.—Last sale, price and date; highest and lowest prices and total sales for the month.

NOTE.—The railroads enclosed in a brace are leased to Company first named.

MISCELLANEOUS BONDS—*Continued.*

NAME. Principal Due.	Amount.	Int't paid.	Last Sale. Price.	Date.	June Sales. High	Low.	Total.
N.Y.GasEL.H&PColstcol tr g 5's.1948	15,000,000	J & D	105	June30,'06	106¾	105	20,000
" registered		J & D	110¼	Dec. 30,'04	....	....	....
" purchase mny col tr g 4's.1949	20,927,000	F & A	87	June25,'06	88	87	30,000
Edison El. Illu. 1st conv. g. 5's.1910	4,312,000	M & S	102¼	Apr. 9,'06	....	....	....
" 1st con. g. 5's.........1995	2,156,000	J & J	113¼	June20,'06	113¼	113¼	1,000
N.Y.&Qus.Elec.Lg.&P.1st.c.g.5's1930	2,272,000	F & A	101⅛	June 5,'06	101⅛	101	2,000
N.Y.& RichmondGasCo.1stg. 5's.1921	1,225,000	M & N	....		....	....	....
Paterson&Pas. G.&E. con.g.5's..1949	8,317,000	M & S	104⅝	Nov.13,'05	....	....	....
Peo. Gas & C. C. 1st con. g 6's...1943	4,900,000	A & O	120	June20,'06	120	120	11,000
" refunding g. 5's.........1947	2,500,000	M & S	105⅞	June18,'06	106	105⅞	3,000
" refuding registered....		M & S	....		107	107	6,000
Chic.Gas Lt&Coke 1st gtd g.5's.1937	10,000,000	J & J	107	June 1,'06	105	105	5,000
Con. Gas Co.Chic. 1st gtd.g.5's.1936	4,346,000	J & D	105	June 1,'06	....	....	....
MutualFuelGasCo.1stgtd.g.5's.1947	5,000,000	M & N	103½	Dec. 18,'05	....	....	....
" registered........	....		....		....	....	....
Syracuse Lighting Co. 1st g. 5's..1951	2,000,000	J & D	....		....	....	....
Trenton Gas & Electric 1st g. 5's.1949	1,500,000	M & S	110	May 18,'05	....	....	....
Utica Elec. L. & P. 1st s. f'd g.5's.1950	1,000,000	J & J	....		...	....	....
Westchester Lighting Co. g. 5's.1950	5,916,000	J & D	106½	Apr. 3,'06	....	....	....
TELEGRAPH AND TELEPHONE CO. BONDS.							
Am.Teleph.&Teleg.coll.trust.4's.1929	53,000,000	J & J	95¼	Jan. 18,'06	....	....	....
Commercial Cable Co. 1st g. 4's.2397.	9,170,000	Q & J	96½	June15,'06	96½	96½	4,000
" registered....................		Q & J	100½	Oct. 3,19'	....	....	....
Total amount of lien, $20,000,000.							
Keystone Telephone Co. 1st 5's..1935	4,000,000	J & J	....		....	....	....
" registered		J & J			....	....	....
Metrop. Tel & Tel. 1st s'k f'd g. 5's.1918	1,761,000	M & N	....		....	....	....
" registered...........		M & N	109½	May 18,'05	....	....	....
N. Y. & N. J. Tel. gen. g 5's.......1920	1,261,000	M & N	105¾	July 2,'03	....	....	....
Western Union col. tr. cur. 5's...1938	8,615,000	J & J	108	June23,'06	109⅛	107⅛	5,000
" fundg & real estate g.4½'s.1950	20,000,000	M & N	102¾	June30,'06	103⅛	102¾	40,000
Mutual Union Tel. s. fd. 6's....1911	1,957,000	M & N	106¼	Mar. 15,'06	....	....	....
Northern Tel. Co. gtd fd.4½'s..1934	1,500,000	J & J	108	July26,'04	....	....	....

UNITED STATES, STATE AND FOREIGN GOVERNMENT SECURITIES.

NAME Principal Due.	Amount.	Int'st Paid.	Year 1906. High.	Low.	June Sales. High.	Low.	Total.
United States con. 2's registered...1930	542,909,950	Q J	103⅞	103⅛	103⅛	103¼	18,000
" con. 2's coupon............1930		Q J	104½	103	103⅛	103⅛	26,000
" con. 2's reg. small bonds..1930		Q J	....	....	....	....	......
" con. 2's coupon small bds.1930		Q J	....	....	....	....	......
" 3's registered...........1908-18	77,135,300	Q F	103⅞	102¾	103¾	103¾	1,000
" 3's coupon..............1908-18		Q F	104¾	102⅝	103¼	103	36,000
" 3's small bonds reg......1908-18		Q F	....	....	....	....	......
" 3's small bonds coupon.1908-18		Q F	104¼	102¼	....	....	......
" 4's registered..............1907	156,591,500	J A J&O	104⅛	103	....	....	......
" 4's coupon...................1907		J A J&O	104⅞	103¼	104⅞	103¼	303
" 4's registered..............1925	118,489,900	Q F	129⅞	129	....	....	......
" 4's coupon.................1925		Q F	132¼	129⅛	129⅝	129⅝	13,000
District of Columbia 3-65's...........1924	14,224,100	F & A	....	....	....	....	......
" small bonds.....................		F & A	....	....	....	....	......
" registered.......................		F & A	....	....	....	....	......
Philippine Islands land pur. 4's...1914-34	7,000,000	Q F	111	109½	....	....	
" public works & imp. reg.4's.1935	2,500,000	Q MCH.	108¾	108¾	....	....	.... .
Philippine Islands 4% public works & imp ten-thirty-yr reg bonds......1936	1,000,000	Q FEB	....	....	....	....	......
STATE SECURITIES.							
Alabama Class A 4 and 5.............1906	6,859,000	J & J	101	100⅞	....	...	......
" " small............	....		....	....	....	....	......
" Class B 5's...................1906	575,000	J & J	....	....	....	....	......
" currency funding 4's.......1920	954,000	J & J	....	....	....	....	......
District of Columbia. See U. S. Gov.							
Louisiana new con. 4's...............1914	10,752,800	J & J	....	....	....	....	......
" " small bonds..........							

UNITED STATES, STATE AND FOREIGN GOVERNMENT SECURITIES—*Continued.*

NAME.	*Principal Due.*	*Amount.*	*Int'st paid.*	YEAR 1906. *High.*	YEAR 1906. *Low.*	JUNE SALES. *High.*	JUNE SALES. *Low.*	JUNE SALES. *Total.*
North Carolina con. 4's	1910	3,397,350	J & J	102¾	102¾	....	....	......
” small			J & J	....	....	....	....	......
” 6's	1919	2,720,000	A & O	122	122	122	122	1,000
N. Carolina fundg. act bds	1866-1900	556,500	J & J	....	....	....	....	......
” ”	1868-1898		A & O	....	....	....	....	......
” new bonds	1892-1898	624,000	J & J	....	....	....	....	......
” ”			A & O	....	....	....	....	......
” Chatham R. R.		1,200,000	A & O	....	....	....	....	......
” special tax Class 1		....	A & O	....	....	....	....	......
” ” Class 2		....	A & O	....	....	....	....	......
” ” to Western N. C. R.		....	A & O	....	....	....	....	......
” ” Western R. R.		....	A & O	....	....	....	....	......
” ” Wil. C. & Ru. R.		....	A & O	....	....	....	....	......
” ” Western & Tar. R.		....	A & O	....	....	....	....	......
South Carolina 4½'s 20-40	1933	4,392,500	J & J	....	....	....	....	......
So. Carl. 6's act. Mch. 23, 1869, non-fde.	1888	5,965,000	....	....	....	....	....	......
Tennessee new settlement 3's	1913	6,681,000	J & J	96¼	95⅛	....	....	......
” registered		6,079,000	J & J	....	....	....	....	......
” small bond		362,200	J & J	....	....	....	....	......
” redemption 4's	1907	469,000	A & O	....	....	....	....	......
” 4½s	1913	1,000,000	A & O	....	....	....	....	......
” penitentiary 4½'s	1912	600,000	A & O	....	....	....	....	......
Virginia fund debt 2-3's of	1991	17,087,000	J & J	96¾	94¾	....	....	......
” registered			J & J	....	....	....	....	......
” 6's deferred cts. Issue of 1871		2,274,966	....	....	....	....	....	......
” ” Brown Bros. & Co. ctfs. of deposit. Issue of 1871		10,416,565	....	30	20	22	20¼	60,000
FOREIGN GOVERNMENT SECURITIES.								
Frankfort-on-the-Main, Germany, bond loan 3½'s series 1	1901	13,802,000 (Marks.)	M & S	....	....	....	....	......
Four marks are equal to one dollar.								
Imperial Japanese Gov. 6% ster loan	1911	£10,000,000	A & O	101½	96¾	101⅛	96¾	416,000
” ” second series		£12,000,000	A & O	101¼	97¼	99	98¼	505,000
$5 shall be considered equiv. £1 sterling								
Imper. Japan. Gov. 4½% ster. loan.	1925	£30,000,000	F & A15	95⅛	90½	94⅜	93¾	1,318,000
” ” second series		£30,000,000	J & J	93⅝	89½	93⅝	92⅞	1,180,000
One pound sterling equals five dollars								
Regular delivery £100 and £200								
Large bonds £500. Small bonds £20								
Imperial Russian Gov. State 4% Rente		2,310,000,000 (Rubles.)	Q M	....	....	....	....	......
Two rubles are equal to one dollar.								
Quebec 5's	1908	3,000,000	M & N	....	....	....	....	......
Republic of Cuba g. 5's extern debt.	1904	35,000,000	M & S	108	103¼	106	105¼	84,000
” registered			M & S	...	....	....	....	......
U. S. of Mexico External Gold Loan of 1899 sinking fund 5's		....	Q J	....	....	....	....	......
Regular delivery in denominations of £100 and £200		£21,710,640	......	101½	99¼	101	100½	14,000
Small bonds denominations of £20		....	......	....	....	....	....	......
Large bonds den'tions of £500 and £1,000.		....	......	....	....	...	....	......
U. S. of Mex. 4'5 gold debt 1904 ser. A.	1954	39,602,000	J & D	96	92⅜	94⅝	94	414,000
” ” ” ser. B.	1954		J & D	....	....	....	....	......

BANKING AND FINANCIAL NOTES

THE BANKERS' ASSOCIATIONS.

OREGON.

At the annual convention of the Oregon State Bankers' Association, in session at Portland, June 16, President Watson took strong ground in favor of a law for the regulation of state and private banking in Oregon.

WEST VIRGINIA.

At the thirteenth annual convention of the West Virginia Bankers' Association, held at Elkins, June 19, addresses were made by former Senator H. G. Davis, and by Henry Clews, of New York. Senator Davis gave the following interesting facts relating to the banks of West Virginia:

"In the last ten years, the number of national banks in the United States increased fifteen per cent.; in West Virginia 255 per cent. In that time, the aggregate resources of all the national banks increased 218 per cent.; of those in West Virginia, 338 per cent. It is interesting to know what I have recently learned from the Comptroller of the Currency, that ninety-six national banks have been chartered in West Virginia, fourteen went into voluntary liquidation, none has ever been closed by a receivership, and no person has ever lost a dollar by depositing in them. There are only three other states of which this can be said—Maine, Delaware and Rhode Island, the combined population of which is only a little more than that of West Virginia. There are at this time in West Virginia 167 state banks, more than twice the number of national banks. Quite a number of state banks have been liquidated, and two or three have gone into the hands of receivers, but the Commissioner of Banking advises me that he 'does not know of any bank that has caused its depositors a loss.' Surely, this is an enviable record; not a dollar lost to any depositor in this state since its organization! Could any safer place be found in which to keep one's money? The 'double liability' law makes assurance doubly sure."

The next annual convention will be held at Clarksburg.

The following officers were elected: C. T. Hiteshaw, Parkersburg, president; vice-presidents for the five districts in the order named: S. H. White, Clarksburg; R. E. Talbott, Phillippi; E. A. Read, Charleston; E. A. Sayre, St. Mary's, and John McCulloh, Point Pleasant. W. G. Wilson, Elkins, was edected secretary and treasurer. Delegates to the American Bankers' Association elected were F. M. Staunton, Charleston; J. K. Oney, Huntington; W. B. Irvine, Wheeling.

MAINE.

The annual banquet and business meeting of the Maine Bankers' Association was held June 23 at the Seashore House, Old Orchard. Officers were elected as follows: President, Harry Butler, Portland; vice-president, C. D. Crosby, Bangor; secretary, J. I. Gould, Augusta; treasurer, G. A. Stafford, Hallowell.

MINNESOTA.

The bankers of this state are endeavoring to organize a surety company of their own. At the recent convention of the Minnesota Bankers' Association these officers were elected: President, W. E. Lee, Long Prairie; vice-president, C. D. Griffith, Sleepy Eye; secretary, Ernest C. Brown, Minneapolis; treasurer, A. C. Gooding, Rochester.

WASHINGTON.

The eleventh annual convention of the Washington State Bankers' Association met at Tacoma June 21. Secretary Kauffman reported the present membership at 240—a gain of thirty-four in the past year.

The president's address, the reports of the secretary and the different committees showed an appreciable growth in the membership of the organization, with correspondingly more effective work in safeguarding the funds intrusted to the banks. The most important thing accomplished was the unanimous agreement to perfect a bill for introduction at the next session of the Legislature for more stringent state supervision of the state banks. A special committee will draft the measure. It was admitted that the law as it stands is too loose. An attempt was made at the last session of the Legislature to pass a new state banking bill, but after it had received the sanction of the house and been recommended for passage in the senate, it was sidetracked for other legislation during the last hours of the assembly. The sentiment in the convention was to draw up a measure that would get the full support of the bankers of the state and then pledge the association to see that it became a law.

In appointing this special committee President Edwin T. Coman included national bankers as well, saying that he believed the heads of these institutions were as much interested in having the banks of Washington safe as were the state bankers themselves.

NORTHERN BANKERS.

The Northern Bankers' Association held its summer meeting at Concord, N. H., June 14. A trolley ride was followed by a steamboat excursion and a banquet.

The principal address at the banquet was given by Samuel C. Eastman, president of the New Hampshire Savings Bank of Concord. Brief remarks were made by most of the invited guests, who were Daniel G. Wing, Francis B. Sears, Harold Murdock, H. K. Hallett, H. M. Batchelder, C. A. Ruggles, and Charles H. Raney, prominent bankers of Boston.

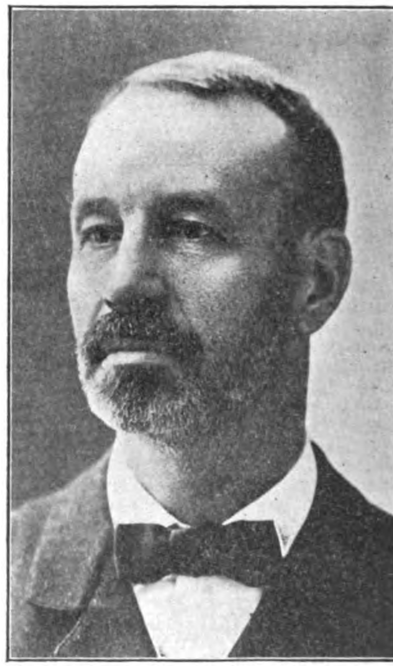
OHIO.

The bankers of Ohio will hold their convention this year at the Hotel Victory, Put-In-Bay, August 15 and 16. S. B. Rankin, of South Charleston, is secretary.

MASSACHUSETTS.

The interest manifested in the second annual convention of the Massachusetts Bankers' Association, which met at Boston, June 20 and 21, indicates that the association is working along lines calculated to be of practical value to the bankers of the Commonwealth. A notable feature of the first days' session was an address by Hon. Pierre Jay, the Savings Bank Commissioner, who offered many valuable suggestions for still further advancing the already high standard of the savings banks of Massachusetts. It was shown by Mr. Jay's address that he is in favor of the most thorough and careful supervision of the institutions under his charge.

Alfred L. Ripley, vice-president of the State National Bank, Boston, and chairman of the clearing-house committee, gave the bankers sound advice regarding loans. He uttered a caution against trusting too implicitly in the collateral pledged for loans, and said that single-name commercial paper was, when originating with a successful, prudent business man, the best security a bank could have.



FRANCIS B. SEARS.
President Massachusetts Bankers' Association.

Personal loans as an investment for savings banks were treated of by Alfred L. Aiken, of the Worcester County Institution for Savings. Alfred H. Curtis, president of the National Bank of North America, New York city, and president of the New York State Bankers' Association, made a strong plea for united action in behalf of currency reform.

H. M. Batchelder, president of the Massachusetts Association, made an address replete with matters of interest to the bankers of the state.

Resolutions were passed requesting the American Bankers' Association to investigate "order bills of lading."

These officers were chosen: President, Francis B. Sears, vice-president National Shawmut Bank, Boston, vice-president, F. B. Washburn, assistant treasurer Worcester Five Cents Savings Bank; treasurer, Edward H. Lowell, cashier Winnisimmet National Bank, Chelsea; executive council for three years, F. A. Shove, treasurer Malden Savings Bank; Geo. W. Grant, treasurer City Trust Co., Boston; Charles B. Cook, cashier Metacomet National Bank, Fall River.

MARYLAND.

The bankers of Maryland met at Ocean City for the eleventh annual convention June 20. President David Sloan, in his annual address, favored the creation of a state banking department; and counselled the banks to look carefully to the loans of corporations. Addresses were also made by U. B. Copper, of the Chestertown National Bank, Alexander Neill, of Hagerstown, and Geo. E. Allen, of New York.

CONNECTICUT.

Meriden entertained the seventh annual convention of the Connecticut Bankers' Association, which was held on June 11. Ex-Governor Chamberlain, president of the association made the opening address, which was followed by reports of the secretary and treasurer. These showed the association to be in

ALFRED SPENCER, JR.,
President Connecticut Bankers' Association.

good condition, the membership now including nearly all the incorporated banks in the state.

Considerable attention was given to the provisions of a new banking law which is to be submitted to the next session of the Legislature.

The election of officers resulted as follows: President, Alfred Spencer, Jr., Hartford; vice-president, W. E. Atwood, New Britain; treasurer, Floyd Curtis, Meriden; secretary, C. E. Hoyt, South Norwalk; executive committee, F. M. Benham, Bridgeport; C. E. Barlow, New Haven; H. N. Whipple, New Haven; L. N. Van Keuren, Waterbury; R. C. Markham, Middletown.

The business session was followed by a banquet, at which ex-Attorney-General John W. Griggs was the principal speaker.

WASHINGTON STATE BANKERS' ASSOCIATION.

The eleventh annual convention of the Washington State Bankers' Association, held at Tacoma on Thursday, Friday and Saturday, June 21-23, was the largest and most successful in the history of the organization. Fully one hundred delegates were present, and it was shown by the report of the secretary that thirty-four members had been added during the past year, bringing the total membership up to 240, representing ninety-four per cent. of the banks doing business in the state.

Hon. George P. Wright, Mayor of Tacoma, welcomed the visitors on behalf of the city, and President R. L. McCormick of the Pacific National Bank delivered the formal address of welcome for the associated banks of Tacoma. Former Governor Miles C. Moore, president of the Baker-Noyer Bank of Walla Walla, responded to both addresses. Following the address of the association's president, E. T. Coman, president of the First Savings and Trust Bank of Colfax, the remainder of the opening session was taken up with official and committee reports and general business. In the afternoon the convention was addressed by E. G. Shorrock of Seattle, on "The Public Accountant and His Work:" E. L. Farnsworth, cashier State Bank of Wilbur, on "The Relation of the Farmer and the Banker;" and D. A. Moulton, vice-president of the Corn Exchange National Bank, Chicago. A general discussion of banking questions followed.

Friday's meeting was devoted to business and discussions, and to an address by Edward White, editor Pacific department of The Bankers' Magazine, on "The Northwest Commonwealth." Saturday there were addresses on "The Ideal Banker," by Thomas H. Brewer, vice-president Fidelity Trust Company of Spokane, and by W. H. Gilstrap of Tacoma on early banking in that section. Further routine business, general discussion, the election of officers and the passage of various resolutions brought the convention to a close.

Among the important transactions of the convention, the association pledged itself to secure if possible a state banking law that will insure adequate state inspection of all banking institutions not operating under the federal law, and also legislation permitting landowners to certify their property and use the state certificates as collateral in securing loans. Several other resolutions of importance were passed, present mention of which is prevented by the limitations of our space.

The officers elected for the ensuing year are: M. F. Backus, president Washington National Bank of Seattle, president; W. D. Vincent, cashier Old National Bank of Spokane, vice-president; P. C. Kauffman, vice-president Fidelity Trust Company of Tacoma, secretary; H. H. Turner, cashier Baker-Boyer National Bank of Walla Walla, treasurer. The executive council is composed of George B. Burke, cashier Home Security Savings Bank of Bellingham; J. J. Browne, president Columbia Valley Bank of Wenatchee; A. F. Albertson, cashier National Bank of Commerce, Tacoma; George S. B. Brooke, president Fidelity National Bank, Spokane, and N. H. Latimer, manager Dexter Horton & Company, Seattle.

Socially the gathering of the Washington bankers was an ideal event. Tacoma hospitality fairly outdid its proverbial self in providing elaborate entertainment for its guests. There were receptions for the visiting delegates and ladies, luncheons and dinners unnumbered, an afternoon's steamboat excursion on the bay, and finally a brilliant function, with banquet, music and dancing, Saturday afternoon and evening, at the Country Club on the shore of American Lake.

OREGON STATE BANKERS' ASSOCIATION.

Nearly a hundred delegates and prominent bankers of the Pacific Northwest were in attendance at the first annual convention of the Oregon State Bankers' Association, held on June 15-16, at Portland. The association was organized during the Lewis and Clark Exposition, with the prime object of bringing the banking men of the state together and promoting mutual acquaintanceship, thereby facilitating the transaction of business between banking-houses throughout the state, and further strengthening Portland's already commanding position on the coast as a financial and commercial center. The officers were J. Frank Watson, president Merchants' National Bank of Portland, president; E. V. Carter, cashier Bank of Ashland, vice-president; W. E. Grace, president Citizens' National Bank of Baker City, treasurer, and J. L. Hartman, of Portland, secretary.

The first day's proceedings of the convention, presided over by President Watson, included an address of welcome by the Mayor of Portland, responded to in behalf of the visiting bankers by E. W. Haines, of Forest Grove, and addresses upon various banking subjects by Miles C. Moore, president Baker-Boyer Bank of Walla Walla; George N. O'Brien, cashier American National Bank of San Francisco; P. C. Kauffman, vice-president Fidelity Trust Company of Tacoma, Wash., and secretary of the Washington Bankers' Association, and others. Mr. O'Brien spoke upon "How Earthquakes Sometimes Affect Banking," giving a brief account of the courageous manner in which the banks of San Francisco handled the unparalleled situation confronting them. At the evening session President J. C. Ainsworth of the United States National Bank of Portland presided, and the principal speakers were J. Frank Watson and W. E. Grace, president and treasurer, respectively, of the association; and W. W. Cotton, of Portland. Following the meeting the visitors were banqueted at the Hotel Portland, as guests of the associated banks of Portland.

The second day's session was devoted to routine business, the election of officers, and the pasage of resolutions, the latter including an indorsement of the efforts being made by the committee appointed by the American Bankers' Association to secure the enactment of legislation concerning bills of lading that will safeguard all interests and render such instruments safe security for advancements. The convention appointed each delegate a missionary with a view of inducing all of the 154 banks in the state to join the association before the next annual gathering. It is believed that this can be done.

The newly chosen officers are: President, E. V. Carter, cashier Bank of Ashland, Ashland; vice-president, E. W. Haines, banker, Forest Grove; treasurer, William Pollman, president Baker City Loan and Trust Company, Baker City; secretary, J. L. Hartman, Portland.

AMERICAN BANKERS' ASSOCIATION.

The thirty-second annual convention of the American Bankers' Association will be held in St. Louis, Mo., October 16, 17, 18, and 19. The Jefferson Hotel has been selected by the local committee as headquarters. It is expected the convention will be largely attended.

AMERICAN INSTITUTE OF BANK CLERKS.

This years' convention of the Bank Clerks will be held at Atlantic City, N. J., September 6-8.

FINANCIAL NOTES.

NEW YORK CITY.

—The Title Guarantee and Trust Co. recently moved into its new ten-story building at 176 Broadway.

—The board of directors of the Irving National Bank, at a meeting held June 19, 1906, declared an extra dividend of one per cent. to shareholders in addition to the regular semi-annual dividend of four per cent., payable July 2. 1906.

—The Irving National Bank is steadily increasing its business, and having enjoyed an unusually prosperous six months, the directors felt justified in declaring an extra dividend of one per cent.

—Plans are being drawn for a new six-story building for the Importers and Traders' National Bank, to be erected on the present site at 247 Broadway, and to be occupied exclusively by the bank.

—The Hanover National Bank recently increased its dividend rate from 12 to 16 per cent. a year.

—Another bank has been absorbed by the Union Bank, of Brooklyn, the Dealers' Bank, making the seventh competitor taken in by the Union. The capital and surplus of the latter bank are now $1,000,000 each.

NEW ENGLAND STATES.

Boston.—Stockholders of the City Trust Co. recently approved the increase of the capital stock from $1,000,000 to $1,500,000.

SOUTHERN STATES.

Houston, Texas.—The charter of the Commercial National was recently extended for twenty years longer, the bank having commenced business in 1886. To show for its twenty years' business this bank has $300,000 capital, $400,000 surplus, $121,000 undivided profits, and a substantial line of deposits. The bank has paid dividends continuously, lately at 12 per cent. a year. The Commercial National occupies its own fine six-story building, completed in 1904.

Texas State Banks.—Judging from the number of banks organized under the new state banking law, the act is very popular. In a period of ten months since the law went into effect 700 state banks, trust companies and savings banks have been organized, with a combined capital stock of over $10,000,000.

Ehrhardt, S. C.—In a recent issue of the Magazine it was stated that the capital of the Ehrhardt Banking Co. was $4,000. This referred only to the capital paid up at that time. The capital stock is $20,000, one-half of which is already paid in.

Norfolk, Va.—A meeting of the shareholders of the Norfolk National Bank is to be held July 26 to pass upon a proposal to increase the capital stock of the bank from $400,000 to $1,000,000. The increase is to be effected by declaring a stock dividend of $300,000, which will go to present shareholders, and issuing $300,000 of new stock at $175. This will make the capital $1,000,000 and surplus $500,000, besides some undivided profits.

WESTERN STATES.

Nebraska Banks Prospering.—Secretary Royce has made a compilation showing the condition of 567 Nebraska banks reporting on May 19. There are 163,327 depositors in the State banks, an increase of over 1,000 since May 17, 1905. In the past year deposits have increased $8,722,227, while rediscounts and bills payable have decreased over $30,000. There is an increase of forty-six in the number of banks reporting.

A Comprehensive Statement.—A bank statement that may be readily understood, even by one who is altogether unfamiliar with banking, is issued by the First National Bank, Traer, Iowa.

The various items are analyzed, showing just what they represent. This form of statement should be valuable in giving depositors a better idea of the standing of their banks.

Garden City, Kans.—By its statement of June 18 the First National Bank, of this place, makes a creditable showing. The bank was established in 1886. It has $50,000 capital, $10,000 surplus, $7,828 undivided profits, and $406,389 deposits. Occupying completely equipped quarters in a modern stone building, on one of the best business corners, the First National Bank is favorably situated for carrying on its large and increasing business. I. N. McBeth is president, Geo. T. Inge, vice-president, Thomas Lynn, cashier, and D. F. Mims, assistant cashier.

Indianapolis, Ind.—The Indiana Trust Co. now reports $1,000,000 capital, $346,-600 surplus and profits and $6,163,128 deposits. Total resources are $7,509,728.26.

Change of Name.—In April last the Slaughter & Taylor State Bank, of Burlingame, Kansas, changed its name to the Pioneer State Bank, and increased the paid-up capital to $20,000.

Lake Forest, Ill.—The State Bank has moved into its new building, specially constructed for the bank. This bank now clears through the State Bank of Chicago.

PACIFIC SLOPE.

Sacramento, Cal.—It is apparent that the earthquake and fire at San Francisco did not disturb the Fort Sutter National Bank, of this city, whose balance-sheet for June 18 shows a substantial gain over the total for April 6.

San Francisco.—The Mercantile Trust Company reports having enjoyed a prosperous year. Net earnings, after paying all expenses and taxes, amounted to $165,687.23. Two dividends, amounting to $60,000, were declared. The net surplus and profit account is now $699,-886.24, and deposits $10,873,679.27.

The banking house and vaults suffered no damage whatever from the earthquake of April 18, and the damage by fire was not serious. The bank office opened a week after the earthquake.

CANADA.

The Quebec Bank.—Through the courtesy of Thomas McDougall, general manager of the Quebec Bank, The Bankers' Magazine has received the general statement of the bank for May 15, 1906, showing the transactions for the past year.

Profits for the year were $295,036.57, which added to the balance of the previous year ($63,295.74) gives a total of $358,332.31. After making appropriations for two dividends at 3½ per cent., and for other purposes, $297,500 was added to the rest account, and $60,832.31 was carried forward.

AN ACHIEVEMENT IN BANK MANAGEMENT.

An interesting novelty in manufacturers' announcements is an illustrated booklet, "Suggestions for Builders," issued by the Berger Manufacturing Company, whose extensive plant at Canton, Ohio, comprises the largest sheet-metal works in the world. Its "suggestions" call attention to the peculiar merits of the company's varied products, of which a briefly-descriptive summary is given, and an extra flap to the cover contains a list in detail, with space for checking off the lines concerning which specific information may be desired. The company's address is printed on the reverse side of the flap, so that by tearing it off, affixing a stamp and dropping it into the mail, a catalogue and price-list of the items checked will be speedily forthcoming.

Of particular interest to banking institutions are the steel ceilings in classic and modern designs, which, notwithstanding their beauty and durability are cheap as compared with plaster; the stamped steel borders, centerpieces, friezes and mouldings; steel awnings, doors and shutters, handsomer and lighter than wood; steel window frames and sash, and windows with wire glass, containing no combustible material, which when left open at top or bottom will close automatically at a temperature of 150 degrees; and metal furniture and fixtures for bank equipment. The latter are an achievement in mechanical perfection and artistic finish, and comprise tables and desks of all descriptions, cabinets, omnibuses, letter and document files, and special cases of any kind and design. Their especial advantages are that they are sanitary, fire and vermin proof, will not shrink, stick, warp nor crack, are finished in the highest manner known to steel cabinet workers, and are furnished in pleasing colors which are both handsome and durable.

NEW BANKS, CHANGES IN OFFICERS, ETC.

NEW NATIONAL BANKS.

The Comptroller of the Currency furnishes the following statement of new National banks organized since our last report.

Applications to Organize National Banks Approved.

The following notices of intention to organise National banks have been approved by the Comptroller of the Currency since last advice.

Fayette County National Bank, Fayetteville, W. Va.; by J. S. Hill, et al.

First National Bank, Thornton, Iowa; by C. H. McNider, et al.

First National Bank, White Lake, S. D.; by H. W. Hinrichs, et al.

First National Bank, Lilly, Pa.; by B. Hendler, et al.

First National Bank, Elkville, Ill.; by John D. Hays, et al.

First National Bank, Waurika, Okla.; by H. B. Johnson, et al.

First National Bank, Golden Gate, Ill.; by L. D. Letch, et al.

First National Bank, Paint Rock, Texas; by C. A. Doose, et al.

First National Bank, Maud, Okla.; by E. H. Bond, et al.

First National Bank, Olustee, Okla.; by J. M. Norton, et al.

First National Bank, Cedar Rapids, Neb.; by James Squair, et al.

First National Bank, Dickens, Texas; by R. D. Shields, et al.

National Bank of Riverside, Riverside, Cal.; by W. A. Bonynge, et al.

First National Bank, Arnettsville (Pittsburg P. O.), Ohio; by A. J. Shaurer, et al.

First National Bank, Norcatur, Kans.; by Jay Daugherty, et al.

First National Bank, Taos, N. M.; by C. N. Blackwell, et al.

First National Bank, Red Lake Falls, Minn.; by M. O. Sortedahl, et al.

First National Bank, Cutler, Ill.; by W. C. Davis, Jr., et al.

First National Bank, Kimball, S. D.; by Fred Griswold, et al.

First National Bank, Merchantville, N. J.; by John W. Marcy, et al.

Boswell National Bank, Boswell, I. T.; by James R. Armstrong, et al.

First National Bank, Camden, Ohio; by O. M. Bake, et al.

First National Bank, Webster Springs, W. Va.; by J. M. Hoover, et al.

First National Bank, Elida, N. M.; by C. C. Marshall, et al.

First National Bank, Ridgeville, Ind.; by R. P. Branson, et al.

Fourth National Bank, Macon, Ga.; by W. M. Lewis, et al.

Citizens' National Bank, Glasgow, Ky.; by J. P. Depp, et al.

First National Bank, Rochester, Texas (P. O. Marcy); by R. W. Warren, et al.

First National Bank, Coleraine, Minn.; by C. C. McCarthy, et al.

First National Bank, Argyle, N. Y.; by John B. Conway, et al.

First National Bank, Horseheads, N. Y.; by John Bennett, et al.

Richland National Bank, Richland, Pa.; by A. P. Moore, et al.

First National Bank, Kitzmillerville, Md.; by R. A. Smith, et al.

First National Bank, Berlin, Md.; by L. L. Dirickson, Jr., et al.

Peekskill National Bank, Peekskill, N. Y.; by James W. Husted, et al.

First National Bank, Lockport, Ill.; by James C. O'Connor, et al.

National Bank of Tifton, Tifton, Ga.; by J. L. Brooks, et al.

National Bank of Commerce, Sulphur, I. T.; by T. J. Hartman, et al.

Tottenville National Bank, Tottenville, N. Y.; by Benjamin Williams, et al.

Second National Bank, Towson, Md.; by E. J. Cook, et al.

First National Bank, May, Texas; by T. C. Yantis, et al.

First National Bank, Lonoke, Ark.; by A. C. Curtis, et al.

United States National Bank, White Lake, S. D.; by Ludwig Loevinger, et al.

National Banks Organized.

8231—Enid National Bank, Enid, Okla.; capital, $100,000; Pres., O. J. Fleming; Vice-Pres., S. T. Alton; Cashier, Frank H. Letson.

8232—Wind River National Bank, Shoshoni, Wyo.; capital, $25,000; Pres., A. J. Cunningham; Cashier, Henry G. Hay, Jr.

8233—Grange National Bank, Patton, Pa.; capital, $60,000; Pres., John A. Schwab; Vice-Pres., James A. Farabaugh and W. F. Hill; Cashier, M. D. Bearer.

8234—Coal Belt National Bank, Benton, Ill.; capital, $38,500; Pres., R. A.

Youngblood; Vice-Pres., J. M. Joplin; Cashier, W. F. Spiller.

8235—People's National Bank, Scranton, Pa.; capital, $200,000; Pres., Cyrus D. Jones; Vice-Pres., Thomas Sprague; Cashier, Geo. T. Dunham.

8236—Medford National Bank, Medford, Oreg.; capital, $50,000; Pres., H. E. Ankeny; Vice-Pres., J. E. Enyart; Cashier, John S. Orth; Asst. Cashier, W. B. Jackson.

8237—First National Bank, Gravette, Ark.; capital, $25,000; Pres., E. M. Gravett; Vice-Pres., W. H. Austin; Cashier, James Banks.

8238—First National Bank, Juniata, Pa.; capital, $25,000; Pres., D. E. Parker; Vice-Pres., E. J. Lomnitz and D. H. Meek; Cashier, D. G. Meek.

8239—National Bank of West, West, Texas; capital, $25,000; Pres., W. R. Glasgow; Vice-Pres., J. P. Glenn; Cashier, C. W. Holloway.

8240—Gramatan National Bank, Bronxville, N. Y.; capital, $30,000; Pres., Robert E. Farley; Vice-Pres., Howard Willets; Cashier, B. E. Smythe; Asst. Cashier, C. J. Cornell.

8241—Lumbermen's National Bank, Bemidji, Minn.; capital, $25,000; Pres., W. R. Baumbach; Vice-Pres., C. W. Baumbach; Cashier, W. L. Brooks; Asst. Cashier, C. L. Learned.

8242—First National Bank, Rule, Texas; capital, $30,000; Pres., J. W. Kelley; Vice-Pres., F. G. Alexander; Cashier, M. E. Manning.

8243—Greenwich National Bank, Greenwich, Conn.; capital, $50,000; Pres., C. E. Finlay; Cashier, W. C. Connolly.

8244—People's National Bank, Brunswick, Md.; capital, $25,000; Pres., G. H. Hogan; Vice-Pres., Howard Marvin Jones; Cashier, W. P. McComas.

8245—First National Bank, Fairchance, Pa.; capital, $25,000; Pres., Wm. E. Moore; Vice-Pres., John W. Byers; Cashier, Lew G. Walker.

8246—Fidelity National Bank, Aurora, Neb.; capital, $25,000; Pres., A. E. Siekmann; Vice-Pres., V. Swanson; Cashier, H. Cole.

8247—First National Bank, Seymour, Iowa; capital, $50,000; Pres., J. C. Calhoun; Vice-Pres., Wm. Haines; Cashier, J. D. Johnston.

8248—American National Bank, Spearfish, S. D.; capital, $25,000; Pres., Geo. A. Pemberton; Vice-Pres., G. C. Hull; Cashier, H. Leppla.

8249—Citizens' National Bank, Higgins, Texas; capital, $25,000; Pres., Decatur Barton; Vice-Pres., Marion S. James; Cashier, Geo. W. Long.

8250—Exchange National Bank, Fitzgerald, Ga.; capital, $50,000; Pres., Robert V. Bowen; Vice-Pres., M. Dickson and James B. Clements; Cashier, E. W. Stetson; Asst. Cashier, J. D. Dorminey.

8251—Citizens' National Bank, Wilmington, Ohio; capital, $70,000; Pres., J. W. Sparks; Vice-Pres., C. A. Rannells; Cashier, I. N. Lair.

8252—First National Bank, Hamlin, Texas; capital, $25,000 Pres., R. V. Colbert; Vice-Pres., W. S. Whaley; Cashier, Gould Whaley.

8253—First National Bank, Worland, Wyo.; capital, $25,000; Pres., T. A. Renner; Vice-Pres., Henry P. Rothwell; Cashier, Ira E. Jones; Asst. Cashier, H. B. Gates.

8254—First National Bank, New Egypt, N. J.; capital, $25,000; Pres., Ivins J. Davis; Cashier, Geo. C. Lower.

8255—First National Bank, Almena, Kans.; capital, $25,000; Pres., Andrew Dyatt; Vice-Pres., John Dyatt; Cashier, Leonard Lovejoy.

8256—First National Bank, Oakford, Ill.; capital, $25,000; Pres., M. O. Atterbery; Vice-Pres., Geo. L. Schonewis; Cashier, Elias Watkins; Asst. Cashier, Julia Atterbery.

8257—Farmers' National Bank, Inwood, Iowa; capital, $40,000; Pres., Charles Shade; Vice-Pres., G. M. Anderson; Cashier, G. A. Manwaring; Asst. Cashier, G. M. Larsen.

8258—First National Bank, Hazard, Ky.; capital, $25,000; Pres., C. G. Bowman; Vice-Pres., E. H. Holliday; Cashier, Thomas A. Bowles.

8259—First National Bank, Wibaux, Mont.; capital, $25,000; Pres., J. C. Kinney; Vice-Pres., J. B. Lawlis; Cashier, Jno. L. Therme.

8260—First National Bank, Christopher, Ill.; capital, $25,000; Pres., Nelson Browning; Vice-Pres., Thomas Horn; Cashier, John W. Dye.

8261—Condon National Bank, Condon, Oreg.; capital, $50,000; Pres., J. W. French; Vice-Pres., Grant Wade; Cashier, F. T. Hurlburt.

8262—First National Bank, Jefferson, Iowa; capital, $50,000; Pres., Albert Head; Vice-Pres., R. C. Head and S. C. Culbertson; Cashier, M. M. Head; Asst. Cashier, C. E. Marquis.

8263—Citizens' National Bank, Reynoldsville, Pa.; capital, $50,000; Pres., D. Wheeler; Vice-Pres., McCurdy Hunter and A. O'Donnell; Cashier, J. S. Howard; Asst. Cashier, J. W. Hunter.

8264—Milnor National Bank, Milnor, N. D.; capital, $30,000; Pres., D. F. Vail; Vice-Pres., Anton Berger and A. E. Austin; Cashier, F. W. Vail; Asst. Cashier, H. Edman.

8265—First National Bank, Binford, N. D.; capital, $25,000; Pres., Lewis Berg; Vice-Pres., Joseph Buchheit; Cashier, J. H. Sinclair; Asst. Cashier, Oscar Greenland.

8266—First National Bank, Upland, Cal.; capital, $25,000; Pres., Geo. Chaffey; Vice-Pres., A. M. Chaffey; Cashier, H. E. Swan.

8267—People's National Bank, Hackettstown, N. J.; capital, $60,000;

Pres., Robert A. Cole; Vice-Pres. and Cashier, M. T. Welsh.

8268—First National Bank, Jamaica, N. Y.; capital, $100,000; Pres., D. L. Van Nostrand; Vice-Pres., W. C. Baker and C. A. Lockwood; Cashier, D. D. Mallory.

8269—First National Bank, Springfield, Minn.; capital, $25,000; Pres., J. S. Watson; Cashier, C. H. Asch.

8270—First National Bank, Dewey, I. T.; capital, $25,000; Pres., Wm. Johnstone; Vice-Pres., Geo. C. Priestley; Cashier, W. A. Letson.

8271—First National Bank, Elizabeth, Colo.; capital, $25,000; Pres., Lee Ramsey; Cashier, B. U. Jamison.

8272—Blaine National Bank, Kitzmillerville, Md.; capital, $25,000; Pres., Z. T. Kalbaugh; Vice-Pres., M. P. Fahey; Cashier, Howard C. Dixon.

8273—First National Bank, Preston, Iowa; capital, $25,000; Pres., A. L. Bartholomew; Vice-Pres., G. E. Bartholomew; Cashier, Hellen M. Beckwith.

8274—National State Bank, Stockton, Kans.; capital, $50,000; Pres., M. J. Coolbaugh, Jr.; Vice-Pres., Geo. O. Farr and J. T. Smith; Cashier, W. E. Coolbaugh; Asst. Cashier, M. S. Coolbaugh.

8275—Sheridan National Bank, Sheridan, Wyo.; capital, $50,000; Pres., J. E. Cosgriff; Cashier, C. L. Hoag.

NEW STATE BANKS, BANKERS, ETC.

ALABAMA.

Wilmer—Bank of Wilmer; capital, $15,000; Pres., G. M. Luce; Vice-Pres., L. Pringle; Cashier, C. N. Pooley.

ARKANSAS.

Delight—Bank of Delight; capital, $5,000; Pres., S. L. Blakely; Vice-Pres., J. F. Blakely; Cashier, J. F. Holcomb.

Palestine—Bank of Palestine; capital, $3,750; Pres., C. M. Wilkinson; Vice-Pres., J. H. Stevens; Cashier, Oscie Walker.

CALIFORNIA.

Los Angeles—Bank of Los Angeles; capital, $100,000; Pres., Jno. A. Pirtle; Vice-Pres., Wm. S. Collins; Cashier, G. F. Conant; Asst. Cashier, G. T. Stainback.

Pasadena—Crown City Bank; capital, $12,500; Pres., W. H. Bradley; Vice-Pres., A. A. Chubb; Cashier, J. O. Isaacson.

Roseville—Roseville Banking & Trust Co.; capital, $8,000; Pres., A. L. Darrow; Vice-Pres., A. H. Hawley; Cashier, H. L. Bissell.

San Francisco—State Savings and Commercial Bank; Pres., H. S. Miller; Vice-Pres., C. M. Wooster and Wm. F. Burbank; Cashier, J. E. Orbison.

Upland—Citizens' Savings Bank; capital, $12,500; Pres., Chas. E. Harwood; Vice-Pres., Wm. H. Craig.

Venice—Citizens' State Bank; capital, $25,000; Pres., Mrs. Geo. Sibley; Vice-Pres., F. H. Lloyde; Cashier, R. H. Morse.

COLORADO.

Hillrose—First Bank; Pres., H. P. Forsyth; Cashier, D. S. Boyd.

DISTRICT OF COLUMBIA.

Washington—Washington Mechanics' Savings Bank; capital, $20,000; Pres., Ezra Gould; Vice-Pres., H. K. Daugherty; Sec. and Treas., R. H. Bagby.

FLORIDA.

Chipley—Chipley State Bank; capital, $25,000; Pres., F. Bullock; Vice-Pres., A. L. McNeill; Cashier, C. B. Dunn; Asst. Cashier, A. L. Wells.

Lake Butler—Bank of Lake Butler; capital, $15,000; Pres., John A. King; Vice-Pres., Thomas P. Fowler; Cashier, B. H. Peters.

GEORGIA.

Carrollton—Citizens' Bank; capital, $25,000; Pres., J. C. Bass; Vice-Pres., W. W. Heaton; Cashier, A. K. Snead; Asst. Cashier, Louis Sims.

Iron City—Citizens' Bank; capital, $18,000; Pres., J. A. B. Sikes; Vice-Pres., J. T. Lane; Cashier, D. A. W. Lane.

Valdosta—Valdosta Bank & Trust Co.; capital, $200,000; Pres., B. P. Jones; Vice-Pres., Frank Roberts; Cashier, C. L. Jones; Asst. Cashier, W. H. Markham.

IDAHO.

Ashton—Ashton State Bank, Ltd.; capital, $25,000; Pres., G. E. Bowerman; Vice-Pres., G. Harringfelt; Cashier, F. X. Dolenty.

Kimberly—Bank of Kimberly; capital, $10,000; Pres., H. T. West; Vice-Pres., A. D. Norton; Cashier, W. H. Turner.

ILLINOIS.

German Valley — German-American State Bank; capital, $25,000; Pres., Frank A. Bridge; Vice-Pres., Henry W. Coffman; Cashier, Arthur L. Hock.

Loami—Loami State Bank (successor to Loami Bank); capital, $25,000; Pres., Peter Vredenburgh; Cashier, H. A. Deweese.

Lostant—Lostant Exchange Bank; Pres., Alex. Kelso, Sr.; Cashier, S. L. Kelso.

Pleasant Plains—Pleasant Plains State Bank (successor to Atherton & Greene); capital, $30,000; Pres., A. Atherton; Vice-Pres., J. H. Irwin; Cashier, A. L. Irwin; Asst. Cashier, E. J. Atherton.

INDIANA.

Bluffton—Union Savings & Trust Co.; capital, $25,000; Pres., L. C. Davenport; Vice-Pres., U. A. Kunkle; Sec., F. J. Tangeman.

Palmyra—Citizens' Bank; capital, $10,000; Pres., John H. Martin; Vice-Pres., John F. Finley; Cashier, Chas. W. Cole.

Rochester—Rochester Trust & Savings Bank; capital, $60,000; Pres., R. C. Stephenson; Vice-Pres., G. W. Holman; Sec., P. J. Stingly.

INDIAN TERRITORY.

Tulsa—Fidelity Trust Co.; capital, $25,000; Pres., J. M. Hall; Vice-Pres., J. M. Gillette; Sec. and Treas., R. D. Fuller.

IOWA.

Gilbert Station—Gilbert Savings Bank (successor to Bank of Gilbert); capital, $10,000; Pres., E. P. Gilbert; Vice-Pres., L. Oliver; Cashier, Wm. H. Totten.

Maurice—Sioux County Savings Bank; capital, $10,000; Pres., James F. Toy; Vice-Pres., Geo. R. Moir; Cashier, P. N. Vos.

KANSAS.

Agenda—Agenda State Bank; capital, $10,000; Pres., J. H. Houck; Vice-Pres., M. T. Madden; Cashier, E. E. Baird.

Ellis—Citizens' State Bank; capital, $12,000; Pres., Charles Keagy; Vice-Pres., Thomas E. McMahon; Cashier, G. W. Cross.

Elmo—Elmo State Bank; capital, $10,000; Pres., Edw. J. Lorson; Vice-Pres., W. A. Klingberg; Cashier, A. S. Percy.

Havana—Havana State Bank; capital, $10,000; Pres., R. J. Conneway; Vice-Pres., A. J. Webster; Cashier, J. D. Edmundson.

Topeka—Prudential Trust Co.; capital, $100,000; Pres., W. W. Mills; Vice-Pres. Thomas Page and F. D. Coburn; Treas., W. W. Bowman; Sec., Geo. P. Stitt.

Topeka—Topeka State Bank; capital, $25,000; Pres., Chester W. Snyder; Vice-Pres., Harry E. Gavitt; Cashier, Gus W. Snyder.

Wichita—Land Credit State Bank; capital, $25,000; Pres., Charles H. Smyth; Vice-Pres., Scott E. Winne; Cashier, Frank T. Blair.

KENTUCKY.

Covington—Central Savings Bank & Trust Co.; capital $60,000; Pres., Chas. Hais; Vice-Pres., John P. Heidel; Sec. and Treas., F. J. Hermes.

Pineville—Rice State Bank; capital, $10,000; Pres., John L. Saylor; Vice-Pres., U. S. Howard; Cashier, J. R. Rice.

LOUISIANA.

Campti—Campti State Bank; capital, $20,000; Pres., I. Raphiel; Vice-Pres., G. E. Prothro; Cashier, Galennie Hyams.

Carencro—Bank of Carencro; capital, $10,000; Pres., Albert Guidry; Vice-Pres., A. C. Guilbeau; Cashier, Geo. J. Melchior.

Shreveport—American Savings Bank & Trust Co.; capital, $500,000; Pres., S. W. Smith; Vice-Pres., E. S. Woodfin and P. C. Wideman; Cashier, M. A. McCutchen.—Continental Bank & Trust Co.; capital, $300,000; Pres., L. E. Thomas; Cashier, J. C. Trichel, Jr.

MARYLAND.

Church Hill—Church Hill Bank; capital, $10,000; Pres., Edwin S. Valliant; Vice-Pres., J. Kirk Brown; Cashier, John N. Sparks.

Cumberland—Dime Savings Bank; capital, $50,000; Pres., D. Lindley Sloan; Vice-Pres., A. M. Lichtenstein; Cashier, Arthur Warfield.

Vienna—Eastern Shore Trust Co.; capital $10,000; Pres., J. A. Higgins; Vice-Pres., J. W. T. Webb; Cashier, V. A. Hatch.

MICHIGAN.

Blanchard—Bank of Blanchard; Pres., Wm. H. Wallace; Vice-Pres., Wm. J. Orr; Cashier, George Bilbrough.

Calumet—Calumet State Bank; capital, $50,000; Pres., Joseph Vertin; Vice-Pres., M. E. O'Brien; Cashier, Selden B. Crary; Asst. Cashier, Wm. H. Davisson.

Detroit—German-American Loan & Trust Co.; capital, $50,000; Pres., A. G. Lambrecht; Vice-Pres., Charles F. Bowman; Sec., Daniel Kelly; Treas., Gustav Dietrich.—Security Trust Co.; capital, $500,000; surplus, $500,000; Pres., M. J. Murphy; Vice-Pres., Emory W. Clark and Linn W. Bowen; Sec., F. F. Sanford.

Hale—State Exchange Bank (successor to S. B. Yanger & Co.); Pres., John Bell; Vice-Pres., J. P. Niggeman, Jr.; Cashier, Frank Beedon.

Lewiston—Lewiston Savings Bank; (Meyer Beckman).

Mikado—Mikado Bank of Sleeper, Merrill & Co.; capital, $6,000; Pres., A. E. Sleeper; Vice-Pres., F. W. Merrick; Cashier, W. J. McDonald.

Turner—State Savings Bank; capital, $20,000; Pres., A. H. Phinney; Cashier, R. R. Dinsmore.

Walkerville—Security Bank; Cashier, L. O. Bloomer.

MINNESOTA.

Atwater—Farmers' State Bank; capital, $15,000; Pres., N. Lundgren; Vice-Pres., Charles W. Quandt; Cashier, J. A. Johnson.

Sandstone—Sandstone State Bank; capital, $20,000; Pres., H. P. Webb; Vice-Pres., Peter Peterson; Cashier, A. S. Dean; Asst. Cashier, H. O. Hunt.

Taopi—Bank of Taopi; capital, $5,000; Cashier, L. E. Bourquin; Asst. Cashier, Josephine Bourquin.

MISSISSIPPI.

Boyle—Bank of Boyle; capital, $10,000; Pres., D. W. Shofner; Vice-Pres., L. H. Gaines; Cashier, R. I. Peebles.

MISSOURI.

Bertrand—Bank of Bertrand; capital, $11,250; Pres., G. R. Wallace; Vice-Pres., J. H. Collier; Cashier, L. C. Leslie.

Cole Camp—People's Bank; capital, $7,500; Pres., Peter Holsten; Vice-Pres., John Jagels; Cashier, W. C. Nelson.

Harrisburg—Harrisburg Bank; capital, $10,000; Pres., F. P. Henderson; Vice-Pres., G. T. Drane; Cashier, H. A. Whiteside.

Hawk Point—Bank of Hawk Point; capital, $10,000; Pres., F. A. Ordelheide; Vice-Pres., E. N. Elliott; Cashier, G. H. Middlekamp.

Lamar—People's Savings Bank; capital, $10,000; Pres., J. S. Moore; Vice-Pres., Walter J. Miller; Cashier, Walter J. Miller, Jr.

Leasburg—Bank of Leasburg; capital, $6,400; Pres., J. W. Walker; Vice-Pres., J. C. West; Cashier, James H. Smith.

Lemonville—Farmers' Bank; capital, $5,000; Pres., A. F. Keene; Vice-Pres., S. P. Lemon; Cashier, J. F. Schnelle.

Rockbridge—Rockbridge Bank; Pres., B. V. Brown; Cashier, John P. Edwards.

NEBRASKA.

Bloomington—Republican Valley Bank; capital, $10,000; Pres., Geo. M. Wilmot; Vice-Pres., Peter Rasmussen; Cashier, S. Y. Hartt; Asst. Cashier, E. T. Rasmussen.

College View—Bank of College View; capital, $10,000; Pres., James Schee; Cashier, H. A. Morrison; Asst. Cashier, T. A. Weishaar.

Denton—Denton State Bank; capital, $10,000; Pres., L. J. Dunn; Cashier, C. S. Knodle.

Hildreth—State Bank; capital, $10,000; Pres., Henry Gund; Vice-Pres., C. F. Gund; Cashier, A. R. Laudi.

Riverton—Republican Valley Bank; capital, $5,000; Pres., Geo. M. Wilmot; Vice-Pres., Peter Rasmussen; Cashier, S. Y. Hartt; Asst. Cashier, E. T. Rasmussen.

NEVADA.

Ely—Bank of Ely, Inc.; capital, $50,000; Pres., W. W. Armstrong; Vice-Pres., W. N. McGill; Cashier, J. M. Lockhart; Asst. Cashier, A. Davies.—White Pine County Bank; capital, $60,000; Pres., W. B. Graham; Vice-Pres., W. H. Miller; Cashier, Joseph Pheby; Asst. Cashier, J. W. Biggane.

NEW YORK.

Syracuse—Spader & Perkins.

Rensselaer—Rensselaer County Bank (successor to John F. Munger); capital, $50,000; Pres., John F. Munger; Vice-Pres., B. R. Lansing; Cashier, E. J. Guilford.

NORTH CAROLINA.

Rutherford—Citizens' Bank; capital, $10,000; Pres., H. L. Carpenter; Vice-Pres., J. D. Morris; Cashier, A. L. Grayson.

NORTH DAKOTA.

Dawson—First State Bank; capital, $1,200; Pres., H. A. Barnes; Vice-Pres., S. E. Kepler; Cashier, C. A. Cross.

Knoff—Pioneer State Bank; capital, $5,200; Pres., Bertle Velson; Vice-Pres., W. E. Burgett; Cashier, V. L. Velson; Asst. Cashier, F. V. Huff.

OHIO.

Buckeye City—Commercial & Savings Bank Co. (successor to First National Bank); capital, $25,000; Pres., E. B. Rice; Vice-Pres., L. F. Colopy; Cashier, H. G. Hammond.

Carrollton—Cummings Trust Co. (successor to J. P. Cummings Bank Co. and First National Bank); capital, $70,000; Pres., J. P. Cummings; Vice-Pres., J. C. Ferrall; Treas., Thomas J. Saltsman; Sec., J. B. Fiedler; Asst. Sec., W. O. DeFord.

Dayton—Farmers' & Merchants' Bank; capital, $25,000; Pres., J. W. Kreitzer; Vice-Pres., E. M. Glaney; Cashier, C. S. Billman; Asst. Cashier, Geo. W. Kepler.

Maumee—State Savings Bank; capital, $12,500; Pres., L. J. Dennis; Vice-Pres., G. H. Blaker; Cashier, L. B. Rhonehouse.

OKLAHOMA.

Driftwood—Citizens' State Bank; capital, $10,000; Pres., A. H. Stout; Vice-Pres., C. I. Overstreet; Cashier, O. L. Cully.

Oklahoma City—Planters & Mechanics' Bank; capital, $25,000; Pres., A. M. Gustin; Vice-Pres., E. Ware; Cashier, Nick M. Ellis; Asst. Cashier, G. F. Benz.

Roosevelt—Citizens' State Bank; capital, $10,000; Pres., T. B. Douthit; Vice-Pres., Ed. E. Carson; Cashier, L. C. Cheuvront.

OREGON.

Cottage Grove—Bank of Cottage Grove; capital, $15,000; Pres., W. H. Abrams; B. Lurch, Vice-Pres.; Cashier, C. Ross King; Asst. Cashier, A. H. Kelso.
Klamath Falls—American Bank & Trust Co.; capital, $57,000; Pres., Charles E. Worden; Vice-Pres., Fred Melhase; Cashier, J. W. Seimens.

PENNSYLVANIA.

Jersey Shore—Jersey Shore Trust Co. (successor to Jersey Shore Banking Co.); capital. $125,000; Pres., Hamilton B. Humes; Vice-Pres., Robert McCullough and Wm. C. Wilson; Treas., John W. Levegood; Sec., Robert A. Sebring.
Pittsburg—Terminal Trust Co.; capital, $125,000; Pres., J. I. Buchanan; Vice-Pres., Chas. H. Kays; Sec. and Treas. John Carson.

SOUTH CAROLINA.

Anderson—People's Savings Bank; capital. $25,000; Pres., Joseph J. Fretwell; Vice-Pres., L. R. Watson; Cashier, John N. Bleckly; Asst. Cashier, Raymond Fretwell.
Ninety-Six—Bank of Ninety-Six; capital, $30,000; Pres., W. O. Self; Vice-Pres., R. S. Nickels and H. P. Galphin; Cashier, R. A. Watson.

SOUTH DAKOTA.

Colman—Citizens' State Bank; capital, $10,000; Pres., Jesse A. Smith; Vice-Pres., John Gordon; Cashier, F. D. Henderson.
Fort Pierre—Fort Pierre Bank; capital, $10,000; Pres., Charles D. Goldsmith; Vice-Pres., Charles J. Lavery; Cashier, L. E. Goldsmith; Asst Cashier, F. R. Strain.
Harrold—First State Bank; capital, $5,000; Cashier, F. W. Pierce.
Herrick—Farmers' State Bank; capital, $8,000; Pres., L. Limons; Vice-Pres., J. G. Dunbar; Cashier, J. A. Blair.
Leola—First State Bank; capital, $10,000; Pres., John J. Hepperle; Vice-Pres., John E. Reagan; Cashier, F. H. Hooper.
Ortley—State Savings Bank; capital, $5,000; Pres., G. G. Lasell; Vice-Pres., E. M. Lasell; Cashier, W. G. Kattkee.
Murdo—Murdo State Bank; capital, $7,000; Pres., Peter B. Dirks; Vice-Pres., Isaac Dirks; Cashier, Olof Nelson; Asst. Cashier, John B. Wait.
Seim—Grand River State Bank; capital, $10,000; Pres., J. W. Harris; Cashier, J. K. Clark.
Selby—Farmers' State Bank; capital, $10,000; Pres., Fred Gutz; Cashier, H. P. Gutz; Asst. Cashier, F. E. Gehrki.
Wessington—Farmers & Merchants' State Bank; capital, $12,000; Pres., J. W. Schultz; Vice- Pres., S. C. Martin; Cashier, Otto G. Schamber.
White Lake—White Lake State Bank (successor to White Lake Savings Bank); capital, $10,000; Pres., G. A. Rogers; Vice-Pres., I. W. Seaman; Cashier, A. W. Closson; Asst. Cashier, M. McMilian.
Yale—Farmers' State Bank; capital, $6,000; Pres., Jas. Dunlevy; Vice-Pres., A. M. Giles; Cashier, D. Crichton.

TENNESSEE.

Huntland—Huntland Bank; capital, $10,000; Pres., G. A. Gore; Vice-Pres., J. H. Lucas; Cashier, E. L. Reames.
Nashville—Broadway Bank & Trust Co.; capital, $50,000; Pres., W. T. Hardison; Vice-Pres., J. H. Bradford; Cashier, A. E. Potter.
Summertown—Summertown Bank Co.; Pres., A. J. Gould; Vice-Pres., G. W. Gray; Cashier, O. L. Ross.
Yorkville—Bank of Yorkville; Pres., F. E. Wyatt; Vice-Pres., J. S. McCorkle; Cashier, F. R. Utley.

TEXAS.

Alanreed—Bank of Alanreed; capital, $10,000; Pres., J. R. P. Sewell; Vice-Pres., S. B. Owens; Cashier, D. B. London.
Burton—Burton State Bank; capital, $10,000; Pres., C. W. Homeyer; Vice-Pres., Thomas Watson; Asst. Cash., B. C. Watson.
Lipan—Lipan State Bank; capital, $25,000; Pres., D. C. Cogdell; Vice-Pres., W. J. Aiken; Cashier, E. B. Hilbun.
McKinley—Continental Bank & Trust Co. (Branch of Fort Worth.)
New Ulm—New Ulm State Bank; capital $10,000; Pres., E. C. Find; Vice-Pres., Leonard Tilletson; Cashier, Robert Voigt.
Pflugerville—Farmers' State Bank; capital. $10,000; Pres., Wm. Pfluger; Vice-Pres., C. H. Kellam.
Terrell—First State Bank; capital, $100,000; Pres., J. S. Turner; Vice-Pres., J. S. Grinnan; Cashier, L. E. Griffith, Jr.; Asst. Cashier, E. H. Archer.
Junction—First State Bank; capital. $20,000; Pres., Horace E. Wilson; Vice-Pres., A. L. Mudge; Cashier, F. L. Wilson.

VIRGINIA.

Boons Path—First State Bank; capital, $15,000; Pres., M. O. Combs; Vice-Pres., T. C. Fuller; Cashier, G. Barker.
Bristol—Washington Trust & Savings Bank; capital. $50,000; Pres., A. P. Moore; Vice-Pres., R. B. Embree and J. D. Mitchell.

WASHINGTON.

Bridgeport—Douglas County Bank; capital. $15,000; Pres., A. E. Case; Vice-

Pres., B. F. Culp; Cashier, T. J. East.

Cusick—Pend d'Oreille Valley State Bank. (Branch of Newport.)

Everett—First Scandia Bank; capital, $50,000; Pres., J. Hunsacker; Vice-Pres., E. G. Reep; Cashier, Christ. Olson.

Mt. Vernon—Mt. Vernon State Bank; capital, $25,000; Pres., F. Freiman; Vice-Pres., Geo. H. Bailey; Cashier, R. L. Davis.

South Bend—First International Bank; capital, $25,000; Pres., G. H. F. Pierson; Vice-Pres., A. W. Hammond; Cashier, Elias Pierson.

Wapato—Wapato State Bank; capital, $25,000; Pres., Alex. E. McCredy; Vice-Pres., G. S. Rankin; Cashier, Harry Jones.

White Salmon—Citizens' Bank; Pres., K. C. Gillett; Vice-Pres., C. F. Camplan; Cashier, C. L. Colburn.

WEST VIRGINIA.

Matoaka—Bank of Matoaka; capital, $10,000; Pres., D. H. Barger; Vice-Pres., J. E. Morton; Cashier, W. L. Burruss.

CANADA.

MANITOBA.

Roblin—Union Bank of Canada; G. A. Campbell, Mgr.

ONTARIO.

Warsaw—Ontario Bank; G. L. McClennan, Sub. Mgr.

Woodville—Standard Bank of Canada; T. E. Bell, Mgr.

QUEBEC.

Quebec—Canadian Bank of Commerce; W. H. Dunsford, Mgr.

SASKATCHEWAN.

Craik—Union Bank of Canada; C. R. Crawford, Mgr.

Cupar—Union Bank of Canada; W. J. Swaisland, Mgr.

Maple Creek—Union Bank of Canada; Ph. Viberts, Mgr.

North Battleford—Bank of British North America; F. J. McEachern, Mgr.

Weyburn—Canadian Bank of Commerce; J. D. Bell, Mgr.

PRINCE EDWARD ISLAND.

Kensington—Bank of New Brunswick; H. W. B. Stavert, Mgr.

CHANGES IN OFFICERS, CAPITAL, ETC.

ALABAMA.

Citronelle—First National Bank; James S. Lynch, Cashier in place of L. Otto Stuber.

Ensley—First National Bank; absorbed by Bank of Ensley.

ARKANSAS.

Beebe—Bank of Beebe; capital, $25,000; M. Strickland, Jr., Pres.; C. A. Price, Vice-Pres.; E. H. Abington, Cashier; N. H. Strickland, Asst. Cashier.

Humphrey—Bank of Humphrey; W. A. Armstrong, Cashier in place of E. B. Stokes, resigned.

Siloam Springs—Farmers' Bank; Geo. Tatum, Pres.

CALIFORNIA.

Berkeley—Berkeley National Bank; no Vice-Pres. in place of J. W. Richards; no Cashier in place of W. M. Roberts; J. S. Mills, Asst. Cashier.

Los Angeles—Central Bank; John P. Burke, Vice-Pres.

Monrovia—First National Bank; capital increased to $100,000.

San Francisco—Wells-Fargo Nevada National Bank; F. L. Lipman, Vice-Pres. in place of J. F. Bigelow, resigned; F. B. King, Cashier.

Santa Monica—Merchants' National Bank; F. J. Townsend, Asst. Cashier.

CONNECTICUT.

South Norwalk—City National Bank; Jacob M. Layton, Cashier, resigned.

Waterbury—Citizens' National Bank; J. H. Bronson, Vice-Pres.; H. A. Hoadley, Cashier in place of F. L. Curtiss, deceased; no Asst. Cashier in place of H. A. Hoadley and C. E. Lamb.—Waterbury Savings Bank; Edwin S. Hunt, Sec. and Asst. Treas.

Willimantic—Willimantic Savings Institution; M. C. Murray, Pres. in place of M. E. Lincoln.

DISTRICT OF COLUMBIA.

Washington—Lincoln National Bank; Albert S. Gatley, Cashier in place of F. A. Steir, deceased; W. McK. Stowell, Asst. Cashier in place of Albert S. Gatley.

FLORIDA.

Gainesville—H. F. Dutton & Co.; Benjamin P. Richards, Cashier, deceased.

GEORGIA.

Brunswick—Brunswick Bank & Trust Co.; capital increased to $100,000.

Chipley—Bank of Chipley; T. T. Murrah, Pres., deceased.

Wrightsville—First National Bank; Elmer E. Daley, Cashier in place of Wm. W. Cook; R. B. Bryan, Asst. Cashier in place of Elmer E. Daley.

IDAHO.

Nesperce—First National Bank; J. A. Schultz, Pres. in place of T. M. Movkler; Henry Eversman, Vice-Pres.; P. J. Miller, Cashier.

Salmon—First National Bank; M. M. McPherson, Vice-Pres.

ILLINOIS.

Carbondale—Carbondale National Bank; J. S. Lewis, Pres. in place of F. T. Joyner.

Chicago—Calumet National Bank; O. M. Clark, Asst. Cashier.

East St. Louis—First National Bank; F. T. Joyner, Cashier; James E. Combs, Asst. Cashier.

Elgin—Home Savings Bank; William Grote, Vice-Pres.; W. H. Doe, Cashier; C. F. O'Hara, Asst. Cashier.

Neoga—Neoga National Bank; no Pres. in place of W. H. Hancock.

Salem—Salem National Bank; Charles E, Hull, Cashier in place of Thomas S. Marshall.

Springfield—Illinois National Bank; B. R. Hieronymus, Vice-Pres.; H. M. Merriam, Cashier in place of B. R. Hieronymus; John Hartman, Ast. Cashier in place of H. M. Merriam.

INDIANA.

Evansville—Evansville Trust & Savings Co.; Ph. C. Decker, Pres. in place of Alex. Gilchrist, resigned; Joseph Brentano, Sec. and Treas.

Fort Wayne—Fort Wayne Trust Co. and Tri-State Trust Co.; reported consolidated.

Hope—Citizens' National Bank; Joseph A. Spaugh, Pres. in place of Joseph Burney; Arthur D. Galbraith, Vice-Pres. in place of James Homsher; John E. Gilliland, Vice-Pres.; H. A. Stewart, Cashier in place of Frank Stapp.

Vincennes—Second National Bank; Wm. B. Robinson, Pres. in place of G. W. Donaldson.

INDIAN TERRITORY.

Antlers—Citizens' National Bank; no Cashier in place of Tom Tuck.

Dustin—First National Bank; Will N. Fayant, Vice-Pres. in place of J. H. Swafford.

Hugo—Hugo National Bank; J. H. Jackson, Cashier in place of Arthur Adams; C. G. Shull, Asst. Cashier in place of J. H. Jackson.

Lehigh—Merchants' National Bank; J. S. Camerin, Vice-Pres. in place of Wm. Menton; Glenn M. Johnson, Cashier in place of F. L. Bloomer.

McAlester—First National Bank of South McAlester; title changed to First National Bank of McAlester; to conform to change of name of town.

Millburn—First National Bank; Z. W. Rains, Vice-Pres. in place of T. E. Pendleton.

Ravia—First National Bank; J. W. Craig, Vice-Pres. in place of W. A. McAllister.

Terral—First National Bank; R. E. Fuller, Asst. Cashier.

Tishomingo—First National Bank; no Asst. Cashier in place of G. M. Johnson.

Tulsa—City National Bank; J. M. Hall, Pres.; J. D. Simmons, Vice-Pres.; A. E. Bradshaw, Cashier.

Wewoka — Farmers' National Bank; Harry H. Rogers, Vice-Pres. in place of M. F. Manville.

IOWA.

Davenport—German Savings Bank and Citizens' National Bank; consolidated under former title.

Titonka—First National Bank; E. R. Soper, Pres. in place of S. X. Way; H. C. Armstrong, Cashier in place of J. O. Lewis.

Wesley—First National Bank; Nathan Studer, Pres. in place of S. X. Way; Julius Kunz, Vice-Pres. in place of T. A. Way; Ihno A. Gerdes, Asst. Cashier in place of Julius Kunz.

KANSAS.

Oberlin—Oberlin National Bank; H. O. Douglas, Cashier in place of I. W. Zimmerman.

KENTUCKY.

Horse Cave—First National Bank; C. G. Choney, Asst. Cashier in place of C. C. Winston.

Louisville—Western National Bank; T. L. Jefferson, Pres. in place of W. B. Smith; W. H. Netherland, Vice-Pres. in place of F. A. Henry, Jr.; Louis F. Metz, Cashier in place of T. L. Jefferson.

LOUISIANA.

Mansfield—First National Bank; W. A. Nabors, Pres. in place of J. W. Saunders; J. W. Parsons, Vice-Pres. in place of W. A. Nabors; Robert Pitchford, Cashier in place of B. F. Dudley; J. B. Nabors, Asst. Cashier.

New Iberia—State National Bank; Henry W. Suberbielle, Cashier, deceased.

MAINE.

Thomaston—Georges National Bank; L. S. Levensaler, Cashier in place of J. C. Levensaler.

Westbrook—Westbrook Trust Co.; Lemuel Lane, Pres. in place of R. D. Woodman.

MARYLAND.

Annapolis—Farmers' National Bank; L. D. Gassaway, Cashier in place of G.

A. Culver; J. C. Brewer, Asst. Cashier in place of L. D. Gassaway.

MASSACHUSETTS.

Boston—City Trust Co.; capital increased to $1,500,000.
Franklin—Franklin National Bank; no Pres. in place of Edgar K. Ray, deceased.
Lowell—State Trust Co.; Charles Lowell, Vice-Pres., deceased.
Malden—First National Bank; Albert H. Davenport, Pres., deceased.
Mansfield—First National Bank; Walter I. Sherman, Asst. Cashier.
Millbury—Millbury Savings Bank; Amos Armsby, Treas., deceased.
Provincetown—Seamen's Savings Bank; John D. Hilliard, Vice-Pres., deceased.
Wakefield—Wakefield National Bank, Frank C. Carter, Asst. Cashier.

MICHIGAN.

Battle Creek—Old National Bank; Wm. J. Smith, Second Vice-Pres.; L. J. Karcher, Cashier in place of F. P. Boughton, deceased; A. D. Webb, Asst. Cashier in place of L. J. Karcher.
Charlotte—Merchants' National Bank; A. D. Baughman, Pres. in place of E. T. Church; Homer G. Barber, Vice-Pres. in place of A. D. Baughman.
Grand Haven—National Bank of Grand Haven; Wm. D. Van Loo, Cashier; no Asst. Cashier in place of M. W. Turner.
Jackson—Union Bank; capital increased to $200,000.

MINNESOTA.

Caledonia—First National Bank; no Pres. in place of Walter Georgen, deceased.
Ceylon—First National Bank; no Asst. Cashier in place of O. F. Johnson.
Red Wing—Goodhue County National Bank; Jno. H. Rich, Pres. in place of F. Busch; C. F. Hjermstad, Vice-Pres.; C. J. Sargent, Cashier in place of C. F. Hjermstad.

MISSOURI.

Carterville—First National Bank; Wm. A. Daugherty, Pres., deceased.
Kirksville—Kirksville Savings Bank; S. F. Stahl, Pres. in place of Samuel Reed, resigned.—Citizens' Bank; capital increased to $100,000.
Liberal—First National Bank; J. G. Petgen, Pres. in place of J. H. Conrad.
St. Charles—St. Charles Savings Bank; Theodore Bruere, Pres., deceased.
St. Louis—Mercantile Trust Co.; Paul Brown, Vice-Pres. in place of C. H. Spencer, deceased.—Washington National Bank; F. P. Jones, Cashier in place of E. J. Archinard.

NEBRASKA.

Chadron—Citizens' State Bank; F. B. Carley, Cashier, resigned.
David City—City National Bank; C. O. Crostwaite, Cashier in place of Elmer E. Williams, resigned; E. K. Crow, Asst. Cashier.
St. Edward—Smith National Bank; Wm. R. Smith, Cashier.

NEVADA.

Manhattan—Bank of Manhattan; A. H. Smith, Cashier.

NEW HAMPSHIRE.

Exeter—Exeter Banking Co.; Geo. A. Wentworth, Pres., deceased.
West Derry—Nutfield Savings Bank; S. H. Bell, Pres. in place of Chas. W. Abbott, resigned.

NEW JERSEY.

Elmer—First National Bank; J. B. Wainwright, Cashier in place of Thomas Newell.
Dover—National Union Bank; Elbert H. Baldwin, Vice-Pres., deceased.
Newton—Merchants' National Bank; John C. Howell, Pres., deceased.
Trenton—Trenton Savings Fund Society; Lewis Parker, Sec. and Treas., deceased.

NEW MEXICO.

Raton—Raton National Bank; no Vice-Pres. in place of M. R. Mendelson; L. R. Goehring, Asst. Cashier.

NEW YORK.

Brooklyn—Dealers' Bank; absorbed by Union Bank.—Bushwick Savings Bank; Jere E. Brown, Pres. in place of John Davies, deceased.
Cornwall-on-Hudson—Cornwall Savings Bank; Gilbert T. Cocks, Treas. in place of Geo. T. Peckham.
Massena—First National Bank; F. J. Hyde, Pres. in place of E. B. Bumsted; no Vice-Pres. in place of W. H. Hodges.
New York City—London & River Plate Bank; Geo. Ogden Gordon, Manager, deceased.—Shoemaker & Bates; Wm. B. Shoemaker, deceased.
Potsdam—Citizens' National Bank; Fred L. Dewey, Pres. in place of Edson M. Perkins; Bertrand H. Snell, Vice-Pres. in place of W. M. Hawkins.
Yonkers—First National Bank; Wm. W. Scrugham, Vice-Pres. in place of Wm. B. Edgar.

NORTH DAKOTA.

Churchs Ferry—First National Bank; H. E. Baird, Pres. in place of A. O. Whipple; Howard Whipple, Vice-Pres. in place of H. E. Baird.
Devils Lake—First National Bank; L. A. O. Whipple, Pres., deceased.
Fingal—First National Bank; L. A. Batcheller, Pres. in place of Thomas Casey; N. P. Langemo, Vice-Pres. in in place of L. A. Batcheller.

Knox—First National Bank; C. A. Peterson, Cashier in place of W. P. Brown.
Tower City—First National Bank; no Asst. Cashier in place of P. R. Sherman.

OHIO.

Clarksville—Farmers' National Bank; Thos. Sherrod, Vice-Pres. in place of W. T. Mounts.
Dayton—Merchants' National Bank; Charles W. Slagle, Cashier in place of Thomas Gable; Owen Britton, Asst. Cashier in place of Charles W. Slagle.
Tiffin—Commercial Bank; John B. Runyan, Cashier, deceased.

OKLAHOMA.

Blackwell—State National Bank; E. A. Lentz, Asst. Cashier.
Fairfax—Fairfax National Bank; G. M. Carpenter, Pres. in place of John L. Bird; John L. Bird, Vice-Pres. in place of G. M. Carpenter.
Temple—First National Bank; Jess Baker, Pres. in place of D. C. Cogdell; J. C. Tandy, Vice-Pres. in place of Jess Baker.

OREGON.

Medford—Medford Bank; John Orth, Cashier in place of Geo. L. Davis, resigned.

PENNSYLVANIA.

Honey Brook—First National Bank; John E. Finger, Cashier in place of A. T. Heckert.
Lititz—Lititz National Bank; John M. Pfautz, Asst. Cashier in place of J. W. G. Hershey.
Philadelphia—Fourth Street National Bank; E. F. Shanbacker, First Vice-Pres. in place of Francis L. Potts; B. M. Faires, Second Vice-Pres. in place of S. F. Tyler; W. Z. McLear, Cashier in place of E. F. Shanbacker.
Pine Grove—Pine Grove National Bank; A. T. Heckert, Cashier in place of O. A. Fulmer.
Port Allegany—Citizens' National Bank; M. M. Pomeroy, Asst. Cashier.
Scranton—Merchants & Mechanics' Bank; E. K. Gallagher, Cashier in place of H. M. Berkley; A. D. Shaffer, Asst. Cashier.
Waynesburg—Farmers & Drovers' National Bank; no Pres. in place of E. M. Sayers.

RHODE ISLAND.

Providence—Atlantic National Bank; Edward P. Metcalf, Pres. in place of James S. Kenyon; James S. Kenyon and Ernest W. Tinkham, Vice-Pres.; Frank W. Peabody, Cashier in place of Wm. R. Greene.—Old National Bank; Louis E. Robinson, Pres. in place of E. P. Metcalf.
Woonsocket—Citizens' National Bank; James Aldrich, Pres. in place of Edgar K. Ray, deceased; Joseph G. Ray, Vice-Pres.; Wm. H. Gould, Asst. Cashier.

SOUTH CAROLINA.

Newberry—National Bank of Newberry; Geo. S. Mower, Vice-Pres.; F. N. Martin, Cashier in place of E. A. Carlisle; R. L. Tarrant, Asst Cashier.

SOUTH DAKOTA.

Deadwood—First National Bank; N. E. Franklin, Pres. in place of Harris Franklin; Harris Franklin, Vice-Pres.
Elk Point—Union County Bank; Julius Schaetzel, Pres., deceased.

TENNESSEE.

Granville—Bank of Granville; P. J. Franklin, Vice-Pres. in place of S. S. Carver, resigned.
Jellico—First National Bank; A. B. Mahan, Pres. in place of J. P. Mahan; H. A. McCamy, Cashier.
Nashville—First Savings Bank & Trust Co.; A. M. Shook, Pres.; W. R. Cole, First Vice-Pres.; D .C. Buntin, Second Vice-Pres.; D. P. Houston, Cashier.—First National Bank; E. A. Lindsey, Second Vice-Pres.
Smithville—Farmers & Traders' Bank; W. C. Potter, Pres., deceased.

TEXAS.

Alvord—Farmers & Merchants' National Bank; Oran Speer, Cashier in place of A. Y. Leslie.
Caldwell—First National Bank; H. R. Kelly, Asst. Cashier in place of O. P. Storm.
Corpus Christi—City National Bank; Jno. G. Kenedy, Vice-Pres.
Grand View—First National Bank; Thomas M. Mastin, Pres. in place of T. E. Pittman.
Hallettsville—Lavaca County National Bank; Louie Cohn, Cashier in place of E. B. Seymour.
Mexia—Pendergast, Smith & Co.; J. L. Smith, Vice-Pres., deceased.
Santo—First National Bank; A. B. Gilbert, Vice-Pres. in place of J. D. T. Bearden; John D. Dyer, Asst. Cashier.
Smithville—First National Bank; E. C. Williams, Asst. Cashier in place of R. J. Saunders.
Stamford—Citizens' National Bank; no Asst. Cashier in place of M. E. Manning.
Whitney—Citizens' National Bank; R. C. Feagin, Asst. Cashier in place of R. Dunn.

VIRGINIA.

Esmont—Esmont National Bank; no Vice-Pres. in place of W. B. Forsyth.

Fredericksburg—National Bank of Fredericksburg; J. Stansbury Wallace, Pres. in place of H. H. Wallace.

Irvington—Lancaster National Bank; Howard O. Rock, Cashier in place of J. F. Gouldman, Jr.

Leesburg—People's National Bank; no Second Vice-Pres. in place of H. A. Thompson.

Norfolk—Norfolk National Bank; capital increased to $1,000,000.

Roanoke—American Savings Bank; Benjamin F. Sites, Cashier, resigned. signed.

Scottsville—Scottsville National Bank; Wm. Dorrier, Pres., resigned.

WASHINGTON.

Bellingham—First National Bank; Jno. H. Cole, B. M. Farris and H. L. Merritt, Asst. Cashiers.—Bank of Bellingham; absorbed by First National Bank.

Shelton—State Bank; S. G. Simpson, Pres., deceased.

Spokane—Fidelity National Bank; Thomas H. Brewer, Vice-Pres.

WEST VIRGINIA.

Cameron—Bank of Cameron; James W. Dunlevy. Pres., deceased.

Madison—Madison National Bank; E. D. Stollings, Vice-Pres. in place of Julian Hill.

Parkersburg—Commercial Banking & Trust Co.; Thomas J. Wetherell, Cashier in place of Edward McCreary, deceased.

WISCONSIN.

Campbellsport—First National Bank; Albert S. Schwandt, Cashier in place of H. N. Bacon.

Centuria—State Bank; capital increased to $25,000.

Janesville—First National Bank; John G. Rexford, Pres.; Wm. C. Newhouse, Cashier.

Kaukauna—First National Bank; Frank F. Becker, Pres. in place of H. A. Frambach; Wm. J. Tesch, Cashier in place of Frank F. Becker.

Kendall—Kendall State Bank; capital increased to $10,000.

Rib Lake—First National Bank; D. McLennan, Pres. in place of J. H. Waggoner; P. E. Marcus, Vice-Pres. in place of D. McLennan.

Two Rivers—Bank of Two Rivers; W. J. Wrieth reported an embezzler.

WYOMING.

Meteetse—First National Bank; Angus J. McDonald, Pres. in place of Adam Hogg.

Thermopolis—First National Bank; H. P. Rothwell, Pres. in place of E. Amoretti; J. A. Swenson, Asst. Cashier.

CANADA.

ONTARIO.

Owen Sound—Telford & Co.; absorbed by the Sovereign Bank of Canada.

Toronto—Bank of Montreal; A. D. Braithwaite, Mgr. in place of Angus Kirkland, deceased.

QUEBEC.

Montreal—Dominion Bank; J. H. Horsey, Mgr.—Royal Bank of Canada; W. H. Botsford, Mgr. in place of C. S. Hoare, resigned.

BANKS REPORTED CLOSED OR IN LIQUIDATION.

ALABAMA.

Ensley—First National Bank; in voluntary liquidation May 5.

ILLINOIS.

Peoria—Zell, Hotchkiss & Co.

IOWA.

Clearfield—Farmers' State Bank.

KENTUCKY.

Morehead—Lenora National Bank; in voluntary liquidation May 9.

MISSOURI.

Joplin—Joplin Savings Bank.

NORTH DAKOTA.

McCumber—First National Bank; in voluntary liquidation May 10.

OHIO.

Carrollton—First National Bank; in voluntary liquidation May 31.

Roseville—Farmers & Merchants' Savings Bank.

PENNSLYVANIA.

Philadelphia—Wm. Hurley, Jr., & Co.

TENNESSEE.

Nashville—Merchants' National Bank; in voluntary liquidation May 15.

BANKERS' OBITUARY RECORD.

Armsby.—Amos Armsby, treasurer of the Millbury (Mass.) Savings Bank, died May 25. He was born at Sutton, Mass., in 1835, and entered the Millbury Bank in 1872. When, two years later, the bank was divided. Mr. Armsby became cashier of the Millbury National Bank, holding this position until 1897, when he became treasurer of the Savings Bank.

Baldwin.—Elbert H. Baldwin, vice-president of the National Union Bank, Dover. N. J., died June 26.

Boughton.—Frank P. Boughton, who was director and cashier of the Old National Bank. Battle Creek, Mich., died recently after many years of faithful and efficient service.

Daugherty.—Wm. A. Daugherty, a pioneer resident of Carterville, Mo., and President of the First National Bank, of that place, died recently, aged seventy-eight years.

Davenport. — Albert H. Davenport, president of the First National Bank, Malden, Mass., died June 22, aged sixty years.

Gordon.—George Ogden Gordon, for fifteen years manager of the New York office of the London and River Plate Bank, died June 16, aged sixty years.

Hilliard.—John D. Hilliard, a director of the First National Bank, Provincetown, Mass., and vice-president of the Seamen's Savings Bank, died June 8, aged seventy years.

Howell.—John C. Howell. president of the Merchants' National Bank, Newton, N. J., died June 6, aged sixty-four years. He was elected cashier of the bank in 1878, and twenty years later was chosen president.

McCreary.—Edward McCreary, cashier of the Commercial Banking and Trust Co., Parkersburg, W. Va., died May 30.

Parker.—Lewis Parker, secretary and treasurer of the Trenton (N. J.) Saving Fund Society, died June 20, aged sixty-seven years.

Suberville. — Henry W. Suberville, cashier of the State National Bank, New Iberia, La., was accidentally killed at New Orleans, June 2.

Whipple.—A. O. Whipple, founder and president of the First National Bank, Devil's Lake, North Dakota, died May 19.

Williams.—James J. Williams, president of the Merchants and Mechanics' Bank, Scranton, Pa., and one of the best-known business men of that city, died June 22. He had been president of the bank since 1888, and was also prominently identified with other leading business enterprises.

FRANCE IN THE MONEY MARKET.

ALTHOUGH the annual gold production of the world is nearly $400,000,000, there is such tremendous trade activity in every quarter of the universe that capital is in demand as never before. One thinks of the usually well supplied money markets as to-day cleaned up bare, in a condition of drought; but then there is a great reservoir of free capital in France which is being tapped by the other thirsty nations, and which, in spite of the drain, it keeps well filled and shows no sign of exhaustion. The Bank of France, the largest hoarder of gold next to the United States Treasury, has in its vaults to-day nearly $600,000,000 of the precious metal; two years ago it had $465,000,000, and in 1900, when Paris began slowly to forge ahead of London as the centre of largest money supply, the institution held only $375,000,000.—Review of Reviews.

THE

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THE LATE RUSSELL SAGE.

IN seeking for lives of great Americans whose careers are worthy of imitation, the instructors of youth are not likely to turn to the career of RUSSELL SAGE, the New York multi-millionaire who died recently. And yet he possessed some qualities that might be profitably imitated. He was industrious and economical, and there was nothing of the hypocrite in his character. He pretended to be nothing that he was not. His life was devoted to money-getting, and if to attain one's chief object is to be successful, RUSSELL SAGE was assuredly a success, for he piled up a fortune approximating $100,000,000.

Mr. SAGE made his money chiefly in Wall Street, but he was not a speculator and hardly an investor in the ordinary sense. He was primarily a money-lender, and at the time of his death had about $30,000,000 loaned out on call to Stock Exchange operators.

His private life was irreproachable, and his domestic relations those of the average simple, old-fashioned home-loving American. Notwithstanding his reputed disinclination to part with money, he lived in an expensive house in the city's most fashionable avenue. In person he was tall, rather thin, and grim and austere in his demeanor. His dress was so plain as to give color to the stories of his extreme parsimony in providing himself with wearing apparel. He was free from indulging in any of the frivolites of the idle rich. His one thought seemed to have been to make money. Living or dead, he had no care for the public estimate of him or his methods. His vast estate, accumulated at the cost of so much toil and scheming, was left almost wholly to his wife, to whom he was devoted. That the colossal sum of money will finally go to charitable purposes, can hardly be doubted, since it is known that Mrs. SAGE is deeply interested in work of that character. It is conceivable, and perhaps true, that Mr. SAGE himself knew what disposition would finally be made of his wealth. But he had devoted his life to getting money, and was master of every detail necessary to that end. The giving away of what he had made, he left to another. Besides, he did not wish to pose as a philanthropist.

There was probably no happier man in the country than RUSSELL SAGE, and he found happiness in his work, which was the making of money.

EDITORIAL COMMENT

OF the many ill-considered plans for currency reform lately presented to the public that devised by the Federal legislative committee of the American Bankers' Association seems to deserve the severest condemnation. An outline of this plan was given in an address made by JOHN L. HAMILTON, president of the American Bankers' Association, before the recent convention of the Michigan Bankers' Association. We quote from MR. HAMILTON'S address:

"The committee has prepared and will shortly have in print a plan which it expects to submit to every banker in the United States, asking him to carefully consider it and be prepared at the coming convention of the association in St. Louis to there express his objections, if any he has, to the plan. The plan provided is this: that a currency commission of seven members shall be appointed by the President of the United States and confirmed by the Senate, the Comptroller of the Currency to be a member of that commission and the other six members to be appointed upon the first commission as follows: two for four years, two for eight years and two for twelve years thereafter; the commission to be non-partisan, selected from the different sections of the United States. The object in fixing the length of service is this, that an incoming President would only have the naming of two members of the commission, thereby having four members of the commission that would hold over. Hence, if by any accident a man who was not desirable, not a safe financial man, should be elected President he would not disturb the financial conditions of this country. In the minds of the public to-day there is a sentiment that all financial institutions or any other institution of great importance should be under more direct Federal control and that is another reason for the selection of this commission. It is proposed that national banks be permitted to increase their circulation in times of emergency or in times of necessity to an amount equal to fifty per cent. of the bond-secured circulation of the national banks outstanding. The object in basing it upon its bond-secured circulation is this: it was the original intent of the Government, when the National Banking Act was formed, to provide a market for the Government's securities; that idea still prevails in the minds of the public, and so far as I am personally concerned I believe it is the proper basis on which to base our circulation. If you base this emergency circulation upon the bond-secured circulation, then there will be a tendency to increase the circulation of the national banks. If national banks are permitted to issue an emergency currency based upon their capital or surplus then there would be a tendency to decrease the bond-secured circulation and to depend upon the emergency circulation, a condition which you would not want. * * * The theory has been advanced by Mr. Fowler and by several men prominent in financial circles that an emergency circulation should be based upon the rule of supply and demand. Human nature is the same everywhere, with bankers and with the individual, and if a banker can issue at will an emergency circulation or a credit currency—call it what you will—the tendency is for him to issue that currency and keep it out as long as possible. Under the plan that we propose if a bank wishes to issue an emergency circulation, it must apply to this commission, stating the necessity for it, and the commission will determine whether such a circulation should exist or not and will fix the time for which the circulation shall remain outstanding."

These proposals are so unwise that it is inconceivable that any considerable percentage of the bankers of the country will assent to them. Were it not for the fact that they are fraught with danger to the banking and business interests of the country, on account of their source, they might be dismissed without serious consideration.

The creation of this commission is justified on the ground that "there is a sentiment that all financial institutions * * * should be under more direct Federal control." Evidence of this sentiment is not produced, nor would it be easy to find. On the other hand, very many people believe that the Federal Government has no business whatever to interfere with the numerous excellent institutions—state banks, savings banks and trust companies—doing business under state laws. If this principle of Federal regulation of banking is once adopted, it will be extended until the banks now operating under state laws are deprived of all the privileges that have rendered them peculiarly serviceable to the business community. It is no reflection on the admitted excellence of the national banking system to say that some of the best features of banking have developed under state laws. The flexibility of our banking system—its adaptability to widely varying conditions—would be seriously hampered by placing all banks under Federal control.

Still more unsound and dangerous is the proposal to place the regulation of the currency in the hands of the proposed commission, even though it be composed of the magical number seven. What can such a commission possibly know about whether more currency should be issued or not? Their interference would be as pernicious as is that of the Secretary of the Treasury in attempting to regulate the money market. If the issue of bank notes is to be determined by a commission, why should there not be commissions for fixing the supply of bread and of meat, and of all other things? What right has an individual to decide how much meat he shall buy, or a butcher to sell all the meat his customers are willing to buy and pay for? Why should a business man or a bank have anything to say about the amount of bank notes to be issued or used when this may be determined with so much greater accuracy by a Federal commission, made up, perhaps, of superannuated politicians? And if the issue of bank notes is to be dependent upon the will of the commission, why should not the greater and more important function of granting loans and circulating credit by means of bank checks be similarly controlled? If a bank can not be trusted to issue a small amount of its secured notes, surely it ought to be deprived of the right of granting unlimited credit to individuals, on the security of their mere names.

A humorous individual has recently proposed that the law of supply and demand be repealed. He may be surprised to find that his suggestion has been anticipated by the legislative committee of the American Bankers' Association.

The demand for a credit currency manifests itself through the banks, and the question whether such a currency is to be issued or not should be decided by the banks, either individually or acting in concert through clearing-house associations, and the retirement of this currency, or of any bank-note currency, ought to be purely automatic, as it is in Canada.

The plan of the committee is open to further objection in that it seeks to perpetuate the present system of Government bond-secured currency, although this system is condemned by practically every authority, and by the teachings of experience. United States bonds bearing two per cent. interest are selling at a fictitious price, and no one can believe that the credit of the Government needs the stimulus which is afforded by the privileges now conferred on the bonds. Our credit would be on a more legitimate footing if all these extraneous props were removed, and the bonds permitted to sell at their investment value.

We can only hope that the plan of the committee when fully elaborated will be found less objectionable than appears from Mr. HAMILTON's brief summary. Much was expected from the labors of the committee, but the outlook at present is not only disappointing but disheartening. If a body of men selected by the American Bankers' Association arrive at such lame and impotent conclusions, the prospects for a genuine and scientific bank-note currency are anything but promising.

FOREIGN commerce for the fiscal year ending June 30, 1906, broke all records both for imports and exports of merchandise, the total of the former being $1,226,615,379, and of the latter $1,743,763,612, making the aggregate $2,970,378,991, and the net excess of exports over imports $517,148,233—the largest ever reported with the exception of the year 1901, when the exports exceeded the imports by $664,592,826.

An idea of the expansion of our foreign commerce in recent years may be gained from the following table, showing the imports and exports of merchandise and the net exports for the years named:

	Imports.	Exports.	Net Exports.
1886.....	$635,436,136	$679,524,830	$44,088,694
1896.....	779,724,674	882,606,938	102,882,264
1906.....	1,226,615,379	1,743,763,612	517,148,233

The figures for 1906 are for the twelve months ending June 30, while the other figures are for calendar years.

Within a comparatively recent period the United States has changed from a country whose imports equalled or exceeded its exports to one having a large balance of exports. An important part of this gain has come from the increase in the sale of our manufactures abroad. There is a large amount of official testimony, to be gleaned from the Consular Reports, showing that the merchants and manufacturers of the United States are still more or less indifferent to foreign trade. They are so busy supplying the home market, at good prices, that they refuse to adapt their wares to the wants of the outside world. It might be interesting to some other nations if the American producers should one day decide to go after foreign trade in earnest.

TREASURY aid to the money market seems to have reached its widest application in the recent actions of the Secretary of the Treasury. The sale of bonds, ostensibly for Canal purposes, appears to have been made more for the purpose of helping the banks out of a prospective fall pinch for money than to meet any present requirements of the Treasury. It is stated that the money realized from the bonds will be left in the banks—as it should be, of course—and that the new bonds can be used as a basis for securing these deposits or for issuing additional bank circulation. Perhaps the desire of the Secretary of the Treasury to increase the supply of bank notes to meet the fall demand for currency prompted the issue of bonds at this time. Whether this be true or not, the fact remains that if more bank notes are needed they can not be had, under existing laws, without enlarging the bonded debt. Of course, whatever extra notes are issued this fall, nominally to meet the exceptional need of currency for crop-moving purposes, will not be retired when the exceptional demand is over, but will become a fixed part of the paper currency supply of the country, to be used in the further inflation of prices.

WHETHER the high rate for money at New York, exacted on call loans at certain seasons, is due to the demand for money to market the agricultural crops, or whether it is caused by the requirements for purposes of Wall Street speculation, were points considered in the address of FESTUS J. WADE, of St. Louis, at the recent convention of the New York State Bankers' Association.

Mr. WADE's observations have led him to conclude that there is no very marked fluctuation in the rate on ordinary commercial loans, but that the fluctuations that do occur are confined principally to the Wall Street district. He stated that if the East would take care of the Wall Street crop, the West would be fully capable of taking care of the agricultural crop.

This is a very much deeper question than appears on the surface. If the genesis of Wall Street speculation were carefully looked into, what proportion of it could be traced to the West and other parts of the country? Just as a large part of the operations on the London Stock Exchange originates in New York, so do the transactions at this center arise, to a considerable extent, in other parts of the United States. Indeed, during dull seasons the Stock Exchange houses would find but little to do were it not for the perennial crop of "lambs," coming into the Street from the agricultural sections.

But not only do the stock speculators themselves come in large numbers from the agricultural regions. An important share of the money used here in Wall Street comes from the same locality and is one of the most powerful influences in bolstering up stock speculation and permitting it to go beyond prudent limits. When the country banks can not find employment for all their funds at home, they send the surplus to New York and other centers, not merely depositing it with their reserve agents and getting a moderate rate of interest, but lending it out in Wall Street, and thus helping to produce that crop which Mr. WADE suggests should be cared for by the Eastern banks.

On the other hand, the New York banks are aiding substantially in carrying on the business of all sections. They lend to other banks and to mercantile borrowers direct, not only at special seasons but during all seasons. It is true, however, that there has been a remarkable increase of wealth in the West in the past ten years, and that the banks and business interests of that section are less dependent upon the East than formerly. The rise in the prices of agricultural products has enriched the whole country, but the West and South, for obvious reasons, have shared more directly in this addition to the country's wealth than have the other sections. But all have gained immensely, and there is no room for envy.

As a matter of fact, there is no such thing as the financial independence of any one section. Even the great banks of New York are debtors to the country banks for deposits, just as the country banks, in many cases, are debtors to New York for loans. When the call loan rate is high here, money is attracted from various parts of the country, as well as from Europe and from Canada.

Upon the basis of the money belonging to the interior banks, deposited at New York in ordinary times, a large volume of credit is built up, and when the out-of-town banks not only withdraw their deposits very largely, but in addition borrow of New York to a considerable extent, there is necessarily a quick contraction of this credit structure, and the interest rate rises in obedience to the law of demand and supply. But while the flurry manifests itself at New York as the chief financial center of the country, and is confined principally to the Wall Street district, it is in reality the demand for money for crop-moving purposes, and not for Wall Street speculation, that causes the trouble. For the difficulty arises when the country banks call for their balances here, or require additional loans, and both of these demands grow out of the crop movement.

Inordinate speculation in Wall Street is fostered by our inelastic currency system—the legal tenders and national bank notes in particular—by the custom on the part of the New York banks in paying interest on deposits of out-of-town banks, by the law of the state of New York permitting any interest rate to be charged on call loans on collateral, and by the policy of paternalism followed by the Secretary of the Treasury.

ALARMED by the rapid pace of enterprise, and discerning certain portentous omens in the financial skies, the currency doctors are coming forward to offer their remedies for preventing, or at least for alleviating, the ill effects of the crisis which they seem to regard as inevitable. The remedy most in favor seems to be emergency currency. This remedy has never been tried on anything like the scale that would be necessary if it were applied to the relief of a financial crisis in this country. Whether an emergency currency would work here as successfully as it has done in Germany, under the different conditions existing in the United States, no one can say with certainty until it has been tried.

To prevent a crisis, it seems to be generally assumed that some way must be found to augment the country's money supply, either permanently or temporarily. If enterprise is to be kept up at a continually growing pace, it is claimed that a monetary stringency can be prevented only by finding some means of furnishing more money. The advocates of an emergency currency, however, favor a tax on the extra issues, heavy enough to compel their retirement when the emergency has passed. Others favor a plan that would lead to a large expansion of the volume of outstanding paper.

Each of these remedies is based upon the theory that "like cures like," for there can hardly be any disputing the fact that the present dangerous pace of enterprise has been greatly accelerated by the rapid expansion in the country's bank-note circulation. If the increase in the stock of money had been in the shape of coin, or even of notes based upon an ample reserve of coin, instead of notes based upon the public debt, the stimulus to business would have been more gradual, and the basis for expansion more solid.

While the causes of crises have never been accurately defined, there can be little doubt that too great an increase in the supply of improperly secured paper "money" is one of the prime causes operating to produce that overconfidence and overtrading which frequently bring about a crisis.

When the country was relieved of the threat of free silver, the naturally optimistic temper of the people at once began to manifest itself, and from 1896 until the present time, with slight pauses for getting a fresh start, the progress of enterprise has gone forward with tremendous energy. That the country has been greatly benefited as a result can not be intelligently questioned. Concurrently with this enormous growth of enterprise there has been an important gain in the production of gold and a marked increase in the bank-note circulation, and though the demands on the banks for accommodation have been exceedingly heavy, they have been met thus far with but little inconvenience. Now, however, there is a feeling that the banks will have to begin to tighten the reins somewhat, for their own protection. Both the law and ordinary prudence demand that their reserves should not be drawn down too low.

It is to be hoped that a financial crisis, if it must come at all, will be long delayed. Of the causes now at work to produce a revulsion, the growth of the bond-secured bank-note currency to a total of over $500,000,000 and a further prospective increase to three-quarters of a billion dollars, constitutes the gravest menace to the continuance of American prosperity.

ONE consequence of the amendment of the National Banking Act, extending the limit of loans to one person, corporation or firm from ten per cent. of the bank's capital to ten per cent. of the combined capital and surplus (provided such loans do not in any case exceed thirty per cent. of capital), will be to cause the banks to increase their surplus accounts. A movement in this direction may be noted already, though the law has been in effect but a short time.

The addition to the surplus of a bank results in increased strength to the institution, but not in the same proportion as an increase of capital. If $100,000 is added to the surplus, the bank is stronger by that amount, but if $100,000 is added to the capital, the real strength of the bank, so far as relates to its final ability to liquidate claims against it, is increased by $200,000, owing to the double liability of shareholders.

While, therefore, the amendment referred to is beneficial in one particular, in that it encourages the banks to build up their surplus funds, this advantage is counteracted to some extent by the fact that under the amended law there will not be the same incentive as there was before to increase capital. But as a matter of fact, under the law as it formerly stood, most of the banks that wanted to lend large amounts to one person, corporation or firm did not increase their capital as a preliminary to making such loans. What they did, almost invariably, was to violate the law. Successive Comptrollers have winked at this violation of the law, though it has been declared quite frequently that the excessive loans to one person were the chief cause of bank failures. The penalty for breaking the law—forfeiture of the bank's charter—has, however, been deemed too harsh, and the law had become practically a dead letter. But now that the law is more liberal, the Comptroller has declared his intention of enforcing it strictly. So that while the amendment will encourage the building up of surplus instead of capital, and is, in that respect, not altogether commendable, it will, on the other hand, cause a tendency to build up the surplus to a greater extent than formerly and will give the Comptroller courage to enforce the law. It can not be doubted, therefore, upon the whole, that the amendment is really in the interest of sound banking, that the banks will now be able to render better service to the business community without having to break the law.

One curious incident is to be noted in connection with the amendment. It has been decided by the Comptroller of the Currency that the law is meant to include surplus only and not undivided profits. This is contrary to the ruling of the Internal Revenue Commissioner and the decision of the courts in the cases that arose under the War Revenue Act of 1898, where it was declared that Congress in imposing a tax on the surplus of the banks meant to include undivided profits.

JAPAN is reported to be contemplating the nationalization of all her industries, having already arranged for taking over the railways. This is a step that will be watched with a great deal of interest throughout the world. Judging from the history of the country, it can hardly be inferred that Japan enters upon this course from any altruistic motives or because the people have become inbued with socialistic ideas. Japan is a country that seems to seek out the most efficient method of performing a given task and then goes ahead and performs it with scientific precision. Efficiency is the watchword in every department of activity.

Occupying a comparatively small area, with the national life closely concentrated, and having a highly patriotic population, little difficulty is experienced in carrying out any policy calculated to promote the country's welfare.

Whether, under modern conditions, the industries of a nation can be carried on to greater advantage by the people in their collective capacity —that is, by the state—than by individuals or corporations, that is a question about which very positive opinions are held in this country. Only advanced socialists would contend that the state should take over all private enterprises, while the great preponderance of opinion would resent any intrusion of the state into private business affairs.

It is useless to deny that changes are going on in the industrial world of momentous importance. But in that respect the present era is not much different from those which have preceded it. Instead of being in a hurry to abandon the system which has helped to make the United States one of the greatest and wealthiest nations of the earth, we might find it profitable to let others first try the experiment of government ownership and operation of railways and manufacturing industries. The abuses that have developed under the existing system of individual and corporate control are in a fair way to be corrected by Government regulation, and we should at least give this policy a fair trial before looking with favor on anything more radical. Japan's experiment will be interesting; but if successful, it will not necessarily be convincing, for what might be practicable in a small country like Japan might be altogether impracticable in a large country like the United States.

In adopting the policy of nationalization of her industries Japan will be following the example of Russia. Under the direction of M. de Witte as Finance Minister Russia was gradually acquiring control of the railways and of general industries. Had his policy of peaceful commercial expansion not been supplanted by one of military aggression, the history of recent events in the Far East might have been different.

The Japanese are studiously in quest of every instrumentality calculated to add to the national wealth and power, and they have shown heretofore a pretty accurate knowledge of what is best suited to that end. That they have decided, as reported, to transfer industrial enterprises from individuals to the state is an event of profound significance.

FRESH interest in the subject of currency reform has been awakened by recent events. Even the most confirmed advocate of a bond-secured circulation can hardly fail to see that the present policy of the Treasury in forcing the banks to issue circulation, and endeavoring to persuade them to keep it out, can not fail seriously to affect the business interests of the country. Whether we like to do so or not, a situation is being developed that will compel us to study the currency question with extreme care, and to bring to its settlement all the wisdom to be gained from investigation and experience.

Much is to be hoped for from the suggestion of Mr. A. H. CURTIS, the former president of the New York State Bankers' Association, that delegates be appointed by the respective State Bankers' Associations to meet at St. Louis just prior to the assembling of the convention of the American Bankers' Association, and carefully consider the best means of doing effective work in behalf of currency reform. It is idle to say that Congress will do nothing unless a panic should occur. Congress will do as the people direct. But it is necessary that there should be some unanimity of opinion as to what is desirable. Mr. CURTIS is one of the most popular bankers in the country and is well calculated by his individuality, character and experience to inspire enthusiasm for any cause that he espouses. The currency reform movement has suffered for want of the right kind of leadership; not that it has lacked able champions, but the enthusiasm necessary to carry any movement to a successful issue has been absent, and this has been due, in part, to the failure of those most conspicuous in the work of currency reform to gauge accurately the nature of the task before them. Something more is needed than a mere presentation of plans, however meritorious. The interest of the banks must be appealed to in a practical manner. They must be convinced that they can make more money under a better system of issuing curency, that they can serve their customers better and thus promote the welfare of the business community. The people must also be shown that they are being unnecessarily taxed to perpetuate a bond-secured currency.

Already a number of the state bankers' associations have appointed delegates to meet at St. Louis, and it is evident that the proposal of Mr. CURTIS for the friends of currency reform to get together is bearing fruit.

GOVERNMENT tutelage of the banks took on a new form last month, when Secretary SHAW issued a circular advising the banks to issue more of their notes in $5 denominations, of which there appears to be a scarcity. He pointed out that of the permissible third of the circulation which may be of this denomination, the banks had out about $76,000,000, when they might just as well issue $90,000,000 more. The Secretary from his close relations with the business of the country in his office at Washington, has discovered what the bankers had failed to note—that there is more profit in maintaining circulation in small bills than in large. Whether the failure of the bankers to find this out is due to oversight, or whether they are making so much money anyway that they do not find time to bother much about the small profit on bank circulation, does not appear.

The Secretary also gave the banks the following advice:

"Issuing notes one day to have them redeemed the next is unprofitable to the banks and of no benefit to commerce. I wish to call your attention to one other consideration. If the banks generally will exercise a little care and pay over their counters only national bank notes they will greatly assist in times of monetary stringency. National bank notes are intended for use, not for holding. They are not available for reserve and are valuable only when in actual use. Please use them and do not send them in for redemption until unfit for use."

Keeping notes in circulation until they are unfit for use is not redemption at all in the true sense. It seems to be the opinion of the Secretary that there should be no reduction in the volume of bank circulation at any time—unless the notes get too dirty to handle, when they will be "redeemed;" that is, new notes will be exchanged for them. If business should slacken and the present volume of bank notes should become redundant, keep the notes going, says the Secretary, so long as they are clean. The real test of the adequacy of our bank circulation to the demands of business—whether there is just enough, too much, or too little—is to be learned by the physical condition of the notes. If they are absolutely clean, the supply is deficient; if they are in fair condition, there is just enough; but if the notes are dirty and ragged, then the circulation is redundant—or, rather, the notes may be sent in and new ones obtained for them.

The subject of a bank-note currency has engaged the attention of a number of eminent economists, but until now this important principle has remained undiscovered.

A NOTABLE address on "The Currency" was delivered before the recent convention of the New York State Bankers' Association by FRANK A. VANDERLIP, vice-president of the National City Bank, of New York. Mr. VANDERLIP's address showed that he has a thorough comprehension both of sound theory and the practical aspects of the question.

The best means of providing a scientific bank-note currency, in Mr. VANDERLIP's opinion, was a Government bank, were it politically possible, having the power of issue, and whose sole business would be in its relations with other banks, and whose chief operations would be the rediscounting for other banks. It does not seem likely, however, that such an institution is a political possibility. But the principle of united strength, and that without anything like monopoly, may be had by incorporating clearing-houses in the chief financial centers and permitting them to issue circulating notes against the deposit of commercial paper pledged by the banks desiring to take out the circulation. In other words, the banks all together, acting through the instrumentality of the clearing-houses, would issue the bank currency, and be responsible for its redemption.

The importance of an adequate system of redemption as a safeguard against inflation was justly emphasized by Mr. VANDERLIP. The majority of plans put forth for effecting currency reform relate chiefly to methods of issuing the notes, and redemption is either given but little attention or lost sight of altogether.

As neither a central note-issuing bank nor the branch system seems possible, nor perhaps desirable; and since it is considered essential before an asset currency can be introduced to secure the safety and the redemption facilities these systems afford, the desired end might be attained by uniting the banks through clearing-house associations and permitting the issue of circulating notes by incorporated clearing-houses on the deposit of commercial paper or other approved securities. Under this plan both state and national banks could issue notes.

It is believed, however, that if a redemption system were carefully worked out, and if issuing banks were compelled to keep a gold reserve of not less than twenty-five per cent. against their circulation, and if a safety fund were accumulated, the issue of an asset currency might be entrusted to the national banks with assurance of the ultimate safety of the notes, and that there could be no inflation.

In calling attention to the fact that a careful system of redemption is indispensable to the safety of an asset currency, Mr. VANDERLIP has performed a service especially needed at the present time.

ALTHOUGH the production of gold has almost doubled since 1896, there is a widespread complaint of the scarcity of money. In a recent issue "The Statist," of London, points out that it is not gold, but credit, which is scarce and dear. The banks of Europe, with a few exceptions, have neglected to increase their reserves, and are therefore not in a position to grant their customers the accommodations demanded by their growing business. The Bank of England, so far from adding to its reserve, shows a decrease of £5,600,000 at the end of 1905 as compared with the amount held ten years ago.

Referring to the reserves of our banks, "The Statist" says:

"The increase in the gold reserves of the American national banks is in accordance with sound business practice. It will be noted that in the ten years the national banks all over the Union have about doubled their gold reserves."

Notwithstanding this large increase in the reserves of the national banks, the complaint of a scarcity of money, or bank credit as "The Statist" prefers to call it, is louder here than in the United Kingdom.

"The Statist" criticises the policy of the Treasury in holding an immense mass of gold, "which to a very large extent serves no useful purpose." It is not quite exact to say that the gold held serves no useful purpose. The bulk of the gold in the Treasury—over $550,000,000—is held to secure the issue of a like amount of gold certificates. And while the gold itself is out of use, it is serving a purpose fully as useful as if the coins themselves were in circulation. Indeed, it is conceivable that the certificates, issued in denominations of $20 and upwards, are of greater service than $5 and $10 gold coins would be were the latter placed in circulation. The certificates are used very largely for reserve purposes—to a greater extent, no doubt, than would be the case with the coins of the denominations named. The gold certificates support credit in a fourfold ratio, and are therefore serving a very useful purpose; they are quite as useful, in fact, as the gold would be if used as a basis of bank circulation, though it might be more convenient if the banks could issue notes against a gold reserve of twenty-five per cent.

The Treasury reserve of $150,000,000, which supports the large volume of greenbacks and silver certificates, is far from being useless. Were this gold released and put into general circulation or into the banks, it would hardly uphold a greater volume of credit than is now imposed upon it.

The large holdings of gold on the part of the United States Treasury really constitute one of the most important bulwarks of our monetary and banking system.

BOND issues for the construction of the Panama Canal have been started by the Treasury Department, announcement of the first installment of $30,000,000 having been made on July 2. The bonds are in denominations of $20, $100 and $1,000 coupon bonds, and $20, $100, $1,000 and $10,000 registered bonds. They bear two per cent. interest, and will be redeemable after ten years and payable in thirty years. They will be available to national banks as security for circulating notes upon the same terms as the two per cents of 1930, to-wit: The semi-annual tax upon circulating notes based upon the said bonds as security will be one-fourth of one per centum. They will be receivable like all other United States bonds as security for public deposits in national banks.

Presumably, very heavy outlays on account of canal construction are impending. Otherwise, the Secretary of the Treasury, with an available cash balance of $175,000,000 at his command, and with receipts running considerably ahead of expenditures, would not have felt called on to add to the public debt. The manner of providing the means for building the canal was, of course, determined by Congress. That the canal will absorb money very rapidly, is apparent. No doubt the Secretary used his discretion in issuing the new loan at what he considered to be the most favorable opportunity.

This new bond issue, which is but the beginning of a large addition to the public debt, will still more firmly fasten upon the country our present system of bond-secured bank notes, thus postponing indefinitely a reformation of our bank-note currency upon a scientific basis.

NEW YORK CITY has recently sold an issue of $11,000,000 of bonds bearing four per cent. interest and running for thirty years, at prices ranging from 100 to 102. The first installment of Panama bonds, bearing two per cent., and also running thirty years, was recently sold by the Government at prices ranging from 103 to 104.

So far as the security is concerned there is practically not much difference—it is absolute in either case. But there is some difference in favor of the Government, since its securities naturally have a wider market. And it may be that the agitation for municipal ownership is exercising some influence on the price of New York city bonds, since if this policy were entered upon it would mean that the debt would be largely increased.

The real reason why there is so much difference in the price of Government bonds and those of New York city, bearing the same rate of interest and running the same time to maturity, is to be found in the special privileges conferred upon the bonds of the Government. Besides, municipalities in borrowing money at this time have to compete with the intense demand for money for general business purposes. There is so much activity in every line that the supply of investment seeking funds is greatly reduced. Perhaps, too, the decline in the credit of New York city may be due in part to the vast expenditures already made or in contemplation.

NO HONEST GRAFT.

HON. GEO. B. McCLELLAN, in his address at the commencement exercises of Union College, Schenectady, N. Y., recently said:

"There is no such thing as 'honest graft.' The so-called 'honest grafter' is far more to be feared than the bank burglar, and does far more harm than his less cowardly if less successful brother in state prison.

The theory that graft can, under certain circumstances, be honest, has done more to discredit a great profession than all the mud-slingers, yellow journalists, and muck-rakers combined. Don't expect to succeed in politics, don't even try for such success, unless you are determined to preserve your self-respect.

Gild it as you please, call it legitimate business, counsel fee or contract for public or private work, graft is graft none the less; grisly, hideous and dishonest.

What is wanted in public life in this country is not so much financial integrity and money honesty, for the average of both is higher with us than with any nation on earth, but moral courage and intellectual integrity.

We are cursed by the worship of opportunity. The worship of the golden calf of Horeb goes hand in hand with adoration of the blind goddess of chance, and the priests of the gallery are the interpreters of her gospel. Year after year we have seen the leaders of Government in nation, state, and municipality not leading in the cause of righteousness as leaders ought to do, but falling over each other in a senseless effort to try to interpret the popular hysteria of the moment so as to be the first to catch the admiring applause of the crowd.

There is a part of our population which glories in the pessimism of its views, that always assumes conditions as they are to be a little worse than conditions as they were. The tone of these pessimists is apt to create an impression that the general political standard of the day is lower than it has been, and is gradually deteriorating into an abysmal void of impossible wickedness and horror.

As a matter of fact, civilization increases, and public morals improve, as the years go by. Fortunately for the human race, the raising of the moral standard has not been at the expense of the intellectual.

As a race our pace of life has become more rapid. This has reacted upon our nerves, and possibly made us more censorious and captious; but in our calmer moments we recognize integrity and honesty quite as much as did our forefathers. The rank and file of the politicians in this country are sound. They will hew close to the line of righteousness and integrity if properly led."

A PRACTICAL TREATISE ON BANKING AND COMMERCE.*

BY GEORGE HAGUE,
FORMER GENERAL MANAGER MERCHANTS' BANK OF CANADA.

FOREIGN TRADE BILLS.

BILLS WITH DOCUMENTS — OTHER CLASSES OF BILLS — DRAWING OF FRAUDULENT BILLS—BILLS DRAWN AGAINST FUTURE SHIPMENTS—STERLING BILLS OF BANKS AND FINANCE HOUSES—THE BARING CRISIS RECALLED.

THE bills drawn upon Great Britain or other countries against goods shipped there are in a different class, so far as bookkeeping is concerned, from the foregoing, being drawn payable in sterling or other foreign currency, and necessitating a different style of treatment in a banker's books. But they are essentially the same in effect as bills drawn upon some commercial centre in the country. They represent, or should represent, either purchases of goods, or goods sent on consignment. They are subject to the same risks of non-acceptance or non-payment, saving only the fact that there are attached to a large proportion of commercial bills of exchange what are called *documents*, viz., bills of lading and policies of insurance, which are transferred to the bank, and which are held as security until the bill is paid.

It was at one time a sort of superstition amongst bank officials that a bill drawn in sterling, payable in pounds, shillings, and pence, was, by that fact a safer document than a bill drawn in dollars and cents. There was some ground for this opinion in the fact that it was not so easy for accommodation paper to be manufactured payable in sterling money as it was when the note was made by persons in the same town. At one time, when the Canadian law imposed heavy penalties on the dishonor and return of a sterling bill, it would have been a serious business for any one to concoct accommodation paper payable in London. These penalties have been largely done away with. Yet it is still much more difficult to float accommodation foreign bills than inland. It has, however, been done.

There are several distinct classes of bills drawn payable in sterling or other foreign money, viz., commercial bills, banker's bills, bills drawn by finance houses or other corporations upon their agents, and bills drawn by governments. It is of the first of these that the present chapter will treat.

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* Continued from July number, page 87.

Commercial bills, properly so-called, payable in sterling or other foreign money, are drawn by the seller or consignor of exported goods on the purchaser or consignee on the other side of the Atlantic. Of these there are several varieties, and the risk to the banker dealing with them varies greatly.

Bills with Documents.

It has become customary of late years in several of the larger branches of the export trade for the exporter to secure himself from loss by attaching bills of lading and policies of insurance to his bills. These documents are so drawn that the goods shipped cannot pass into the possession of the purchaser until he has paid the bill (if he has accepted it). If he fails to pay, or refuses to accept it, the banker who has bought the bill, in addition to his claim against the drawer, acquires property in the goods, and can sell them as the law may allow, placing the proceeds to account of the bill. The drawer is then liable for the deficiency, if any.

It might be supposed that this proceeding would make a banker so safe that the purchasing of such bills would become almost a mechanical operation, requiring neither knowledge nor good judgment. But experience dissipates this delusion. Every banker who has had to do with bills of this class is aware that the same considerations arise with regard to them that are needful with inland bills. To begin with, he has to consider the character of the shipper, both as to honesty and capacity. As to honesty; for the bills of lading may not be genuine. Instances have been known of forged bills of lading being attached to sterling bills, and heavy losses suffered by the bank purchasing them.

But supposing the bills of lading to be genuine, they may be very insufficient security for the bill to which they are attached. For the shipper may have only an imperfect knowledge of the merchandise he is shipping, and sends across the Atlantic goods which no prudent merchant will accept against. Or the shipper may be of that sanguine temperament which invariably leads him to think his goods worth more than they are, in which case his bill is drawn for too large an amount. In both these cases the bill is liable to be refused acceptance, and the banker may find himself with the goods upon his hands which the English merchant, on the spot, considers not worth as much as the bill. Then ensues one of the most unpleasant of all a Canadian or American banker's experiences, viz., the bringing to sale, in a distant market, of goods which are stamped as undesirable by the very fact of their being in the hands, not of a merchant, but of a bank. The goods must be warehoused and insured. Charges begin to accumulate. A broker must be employed. The goods are offered for sale, but naturally purchasers are shy. Offers are made which are, perhaps, forty per cent. less than the amount of the bill. If the offers are accepted, a loss more or less is certain. If they are not, the banker takes the risk of the market. A rise will bring him out; a fall will increase the loss unless the drawer can make it good. The holding of goods becomes therefore a speculation; meanwhile one thing is certain—that charges are increasing.

But the banker has another party to deal with in these cases, viz., the shipper of the goods, who is his own customer.

It is not an unknown experience that he intervenes respecting the sale, refusing to consent to the goods being disposed of at a lower price than will meet the bill. Always sanguine that the market will turn in his favor, he constantly objects to sale at such a figure. If this does not turn out to be the case, and the banker exercises his legal power and sells the goods at a sacrifice, the drawer will be apt to contend that his goods have been slaughtered, and resist a claim for the deficiency. Thus, even with documentary bills, as they are called, a banker may have, and many a banker has had, not only much harassing anxiety and labor, but much ultimate loss. For, in some cases, the overdrawing arises from impending embarrassment; and then non-acceptance of the bills is a prelude to failure.

From all this it follows that the character and standing of the drawers of documentary bills should be as carefully considered as if no documents were attached.

This is particularly the case when, as sometimes happens, the drawer desires the documents to be *given up on acceptance*. If this be consented to (and both the shipper of the goods and the banker must consent), the bill will rest entirely on the credit of the parties to it. There is, however, this difference between such a bill and one which never had documents attached to it at all, viz., that whereas the latter may have been merely *affirmed* by the drawer to represent a shipment, the documents attached to the former, if genuine, afford absolute proof of it.

The bills to which documents are attached are chiefly those in the grain trade, the cotton trade, and the trade in dairy and other food products.

Bills without documents offered by persons in these branches of business should be drawn against balances that have accrued, and the banker should be satisfied of this before buying them.

Other Classes of Bills.

But large numbers of commercial bills are drawn by firms in other branches of business, which being, as a rule, unaccompanied by documents, must be cashed on the credit of the drawer alone. At the time such a bill is cashed it is a bill with only one name, and the banker has to take the risk of its being accepted.

Bills in the timber trade, the leather trade, and bills drawn against manufactured goods are usually of this class.

The name of the firm on whom such a bill is drawn matters not in the least at the outset; for any man can, if he pleases, draw a sterling bill on any other man for any amount. John Smith, let us say, is carrying on a small business in a lumber centre in Canada. He can, if he chooses to commit a fraud, and to expose himself to the consequences, draw a bill for ten thousand pounds upon the wealthiest timber merchant in England. And he can offer it to a bank manager, telling him that it is drawn in course of business, and will be accepted on presentation. The banker knows that the house on whom the bill is drawn is abundantly good for ten thousand pounds, or ten times as much, and can scarcely help being influenced by the sight of such a powerful name, though it may be that the drawer has no more right to use it than he would have to draw on the Bank of England for a million.

The banker has therefore to consider, when a sterling bill is offered, unaccompanied by documents, whether his customer is likely to have dealings for such an amount with the English house; whether he has ever known of transactions between them, whether the course of his business lies that way; and, in fact, whether he ever had the right to draw a sterling bill upon anybody. By such reflection and queries he will easily be able to satisfy himself whether the transaction is genuine and the bill likely to be accepted. But such things have been known as for a banker, possibly a young beginner in the responsibilities of management, being persuaded to give cash for a fraudulent foreign bill, in which case he will have a rude shock of awakening on learning that the bill has not been accepted, and never will be.*

The example in the accompanying note is adduced to show the necessity of only buying "free" bills when written authority to draw is shown, or in the case of commercial bills from houses whose relations with the drawee are such that no bill is likely to be refused acceptance. And such houses there are, firms that have drawn millions of pounds sterling of bills in the course of their business of which not one has ever failed of being honored.

The Drawing of Fraudulent Bills.

Yet the history of Canadian banking has furnished singular instances of fraudulent bills being negotiated by houses of apparently good standing.

Some years ago a house in the timber trade in a certain part of Canada, which had conducted its business soundly for a long course of

* A case is known to the writer where a new-comer to Canada, moving in the best circles, who had made arrangements to enter into partnership with a manufacturing house, induced a banker to cash a sterling bill for about four thousand pounds, alleging that this amount was coming to him from his father's estate, and that the legal firm on whom he drew had authorized the bill. But they refused to accept it, alleging that the estate was in no position at the time to meet such a demand upon it. The banker indignantly demanded payment from the party who had sold it, but he was entirely unable to refund. The proceeds had gone into the business, and he could not get them out.

This was not a case of obtaining money under false pretences, for he honestly believed he had the right to draw. But more than two years elapsed before the estate was able to pay the money, and during the whole of this time the banker had to return this protested bill in his statements to head office.

years and had established itself in good credit, became embarrassed, and to keep itself afloat set on foot a system of drawing free bills from various centres where it professed to do business. The house opened offices at several additional points in Canada, Montreal being one; also in Boston and New York. These were all in correspondence with an agency or branch house in Great Britain. Different names were adopted for these firms in order to carry on the deception, but the original names, both in Canada and England, were of firms of weight and standing, and a considerable amount of actual business was done.

The machinery once started, and credit established, the leading spirit of the concern, a man of experience and great plausibility, found no difficulty in obtaining cash for the bills he drew. Some of these were bona fide, and were paid in the ordinary course out of sales of timber—a circumstance which added to the danger. Thus, credit was kept up. But the actual trade of the concern resulted in continuous loss. The losses, however, were easily met by the proceeds of new bills, some of them negotiated in Montreal, some in Boston, some in New York; such proceeds being cabled over to London and applied in payment of maturing bills or deficiencies in sales.

Upon a small foundation of actual business was raised a huge superstructure of fictitious drawings, which were so cleverly managed that various bankers and finance houses both in Canada and the States were deceived. This clever operator would sell a genuine bill at one time and a fictitious bill at another; a fictitious bill to one bank and a genuine bill to another, transferring the proceeds of a bill sold in Montreal to Boston and buying a cable transfer therewith, reversing the process the following week, or changing Boston for New York.

These were all free bills, drawn under different names, and on apparently diffierent houses in London. Yet the whole circle was in reality but one concern, the affair being wholly in the hands of one man. Many subordinates co-operated with him, both on this side of the Atlantic and on the other, most of whom were entirely ignorant of the real character of the operations they were helping to carry out.

The bubble, of course, burst in time. The leading schemer took care to be out of the way when the bills came back, but sundry banks and bankers shortly found themselves possessed of large claims on a bankrupt estate of which the assets were undiscoverable.

One device of those who aim to get sufficient credit to enable them to sell free bills is to commence a bona fide business under some high sounding name, such as Cameron, Bosanquet, McGregor & Co., the very name suggesting wealth and capital. After a few months of genuine business, during which drawings are promptly paid, their bills become sufficiently known on the market to enable them to offer them in various banks.

Probably, as they proceed, they may adopt a cunning method of supporting their credit, by refusing to take any but the highest price for their bills, and withdrawing them from the offer, thus creating the impression that they have abundant means at command. Thus the bills acquire a character and are readily purchased, the regular operation of the house lending color to their genuineness.

The time comes at length for a great *coup*. Simultaneously a number of bills are drawn, offered to all the banks who will take them, and sold. Then, on some morning later on, the community is startled to find the office closed and the partners fled the country. Some banks shortly after have numerous batches of worthless protested bills in their possession.

This, or something like it, has actually occurred in Canada, and it is always liable to occur when the free bills of a commercial house can be easily negotiated with banks who are ready to buy them in entire ignorance of the total amount afloat. It is a good rule, in such cases, for a bank to determine that it will take all or none; and, if all, then for undoubted reasons; the only exception being when the drawers are of known wealth and whose business is of such a magnitude as to justify the domiciling of their free bills with various banks.

Releasing Documents on Acceptance.

When the question of giving up documents on acceptance is raised, a banker will be careful to have the permission of his own customer on this side before consenting to it. And this permission must be a written one, for nothing would be more likely to create difficulty in case a bill was dishonored than a failure to establish consent.

To give up documents without consent would, of course, release the drawer from liability.

In some cases a drawee will request documents to be given up in exchange for a banker's or broker's guarantee. The guarantee of a bank, as banks are now in Great Britain, is about as good security as can be conceived.

But of *brokers* there are numerous varieties from wealthy firms of unlimited credit, to the smaller class who are hardly good for a thousand pounds. In the case of these, a banker on this side, and his customer with him, are generally guided by the judgment of their banking correspondents on the other. And it is to be said that they exercise the discretion committed to them with remarkable prudence. Cases have not been infrequent where a bank in one or other of the great ports of Great Britain has exercised this discretion in multitudes of cases during many successive years, and to the amount of many millions sterling, without once making a mistake.

Bills Drawn Against Future Shipments.

There is another class of bills which, though not drawn against shipments actually made, are sometimes classed as "commercial," inasmuch as they are drawn against goods that are *to be* shipped. In the complicated arrangements between merchants of different countries, it is sometimes the case that a house in London or Liverpool will agree to accept bills for a drawer in consideration of goods to be shipped hereafter.

Such arrangements, of course, argue a very high degree of confidence, which confidence may be well placed or misplaced. This, however, is not altogether the concern of the banker on this side, whose business is simply to be satisfied that such an arrangement exists, so that he may be sure that the bills he buys will be accepted. Sometimes this is secured by an engagement in writing, either special or general, that is, either to accept all bills that may be drawn, or to accept bills for a certain amount and during a certain time.

It is, however, not uncommon for an exporting merchant on this side to be so well established as to capital and reputation that his bills can be negotiated without any engagement to accept being required. In that case, however, a banker on this side requires to keep himself particularly well informed as to the condition of *both* houses concerned. For changes in these times are rapid. Partners die, and capital is drawn out. New partners are introduced who change the whole style of the business; it may be for the better; but possibly for the worse. And a strong house, in these times of huge operations and speculation, may lose their whole capital in a year. It is thus incumbent on a banker who buys such bills to be satisfied in the first place that the former relations between the parties still exist and then that the house on the other side is as good as ever.

The only other class of commercial bill to be noticed is that where a commercial house has offices on both sides of the Atlantic. A manufacturing firm in Canada may have an agency in England, and a resident partner in some large centre. The name of the firm will probably be changed in that case; the Brown, Jones and Robinson, of New York, becoming the Jones, Brown & Co., of Liverpool. But the responsibility is the same.

The banker in all such cases has constantly to bear in mind that his bill is a one-name bill and nothing more. In fact, such bills have a strong tendency to degenerate into accommodation bills based on nothing.

Sterling Bills of Banks and Finance Houses.

This is a class of bills well known in all exporting centres, and it forms the great medium of remittance by importers on this side the Atlantic.

It is one of the most noticeable developments of the financial operations of modern times, that foreign bills of exchange are dealt in exactly as a merchant deals in goods. And just as the merchant is a necessary factor between the buyer and seller of goods, so is the bank or finance house between those who draw bills against commodities exported and those who desire to pay for commodities imported.

When a merchant ships a quantity of grain, cotton or any other staple across the ocean, he has the power to draw a bill of exchange against it. In a primitive condition of things and if the community in which he lives is a small one, his neighbor who has bought goods abroad and desires to pay for them, might approach him and say, "If you will draw a bill for a thousand pounds against that cotton you shipped, I will give you the cash for it. For I want to send that amount to England." Thus, by direct dealings between the exporter and importer the wants of each might be satisfied. But this mode of operation would not differ much from dealings by barter, in the case of merchandise. For the exporter would always find it difficult to find persons who wanted the exact amount of the bills he had to draw against his cotton, while the importer might find that the exporter could not draw for as much money as he required to send; or at the time he wanted to remit, for anything at all.

There thus arose the necessity for an intermediate, a person with command of money, who would buy the exporter's bills at any time, without reference to the amount, and would be ready to sell his own bill to the importer, to whatever amount would satisfy his requirements.

Before this could be done the intermediate would require the services of a corresponding house abroad; and particularly in London. This house might be a banking house of the old school,—like the Glyns,—or a financial house like the Barings used to be; and the arrangement would be, that the intermediate, on this side, would remit to them the bills he had bought from the exporter and draw upon them the bills he would sell to the importer. These the London house, or bank, would agree to accept, on terms arranged. This, stated in its simplest form, is the foundation of the great masses of bills that are constantly being drawn by bankers and finance houses on this side, on bankers and finance houses on the other.

It will be perceived that the foundation of this business in its elemental form is the EXPORT OF GOODS, in which term, as will be seen later on, more than merchandise is included, the bills drawn against which are sold to a bank on this side, the payment of which bills affords the means of payment of the bills drawn by the banker against it. Thus, all these bankers' or financial bills rest, if legitimate, upon the foundation of salable merchandise or securities, exactly as all legitimate bankers' loans and trade bills do.

The export of articles, therefore, gives rise to two classes of bills: first, the bill drawn by merchant upon merchant, and then the bills drawn by banker upon banker. This has the appearance, at first sight, of that objectionable operation, the drawing of sets of accommodation bills; the first set drawn against goods and having a mercantile foundation, the other drawn against nothing. The sale of the cotton will provide the means of paying the first, but out of what fund is the second to be paid? How can the sale of so many bales of cotton of a certain value pay more than one of the bills drawn against it for that amount?

A consideration of the facts will, however, show that this supposition would be erroneous.

What takes place is really this: a merchant in New York sends over to a Liverpool merchant a quantity of cotton, worth, let us say, a thousand pounds. Against this cotton he draws a bill for a thousand pounds. This bill is simply an order to the Liverpool merchant to pay a thousand pounds to the person who will present that bill. But what becomes of the bill? In the ordinary course of business a banker in New York buys it, pays the exporter a thousand pounds for it (less exchange) and obtains the right to collect the same amount in Liverpool. Having that document, giving him the right to receive a thousand pounds in Liverpool, he sends it over to his correspondent in London, directing him to collect the money and place it to his credit. When the Liverpool merchant pays the bill and gets it from the London banker, that banker will have a thousand pounds of the New York banker's money in his possession. How is the latter to get it? He can, if he pleases, write a letter ordering it to be sent over in gold packed up in a box; which indeed is sometimes done. But a much simpler process than that is available, and a much more useful one, for it subserves the needs of the other side of commercial operations. The importer has his wants as well as the exporter; viz., to *send money* over to Europe to pay for goods. But in modern financial arrangements there is no need for him to send a box of gold. He can go to the banker who bought the exporter's bill and get an order for his London correspondent (who is collecting a thousand pounds for him) to pay that sum to the importer's correspondent. This order is that second bill of exchange just referred to, which the importer remits and with which he satisfies his obligation. (This second bill, let it be noted, is drawn not against the cotton, but against the money lodged in the London bank.) Thus, the whole operation is complete, and all accounts settled without the transmission of gold at all. The New York exporter gets the money for his cotton from the New York banker. That banker is recouped by selling his bill to the importer. The London banker, as the final intermediary, *receives* the money from the Liverpool merchant and therewith *pays* the bill, which his New York correspondent has drawn upon him. Thus, although two bills have been drawn, they have not been drawn by the same person upon the same drawee, but by different parties upon a different correspondent and to effect a different purpose.

And the proof that the second bill is not an accommodation one is that both of them have been paid without the borrowing of money in London. If the second bill had been drawn against nothing, there would have been nothing wherewith to pay it. But, as we have seen, the London banker had the money in hand. At the close of these transactions none of the parties owed the other anything; whereas, if the London banker had paid an accommodation bill for a thousand pounds, the New York banker who drew it would have owed him the amount.

It is, however, to be borne in mind that merchandise is not the only exportable article that can be sent for sale to a financial centre and drawn against. In these days of highly developed financial business, when government and other loans are negotiated through financial houses in London or Paris, the debentures representing them are sent forward, and drawn against exactly as if they were so many bales of cotton or barrels or flour. The bills are sold by the borrowing government to bankers or capitalists in a financial centre, who forward them, along with the bonds, to their London correspondents. These bills are accepted by a London financial house, who pay them out of the sale of the bonds. In this manner, loans to the extent of hundreds of millions are carried out, without any movement of gold, exactly as is the case with mercantile transactions.

In like manner, when a great railway corporation has need to borrow money in Europe on its bonds, they are sent across and drawn against as if they were merchandise. The acceptors of the bills in London or Paris take the risk of floating the bonds and accepting against them.

The Baring Crisis Recalled.

But as these bonds have been treated exactly as if they were merchandise, it has happened that embarrassments have arisen in connection with them, just as embarrassments arise in consignments of staple goods. A catastrophe on an immense scale, in connection with acceptance against bonds was only averted some years ago by the courageous and far-sighted action of the Governor of the Bank of England. The case was that of the great house of Barings; it occurred in the last decade of the nineteenth century, and created a sensation all over the financial world. It was indeed so extraordinary as to be deserving of permanent record. The house of Baring Brothers had been known for a century as negotiators of government loans for states and countries in every continent on the globe. Their character for prudence and judgment was so high that for generation after generation any bond on which they placed their imprimatur was accepted by investors and found ready sale. Time, however, passed on. Old partners passed away; new men and new methods were introduced, corresponding to new developments in modern times. The name of the great house was of course retained, for it was a synonym of wealth, almost equal to the name of Rothschild. Yet, notwithstanding all the changes in the personnel of the firm, the commercial world in general considered the House of Baring to be as good as ever, and bought its bills as readily as they would those of the Bank of England.

But about the time spoken of it became known in the inner financial circles of London that the Barings had negotiated loans to an enormous amount which they found difficulty in placing. This was especially the case with loans to the Argentine Government. The debenture market in fact had become overstocked with them; yet the Barings had accepted against the whole, and the bills were constantly falling due. These acceptances were met for some time out of other resources of the firm. They were able also to borrow large sums of money on the bonds. All this was whispered about among the higher magnates of Lombard Street, and the whispering gradually spread even to circles on this side the Atlantic. Such a thing as hesitating to buy the bills of Baring had never been heard of in New York, but such a hesitancy did undoubtedly prevail for some time.

At length a very extraordinary event happened, the like of which had never been known in the financial world. A few of the heads of the leading banks of London were invited one day to meet the Governor of the Bank of England, and confer with him on a matter of importance. What this matter was they could not divine; but on entering the bank parlor, they were informed of this very extraordinary state of facts, namely, that the Barings were under acceptance of bills, mostly drawn against Argentine bonds, to the amount of *sixteen million pounds;* that the bills were coming due at the rate of about a million pounds a week; that the Bank of England had already made large advances on the bonds; that it was quite impossible for the Bank to carry the whole burden; that if assistance were not rendered, the Barings would have to suspend and millions of pounds of bills go to protest! A tremendous piece of intelligence this; for these bankers knew that if such an event did happen there would be one of the severest panics ever known in the financial world, and that not in England only, but in the United States and every great monetary centre of Europe.

On the bankers enquiring what the Bank of England had to propose, they received this answer: the Governor informed them that, after consultation with his colleagues, they had concluded that other banks might fairly be asked to share in the burden of meeting the acceptance, inasmuch as they were all interested in preventing a panic, and many of them were themselves holders of the Baring bills.

After much consideration, and consultation with others, it was finally concluded by London bankers, including the representatives of the Scotch banks, to acquiesce in the division of the burden. It was also suggested, that some of the leading banks of the interior, such as those of Liverpool, Manchester, and other cities, might fairly be asked to join in the movement. This idea was acquiesced in, and correspondence opened with the leading provincial banks. These also agreed to the principle. The only thing now remaining was to arrange the amount of the advance which each bank was to make upon the bonds, and to such an extent did a spirit of mutual respect and confidence prevail amongst these magnates of *haut finance,* that a distribution was made without difficulty.

The Bank of England undertook by far the largest share of the burden. Then the London banks, including the agencies of Scotch and Irish banks, followed with their respective shares and finally the great banks of Manchester, Liverpool, and other prominent centres. The Bank of England undertook to see after the retirement of the whole of the acceptances, and the other banks paid in their quota to the Bank of England to enable the Bank to do it. When these arrangements had been completed, every banker in the United Kingdom breathed a sigh of relief, seeing that the shadow of an impending panic which had overhung the financial world was dispersed, and that business could go on as usual. And not only they, but bankers in great centres of North and South America, India, China, and Australia—not to speak of the Continent of Europe—also felt easier when the dreaded possibility of the Baring bills being returned upon them, protested, for tens and hundreds of thousands of pounds, had passed away.

As for the great house itself, it went into liquidation. A considerable surplus of assets remained to the partners, after the liabilities were all discharged, but the prestige of the name of Baring was permanently impaired. The partnership was dissolved, and a new company formed, of large capital, which is doing the same kind of business, but which, we may be very sure, will never overload itself with unmarketable securities.

It has been stated that the bills drawn by banks on their foreign correspondents have their foundation in exports. This is true, in a large majority of cases. It is, however, not uncommon for banks and capitalists in London to open a credit for banks or finance houses abroad, which credit is availed of by the drawing of bills. To this extent the foreign bills sold in the financial centres of this continent are not founded upon merchandise. They are, however, a mere fraction of the whole. And, it may be added, such drawings are invariably covered afterwards by mercantile bills.

Yet another class of bills may be briefly noticed, viz., such as are drawn by banks or capitalists upon their own officers in London or Paris. These bills afford a mode of raising capital which may be profitably employed on this side of the Atlantic. The bills, however, are of the one-name class, and no matter how high the credit that the one name commands (and it runs up into very many millions in some cases†) the money market of London will at times discriminate between such bills and those drawn upon a London bank.

There is another description of foreign business which has attained a large development in these times, viz., the issuing of Credits by banks on this side of the Atlantic to importers of staple goods. The working of

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† It is, however, known to old bankers that in the great revulsion of 1857 one of the greatest of the capitalist houses was obliged to apply for assistance to the Bank of England. The Bank loaned the firm a million sterling, and entrusted the selection of the securities to a well-known officer of the Bank of Montreal in New York.

this system illustrates in a striking degree the co-operation of banking and commerce. Let us put the matter in a concrete form, that it may be better understood. A woolen manufacturer in the United States or Canada requires certain wools which can be had most conveniently in Australia. How is he to get them? It would not be reasonable for a wool exporter in Australia to send his goods to Boston or Montreal on credit, or for an importer to disburse cash to buy a bill to send to Australia, which bill might be for an amount much less or much more than the value of the wool his correspondent would buy. What he does is this: A banker in Boston or Montreal will give him a letter, on an engraved form, authorizing any correspondent of his in Australia to draw on a bank in London or Paris for any amount he needs up to a certain sum, the bill to have attached to it an invoice for wool, a bill of lading for the same, and a policy of insurance. With this document in hand, the Australian wool exporter can ship wool to America and obtain cash for it at once from a bank in Melbourne or Sydney by drawing in conformity with the credit. The bill with its documents is presented and accepted in London, the bill of lading, invoice and insurance being passed on to Boston or Montreal, with advice of the amount drawn against them. The banker on this side of the Atlantic then advises his customer that he holds the documents for the wool, that so many pounds sterling have been drawn against it, which amount is at his debit, for which he is called on to settle by furnishing, on the terms of the credit, a banker's bill on London. Thus, the first disbursement of the wool merchant in New England or Canada is coincident with the arrival of the goods or the document representing them. And a clean settlement of the whole transaction has been made. For the credit has been used to the exact amount needed, and the balance is cancelled. ‡

Letters of credit for the use of travelers are on a different footing altogether. There is no merchandise in the case, and the use of the credit is simply to transmit money by bills of exchange in the ordinary way, without risk.

One final remark with regard to foreign bills needs to be made.

The development of messages across the ocean by cable has given rise to numbers of monetary transactions between different countries in which bills are dispensed with altogether. A New York banker can order his London correspondent to pay money to an applicant by cable message, just as easily as he could by drawing a bill. The importer referred to in

‡ It is a point of very important consideration with a banker who has issued a commercial credit which becomes practically an advance on goods in transit secured by a bill of lading, whether, and on what terms, he should give up the bill of lading on the arrival of the goods, and before payment by the customer. If the banker does, he is then under advance without security. The only exception to this is when the customer receives a bill of lading for the purpose of customs entry and warehousing, bringing back a warehouse receipt within a day or two. In this case the banker does not lose his hold on the goods unless there is actual fraud. But when goods are allowed to be placed in the customer's warehouse the banker will generally lose his security.

the former part of this chapter can obtain a cable transfer, as it is called, just as formerly he would buy a bill of exchange. By means of this he could pay a London merchant, with no more loss of time than would be required to pay a bill to a neighbor across the street.

These transactions, however, require different arrangements in London. For when a bill is drawn at sixty days after sight, the London banker who accepts it has sixty days before payment in money is required. But a cable transfer requires payment of money on the spot. Now, as no London banker has an infinite supply of money at command, he has to watch the daily calls upon him for cash with as much care as a banker does on this side the Atlantic. For this reason, the banker on this side will be careful when selling "cables" to keep within the limits prescribed for his drawing on London for cash.

THE NEW PANAMA BOND ISSUE.

THE new bond issue was largely oversubscribed at a satisfactory price, the Government getting about 103.75. Of course, the premium paid does not fairly represent the investment value of a two per cent. United States bond. It rather represents the fictitious value attaching to the bonds on account of the special privileges conferred upon upon them. The credit of the United States is high, but not quite so high as the price of the new two per cents indicates.

From the standpoint of those who believe in the present policy of selling bonds to get funds to "aid the money market," the recent bond issue was a great success. Others who do not regard that as a proper use of the borrowing powers of the Government may not be so well pleased.

SERVICES OF BANKING CONVENTIONS.

THE wide range of topics which state bankers' conventions are discussing this year suggests an expanding scope of interest on the part of the profession. Bankers are broadening their views of their profession. They are considering, for instance, such a subject as financial education, because they generally feel that there is far more to learn about banking than individual experience can cover in a lifetime, and that if the individual bank officer or employe is to have the advantage of other people's experience in banking, he has to make some systematic study of such experience.

The bankers are also discussing such subjects as the Torrens land system, and uniform bills of lading. * * * It is commercial and financial sanction that makes laws workable, and the banking fraternity is doing much in this way to simplify the processes of trade.—Wall Street Journal.

WAYS OF USING A BANK'S MONEY.

THERE are two ways of employing the funds of a bank—lending on collateral and buying bonds—that are being much discussed at the present time, and the view seems to be quite common that these two methods afford exceptional advantages. While there may be some ground for this belief, it does not follow that either of them is free from considerable risk or relieves the banker from the necessity of exercising that constant vigilance over loans and investments which is the price of his bank's safety. Some of the principles governing the use of banking funds were admirably stated by Mr. A. L. Ripley, vice-president of the State National Bank, Boston, and chairman of the clearing-house committee of the Boston Clearing-House Association, in an address delivered before the recent convention of the Massachusetts Bankers' Association. Mr. Ripley said, in part:

"It is sometimes said that the bank holding a single name note relies solely on the commercial honesty of the maker. But 'commercial honesty' in this case is more than a mere state of mind, or a disposition to pay debts if one has the means. If an active business man, of experience and judgment, buys merchandise with the proceeds of his single-name note, to be paid after four or six months from the sale of this merchandise, the guaranty to the bank for the payment of the note is to be found in the merchant's goods and accounts; and when that guaranty is really present, the bank can have no better one than it.

Accounts must mature and be paid unless business is to come to a standstill; consumable goods must be bought and consumed, unless people stop living or change altogether their mode of life. A good business note, single or double-name, meaning thereby a note given for consumable goods by an honest and successful merchant, is on the whole the best asset a bank can hold.

But even if these notes were not relatively less numerous, and if collateral pledges were not constantly growing in amount, the temptation for most of us would be strong to abandon the business note for the collateral loan. To estimate the value of the business note requires a careful judgment of the maker's personality; where we ourselves hold the collateral we think we may let this pass with the most superficial examination. To be sure, there are certain risks even in this latter case arising from the personality of the promisor. Forged securities, raised certificates and bogus signatures or endorsements have all appeared at different times to vex and trouble the lender's soul; but undoubtedly these risks are relatively less than those running with business paper.

Granting, then, an enormous increase in the amount of available collateral, an ever widening market and a growing willingness and desire on the part of the banks to make loans on such collateral, we may ask if the banks are as well protected now as before and if the two classes of loans are to be watched and scrutinized in the same fashion.

When a banker has decided that a single-name note may safely be bought or discounted, he must determine at the time of purchase whether his risk will be equally small four or six months later when the note matures; and when he has once done this, he seldom has occasion to revise his judgment, though I do not mean to say that business paper can be put aside and slept on like government bonds. But with collateral loans this is anything but true. Stocks and even bonds are restless creatures, now climbing to the attic, now rushing to the cellar. To speak only of the dead—though in this case with no great reverence—we may recall the vagaries of National Cordage or of Bay State Gas as '*e pluribus duo.*' A holder of notes secured by collateral must therefore know the market, where it is, what it is, whether it is real or fictitious, broad or narrow, besides merely keeping posted on current price quotations. Of course the holder may rely solely on his promisor, but in that case the note is merely a single-name note and the collateral an adventitious circumstance serving as evidence of good faith. This, methinks, is hardly the right way to treat a collateral note.

The market should be nearby, within our reach; there are excellent stocks sold daily in London or Paris which would hardly do as collateral for most of us to loan on. The market should be an established one, operating under approved rules; this especially in the case of speculative or non-dividend paying securities. The market should be one in which there are actual dealings between real buyers and sellers, not simply wash sales, no matter how many thousand shares daily pass through the laundry; it should be broad enough to take up a considerable number of shares without any serious break in prices.

Now, if all this be true as a general proposition, how does it touch us? There are more dangers, I apprehend, in the collateral loan, especially for those of us who are remote from the market, than are often supposed to exist. The really first-class collateral loans are too good for most of us to buy; they are too much in demand and the rate is too low for our needs. Second-class stocks, which have a quotation but no real market, bonds on new enterprises which are still waiting a market, offer more attraction in the matter of rate and seem to furnish adequate security. All goes well for a time, especially if the only question be the rate for a renewal; but try to get money out of them and the result is sometimes slow and painful to all parties.

Do not misunderstand me as meaning that all collateral should have an investment value equal to its quoted price, or that a bank should loan only on security which it would be willing to buy and hold for the amount which it loans on it. A bank merely wishes collateral which can be sold promptly for the full amount of its advances should the maker of the note fail to pay it when due; and the best assurance of this is had when the security commands a real market with a certain or probable short interest in this particular security. If there are short sales, or unliquidated contracts, calling for the delivery of say 100,000 shares of Reading stock, which can be closed at a profit at 120, a banker is more than safe in lending 110 on the stock when it is selling at 130, although the dividend return would not warrant holding the stock as an investment.

It should never be forgotten that the bear operator is a main reliance of the banker in loans on ordinary stock exchange collateral, for it is he who is the chief buyer in a falling market, thereby steadying prices and keeping the bottom from dropping out. In the case of securities issued on new enterprises, whether bonds or stocks, the banker must needs exercise even greater care. These are the 'undigested securities' proper, and in most cases they doubtless have a value; but their investment value is uncertain, because the enterprise is still untested and its future a pious hope rather than a demonstrated success, and their market value is equally uncertain because there is only one market, viz., that made by the people who have the securities for sale. These latter may be able and willing to buy back some portion of their securities for the sake of holding up the price in the market; but the man who has to buy back at a loss will not voluntarily continue the game longer than he can help.

Proverbial wisdom counsels us against putting all one's eggs in one basket, in which saying there is wholesome advice to the lender on collateral. If a man is heavily committed in a single enterprise, be it mill, railroad or mine, its securities are not so good collateral with his note as with another man's whose investment in this particular field is limited. Anything which greatly impairs the value of the collateral may wholly wreck the former, while the latter's loss would be but trifling. Cases in point would not be hard to find, without going back beyond the memory of our youngest member.

Syndicate Loans, or Participations.

It remains to speak of one other form of collateral loan, the latest variety in point of time, but to be found in banks to some extent already, with good probability of increase. I refer to so-called syndicate loans or participations, where a large sum of money is borrowed from various lenders on the security of a mass of collateral pledged with a single trustee for the benefit, pro rata, of the several lenders or participants. Formerly such loans were considered to be solely within the province of the individual, employing his own resources, rather than of the bank, whose money belongs to its shareholders and depositors. But at present both banks and trust companies here and there have undoubtedly large interests in such loans; and while they are probably limited to the larger cities, there is no inherent reason why the practice may not spread.

Such loans have certain distinct advantages, along with real if less obvious disadvantages. As they are made, almost invariably, on behalf of new or reorganized enterprises, which can afford to pay well for funds needed to put them on their feet or set them going, the return to the lender in the way of interest is handsome and remunerative. Further, the enterprises themselves are usually well organized, after careful investigation and prudent forecasting of the future by men of means, ability and experience, who have a large stake of their own on the success of the venture. Still further, all lenders can feel reasonably assured of equal treatment, of strong associates with a common interest and, in the event of trouble, of a united and harmonious handling of the difficulty. In this latter respect there is a sharp contrast with ordinary mercantile failures where the difficulty of securing wise and harmonious action among the creditors is often as serious as the failure itself. On the other hand, such loans seldom have a certain and fixed maturity in the near future; they may run for several years, until the success of the enterprise has been demonstrated, the securities marketed, the profits distributed and the syndicate closed; it may even be necessary to prolong the life of the syndicate for a second term. The collateral itself is obviously of the 'undigested' type; much of it may not even be in existence at the time the loan is originally made, coming into being only as construction progresses. Such loans are evidently anything but liquid; it would be hard to convert a participation into cash, even in time of easy money, and the bank which has once embarked must see the voyage through. Each banker must determine for himself how much of his capital he can afford to lock up in such ventures; but the loans could hardly be relied upon to pay off deposits in time of withdrawal.

BONDS AS A SECONDARY RESERVE.

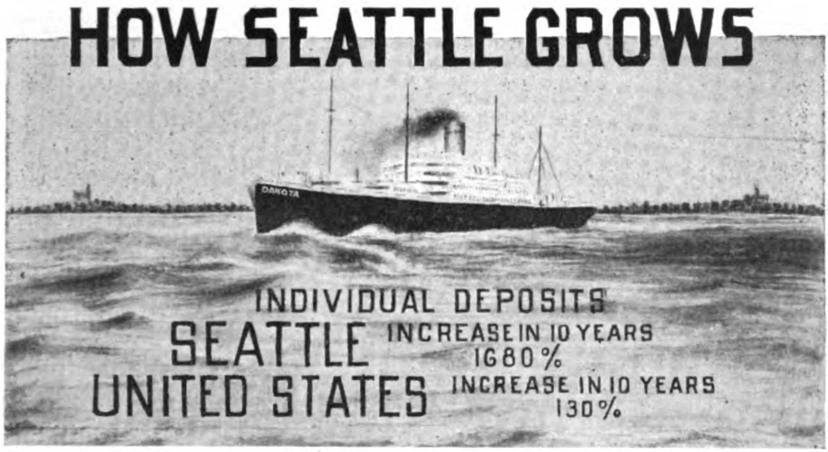
A piece of advice which is nowadays very commonly urged is that banks invest in bonds as a 'secondary reserve,' a phrase which seems to have been imported from the football field, with its 'primary' and 'secondary' defence. I may be mistaken in thinking that the advice comes more urgently from the bond dealers than from bankers themselves. But without denying the possibility of a bank here and there making good profits in the purchase, holding and sale of bonds, I am convinced as a result of careful observation and experience that banks generally are poor buyers of bonds and still worse sellers. The former, because banks can seldom buy at the bottom price for a particular issue, but rather must pay prices which already show one, two or more profits to the professional dealers; and because they seldom come into the market except when interest rates are low and paper scarce, in other words when bonds too are in demand and prices high. The banks are poor sellers because, being possessed of ample means, they are very slow to take a small profit and slower still to take a loss. The fact that the interest account is running against them is either not felt or disregarded. I have heard of a bank buying Massachusetts city bonds on which it realized by sale eight points profit inside of a year; but not many banks would have made the purchase. In a word, the whole idea of a bank holding a 'secondary reserve' of purchased bonds seems to me fallacious and full of danger; unless indeed the banker will first go to school of the professional dealer and learn his business.

I have perhaps wasted your time and patience unduly in this review of some of the commoner modern ways of using a bank's money; but it has been done in the honest hope and belief that it is worth while.

The years since 1893 have been, financially speaking, the most remarkable in our country's history. But we cannot, on that account, simply accept the new developments and changes of that period without careful scrutiny and testing in the light of accumulated wisdom and experience. To do otherwise were to court disaster."

TRUST COMPANIES—THEIR ORGANIZATION, GROWTH AND MANAGEMENT.

Mr. Herrick's series of articles under the above title will be continued in the September issue of THE BANKERS' MAGAZINE.



BY EDWARD WHITE.

THE financial or banking growth of cities is one of the most interesting studies of modern commercialism. Banking is more than an index to commercial activity—it is the essence of the activity itself. Therefore the development of banking means nothing more than commercial and industrial progress, this being especially true in cities where commerce and industry are the bases of material growth.

The growth of banking in Seattle is undoubtedly the most remarkable of any city in the world. Its first bank (Dexter Horton & Co.) was established in 1870, when it was a straggling, struggling pioneer village. For fully ten years this bank constituted the town's facilities in that line, and while the year 1880 found it with a population of 3,500, it still had only one bank. The First National was established in 1882 and the Puget Sound National came into existence in 1883. Following the completion of the Northern Pacific Railroad, in 1884, and the resultant boom which then began, several new banks opened their doors for business, and by December, 1890, the aggregate deposits of all the institutions in the city amounted to $6,337,952, quite a pretentious amount for a Western city at that time.

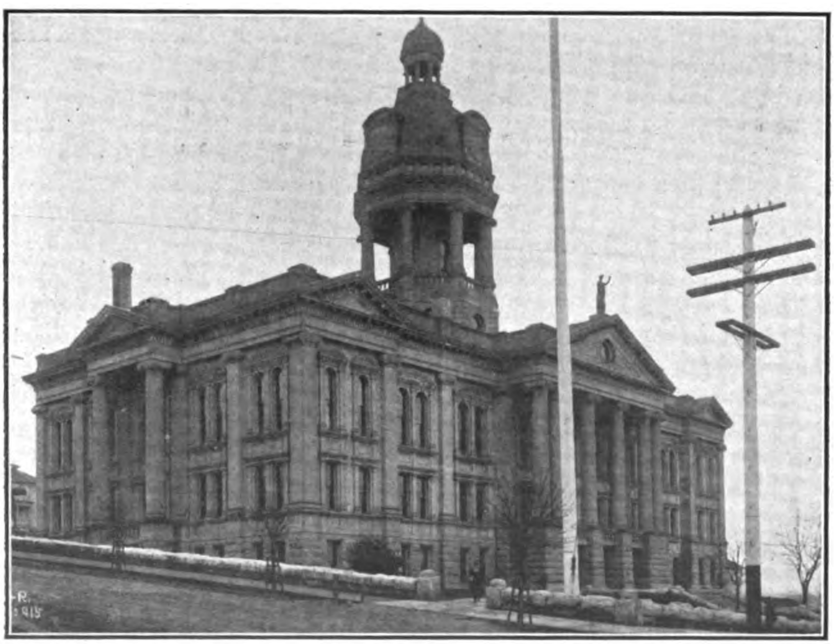
The panic of 1893, however, brought a day of reckoning which paralyzed the commerce of the city. Before the depression had reached an end, in 1897, many of the staunchest business houses had gone to the wall, most of the real estate had passed into the hands of Eastern mortgagees, and many of the banks were in a deplorable condition, although none of them went into liquidation. The total deposits of the city's banks went down from $6,337,000 in 1890 to $2,631,000 in 1895. In 1896 they had increased to $2,710,371, as will be seen by the following table, and from that date on the growth has been the most remarkable of any American city.

GROWTH OF SEATTLE DEPOSITS.

1896	$2,710,371.00
1897	4,652,186.00
1898	7,048,327.00
1899	12,357,704.00
1900	17,401,450.00
1901	20,237,862.00
1902	28,242,805.00
1903	31,762,324.00
1904	32,450,695.00
1905	40,643,725.00
1906	48,257,667.13

The percentage of increase from 1896 to 1906 is 1,680, or nearly eighteen fold.

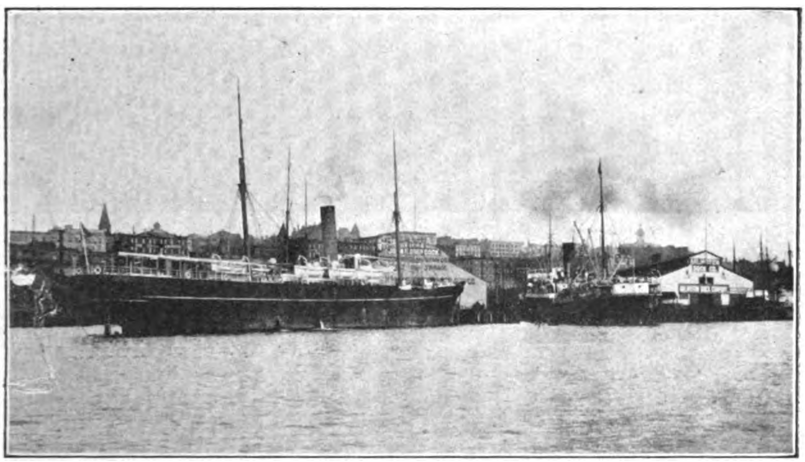
The statements of two branch banks which are omitted from the above aggregate would swell it several millions if they were included, but as it stands it almost surpasses belief. The percentage of growth of deposits for the United States for the ten years ending August 25, 1905, was 130, while Chicago in the same period sustained an increase of 280 per cent. and Los Angeles showed a gain of 740 per cent. in nine years and eight months.



KING COUNTY COURT HOUSE, SEATTLE.

It will be seen by the table that Seattle's prosperity began in 1897, the year of the gold discovery in Alaska. The day of the arrival of the first vessel with a cargo of $200,000 worth of Alaska gold was the day that set the seal of Seattle's destiny. While the telegraph wires throughout the world were being overworked with the fascinating news, and the people of the nation were being charged and surcharged with those electrical announcements, Seattle's hustling business men were getting busy making the most of the wonderful advertising given the city and struggling to keep the advantage thus gained. That they succeeded is plainly shown in the figures quoted.

There are at present seventeen banks in Seattle, including the Canadian Bank of Commerce and the Bank of California, neither of which makes a public statement of local business or capital. The fifteen

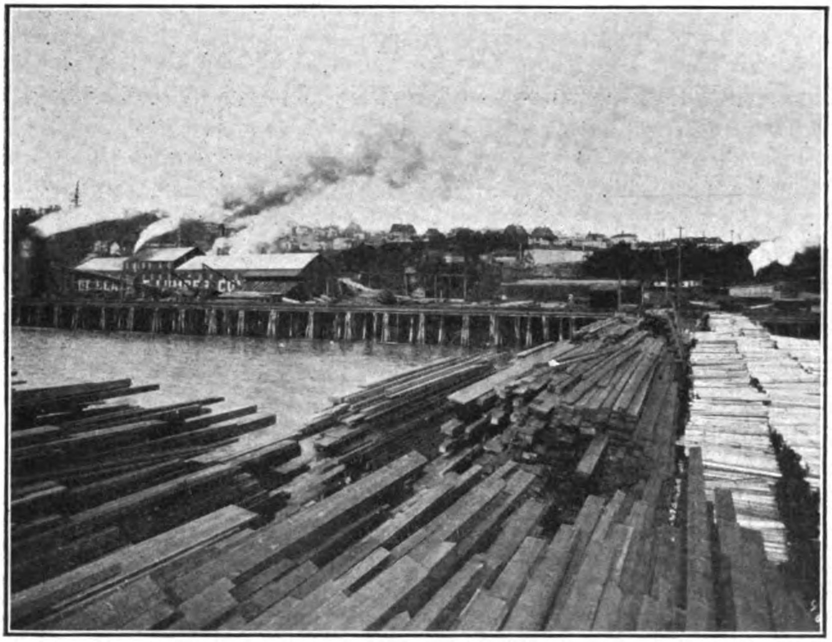


IN THE SHIPPING DISTRICT.

local banks have a total capital of $3,286,000 and surplus and profits of about $2,500,000, giving the city a banking capital of $5,786,000. A cash reserve of nearly forty per cent. of the deposits is carried, and the banks are in the main dominated by powerful business interests. The stock of all the institutions is above par, and the increase in the book value of the shares is marked, ranging as high as twenty-five per cent. in two months.

Increase in Clearings.

The growth of clearings in the past ten years makes another interesting chapter of Seattle's development. In 1896 they had been reduced to $28,157,065, but the following year showed a healthy gain, and from that time on the increase by years is indeed remarkable. The percentage is nearly as great as the growth of deposits, the figures being 1,500 for the clearings and 1,680 for the deposits. It will be seen by the appended



IN THE LUMBER DISTRICT.

table that the percentage of increase holds good in the highest months as well as for the period, and also that the clearings for the first half of 1906 were seventy-five per cent. of the total for the year 1905.

GROWTH OF CLEARINGS.

Year.	Clearings	Highest month.	
1896	$28,157,065	June	$3,139,011
1897	36,045,228	Nov.	5,101,745
1898	68,414,635	Mar.	7,364,365
1899	103,332,617	Sep.	13,584,924
1900	130,323,281	July	18,322,530
1901	144,634,367	Oct.	18,039,298
1902	191,885,992	Oct.	21,471,806
1903	206,913,521	Oct.	21,204,119
1904	222,247,309	Oct.	23,088,259
1905	301,600,202	Oct.	33,418,743
*1906	229,536,994	Mar.	43,368,827

*First six months of the year.

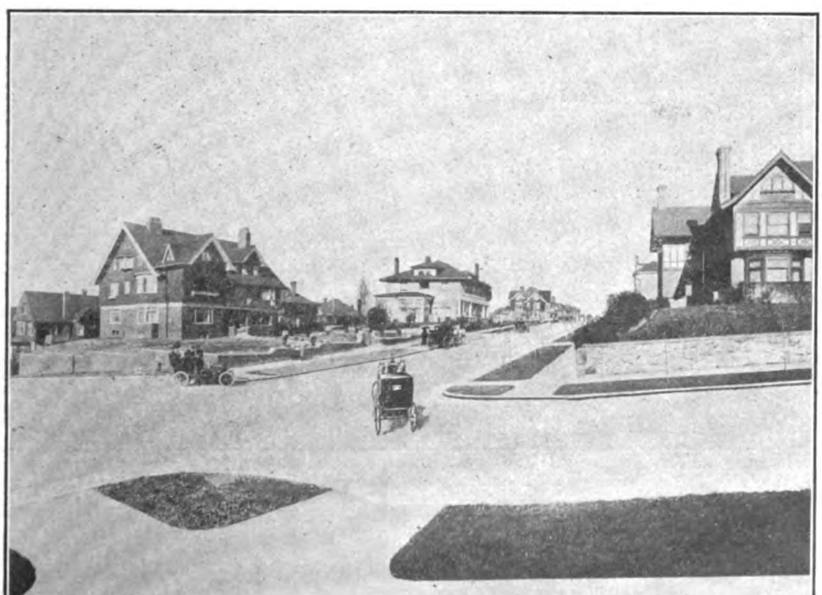
SEATTLE BANKS, JUNE 18, 1906.

NAME.	*Organized.*	*Capital Stock Paid in.*	*Surplus and Undivided Profits.*	*Deposits.*
American Savings Bank and Trust Co......	1902	$200,000.00	$81,547.20	$1,650,587.81
Dexter Horton & Co.............	1870	200,000.00	521,349.69	8,908,717.42
First National................................	1882	150,000.00	126,592.14	2,449,944.77
National Bank of Commerce...............	1889	300,000.00	228,271.06	4,418,926.16
Northern Securities and Banking Co.......	1906	62,100.00	....	75,450.96
Northwest Trust and S. D. Co.............	1901	50,000.00	4,171.00	1,063,619.39
Oriental-American.........................	1905	24,000.00	3,252.43	32,136.04
Peoples Savings Bank......................	1889	100,000.00	57,370.25	1,450,471.89
Puget Sound National	1882	300,000.00	315,880.73	6,720,675.31
Scandinavian American....................	1892	300,000.00	219,354.83	6,028,605.80
Seattle National.	1890	300,000.00	200,711.82	4,321,500.18
Shuey & Co , H. O...........................	1898	100,000.00	13,982.94	207,407.82
State Bank of Seattle.......................	1905	100,000.00	9,078.52	598,292.40
Union Savings and Trust Co................	1903	100,000.00	73,962.38	2,189,753.50
Washington National........................	1889	100,000.00	607,144.85	4,827,669.09
Washington Trust Co.........................	1903	300,000.00	246,666.40	3,313,908.59
Canadian Bank of Commerce..............	†	....	....	....
Bank of California......	†	....	....	....
Totals	....	$2,686,100.00	$2,709,336.24	$48,257,667.13

† Branches; local business not reported.

INTERWOVEN WITH ENTIRE DEVELOPMENT OF CITY AND STATE—THE DEXTER HORTON AND CO. BANK.

Washington had barely begun to be known on the map, and its principal town had barely outgrown its village clothes, when in 1870 the Territory's first bank was established at Seattle by the firm of Phillips, Horton and Co. At that date there were less



A RESIDENCE STREET.

than twenty-five thousand (25,000) people within the territory, and only a few in excess of one thousand (1,000) in Seattle. The members of the new banking firm were of the hardy mould which characterized Pacific Coast pioneers, and they had already achieved success in business ven-

NEW YORK BUILDING OF SEATTLE.

To Be Occupied in September by Dexter Horton & Co., Bankers.

tures. The "Co." of the firm was Mr. B. F. Briggs, who acted in the capacity of cashier. In 1872, upon the retirement of Mr. Phillips, Mr. Arthur A. Denny was admitted to the partnership, and the title of the firm changed to Dexter Horton and Co. Thus the bank was really founded by three of the sturdiest, most enterprising and most successful pioneers of the Pacific Northwest—men who fought the battles of the Puget Sound country, and who in building their fortunes laid the foundations for others, and helped to achieve the glories of a great state.

The history of the bank of Dexter Horton and Co. is so closely interwoven with the commercial and industrial life of Seattle and the Pacific Northwest that no kind of business chronicle of either city or section would be complete without extensive reference to it. In 1887 the bank was sold to Mr. W. S. Ladd, of Portland, Oregon, who organized the institution under a territorial charter, the original owners retaining a portion of the stock, the name of the bank being unchanged, and Mr. Ladd becoming president. Mr. Briggs was retained as cashier, and Judge John J. Hoyt, who had served as Governor of Arizona, and also of Idaho, and had been an Associate Justice of the Washington Supreme Court, was chosen manager. In 1889 Mr. Briggs retired, in order to assume the duties of personal representative of Mr. Horton, and Judge Hoyt resigned to take a place on the supreme bench of the state, to which he had been elected.

To the end that this narrative may be absolutely correct, it is necessary to revert to another period.

One Saturday morning in September, 1882, a young man, yet in his teens, applied to Mr. Horton for employment in the bank. The youth had just come from a small city in Illinois, where he had resigned a clerkship in order to follow the advice of the sage of Chappaqua and go west. His training in the Illinois bank having been under one of the most conservative bankers and disciplinarians in the Middle West, he was not long in securing employment at the hands of Dexter Horton & Co., and the following Monday found him doing general utility work in their banking house. This young man was Norval H. Latimer. He closely and studiously applied himself to the work, and at the end of five years was doing the work of the cashier, although the office was nominally held by another.

When the change in the bank above noted occurred, Mr. Latimer (who was then twenty-five years of age) was given the entire management of the institution, a position he has since held. The story of his success is told in his rise to a foremost position in the business circles of Seattle, and the development of the bank into one of the leading financial institutions of the Great West. In addition to the management of the banking house, Mr. Latimer has the presidency of four important corporations, the Seattle-Tacoma Power Company, the Diamond Ice and Storage Company, the Rainier Investment Co., and the First National Bank at Port Townsend, Washington, besides other business interests which claim his attention.

In the years previous to the panic of 1893, the bank of Dexter Horton and Co. flourished, and much of its increment went to the upbuilding of the city and the state. When the period of blight came, the institution was in such perfect condition that it withstood every phase of the misfortune which racked the community, and met its every obligation with dollar for dollar. It protected its customers by keeping its interest rates down, and held out a helping hand to those who merited it. Conducted on the strictest of business lines, it had become known as the business men's bank, and although its deposit account became somewhat depleted, it yet had the unqualified confidence of the business community.

So faithful was the institution to the best interests of the city, that when the period of depression was ended and prosperity again resumed sway, its upward climb was indeed marked. Sound business men love sound business principles and they are not slow to manifest their regard. In 1895 their deposits had reached the low point of $392,000, and they had not begun to increase to a noteworthy extent until 1898, when they had reached $1,345,248.41.

The following table shows the progress of the bank since:

Date.	Deposits.	Surplus and Profits.	Capital.
Nov. 17, 1903.....	$5,931,266	$174,485	$200,000
Nove 10, 1904.....	6,093,463	289,215	200,000
June 18, 1906.....	8,903,717	521,349	200,000

The bank has many good policies which commend it to the conservative business man. It extends its customers the best possible service, consistent with safety, and it does not enter the field in the race for public moneys. Its accounts are profitable, and it makes no bid for notoriety that it does not deserve.

During the month of September, 1906, the bank of Dexter Horton and Company will remove to quarters which are being prepared for it in the New York Block, on Second avenue. The entire first floor of the building, embracing a space of 90x106 feet will be occupied by the main banking room and offices, which will be fitted with conveniences and appliances and in such taste as will make them the finest banking offices on the Pacific Coast. The cost will be approximately $100,000.

Following are the officers: W. M. Ladd, president; R. H. Denny, vice president; N. H. Latimer, manager; M. W. Peterson, cashier; C. E. Burnside, assistant cashier; G. F. Clark, assistant cashier.

The Puget Sound National Bank.

The Puget Sound National Bank was organized in 1883, with a capital of $50,000.. Its first quarters consisted of desk room in an office occupied by a real estate firm and an insurance agency, and the working force was made up of Mr. Jacob Furth, the founder and cashier, and one clerk. A cut of the front of the building is herewith presented. Mr. Furth's faith in the enterprise was equal to his energy and adaptability to the work, and the bank began to succeed along lines which insured its permanency and its safety. When the dark days of the panic of 1893 came the bank was in a position to stand the most severe kind of a strain, because it was conservatively managed and its dominant power stood behind it ready for any emergency. When the depression was at an end its growth again began in substantial form, as will be seen by the following comparative statement:

Date.	Deposits.	Cash.	Capital, Surplus and Profits.
July 14, 1896	$552,385	$178,000	$339,000
May 14, 1897	545,328	191,000	591,000
May 5, 1898	1,497,426	1,008,000	569,000
June 30, 1899	1,984,766	1,322,000	343,000
June 29, 1900	2,582,703	1,454,000	339,000
July 15, 1901	2,664,865	1,213,000	354,000
July 16, 1902	3,491,987	1,761,000	392,000
June 9, 1903	3,438,156	1,161,000	476,000
June 9, 1904	3,430,716	625,000	446,000
May 29, 1905	3,742,668	801,000	518,000
June 18, 1906	6,720,675	2,241,000	615,000

It will be seen by reference to the table that the increase in deposits in ten years amounted to $6,168,290.31, a net gain of more than 1,100 per cent. The increase in the past year, after the deposits had reached

FIRST BANKING OFFICE OF PUGET SOUND NATIONAL BANK.

$3,742,668, was above eighty per cent. The increase in the surplus and profit account is also noteworthy. From $39,000 in 1896 (the capital being $300,000) it has grown to $315,000 in 1906, a net increase of 700 per cent. These figures speak for themselves, and plainly show the result of work and capability.

Following are the officers of the Puget Sound National Bank, Mr. Furth having served as president since 1893: J. Furth, president; J. S. Goldsmith, vice president; R. V. Ankeny, cashier; Geo. H. Tarbell, assistant cashier; I. Kohn, 2nd assistant cashier.

Following are the directors: J. Furth, J. S. Goldsmith, F. W. Struve, Leo Schwabacher, R. V. Ankeny.

PUGET SOUND NATIONAL BANK.

The Scandinavian-American Bank.

The stustantial progress of the Scandinavian-American Bank of Seattle is one of the most important features of the Pacific Northwest. It was incorporated in February, 1892, with an authorized capital of $100,-000, of which $45,000 was paid in. In April, 1901, the capital was fully paid in from the earnings, and in 1903 it was increased to $300,000 and the surplus to 150,000 by the sale of additional stock at $175 per share. July 1, 1906, the capital was increased to $500,000 and the surplus raised to $350,000, giving the institution a capitalized strength of $850,000 and making it one of the leading banks of the Northwest.

The hold of the bank upon the confidence of the public has been strong since its organization. The founders of the institution were pioneers and successful business men of Seattle, and they attracted a clientele which clung so faithfully to the fortunes of the bank that the increase in deposits from May 31, 1894, more than two years after its establishment, to July 16, 1906, was without a single break, the net gain in fourteen years being in excess of nine thousand per cent. This is one of the

SCANDINAVIAN-AMERICAN BANK, ALASKA BUILDING.

most remarkable records of any bank in the entire country, and places the Scandinavian-American at the top of the list of banks making rapid and substantial growth.

The following comparative statement of deposits shows the progress of the bank from year to year:

May 31, 1894	$73,539.28
May 31, 1895	117,216.58
May 31, 1896	152,241.16
May 31, 1897	170,594.08
May 31, 1898	421,815.96
May 31, 1899	557,694.44
May 31, 1900	966,989.74
May 31, 1901	1,509,315.92
May 31, 1902	1,757,863.03
May 31, 1903	2,346,329.96
May 31, 1904	2,621,235.82
May 31, 1905	3,433,544.03
Nov. 9, 1905	4,741,837.85
Jan. 29, 1906	4,919,571.92
April 6, 1906	5,784,295.26
June 18, 1906	6,028,605.80
July 10, 1906	7,000,000.00

The Scandinavian-American Bank has a branch in Ballard, Washington, and one in Tacoma, both of which are in a prosperous condition.

Following are the officers: A. Chilberg, president; J. E. Chilberg, vice president; John B. Agen, 2nd vice president; J. F. Lane, cashier; W. L. Collier, assistant cashier; Wm. Thaanum, assistant cashier; F. P. Searle, manager Ballard office; George H. Tarbell, manager Tacoma office; A. V. Hayden, cashier Tacoma office.

Following are the directors: A. Chilberg, president; R. A. Ballinger, of Ballinger, Ronald, Battle & Tennant, attorneys; N. B. Nelson, of Frederick & Nelson, merchants; W. H. Metson, of Campbell, Metson & Campbell, attorneys-at-law, San Francisco, California; J. E. Chilberg, vice-president; Perry Polson, president Polson Implement Co.; John B. Agen, butter, eggs and cheese.

The National Bank of Commerce.

The largest bank in the State of Washington and one of the most successful institutions on the Pacific Coast is the National Bank of Commerce of Seattle. The original bank of that name was organized in 1889 as a state institution, and was reorganized in 1890 under a national charter. Its progress was indeed substantial, rising to a position in the front rank of banks of the Pacific Northwest, and reflecting great credit upon the men who were instruments in its upbuilding. In June, 1906, it was consolidated with the Washington National Bank of Seattle, the name of the National Bank of Commerce being retained for the amalgamated institution, and the identity of the organization of the Washington National being preserved by the retention of its entire official and clerical staff. The combined capital of the two banks was increased from $400,000 to $1,000,000, and a surplus and profit account created of $483,000, giving the institution a capitalized strength in keeping with its large and growing business and placing it in the foreground of banks of the nation.

The history of the Washington National Bank of Seattle is a remarkable chapter in financial annals. It was organized in 1889, by M. F. Backus and E. O. Graves, who remained with it throughout its entire career, guiding it through panic and prosperity and making it one of the most profitable banks in the United States. At the time of its consolidation with the National Bank of Commerce it had an earned surplus and profit account of $600,000, and not a share of its stock could be obtained, although $1,100 was bid for it. During the year ending April 6, 1906, its deposits sustained a net increase of $1,123,013.63, or $3,683.01 for every working day in the year.

NATIONAL BANK OF COMMERCE.

The working force of the National Bank of Commerce is one of peculiar fitness for a successful bank. From the president down it is the embodiment of business strength and capability. It is as follows:

M. F. Backus, president; formerly President of the Washington National Bank.

H. C. Henry, chairman board of directors; formerly President National Bank of Commerce.

R. R. Spencer, first vice-president; vice-president of the National Bank of Commerce.

R. S. Stacy, 2nd vice-president; cashier of the Washington National Bank.

J. W. Maxwell, cashier; cashier of the National Bank of Commerce.

O. A. Spencer, 1st assistant cashier; assistant cashier National Bank of Commerce.

R. S. Walker, 2nd assistant cashier; assistant cashier Washington National Bank.

The following is a joint statement of the two banks at the close of business June 18, 1906, the date of the last call for statements issued by the Comptroller of the Currency:

RESOURCES.			LIABILITIES.	
Loans and discounts		$5,813,468.12	Capital	$1,000,000.00
State, county and city warrants		361,386.80	Surplus and profits	433,000.00
Foreign Government and R. R. bonds		366,848.00	Circulation	180,000.00
U. S. Government bonds	$1,006,400.00		Deposits	9,246,595.25
Cash in vault	1,328,054.21			
Cash in banks	1,983,438.12			
		4,317,892.33		
Total		$10,859,595.25	Total	$10,859,595.25

Northwest Trust and Safe Deposit Company.

The history of the Northwest Trust and Safe Deposit Company, of Seattle, is the history of most of Seattle institutions, small in its beginning but increasing year by year to a prominent position in the city and on the Coast.

Organized in 1900, its safe deposit department was its main feature, combined with the making of mortgage loans and the care of property, but its charter was broad enough to cover the entire business of a trust company, including banking. Its present spacious quarters were then occupied, jointly with itself, by several other business houses, but its growth crowded them out one by one until it now occupies all of the space of which at that time it had but an insignificant part.

It was organized upon three main principles: first, that there was a need for a trust company in Seattle; second, that it was wise to begin in a small way and incur no undue risks, and third, that the prime requisites for any business are the personal and undivided attention of experienced officers, employees of the best stamp, and prompt, courteous and efficient attention to every customer however small his business. These principles have justified themselves, and while other trust companies have since been organized, its growth has continued uninterruptedly.

A savings department was opened in 1901, and in 1902 accounts subject to check were received for the first time; while in connection with the care of property in its trust department, a fire insurance and rental department was organized. These departments have shown a steady and gratifying growth, the company's customers now numbering about five thousand. Deposits in the banking department have steadily increased from $8,500 at the end of 1901 to $641,285.54 on December 31, 1905, and to $1,100,000 in July, 1906. Beginning with a paid-in capital of $15,000, this was subsequently increased to $25,000, then to $50,000, and then to $70,000, its charter now authorizing a further increase to $100,000.

The company's present quarters are commodious and spacious, having a width of twenty-five feet, of which one-half is set apart for the bank's patrons. The ceiling is lofty, the rooms are well lighted, and the fixtures and wainscoting are in solid mahogany with verde-antique marble base, which the white walls and ceilings and white tiled floor set in striking relief. The safe-deposit vault is one of the largest in the Northwest; it has ample coupon rooms, and in addition to heavy brick and concrete construction with air-space in the walls, is protected by modern electric lining insuring instant alarm on the least tampering. The bank vault occupies a section of the main vault, with a separate entrance. A separate vault above the main vault contains the company's files and records, while all documents and books in daily use are wheeled into the main vault at night on specially-constructed omnibuses.

The waiting-room exclusively for lady customers is also furnished in mahogany, and is provided with telephone, writing facilities, magazines and all conveniences. The reception-room, available for gentlemen, is similarly furnished. While not the largest, the premises are equal in tasteful decoration and furnishing to those of any financial institution in the city, and combine the greatest facility for the handling of business with the greatest convenience to customers.

The officers of the Northwest Trust and Safe Deposit Company are: E. Shorrock, president and manager; John P. Hartman, vice-president; Alexander Myers, secretary and treasurer; J. V. A. Smith, cashier.

The Washington Trust Company.

The Washington Trust Company, of Seattle, was organized in August, 1903, with paid-up capital of $300,000 and paid-in surplus of $200,000. The incorporators had enacted by the legislature of 1903 a law authorizing and governing trust companies. Up to that time there was no law giving trust companies powers to act in all the capacities they now operate, which is along lines of the New York requirements.

The growth of the business has kept full pace with the marvelous expansion of the city during the past three years. Deposits are now over three and one-half millions, and a considerable and satisfactory business in other departments has been done.

The officers are: J. W. Clise, president; C. J. Smith, vice-president; F. I. Stimson, vice-president; M. D. Barnes, cashier; John Schram, treasurer; F. S. Rathbun, secretary; T. R. Johnson, assistant cashier; G. K. Betts, assistant to president.

Trustees: J. W. Clise, C. J. Smith, F. S. Stimson, Wm. Pigott, C. H. Cobb, A. S. Kerry, J. M. Frink, J. W. Godwin, John E. Ballaine, Omar J. Humphrey, John Schram, F. L. Eldridge, J. M. Gerard, John Heimrich, Geo. F. Stone, M. J. Heney, W. P. Trimble, W. A. Holden.

The State Bank of Seattle.

The State Bank of Seattle was organized in July, 1905, with a paid-in capital of $100,000. The cashier of the institution, A. H. Soelberg, had for some time previously held the same position with the Scandinavian-American Bank, and already enjoyed an extensive business acquaintance. The growth of the bank has been very substantial, as will be seen by the following comparative statement of deposits:

August 25, 1905	$141,524.51
November 9, 1905	253,644.94
January 29, 1906	286,474.82
April 6, 1906	410,349.55
June 18, 1905	598,292.40
July 18, 1906	711,507.65

Following are the officers: E. L. Grondahl, president; John Erikson, vice-president; A. H. Soelberg, vice-president and cashier.

The American Savings Bank and Trust Company.

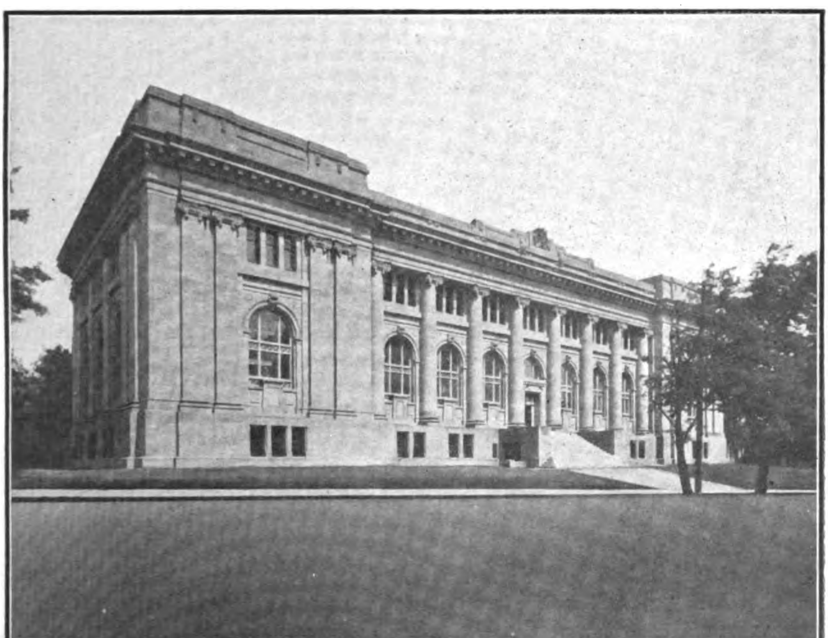
The American Savings Bank and Trust Company opened for business March 1, 1901, in temporary quarters on the northeast corner of Second avenue and Madison street. Its present manager, J. P. Gleason, was then, as now, at the head of the instiution. It was his earnest desire to associate with him in the institution men whose standing financially was well known and recognized, and how admirably he succeeded can be seen from the remarkably strong board of trustees which the bank now has.

AMERICAN SAVINGS BANK AND TRUST CO. BUILDING.

In March, 1903, the company purchased the lot directly opposite its place of business on the southeast corner of Second avenue and Madison street for the purpose of erecting a permanent home for the institution. So popular had it become in the short time during which it was running that the management saw that more spacious quarters would have to be secured than those it occupied. In April, 1905, the foundation was laid of its present building, which is designed to be a twelve-story re-enforced concrete structure, the first of its kind on the Pacific Coast.

The ground floor is occupied by the institution and in the basement are its safe-deposit vaults. The accompanying picture shows the building complete. The upper stories of the building are now being worked on and it will not be entirely complete for some time. The banking-room is one of the most modern and artistically furnished on the Pacific Coast. The fixtures were installed by the Art Metal Construction Company, of Jamestown, N. Y., and the vault work by the Remington-Sherman Company of New York city.

The success of the American Savings Bank and Trust Co. is traced to conservative management and the fact that it is controlled by elements of influence in the business world, including men of financial standing both on the Pacific and Atlantic coasts. The paid-in capital is $200,000, with a surplus of $100,000, and its deposits at the present time exceed $2,000,000. The officers and trustees are as follows: James A. Murray, president; James P. Gleason, vice-president and manager; Thomas B. Minahan, secretary; M. M. Murray, cashier; C. S. Harley, assistant cashier; Michael Earles, president Puget Sound Mills and Timber Co.; Frank McDermott, treasurer Bon Marche; J. C. Ford, manager Pacific Coast Co.; Morgan J. O'Brien, presiding justice supreme court, New York; J. E. Galbraith, president Galbraith, Bacon & Co.; Robert J. Tobin, treasurer Hibernia Savings and Loan Society; J. J. Haggerty, wholesale merchant; M. D. Leehey, of Brown, Leehey & Kane, attorneys; Edward Hickey, capitalist, Butte, Montana; Hugh J. Grant, capitalist, ex-Mayor New York city; J. T. Heffernan, president Heffernan Engine Works.



CARNEGIE PUBLIC LIBRARY.

BY JOHN H. McGRAW, PRESIDENT SEATTLE CHAMBER OF COMMERCE.

JOHN H. McGRAW.

[John H. McGraw was born in Penobscot county, Maine, October 4, 1850. He crossed the plains in 1876, and has been a resident of Washington since December of that year.

He began his public career as town marshal of Seattle; was later elected sheriff of King county; and upon his retirement from that office took up the study of law, passed a successful examination, and was admitted to the bar.

He was chosen by the Republican party as its standard bearer in 1892, and was elected Governor of the State, which office he held until January, 1897.

He holds precedence as a most capable and far-sighted business man, as a statesman of broad understanding, and as one who occupied a unique and trying position during one of the most exciting periods of the history of the development of Seattle and the State of Washington, in which connection he bore himself with such dignity as to command the respect of all true minded men. He is distinctively a man of affairs and one who wields a wide influence among the people of the commonwealth. His rugged honesty is not the least of his characteristics.—Editor Pacific Department.]

FIFTEEN years ago a mountain lion was killed on the outskirts of one of Seattle's retail thoroughfares. The press of the then rival cities of the West made much light of the fact that it was possible to hunt such beasts on Seattle's streets. The local press retaliated with the explanation that the lion could not be blamed, for the reason that Seattle was growing so fast he had no time to get out of the way. What was then true is doubly so now.

For persons familiar with the resources of the Great Northwest and the State of Washington and the strategic position occupied by Seattle in its development, it is unnecessary to explain "Why Seattle Grows." At the same time it cannot be expected that others who have not personally investigated the boundless resources of the great region and the factors which, of necessity, contribute to its upbuilding will content themselves with the mere fact that Seattle grows without inquiring into the causes which contribute to the phenomenal strides which are riveting the eyes of the whole business world upon her achievements.

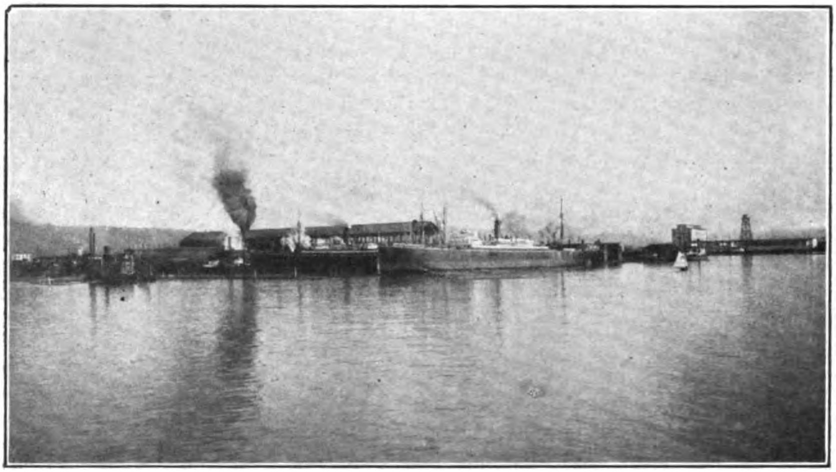
The history of all great cities, both in ancient and modern times, teaches us that cheap and convenient transportation has been the controlling factor in their growth and development. In the present age under modern conditions little can be accomplished without the very best of transportation facilities. Seattle is most fortunate in her location with reference to not only transportation but the trade of the world, and her facilities for handling this are reflected in the customs reports, which, were not the figures official, would be challenged by conservative communities not accustomed to witnessing the annual trade increase percentage expressed in three figures.

All of the transcontinental railroad lines which reach the states of the Pacific Northwest have their terminals in Seattle. The Great Northern and Northern Pacific systems have just completed the construction

TWO AND A HALF MILLIONS IN GOLD IN THE ASSAY OFFICE.

of their extensive new terminals. The Canadian Pacific, Union Pacific and Burlington lines reach this city over the tracks of the other roads. Three other transcontinental railroads are now seeking an entrance into Seattle, and two of them have already purchased terminal grounds in the heart of the wholesale business district, involving an expenditure since January the first last, of more than $10,000,000 in securing suitable property on which to transact the vast business which their farsighted managements realize will ultimately come to them in the natural development of the Northwest and Seattle, its commercial center.

The resources behind Seattle which stand out most prominently are her commercial interests, together with the agriculture, fishing and mining industries of the Northwestern States and Alaska, and the lumbering industry of Western Washington.

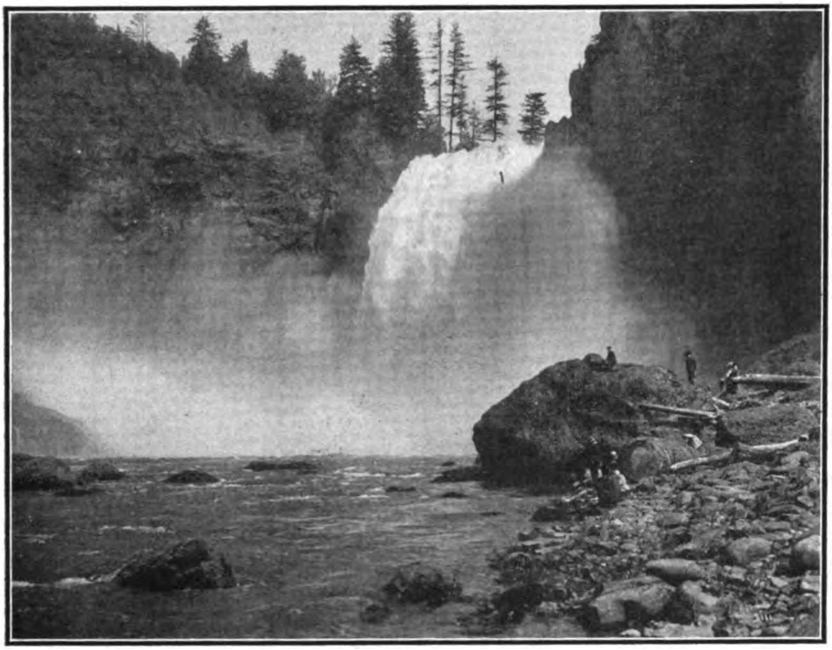


IN THE SHIPPING DISTRICT.

By the Pacific Northwest, as it is now known, is meant the territory formerly known and spoken of as the old "Oregon country." This broad domain is the only part of the United States acquired by right of discovery, and which has never acknowledged any other government. While this country has been in the possession of the United States for more than a century, it was little appreciated and almost entirely neglected until the coming of the present generation. It is only within the past twenty-five years that the real development of its wonderful resources has been commenced, and it is less than ten years since the eyes of the world were opened to the grand possibilities of its future development.

VIEW ON FIRST AVENUE.

PIONEER PLACE, SEATTLE.



SNOQUALMIE FALLS.

Comparative Area and Population.

In extent it is equal to the thirteen original states of the Union, which now support a population of 30,000,000 people. Within the boundaries of the State of Washington alone could be placed all of the New England States, with room left for the State of Delaware and the District of Columbia. Add the State of Oregon and you will find room for New York, Pennsylvania, and New Jersey, and still have some unoccupied territory. England, Scotland, Wales, Ireland, Denmark, Holland and Belgium, with a combined area 4,000 square miles less than the area of Washington and Oregon, have a population of more than 50,000,000. Washington and Oregon together had a population of 931,000 in 1900; while the Eastern States enumerated had a population of 21,321,000. To-day the population of Washington alone is approximately 950,000 souls. At the present rate of development of her natural resources, and consequent increase in population, it is a conservative prediction that this state will contain 5,000,000 people within the next twenty-five years, and when that time comes more than 1,000,000 of this population will be found in Seattle.

Growth of Seattle's Commerce.

The aggregate commerce of the port of Seattle during the calendar year 1905 amounted in round figures to $114,349,000. The volume of merchandise shipped and received during the year was:

Merchandise shipped to foreign ports	$31,700,400
Merchandise shipped to coastwise ports......	40,228,040
Total	$71,928,440
Merchandise shipped from foreign ports	$11,296,584
Merchandise shipped from coastwise ports ..	31,124,500
Total	$42,421,084

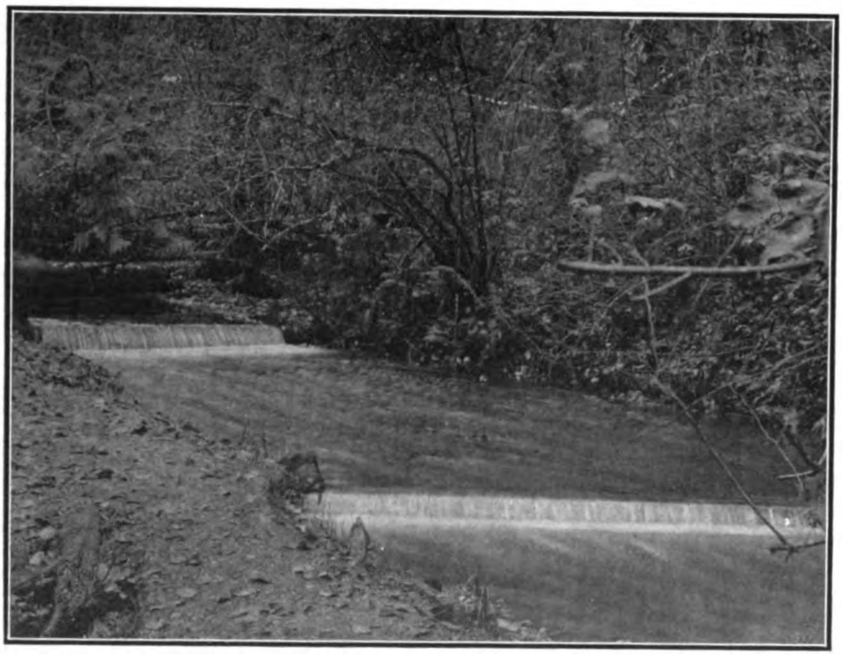
The shipments to Alaska amounted to $11,250,909, and the receipts from Alaska to $6,351,347. The commerce of the port for the year 1904 amounted to but $75,000,000. The gain for the year was a little more than fifty-one per cent.

There are only two great gateways on the Pacific Coast where the large vessels of the modern type of the merchant marine can enter in safety in carrying on the commerce of the world. These gateways are San Francisco Bay and Puget Sound. In the future through these must pass the greater part of the commerce of America, Asia, Africa and Australia. It is conceded by shrewd traffic men and students of the trend of commerce that Seattle to-day holds the key to the situation. Located in the very heart of the Puget Sound country, with the vast resources of the Northwest behind her; with lines of transcontinental railroads loading from every part of the United States at her wharves and docks; and with more than half of the population of the world nearer to her than to any other American port, she occupies a command-

MADRONA PARK.

ing position of which no combination of circumstances can deprive her. Add to this the fact that the State of Washington yields four products, namely, coal, lumber, fish and flour—the former three in sufficient quantities to supply the markets of the world—and it begins to become apparent why Seattle grows.

Pennsylvania was developed by its coal fields, Newfoundland by its fisheries, Minnesota by its lumber, and Colorado by its mineral wealth. All these resources exist in Washington and only await the enlistment of capital to combine to make it a state of most varied industries and greater in resources than any other state in the Union.



VIEW IN RAVENNA PARK.

No city in the United States, or perhaps in the world, is making greater progress than Seattle is at the present. Few, if any, cities on the American continent can boast of having doubled their population within five years.

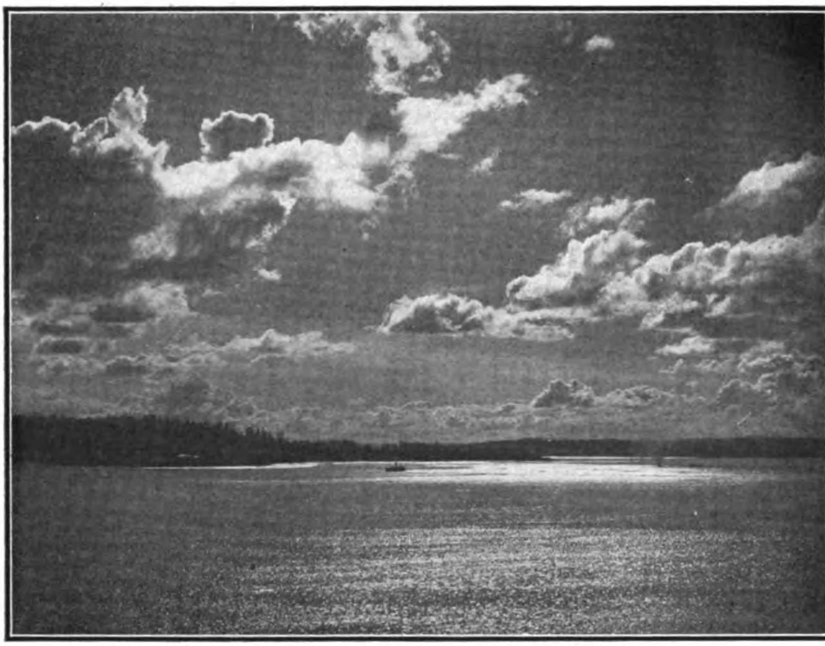
Through this port the State of Washington supplies the Pacific Coast states, Alaska, and Hawaii with practically all of the coal used for manufacturing, transportation and domestic purposes. All of the mines from which this coal is taken lie within a radius of one hundred miles of Seattle. Many are within the confines of King county and all contribute materially to Seatle's commercial development.

The market for Puget Sound lumber and fish products is even greater than that for her coal, for the whole civilized world is drawing upon Western Washington for the far-famed Washington fir and red-cedar shingles, with which to build their homes, and the Puget Sound salmon, for use on their tables. The product of the fish canneries of Washington, British Columbia and Alaska last year amounted to more than $22,000,000. The greater portion of the output of these canneries is handled through Seattle.

Seattle controls more than three-fourths of the trade of Alaska, which in value exceeds $30,000,000 a year, and is increasing in a ratio corresponding with the development of that territory. Since the establishment of the United States assay office in this city in 1898, more than $118,000,000 in gold dust and nuggets has been deposited in this institution from the northland. The whole world knows that Seattle is the gateway for this territory, and this trade in itself has for eight years been of sufficient volume to be responsible for the rapid commercial development of this city.

Seattle is the home port of the largest steamships afloat on the Pacific Ocean, and is the American port of three of the greatest steamship lines engaged in the trade between the United States and the Orient. The trade of the Orient is growing rapidly, and that the great railroad lines of the West are alive to what the future promises is evidenced by the millions of dollars which were poured into Seattle during the early part of the present year in an effort to possess themselves of suitable terminal facilities with which to secure the benefits to be derived from that trade. These movements in transportation circles have resulted in great activity in the real estate market, particularly in lands suitable for railroad terminals, sites for manufacturing industries, and wholesale and jobbing houses.

BATTLESHIP "NEBRASKA," BUILT IN MORAN BROTHERS' SHIPYARD, SEATTLE.



SUNSET ON PUGET SOUND.

Commerce and manufacturing have made Chicago a great metropolis within the memory of men still living, and these two factors are rapidly contributing towards making Seattle the chief city of the Far West. Chicago holds a commanding position—controlling the internal commerce of a great nation—while Seattle holds a commanding position in the future commerce of the whole world. She has eighty millions of Americans behind her, and six hundred millions of people of the Orient before her, together with the hundreds of millions in Europe, Asia, Africa, Australia and the islands of the seas; and she now has, or will have, business with them all.

Draw a line from Seattle to Duluth, thence to Milwaukee and Chicago, and another from Seattle to Kansas City, thence to St. Louis and Chicago, and it will be observed that every city and town of any importance included within those boundaries is reached directly by the roads controlled by the railroad lines which converge at Seattle. It will also be observed that Seattle is the nearest Pacific Coast port to all these towns and cities.

Two of the great advantages of Seattle as the entrepot of the commerce of the Pacific are saving of time and the saving of the cost of fuel. Coal is from one hundred to one hundred and fifty per cent. cheaper in Seattle than in San Francisco, owing to the fact that the greater part of the coal used in California comes from the mines of Washington. These great and controlling advantages make the position of Seattle secure in the Oriental trade of the future.

The Increase in Population.

That the quickening impulse of all these advantages is asserting itself already in a marked degree, is evidenced in the increased population of the past five years—during which time the city has grown from 86,000 to 176,000 souls—and in the fact that permits for the erection of buildings exceeding $6,000,000 in value were issued in 1905. Few, if any, cities in America can boast of such a gain; nor can they show a record of more than 1,400 per cent. increase in bank deposits for the past ten years, while the average gain for the rest of the country is less than 200 per cent. This fact in itself is significant of the healthy commercial and industrial growth of a city which a few years ago was almost wholly dependent upon Eastern money with which to develop its latent wealth and support its business enterprises.

The difficulty which the Seattle Chamber of Commerce experiences is to prevail upon people not personally familiar with the wonderful strides being made by Seattle to accept the bare facts about her development and resources as simple truth rather than exaggeration.

SEATTLE CHAPTER, AMERICAN INSTITUTE OF BANK CLERKS.

BY W. F. PAULL, PRESIDENT OF THE CHAPTER.

SEATTLE Chapter in its inception, formation and growth shows the same characteristics that have made everything else in Seattle a success and that are the means which will build on this northwest coast a commercial center which will surpass any city in the country. A year ago last March, a copy of "The Bulletin," the official organ of the institute, came into the hands of a Seattle bank clerk. It was the first time he had ever heard or read of the institute and its doings. After giving considerable thought to the subject, he decided that this city was amply able to support a chapter, and following his decision a member of the working force of each bank in the city was called in meeting to talk it over. The question was thoroughly discussed, and it was decided to call a general meeting of all bank clerks in the city for the purpose of organizing. Committees on constitution, by-laws, membership, finance and meeting place were appointed, and the meeting extensively advertised. On October 9 the meeting was held, and as a few began to gather the hearts of those behind the movement were filled with fear and trembling, but the result of judicious advertising began to appear as each bank's delegation arrived, and before the meeting was called to order a successful organization was assured and every one was highly elated. We were given the right kind of a "boost" to begin with in the lecture by P. C. Kauffman, second vice-president of the Fidelity Trust Co., of Tacoma, and secretary of the State Bankers' Association. Mr. Kauffman was one of the original committee appointed by the American Bankers' Association to provide ways and means of educating the bank clerk, which ultimately gave rise to the institute and its work. The address of Mr. Kauffman gave us a general idea of what the institute could do for us, and with the added enthusiasm which he gave us, we proceeded to organize. At that meeting we adopted a constitution, elected our officers and board of governors. Shortly after, a meeting of the board of governors was called, permanent committees appointed, and plans laid for the season's work. The season closed May last and our plans all worked out splendidly.

It was our first aim to feed the mind of the individual member. The first and most logical study that presented itself was the study of the Negotiable Instruments Law, which is operative in Washington as well as many other states, and we were very fortunate in being able to make arrangements with Professor John T. Condon, dean of the Law School of the University of Washington, and one of the best informed men on negotiable instruments in the United States, to give us a series of lectures on that subject. These lectures were listened to with close attention by every member present, and several of the lectures were put in pamphlet form for the benefit of those unable to hear them. From the messenger to the president every one who heard Prof. Condon learned something, which is the best testimony that can be offered. This was the most serious work of the season. However, at each meeting besides the lecture and discussion on the Negotiable Instruments Law, a second lecture was given by some local man, usually on matters of local importance, such as the Fishing Industry, our Park System, the Lumber Dealers' Collateral, Transportation, etc. These lectures added to the interest of our meetings, but we concluded at the very first that in order to make the work interesting for the members we would have to do something that would appeal to their physical selves. Accordingly, we instituted a light lunch after each gathering, consisting of sandwiches of various kinds, pickles, cheese, crackers, fruit, coffee, milk and lemonade; also at each meeting we have tried to have a little something humorous and musical, and so each time a member would know that by attending he would have something good to eat, something good to the musical ear, something good to laugh at, and an opportunity to turn his thoughts, with profit, to the more serious side of his chosen profession.

This is the method we have used to bring the Seattle bank clerk to the realization that his work is a profession, not a trade, and that it is worthy of his very best effort, and we have not yet started on the real work for which the chapter was organized. During the coming season we hope to increase our membership so as to include every bank clerk in the city, and we expect to enlarge the course of study so as to include the regular work of the institute, having a class each week on each subject. The membership now is about 150, and it is estimated that there are another 100 bank clerks in the city not members. An aggressive campaign for membership will be started the first thing in the fall, and it is fully expected that a year from now will see very few outside the flock.

It is a great pleasure, as well as my duty, to speak of the support which the banks of the city have given us. When the finance committee called upon them early last season, they generously gave what we asked for and offered more if that was insufficient. This year we have the assurance from the bankers that they will see that the chapter is supported and are willing and anxious to give all the aid and assistance, both morally and financially, that may be necessary. This co-operative spirit makes us all kin and insures the permanent success of the chapter.

THE INDEPENDENT EXAMINATION.

BY C. R. HARDT.

MANY excellent articles have been published in the last few years on the subject of independent examinations of banks and trust companies, or examinations conducted by others than those in any way connected with the bank, the Comptroller of the Currency, or the State Banking Department. That much good has resulted from the discussion of this subject is evidenced by the increase in the number of financial institutions now having such examinations made and the reports published.

In my experience I have found that the plan is usually favored by the executive officers of the bank, and when opposition develops, it emanates from the directors, on the grounds either of expense, or that a committee of the directors themselves make an audit, annually or semi-annually.

It is almost universally the case that bank directorates are composed of men of the highest business integrity, experienced in financial and commercial matters, "men of affairs," with active business interests other than those of the bank, and who would necessarily be compelled to make a sacrifice to devote the time required to make an examination that would reveal the true condition of the bank; consequently, the directors' examination often results in a verification of the *assets* of the bank, while a similar verification of the liabilities goes practically by default. Then again, how many directors have had the technical training — *technical bank training* — necessary to enable them to conduct an examination that will cover the operations of each department of the bank and compile a report covering the whole in a condensed and intelligent manner?

As to expense, it is, of course, due the stockholders to keep this item as low as possible consistent with good business policy; but an expense of this nature could be, and should be, converted into a profit as a matter of advertising alone, as there could be no better or more dignified advertisement for a bank than a report of condition certified to by a reputable *bank* accountant.

Another point for directors to consider is, that in case of trouble coming to the bank, they will have the satisfaction of the knowledge that they have employed every safeguard they could, and they would in this case be largely relieved of responsibility by the public.

When a proposal for an independent examination is looked upon with disfavor by the active officials of the bank, the usual reason given is that they fear an interruption to the routine work of the minor officials and clerks, or that the bills, notes, collaterals and investments may become disarranged or misplaced in handling this part of the examination.

There may be reasonable grounds for this apprehension, as it not infrequently occurs that an accountant who may have sufficient theoretical knowledge to conduct an examination is lacking in the practical banking experience which is absolutely necessary to handle the work in such manner as to cause the least possible friction and to accomplish practical results in the least possible time.

MAINE BANK EXAMINER.

WILLIAM B. SKELTON recently succeeded Fremont E. Timberlake as Bank Examiner for the State of Maine, Mr. Timberlake having resigned to enter into the bond brokerage business at Portland.

HON. WILLIAM B. SKELTON.
Recently Appointed Maine Bank Examiner.

Mr. Skelton, the new examiner, was born at Bowdoin, Me., August 9, 1871. His early life was spent on a farm. After completing his education he began the study of law, and after being admitted to the bar formed a partnership with one of his preceptors. He has been a member of the common council of Lewiston, county attorney, and mayor of Lewiston, acquitting himself creditably in each of these positions.

BANKING AND COMMERCIAL LAW

IMPORTANT LEGAL DECISIONS OF INTEREST TO BANKERS.

All the latest decisions affecting bankers rendered by the United States courts and State courts of last resort will be found in the MAGAZINE'S Law Department as early as obtainable.

Attention is also directed to the "Replies to Law and Banking Questions," included in this Department.

GUARANTY—CONSTRUCTION.

WALTER A. WOOD REAPING AND MOWING MACHINE CO. VS. ASCHER.

Court of Appeals of Maryland, February 13, 1906.

Where one guarantees the payment of a note, and not merely its collectibility, he is liable when it is not paid at maturity, without a showing that the payee exhausted his remedies against the principal or that the principal was insolvent.

Here the question arose upon the following note and guaranty:

"$100. Chestertown, September 1, 1901. On or before the first day of September, 1902, I, ——, of Chestertown post office, Kent county, Md., for value received, promise to pay to the order of the Walter A. Wood Mowing & Reaping Machine Co. one hundred dollars, payable at Chestertown National Bank, Chestertown, Md., with interest at legal per cent. per annum from September 1, 1901, until paid. C. R. Atkinson."

On the back of this note was written the following guaranty:

"For value received I hereby guaranty the payment of the within note. Demand for payment, protest, and notice of protest waived. Marcus J. Ascher."

The signatures to the note and the guaranty were admitted, and there was evidence tending to show that the note had been given by its maker in part payment for a mowing machine sold to him by Ascher as the plaintiff's agent.

And the court held the guaranty to be an absolute one in the following words:

The guaranty is in terms predicated upon no contingency, nor is it merely one of the collectibility of the note. It is a distinct and unequivocal guaranty of the payment of that obligation. Such a guaranty is uniformly treated by the leading text-books as an absolute one. (2 Randolph on Com. Paper [2d Ed.] c. 26, par. 850; Daniel on Negotiable Instruments [5th Ed.] p. 799; Brandt on Suretyship and Guaranty, vol. 1, c. 220; Stearns on Suretyship, c. 61; 14 A. & E. Encycl. of Law, p. 1142, where it is said upon the authority of many cases that "the most usual form of absolute guaranty is that of payment.")

In Townsend vs. Cowles, 31 Ala. 429, the court held the words, "I guaranty the payment of the within," indorsed on a promissory note and signed by the defendant, to constitute an absolute engagement to pay the debt when due on default of the maker, and permitted the holder of the note to recover from the guarantor without proof of having attempted to recover of the maker.

In Hungerford vs. O'Brien, 37 Minn. 307, 34 N. W. 161, it was held that the indorsement on a note of the words, "For value I hereby guaranty the payment of the within note to Cassie Hungerford or bearer," constituted an absolute guaranty.

The same doctrine has been asserted or recognized by this court in Heyman vs. Dooley, 77 Md. 165, 166; Emerson vs. C. Aultman & Co., 69 Md. 135; and Mitchell vs. McCleary, 42 Md. 377.

DIVIDENDS—TO WHOM PAYABLE—TRANSFER OF STOCK.

STEEL VS. ISLAND CITY MERCANTILE AND MILLING COMPANY.

Supreme Court of Oregon, January 2, 1906.

A corporation paying a dividend on stock to a person appearing on its books as owner, after it has received notice that the stock has been transferred to a third person, is liable to the third person for the amount of the dividend, though at the time it declared the dividend it had no such notice, and though it passed the amount thereof to the credit of the stockholder on its books.

The payment of dividends on assigned stock is such an important matter that the opinion of the court is here given entire. The facts appear in the opening paragraphs following:

BEAN, *C. J.:* This is a suit by a stockholder against a corporation for an accounting for dividends declared on its capital stock. On January 15, 1890, the defendant issued and delivered to R. M. Steel 100 shares of its capital stock; the certificate thereof providing that the shares "are only transferable upon the books of the company, subject to the provisions of the by-laws, by indorsement hereon and surrender of this certificate." On March 16, 1896, Steel sold and transferred the stock and certificate to the R. M. Steel Company, and on the next day the R. M. Steel Company transferred the same as a pledge or collateral security to George A. Steel. The debt for which the stock was held by George A. Steel as security was not paid, and on May 28, 1901, the stock was sold in pursuance of law in foreclosure of such pledge to the plaintiff Cora Steel.

None of the transfers referred to were made on the books of the company, nor was the corporation advised thereof until June 14, 1901, when the original certificate, together with the several transfers attached thereto, was delivered by the plaintiff to the company and a new certificate issued to her in lieu thereof. The proceeds of the sale of the stock on the foreclosure were not sufficient to satisfy the debt for which it was held as security by George A. Steel, and some time after the sale and prior to January 30, 1903, Steel assigned and transferred his interest in all dividends declared by the company after March 17, 1896, to the plaintiff, and in February of that year she notified the defendant of such transfer and demanded the payment by it of all dividends declared after the date of the assignment by the R. M. Steel Company to George A. Steel, but it refused to make such payments, and hence this suit.

The plaintiff alleges that a dividend of $25 a share was declared by the corporation on January 27, 1900, payable one-half on June 1, and the remainder on September 1 following, and that she had reason to believe and did believe that since that date other and different dividends had been declared, but that the officers of the corporation refused to give her any information thereof, and that no payments of any such dividends had been made to her, although lawfully demanded. Upon the coming in of the answer and proofs, it was shown and is admitted that a dividend of $25 a share was declared in January, 1900, but that no dividends had been declared since that time.

The defense is that the dividend declared in January, 1900, was paid by the company to the administrator of the estate of R. M. Steel, in whose name the stock stood on its book, without notice or knowledge of the several transfers, or of any of them, and before any demand was made therefor by the plaintiff or any one else.

The evidence shows that at or about the time the dividend was declared the amount thereof was passed to the credit of R. M. Steel's estate on the books of the company, but the money was not actually paid to the administrator of the estate until June 6, 1903, after the corporation had been notified of the purchase of the stock by the plaintiff and the assignment to her of George A. Steel's right to the dividends, and a demand for the payment thereof had been made. At the time the dividend was declared George A. Steel was the holder of the stock as pledgee and had a right to receive it, notwithstanding the certificate on its face stated that the shares were only transferable on the books of the company, and no such transfer had been made, and unless the defendant has paid the amount of such dividend to the representative of the person who appeared on its books to be the owner thereof, without notice of the transfer, his assignee, the plaintiff, is entitled to recover the same. (22 Am. & Eng. Enc. Law [2d Ed.] 907.)

"Where, for the protection of the corporation, it is expressly provided in its certificates of stock," say Messrs. Clark and Marshall, "that the shares are not transferable, except on the books of the corporation, the corporation is not bound to look beyond its books, assuming that they have been kept properly, to determine who is entitled to dividends, but it may safely pay them to those persons who appear on the books to be shareholders, and it will be protected in such payment, notwithstanding transfers made before the dividend was declared, but which had not been entered upon its books, and of which it had no notice. It is otherwise, however, if it has notice of the transfer. In such a case, if it pay the dividend to the person appearing on its books as owner, it remains liable to the transferee, whether the transfer was absolute or merely as collateral, notwithstanding his omission to have the transfer registered." (2 Clark & M. Priv. Corp. p. 1612.)

And, again, it is said, by the same authors (page 1611): "In the absence of agreement to the contrary, a pledge of shares of stock as collateral security carries with it, as an incident of the pledgee's special ownership, the right to receive dividends afterwards declared, to be applied on the debt, or held in trust for the pledgor; and, if the transfer has been registered on the books of the corporation, or, although not so registered, if the corporation has notice thereof, it will be liable to the pledgee if it pays such dividends to the pledgor." To the same effect see Central National Bank vs. Wilder, 32 Neb. 454, 49 N. W. 369; Farmers & Merchants' National Bank vs. Mosher, 63 Neb. 130, 88 N. W. 552; Clark vs. Campbell, 23 Utah, 569, 65 Pac. 496; 54 L. R. A. 508; 90 Am. St. Rep. 716.

National Bank vs. Wilder, supra, was much like the case at bar. The stock pledged had been sold by the pledgee and the proceeds applied on the debt, leaving a balance unpaid. The pledgee thereafter brought an action to recover of the corporation a dividend declared before the sale, and while the stock was held by him in pledge, and it was decided that he was entitled to recover.

Unless, therefore, the defendant corporation paid the dividend to the administrator of the estate of R. M. Steel before receiving notice of the assignment and transfer to the plaintiff, she is entitled to recover. Now, the evidence shows that the dividend was not paid, in fact, at the time it was declared or until long after the corporation had received notice of the plaintiff's ownership and right thereto. The passing of the amount thereof to the credit of the stockholder on the books of the company was a mere matter of bookkeeping, and in no sense amounted to a payment. The payment of a pecuniary obligation is made by the delivery of money or something which is accepted by the creditor as equivalent thereto. (22 Am. & Eng. Enc. Law [2d Ed.] 517; Tolman vs. Manufacturers' Insurance Co., 1 Cush. 73; Beals vs. Home Ins. Co., 36 N. Y. 522.)

When the dividend was declared, the defendant became indebted to each stockholder for his share, and each was in the same position as any other creditor of the corporation and had a right to enforce or assign his demand in like manner. If the corporation, without notice of the transfer or assignment of the dividend, had paid the same to the apparent holder of the stock, it would be discharged, but after such notice it was bound to pay the true owner.

CHECKS—REASONABLE TIME FOR PRESENTING—DILIGENCE.

LEWIS HUBBARD AND CO. VS. MONTGOMERY SUPPLY CO.

Supreme Court of Appeals of West Virginia, February 20, 1906.

A person receiving a check, on a fund in the hands of a bank, for the amount of a demand against the drawer thereof, is bound to exercise reasonable diligence in making presentment thereof for payment, if he wishes to avoid risk of loss by insolvency of the drawee, and what is a reasonable time depends upon the facts and circumstances of each particular case.

The facts in this case appear in the opening paragraph of the opinion:

POFFENBARGER, *J.:* A question of commercial law arises on this record. Lewis, Hubbard & Co., of the city of Charleston, doing a wholesale business in groceries, had, prior to September 24, 1900, sold goods to the Montgomery Supply Company, doing a retail grocery business in the town of Montgomery, and on that day there was due from said last-mentioned concern the sum of $183.69. On that day W. G. Hubbard, a traveling salesman for Lewis, Hubbard & Co., was at Montgomery, called upon the Montgomery Supply Company, received from it, not earlier than 4 o'clock P. M. of that day, a check for the amount of the bill, payable to Lewis, Hubbard & Co., drawn on the Montgomery Banking and Trust Company, a bank in Montgomery, neglected or failed to forward the same to his principal, and went on from Montgomery to call upon other customers of his house, taking the check with him. He received the check on Monday, September 24, and on Friday, September 28, the Montgomery Banking and Trust Company failed to open its doors for business, went into the hands of a receiver, and finally paid a small percentage to its depositors. The drawer of the check had ample funds in the bank to pay it, and it presumably would have been paid, had it been presented for payment at any time during banking hours on Thursday the 27th. It was afterwards sent to the bank through proper channels and protested.

* * * * * *

In some respects, the rights of the parties to a check, drawn by an individual on a bank, are governed by the principles applicable to the parties to an inland bill of exchange, but not in all respects. Notice of dishonor and non-payment of a check, and diligence in the presentation thereof, are required only when it is necessary to protect the drawer from loss by reason of the failure of the drawee, holding funds of the drawer sufficient to pay the check. Presumably the check is drawn upon funds in the hands of the drawee belonging to the drawer, and amounts to an appropriation thereof in favor of the payee of the check, and he owes to the drawer the duty of exercising a certain amount of diligence to obtain payment in order to prevent a loss to the drawer by reason of failure of the bank. In other words, if he fails to perform such duty, the loss falls upon himself, and he is barred by law of any right to recover against the maker of the check. If, by delay in presentation, a loss occurs, the payee or holder is deemed to have extended credit to the bank, and must suffer the consequences. (Cox vs. Boone, 8 W. Va. 500; Compton vs. Gilman, 19 W. Va. 312; Purcell vs. Allemong & Son, 22 Grat. 739; Parsons on Notes and Bills, vol. 2, pp. 58, 59; Bank vs. Bank, 10 Wall. 647, 19 L. Ed. 1008.)

For the reasons above stated, presentation of the check for payment, at the bank on which it is drawn, must be made within a reasonable time, and what is a reasonable time depends upon the situation of the parties with reference to one another and with reference to the bank and all other material facts and circumstances entering into the transaction. When the drawee and payee are in the same town or city, presentation must be made not later than the next day after the reception of the check, unless there is some understanding or agreement to the contrary, or some circumstance intervenes or is connected with the transaction sufficient to vary the rule; but it is sufficient to present it at any time on the next day within business hours. (Alexander vs. Birchfield, 1 Car. & Marsh, 75.) But when the person receiving the check is at a place different from that of the place of business of the drawee, additional time is allowed. The person receiving it need not forward it for presentment on the day of its reception, but may do so on the next day thereafter, and the person to whom it is forwarded for presentation need not present it on the day of its reception, but may do so on the next day after he receives it. In this case two extra days are allowed, while in the other but one is allowed. (5 Am. & Eng. Ency. Law 1042; Moule vs. Brown, 4 Bing. N. C. 266; Holmes vs. Roe, 62 Mich. 199; Prideaux vs. Criddle, L. R. 4 Q. B. 455; Griffin vs. Kemp, 46 Ind. 172, 176; Burkhalter vs. Bank, 42 N. Y. 538; Parsons on Notes and Bills, 72.)

The reason for this indulgence is well stated by Story on Bills (section 290), in discussing the law of notice of dishonor and protest, in which the principle is generally held to be the same. He says:

"In the first place, then, it is not by our law necessary in any case to give notice, either by post or otherwise, on the very day on which the dishonor and protest took place, although the holder is at liberty to do so at his option. He is always allowed by law a whole day for this purpose, and is not compellable to lay aside all other business to devote himself to that particular purpose. For it would be most inconvenient and unreasonable to require such strictness, as it might interfere with other business and duties quite as pressing and important; and therefore it is sufficient if he sends notice by the post or otherwise by the next day."

The same reason which suffices to give two days, one for reception and the other for presentation, when the payee and drawee are at the same place, justifies the general rule allowing four days when they are at different places.

In view of these principles, the way to a conclusion would seem to be perfectly clear, but for the circumstance of there being no mail from Charleston to Montgomery on the afternoon of Wednesday, the last day allowed by the rule for forwarding the check to Montgomery. Did this circumstance make it necessary to forward the check in the mail leaving Charleston at about 9 or 10 o'clock a. m.? If not, and it was allowable to deposit it in the post-office within business hours on Wednesday, it could not have reached Montgomery until Thursday. Enough has been stated to clearly demonstrate that the utmost diligence possible is not required. The payee is bound to exercise only reasonable diligence, and need not do that which is contrary to, or variant from, the ordinary and prudent mode of transacting business. But the law does seem to require such action, within reasonable limitations, determined by considerations of conveniences, but not of leisure, as is calculated, in view of the possibility of loss by delay, to prevent it. Hence, the two-day rule, allowed for forwarding notices or paper for presentment, is subject to this qualification, namely, that it must be sent by the mail of the second day. If there be more than one mail on that day, it need not go by the first; but, if there be but one, it must go by it, unless it leaves or closes at an unreasonably early hour. The whole of the second day is not allowed, unless the last mail of that day goes at the close of business.

The reason for requiring the check or notice to be forwarded on the second day, if it be practicable to do so, is apparent; for otherwise the effect would be to give the party three days instead of two and without any substantial reason therefor. The holder of a check cannot extend the time allowed him by depositing it in a bank for collection. (Alexander vs. Birchfield, 1 Cat. & Marsh, 75.) It must be forwarded or presented on the next day after receipt, if reasonally practicable, whether it be done in person or by agent.

What is an unreasonable hour depends upon circumstances. If the court could say, as matter of law, that 9 o'clock or half-past 9 o'clock A. M. is an unreasonable hour, within the meaning of this law, then we could say it would have been sufficient to have forwarded it in the mail of Thursday by depositing it in the post office at some time on Wednesday. No evidence was introduced showing the business hours of the banks in Charleston, nor the situation, with reference to the post office, of the bank with which the plaintiff transacted its business. Therefore the question submitted to the jury was whether the time of departure of the mail, shown by the evidence, was, under ordinary circumstances unaffected by any local custom or mode of business, an unreasonable hour. It did not involve any inquiry as to whether, under a given state of facts, a thing could reasonably be done or accomplished. It seems therefore to have presented very little matter of fact, if any at all, for the consideration of the jury, and to have been substantially a question of law. It has been frequently held that when the only question is the reasonableness of the time, the facts being undisputed, it is one of law for the court. It is rather a question of commercial law than one of mere fact; the exigencies of commercial transactions, and the peculiarities of that kind of business, having established certain rules and regulations by which both court and jury are bound.

In the exercise of the power to determine what is a reasonable time, or whether an act is done within a reasonable time, according to the law merchant, the courts have always taken judicial notice of some of those customs, habits, and practices which may be deemed to be a part of the knowledge and information of the people generally, and also of customs and practices peculiar to banks and other financial and commercial institutions. They have determined repeatedly what is a reasonable hour for presentation of a bill for acceptance at the place of business of a trader, as well as for the presentation of a note or other negotiable instrument at a bank, marking a distinction between the two classes of institutions due to the known difference in their hours of business.

What is a sufficient presentation in point of time at the place of business of a merchant might not be sufficient in the case of a bank. Numerous illustrations of this will be found in the reported cases. In making such distinctions the courts necessarily take judicial notice of the difference in methods of transacting business. In some instances they have expressly declared their power to take judicial notice of such matters. Thus, in Davis & Co. vs. Hanly, 12 Ark. 645, it is said: "This court will take judicial notice of 'the general customs and usages of merchants' as well as of the 'general customs of our own country,' as matters that are generally known."

Wigmore on Ev., at section 2580, says: "Courts are found noticing, from time to time, a varied array of unquestionable facts, ranging throughout the data of commerce, industry, history, and natural science. It is unprofitable, as well as impracticable, to seek to connect them by generalities and distinctions; for the notoriousness of a truth varies much with differences of period and of place." In the note to this section the author cites a vast number of instances illustrating the proposition. As indicated by his language, the basis of judicial notice is the common notoriety of the thing which the courts judicially observe. While a court cannot take judicial notice of the existence of a bank in any particular place, nor of the peculiar methods of business adopted by any bank, they must presume that every bank operates under some reasonable rules and regulations in the transaction of their business; and that parties, in dealing with them or making themselves parties to commercial paper, contemplated the delay incident to, as well as the promptness designed to be effectuated by, such rules and regulations. They do not expect a bank, handling a large number of important securities or commercial instruments each business day, to give to one any particular or special attention not ordinarily given to others of the same class. It is notorious that, for business purposes, banks open their doors later, and close them earlier, than other institutions, and that, as a rule, in cities and towns of considerable size, they are never open earlier than 9 o'clock A. M. Charleston is a city of considerable proportions, in which there must necessarily be a number of banks, doing business after the manner and customs adopted by banks generally throughout the country. Hence, it requires no strain of judicial cognizance to say that they are not open for business before 9 o'clock A. M. As the evidence discloses that the last mail leaving Charleston for Montgomery must have gone very soon after the banks opened in September, 1900, the forwarding of the check by that mail would have required more than ordinary diligence. A bank is entitled to a reasonable time after the commencement of business in which to perform any given duty. It cannot be expected to lay aside all other matters and give its attention to that one. "Banks would be kept in continual fever if they were obliged to send out a check the moment it was paid in." (Lord Ellenborough, in Rickford vs. Ridge, 2 Campb. 537.)

It is not a question of what it is possible for banks to do, but one of what they do, and of what the parties to the paper know to be the custom and practice of banks. Since the mail must have left Charleston between 9 and 10 o'clock A. M., it must have been closed at the post office very soon after the banks opened; for some time is required for the preparation of it and for carrying it from the post office to the railway station. It is highly probable that this mail closed just about the time the banks opened, and it is reasonably certain that it was closed within a few minutes after the opening of the banks. All this the drawer of the check must be deemed to have contemplated. He was bound to know that the usual method of collecting checks is to indorse them to the banks to be forwarded by mail for presentment. Both parties, in view of their knowledge of this method of transacting such business, are deemed to have agreed to be bound by the delays incident to this mode of demanding payment. It may be said that both contemplated the possible insolvency of the bank on which the check was drawn, or were bound to know that such a thing might happen; but the drawer, by allowing his money to remain in that bank, and the payee, by accepting the check upon it, each evinced belief in its solvency, and the former a willingness to take the risk thereof, during the reasonable period of time necessary for the presentation of the check in due course of business, by the means which both parties knew the banks generally employ for that purpose.

As long ago as 1853, the Supreme Court of New Jersey, in Burgess vs. Vreeland, 24 N. J. Law, 71, expressed the opinion that a mail closing at half-past 9 in the morning would be before usual business hours. If since that time there has been any change in this respect, it cannot be deemed to have been to the contrary of, or in conflict with, this proposition. The tendency is to limit, rather than extend, the business day in all branches of industry and commerce. A bank is not required to take advantage of a mail which closes before, or at the time of, the opening of business.

In Chick vs. Pillsbury, 24 Me. 458, it was expressly decided that a convenient time after the commencement of business hours of the day is allowed for the mailing of a notice of dishonor. In Haskell vs. Boardman, 8 Allen (Mass.) 38, it was held that the mailing of a notice of protest at 10 o'clock A. M. was not due diligence; it appearing that the only mail for that day departed at 10 o'clock. It was sent by an individual to a prior indorser for the purpose of binding him. The rule in such case would be different, for the reason that there is no presumption that an individual engaged in business other than banking does not commence business at an early hour. On the contrary, it is a matter of common knowledge that merchants and traders open their places of business at an earlier hour than banks. Moreover, in this instance, the evidence shows the mail must have closed long before 10 o'clock. "What is a reasonable time must depend upon circumstances, and in many cases upon the time, the mode, and the place of receiving the bills, and upon the relations of the parties between whom the question arises." (Dan. Neg. Instr. s. 605.) That the check in this case was not actually put in course of presentment can make no difference. It is enough to make the drawer liable, that, if it had been, the time allowed by the rule of diligence was not sufficient. (Cox vs. Boone, 8 W. Va. 500.)

In view of these principles the court clearly erred in giving the following instruction: "The court instructs the jury that, if they believe the plaintiff could by due diligence have presented the check in question to the bank upon which it was drawn before it failed, it was the duty of plaintiff to do so; and, if the jury further believe the plaintiff failed to use due diligence in such respect, and its lack of diligence caused the loss of the amount of the check to the defendant, the defendant is not liable to the plaintiff for the amount of the check, but may find for the plaintiff for the sum of $22.60, interest from November 15, 1901."

There was no evidence of lack of diligence. On the contrary, the evidence showed that, by the exercise of due diligence, the loss would not have been averted.

An assignment of error is predicated on the action of the court in giving the following instruction: "The court instructs the jury that, if they believe from the evidence that W. G. Hubbard was the collector of the plaintiff and had authority to collect as agent, and as such agent and collector accepted the check of the defendant, his act in so accepting the said check was the act of the plaintiffs." This, however, is a proper instruction. It was the duty of the agent to forward the check to his principal, and delivery to him was delivery to the principal; but it must have been contemplated that he would promptly forward it, and that the time allowed for presentment would be correspondingly extended. (Rosenthal vs. Ehrlicher, 154 Pa. 396; Bank of Grafton vs. Buckannon Bank, 80 Md. 475; Balkwill vs. Bridgeport, etc., Co., 62 Ill. App. 668; Gifford vs. Hardell, 88 Wis. 538.)

For the reasons stated, the judgment will be reversed, the verdict set aside, a new trial allowed, and the case remanded.

BILLS AND NOTES—BONA-FIDE PURCHASERS—PURCHASERS FROM THE LATTER—AGENT—REPURCHASE BY PAYEE—GOOD FAITH—FRAUD.

ARAGON COFFEE CO. VS. ROGERS.

Supreme Court of Appeals of Virginia, March 1, 1906.

In the suit of Alfred M. Rogers against J. W. Harrison, doing business under the name of Aragon Coffee Company, the Supreme Court of Appeals of Virginia holds that a purchaser of a note from a bona-fide purchaser is entitled to stand in the place of the latter in enforcing the note, although he himself has notice of equities existing between the original parties; that if the payee of a note, after selling the same to a bona-fide purchaser, repurchases it, he does not thereby acquire any better right against the maker than he had in the first instance; that the good faith of parties concerned was for the jury.

The case was brought up on a writ of error by the defendant.

The facts are stated and discussed in the following decision of the court:

KEITH, *P.:* J. W. Harrison, doing business under the name and style of the Aragon Coffee Company, of Richmond city, purchased of Hills Bros. Co., a corporation in the city of New York, 500 bags of coffee, for which it made its negotiable note for $3,727.02, dated January 11, 1904, payable four months after date to Hills Bros. Co., or order, at Planters' National Bank, Richmond, Va. Before the maturity of this note it was indorsed to the National Park Bank of New York, who it is conceded acquired it in the ordinary course of business, and was an innocent holder of it for value and without notice. When the note fell due, payment was demanded and refused, and the note was duly protested. On November 14, 1904, this note was indorsed to Alfred M. Rogers, without recourse, who paid to the National Park Bank $3,841.69, the full amount represented by the note, principal and interest.

In March, 1905, Rogers sued the Aragon Coffee Company upon this note. The defendant pleaded nil debit and a plea of set-off, in which he avers that he purchased of Hills Bros. Co. a certain lot of coffee, which was represented to be sound and as good as the sample of coffee then and there exhibited to the defendant by Hills Bros. Co.; and that he afterwards purchased 500 sacks of the coffee, relying on the promise of Hills Bros. Co. that it was pure and unadulterated, and as good as the sample shown and exhibited to the defendant company. The plea then alleges that the coffee was not sound and free from defects, but was unsound, and that both the sample and the coffee had been tampered with and adulterated, but so skillfully and cunningly that the defendant did not discover the fraud and could not have discovered it without such a careful examination as no man would make unless he had reason to suspect the perpetration of a fraud; that the coffee delivered was so common and inferior, and gave forth such an offensive odor when roasted and made into a beverage, that it could not be used, as to use it in his business would damage his trade and reputation. The plea further avers that Hills Bros. Co. is the real plaintiff in the suit, and that it has formed an unlawful combination with the National Park Bank of New York and Alfred M. Rogers, the object of which was wrongfully and unlawfully and by deceit to cut defendant off and prevent him from showing his rightful and lawful set-offs and equities against said note. In conclusion he claims to have been damaged by the fraud practiced upon him in the sum of $1,987.10, which sum he seeks to have set off against the note, and the balance of $1,740.92 was brought into court, which the defendant stated he was ready to pay to the plaintiff.

Upon this plea issue was taken; and, evidence on the part of the plaintiff and the defendant on this plea having been introduced before the jury, the plaintiff demurred to the defendant's evidence, the jury found a verdict subject to the demurrer to the evidence, and the court gave judgment in favor of the plaintiff, to be credited by the amount which the defendant had paid into court.

We observe in limine that there is no occasion to discuss the transaction as between the Aragon Coffee Company and Hills Bros. Co. The evidence is conclusive to show a bald and iniquitous fraud. The only question which we need to consider is whether or not the parties before the court occupy such a relation to the transaction as that, under the law merchant, we must shut our eyes to the truth and close the door upon all investigation.

The National Park Bank, being the holder for value and without notice, could transmit a complete title to a third person, even though that third person had knowledge of the facts which would have defeated a recovery upon the note in the hands of the payee; the general rule being that, if a person take with notice purchase from one without notice, he is entitled to stand in the latter's shoes and take shelter under his good faith. If it were not so, the bona fide purchaser without notice might be unable to dispose of the property, and thus its value in his hands be materially deteriorated. A bona fide holder, it is said, is entitled to have the whole world for his market.

But there is an exception to this rule, which is well established: If the payee sell negotiable paper to an innocent third party and repurchase it, he does not thereby acquire any better right against the maker than he possessed in the first instance.

In this case, then, it was not sufficient for the defendant to show that there was fraud in the transaction between him and Hills Bros. Co., for, notwithstanding that fraud, the National Park Bank, being a bona fide holder of the note, could transmit, and Rogers, the plaintiff, could acquire, a title to the note, free from all antecedent equities, unless there was evidence tending to prove that Rogers purchased, not for himself, but for the original payee in the note, Hills Bros. Co., and that this company and not Rogers was the actual beneficial plaintiff. We will therefore consider the evidence in the light of these principles.

The only evidence adduced by the plaintiff was the note upon which he sued. Having read that to the jury, he rested.

The history of that note is given in the record. The National Park Bank acquired it, as we have already said, in due course of business, and is, under the law merchant, to be considered an innocent holder for value and without notice.

On May 16, 1904, the attorney for the National Park Bank wrote to the Aragon Coffee Company the following letter:

"Gentlemen: My client, the National Park Bank, holds your note for the sum of $3,727.02 to the order of the Hills Bros. Co. which matured on the 11th inst. and has been returned from the bank where it was payable protested. The note has been placed in my hands with instructions to take such steps as may be necessary to collect it, and I have to request that you will send me without delay your check for the amount of the note, with interest to date and $1.00 protest fees."

To this letter the Aragon Coffee Company replied, through its attorney:

Richmond, Va., May 24, 1904.

"* * * Your letter of May 16th to the Aragon Coffee Co. has been referred to me, and in reply I beg to state that this note represents the purchase price of coffee bought by the Aragon Coffee Co. from Hills Bros. & Co. The said coffee was not according to sample and that the attention of Hills Bros. was called to this in several letters to them from the Aragon Coffee Co. some time past, but which they refused to consider. My clients are perfectly square people in every particular, but do not propose to pay for coffee that they cannot use. I would suggest that you will probably find your way easier to make this money out of Hills Bros. & Co. than out of the Aragon Coffee Co.

"Very truly yours, H. W. Goodwyn."

It is among the agreed facts in the case that Hills Bros. Co. had to their credit with the National Park Bank during all the period covered by this investigation at least the sum of $5,000. It appears that one of the principal stockholders in Hills Bros. Co. was the father-in-law of the plaintiff, Rogers; that his brother-in-law was the president of the company; and that his wife was one of the stockholders in the company. It further appears that the first information Rogers had with respect to this note was derived from his father-in-law; that at his suggestion the plaintiff went to the attorney for the National Park Bank, in whose custody the note was; that he purchased it, paying the full principal and interest due upon the note; that in order to make the purchase he had to raise the money by the sale of stocks; that he took the note from the bank without recourse after it had been protested, and with the knowledge that its collection would involve a lawsuit. He was put upon the stand as a witness by the plaintiff in error, and every effort to elicit the truth with respect to this transaction was met with evasion, equivocation, or silence. He was asked if to answer the questions would tend to incriminate him. He replied that it would not. The question again would be put to him, and he would again decline to answer. Why he should have desired to make this investment, when in order to make it he found it necessary to change his investment and dispose of stocks, it is impossible to answer with even a reasonable conjecture. He paid full value for a protested note; he took it without recourse; he knew that it involved a lawsuit; and yet, when called upon to explain, every question was met with a refusal to answer.

It seems plain to us that there is a stronger presumption to be raised against a party in whose possession the facts must be, if they exist, by which suspicion would be removed and all question as to the propriety of his conduct be set at rest, who stolidly refuses, without the suggestion of a reason, to aid the court in arriving at the truth. It is within the bounds of possibility that a reason existed why, "as a matter of business," to use his own language, the plaintiff may have thought it desirable to buy a protested note which he knew could only be collected as the result of a lawsuit. If such explanatory facts existed, they were in his breast, and his refusal to disclose them warrants the hypothesis that he feared the exposure.

The facts which are set forth in this opinion, coupled with the conduct of the plaintiff when upon the stand as a witness, inexplicable upon any reasonable hypothesis, except that he feared to disclose the truth and preferred to take the chance of success by permitting the court and jury to grope for facts in the dark, when a word from him giving a rational account of his conduct would have dispelled all doubt, warranted the jury in believing that the National Park Bank, being possessed of funds belonging to Hills Bros. Co., which company was ultimately liable to it for the note, concluded not to risk a lawsuit but to look to its immediate indorser, Hills Bros. Co., and so informed that company, which then hatched the scheme of a purchase of the note by Rogers, and thus hoped to consummate its fraud.

We think, upon the whole case, it was for the jury to say whether Rogers was a purchaser in good faith or was conniving with Hills Bros. Co. to purchase the note as their agent, in order to defeat the equities of the Aragon Coffee Company.

It follows that the judgment upon the demurrer should have been in favor of the defendant, and this court will enter such judgment as the circuit court ought to have rendered.

BILLS AND NOTES—DRAFTS—RUBBER STAMP INDORSEMENT—BONA-FIDE PURCHASER.

MAYERS VS. MCRIMMONS ET AL.

Supreme Court of North Carolina, March 27, 1906.

Placing the name of the payee on a draft on the back thereof with a rubber stamp, by one authorized so to do, with intent to indorse the instrument, is a valid indorsement; the indorsement of a draft does not prove itself but must be established by proper testimony.

This was an action on two drafts payable to the order of the Continental Jewelry Company and accepted by the defendants. The court further held that since the defense contended the plaintiff was not a bonda-fide purchaser for value without notice before maturity and that the drafts were therefore subject to defenses available against the payee and the indorsement of the payee to the plaintiff was not proved, the superior court erred in excluding evidence that one of the drafts had been seen in a bank unindorsed after maturity.

The court in its decision says:

Hoke, J.: "On the trial below the plaintiff presented the drafts, and each appears to have the name of the payee stamped on the back with a rubber stamp. Where the name required has been so placed by one having authority to do it, and with intent to indorse the instrument, the authorities hold that this is a valid indorsement. The indorsement, however, does not prove itself, but must be established, as in other cases, by proper testimony. The depositions of both the plaintiff and the general manager of the Continental Jewelry Company were received in the court below, and they both testified that the notes had been discounted to the plaintiff by the company before maturity for value and without notice, but neither stated that the instruments had been indorsed under any such circumstances. In the absence of such proof the plaintiff then, as stated, is only the equitable owner holding the instruments subject to any valid defense open to the drawer, and the evidence offered by the defendants tending to establish such a defense should have been received.

There is nothing in our statute on negotiable instruments which contravenes this principle. On the contrary, every part of the statute bearing on the subject declares and sustains it. This statute, enacted in 1899 with a view of introducing some uniformity in this important feature of the law merchant, is in the main only a compendium of established custom concerning negotiable instruments, as construed and applied in the best considered decisions of the courts. And both before and since its enactment, it has been held that to constitute a holder in due course of a negotiable instrument payable to order, it is always required that the same should be indorsed. Other requirements may, under given conditions be dispensed with, but indorsement of such an instrument is essential. Thus, in Revisal of 1905, s. 2198, it is provided that "where the holder of an instrument payable to his order transfers it for value without indorsing it, the transfer vests in the transferee such title as the transferrer had therein, and the transferee acquires in addition the right to have the indorsement of the transferrer. But for the purpose of determining whether the transferee is a holder in due course, the negotiation takes effect as of the time when the indorsement is actually made." And section 2208, relied upon by the plaintiff, is to like effect: "Every holder is deemed prima facie a holder in due course," etc. By the very definition established in the act, a "holder" of such an instrument, one payable to order, must be a holder by indorsement. Thus in section 2340 it is declared "a holder means the payee or indorsee of a bill or note who is in possession of it, or the bearer thereof," and "bearer" is defined to be "the person in possession of a bill or note which is payable to bearer."

Even if section 2208 had the effect as contended, and it does not even if the presumption referred to in this section should obtain, there would be error, for the presumption is rebuttable and would yield to facts established by proper testimony. The defendants offered evidence tending to show that one of the drafts had been seen at the bank in Rowland, N. C., unindorsed and after maturity, and this evidence also should have been admitted, for, if this be true, it would in any event destroy the plaintiff's alleged position as holder in due course and subject the note to any legitimate defense available.

There was error in refusing to receive and consider the evidence offered and a new trial is awarded.

New trial.

REPLIES TO LAW AND BANKING QUESTIONS.

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department.

A reasonable charge is made for Special Replies asked for by correspondents—to be promptly sent by mail.

FORGED NOTES AS COLLATERAL.

BEAUMONT, Texas, July 25, 1906.

Editor Bankers' Magazine:

SIR: "A" borrows $10,000 from a bank and executes his note on a collateral form which provides that in case his note is not paid at maturity the collateral attached as security shall be sold and the proceeds of said sale shall be applied to the payment of the note after paying the expenses of said sale, etc., etc. He attaches as collateral to his note $14,000 notes payable to his order and endorsed by him. On maturity of his paper the notes so attached as collateral were found to be forgeries as to the alleged makers, *but his endorsements thereon were genuine.* His estate is now in bankruptcy. The collateral form provides also that the bank, when the collateral is sold, shall have the right to bid on and buy it in for its own use and benefit. In default of payment at maturity, has the bank the right, under the terms of the hypothecation above stated, to put up the collateral, sell it and buy it in, crediting the $10,000 note with the proceeds of said sale and then put in a claim against the bankrupt's estate for the balance unpaid of the original $10,000 note and also for the face of the notes bought in to which it claims absolute ownership by reason of the aforesaid sale? In other words, is the payee responsible or liable on the forged notes bearing his genuine endorsement, acquired in the above manner, in a bankrupt court? BANKER.

Answer.—The fact that the notes deposited as collateral were forgeries did not impair any of the rights of the holder as against the bankrupt in his capacity as indorser; for by indorsing he warranted that the notes were in all respects genuine, and this liability as indorser is one which attaches to the bankrupt's estate. If, then, these notes are sold, the purchaser may present his claims to the trustee, and we can see no reason why the bank, if it acquires title at the sale, may not proceed as any other holder might do. But perhaps it would be better to have the notes acquired by some third person and the claim presented by him.

EXECUTOR'S CHECK GIVEN FOR PERSONAL DEBT.

GLEN RIDGE, N. J., July 20, 1906.

Editor Bankers' Magazine:

SIR: Will you be kind enough to answer at your convenience the following question: Is it proper to accept in payment of a note signed by "John Smith" a check signed by "John Smith, Executor," tendered to take up the note; that is, should a bank accept such a check in payment of such a note, or question the right of the executor to take up his personal note with a check drawn on the account of an estate and signed by him as executor? SUBSCRIBER.

Answer.—The general rule is that a bank in paying or receiving the checks of an executor may assume that they are given in the proper discharge of his duties as fiduciary, unless it has notice to the contrary. But the payment of his *individual indebtedness* with his check upon the trust fund is notice that the funds are being used for an unlawful purpose.

METHOD OF ENTERING REMITTANCES.

NEW YORK, July 23rd, 1906.

Editor Bankers' Magazine:

SIR: I note in your July number a letter which appeared in the "New York Sun" from the Bank of Madras in reference to the making of a memorandum of remittances as received as a means of eliminating bank book juggling. This system is very common to manufacturing and mercantile institutions handling a large number of remittances, and it has proved to be a very effectual check upon the handling of these remittances.

Each remittance as received is numbered by the mail clerk, and listed under the numbers. The total of this listing agrees each day with the reports of the various clerks handling the remittances.

In entering remittances, the daily remittance number is noted, and if a discrepancy appears, it can be easily checked with the report of the mail clerk. This system, like many others now in use in mercantile houses, can be taken advantage of with great success by financial institutions.

Yours very truly,

HAROLD A. WRIGHT.

PRACTICAL BANKING

ANALYSIS OF ACCOUNTS.

BY CHARLES W. REIHL.

ANALYSIS OF MEN—ORIGIN OF ANALYSIS OF ACCOUNTS—THE PURPOSE OF IT—HOW TO MAKE A SYSTEMATIC ANALYSIS, AN OCCASIONAL ONE, AND A SHORT METHOD—SOME OF THE FORMS NOW IN USE.

IN dealing with analysis I am not presenting a thing entirely new to bankers, for they have always found it necessary to be analysts—especially of their borrowers. Some have carried this phase of the work to an extreme that has been very unpleasant to the would-be-borrower, and has, in more than one case, so provoked the applicant for a loan that he left the bank highly incensed against its management, and refused to negotiate any further with that banker for the loan. Circumstances of this kind have not caused pleasant remembrances.

The happy bankers of to-day are the ones who do not need to analyze and scrutinize the borrowers, because their loans are made on collateral security of some kind, and all they need to know is that the collateral is good, the margin sufficient, and that the collateral is marketable and will sell easily—if need be. In the writer's experience with many bankers, when talking with them about their loans and the nature of them, he has found that the ones who loaned mostly or entirely on collateral security smiled the most and seemed the most happy and contented. It did not make much difference to them what the intentions of the borrowers might be, nor what kind of men they were; neither whether they were financially responsible, nor whether they were prompt in meeting their obligations. The only questions were: is the collateral good, and is there enough of it to properly secure the loan.

Many bankers who loan most of their money on commercial paper almost envy their brothers who loan principally or entirely on collateral. The cashier of a good-sized national bank, where most of the loans are made on collateral security, said recently that that bank had not lost a dollar through its loans during the last eighteen months. This is a good record; especially so when it is known that their loans and discounts amount to about three million five hundred thousand dollars.

But the men who loan to merchants on their own or endorsed paper must do more or less analyzing of the character, reputation, business ability and integrity of the borrowers. So analysis is not a new thing to them, although a systematic analysis of accounts may be. Still, it is true that every banker who carefully watches his bank must do some analyzing of the accounts, for there are accounts in almost every bank that need watching if they are not to be carried at a loss to the bank, and the only way to know whether they are on the profit or loss side is to carefully analyze them.

There are accounts though that do not need to be analyzed to know about them; because they are so active in deposits and drawings and their balances so small that they cannot be otherwise than a loss to carry. Such accounts are treated in different ways by bankers—some order the accounts closed, others give the depositors a lecture on the necessity of having larger balances, while a few charge the depositors a dollar or

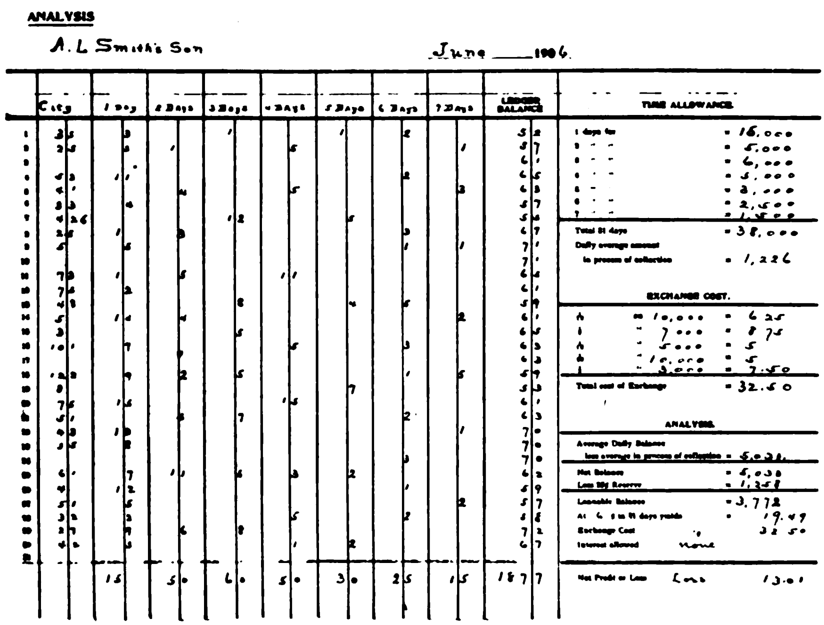


FIG. 1.

more a month for the privilege of keeping a checking account in the bank. Then there are accounts where the balances are so large and the deposits and drawings so inactive, while the items deposited are mostly local or par points, that there can be no question as to whether the account is profitable or not.

ORIGIN OF ANALYSIS OF ACCOUNTS.

It has been only during quite recent years that analysis of accounts has been done scientifically, or by carefully-laid-out systems. It has been stated that this work was first started in a systematic way by the vice-president of one of the New York City banks, and since then it has been taken up by a few others throughout the country. While there is need for such analysis to be done in every bank, it would seem foolish and extravagant for a small or medium-sized bank to employ a man to do nothing but systematically analyze the accounts; still, every bank ought to have at least one man who knows how to do the work properly —he might be worth several hundred dollars more a year to the bank. The large banks that have special analysis departments have, in some cases, several men to attend to the work.

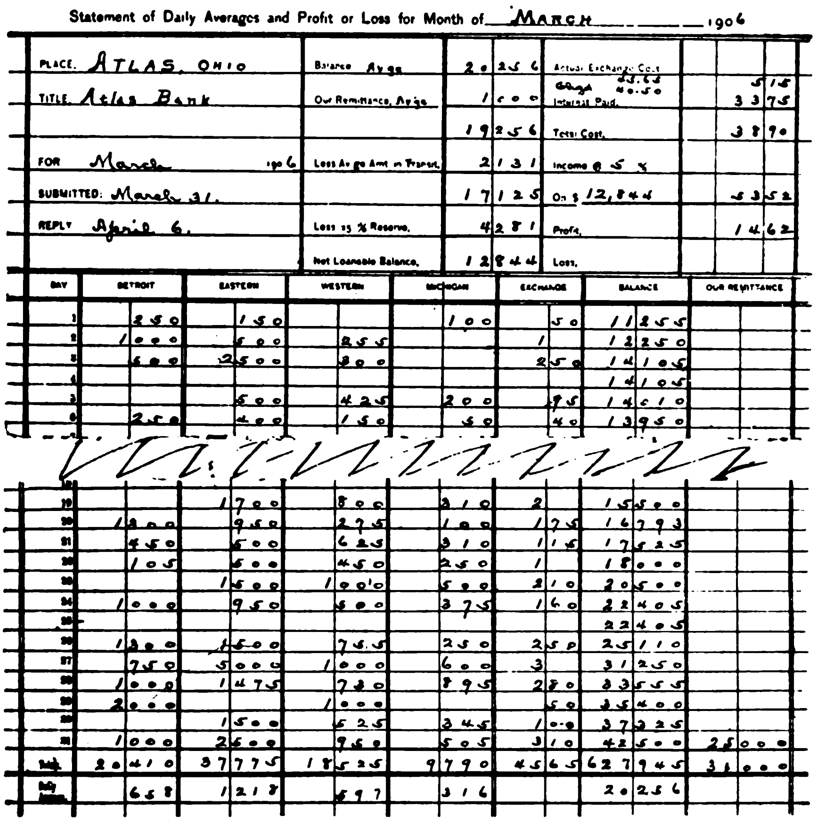
Some would expect to find all the banks in New York City having complete analysis departments, but they have not, because they do not need them. The clearing-house rules requiring the banks connected with it to charge exchange on almost all outside points made it unnecessary for them to have such departments, for the charges are sufficient to cover all exchange charges and in many cases give the banks a good margin of profit. Before this rule went into effect it was the custom of quite a number of the clearing-house banks to make a systematic analysis of their accounts. But the New York trust companies and state banks that make collection work a special feature of their business should have careful analysis work done, and no doubt many of them do unless they succeed in having their depositors carry balances in proportion to the volume of items they deposit. In cities like Philadelphia, Baltimore and Albany, where they take almost the whole world at par, every bank, doing such business ought to have an analysis department if it wants to do only a paying business, or if it wants to know what kind of a business it is doing.

The Purpose of Analysis.

The purpose of analysis is usually to know whether the bank is making or losing money by its accounts. Some bank men have an idea that if a depositor carries a large balance in the bank it must pay the bank to have the account. But there are accounts whose average daily balance runs as high as $50,000 that are unprofitable to the banks that carry them. It might be difficult to convince some officers that this is true without proving it to them by a careful analysis of the accounts. Then, on the other hand, there are accounts where the average balance does not exceed $500 on which the bank is making a nice margin of profit. But a mere glance at the ledger does not reveal these facts. The large balances are usually preferable, because they make a much better showing in the total of deposits—and this with a few bankers is an important feature; whereas, with the small balances it takes a large number of them to make an equal showing.

Some banks make and keep an analysis of every account so they will know exactly how much they are making or losing by each. This shows them how valuable, or how valueless, each account is. But the analysis is usually wanted when the depositor deposits a number of out-of-town checks and draws his balance quite close. If he is not charged exchange it is almost certain that his account is a drain on the bank. Still, because an account is an expense to the bank this month, it does not say that it will be so next month. One analysis may not prove much, but a questionable account should be analyzed continuously for a certain period that will include the firm's dull and busy seasons—unless the average of deposits and drawings runs about the same all the time, leaving but a small margin of balance.

If it is found that by the account in question the bank is losing money, it may nevertheless be advisable to carry it and stand the ex-


Statement of Daily Averages and Profit or Loss for Month of March 1906

PLACE. Atlas, Ohio	Balance Avge.	20256	Actual Exchange Cost		
TITLE. Atlas Bank	Our Remittance, Avge.	1000	Avge 53.63 40.50 Interest Paid.	515	3375
		19256	Total Cost.		3890
FOR March 1906	Less Avge Amt in Transit.	2131	Income @ 5 %		
SUBMITTED: March 31.		17125	On $ 12,844		5352
REPLY April 6.	Less 25 % Reserve.	4281	Profit.		1462
	Net Loanable Balance.	12844	Loss.		

DAY	DETROIT	EASTERN	WESTERN	MICHIGAN	EXCHANGE	BALANCE	OUR REMITTANCE
1	250	150		100	50	11255	
2	1000	500	255		1	12250	
3	600	2500	300		250	14105	
4						14105	
5		500	425	200	75	14610	
6	250	400	150	50	40	13950	
19		1700	800	210	2	15500	
20	1200	950	275	100	175	16793	
21	450	500	625	310	115	17525	
22	105	500	450	250	1	18000	
23		1500	1000	500	210	20500	
24	1000	950	500	375	160	22405	
25						22405	
26	1300	1500	755	250	250	25110	
27	750	5000	1000	600	3	31250	
28	1000	1475	720	895	280	33555	
29	2000		1000		50	35400	
30		1500	525	345	100	37225	
31	1000	2500	950	505	310	42500	25000
Total	20410	37775	18525	9790	4565	627945	31000
Daily Avge.	658	1218	597	316		20256	

FIG. 2.

pense for awhile, because of the future prospect of gain, or because of the present gain by the accounts it influences—for it may be influencing one or more that are profitable to the bank, and in that case the average profit of the various accounts must be considered. Very often, by tactful methods and ways of approaching and dealing with the head of the firm, acquainting him with the loss the bank is meeting, it will be found that he had not given that end of the matter any thought, and that he would now take steps to make the account so that at the least it would not be any expense to the bank, even though it should not yield much profit.

But when an account is found to be unprofitable and has no influence on other accounts, and there seems to be no prospect of its being improved, the thing to do is to have it taken away. No self-respecting man wants to have the bank request him to close his account, so if he is properly informed concerning the conditions he will try to arrange some way by which he can increase his balance, even though it be by more economy, or by making his creditors wait a little for their money, or it may be by a loan. The officers of the bank may be of much assistance to such depositors by suggesting some honorable method for the improvement and thereby make a life-long friend for the bank.

How To Analyze an Account.

To properly and fully analyze an account there are many things to consider on the expense side and a few on the profit side. The first is how much it costs to collect the checks deposited—that is, how much for exchange; for interest on the amounts for time in transit; for clerk hire to handle the checks and accounts (this, of course, must be proportionate); if interest is paid on balance the amount must be included; costs for stationery including bank-book, check-book, deposit-slips, postage and other small items for which the bank must pay money; the proportionate cost per hundred dollars of deposits for the running expenses of the bank not included in the above items; if notes and drafts are left for collection the cost of handling them should be included.

Some of these things may seem too trifling to consider, but as they run into large amounts in the bulk they should be charged. An average monthly charge could be made to include a number of the smaller items under one head, or to include all except exchange, interest and time for items in transit, making it so much per hundred or thousand dollars.

To get all this information accurately and in handy form, so that it can easily be referred to in order to make the charges, will take some work and study—it may be approximated easily—but when it is secured it will serve for all accounts. Then when an account is being analyzed the charge memos can be looked at for the separate items, or the average cost there given. For example: when examining the deposit-slip to get the amounts of the checks and the places payable, a New York City item you know would cost no exchange—only handling and transit charges; but if you have one on Buffalo, Cleveland or some other point not on New York's par list, and it is sent to the reserve agent in New York, if it is a clearing-house bank, it will cost exchange; so with those on Detroit, Duluth, Denver, Seattle and Los Angeles, whether they are sent direct or through some other point.

To be able to know the points where items are payable you must have deposit-tickets with the name of the city or town and state for each item. Quite a number of banks in various sections of the country require only the amounts given on the deposit-slips, but if they want to analyze the accounts they will find it necessary to change that or have much

Account I. B. WOOD'S SONS

Month June 1906

	New York	Chicago	Transit	Balance
28	500	300	250	3 500
29	100	150		3 000
30				3 000
31	250	50	100	3 500
1		1 175		4 250
2	50		560	4 500
3				4 560
4	1 125	2 080	50	5 000
5	25			4 800
6	50	100		4 750
7		150		4 600
8		75		4 200
9	300		140	4 500
10				4 500
11	1 100	100		4 100
12		1 150		3 800
13	175		200	3 900
14		180		3 625
15	60		625	3 953
16		1 100		4 000
17				4 000
18	150	500		4 500
19	1 050		200	5 000
20		100		3 500
21	200		750	4 225
22		250	100	4 110
23	125	1 050	75	4 730
24				4 730
25	90	40	280	4 500
26	100	100		4 215
27		250	100	4 100
Totals				128 588
Deduct Chicago 1 day				8 900
" New York 1 day				5 450
" Transit 6 days				13 720
				28 070
Net Balance				100 518
" Legal Reserve				25 129
" 1 M per day				31 000
Loanable Balance				44 389
Interest at 2 per cent.				2.38

FIG. 3.

more trouble than pleasure in getting at the costs. Some banks have the tickets divided, giving a place for New York items, one for Chicago items, another for foreign items and one for local, and then the totals are brought together. With the use of deposit-tickets arranged in this way the listing of the place of each item can be obviated. Illustrations of deposit-tickets of this character were given in connection with an article on deposit-tickets in the May, 1904, BANKERS' MAGAZINE.

When the costs have been secured the profits must be taken into consideration. What has been the average balance for the same length of time taken in computing the expense? From that deduct the necessary reserve, allowing interest for the proportion with the reserve agent, and on the balance figure the interest made for the time by the average interest received for loans and discounts during the period. Some banks may include or allow something for the profit on loans and discounts that had been made to the party under investigation, but that is not often considered.

All this information should be kept on sheets especially arranged for the purpose, with the credit and debit spaces, and the totals for the period will show whether there has been a loss or a gain from the account, and how much in either case.

In some banks they keep in the officers' department a card for each account on which the total of the loss or profit for each month is listed, with a place for the yearly total at the bottom of the column, and spaces enough for five or ten years. Other banks have a card for the summary of each month's totals. Figure 4 illustrates this card.

There are a few bankers who think every bank ought to analyze its accounts; others consider it too expensive to bother with, and think that if at the end of six months, after charging off all expenses and losses the bank has met with, they have a fair margin of profit left, they feel very well satisfied, and pat themselves on the back. This may be very well, but it is better to know exactly where the leaks are so that they may be repaired. It seems to be true that the banks that carefully analyze their accounts are making money and making it faster than many of the banks that do not analyze. To say the least for analysis would be this: it is a satisfaction to know exactly how valuable an account is to the bank.

How To Make an Occasional Analysis.

To make an occasional analysis of an account the only items that are usually taken into consideration are: interest paid, if any; exchange charges on items deposited and entered for collection during the period, and to that add cost for loss of time in transit; then figure interest on average loanable balance for the same period covered by the charge, and the difference between the two totals will give the expense or profit for the period.

A Short Method.

Another method, and probably the shortest, is one that has been used many times by an officer in a large bank in New York, and he has always found it to be the easiest way and as nearly accurate as could be desired. It is this: to find the cost of the account, charge one twentieth of one per cent.; that is fifty cents a thousand, on all out-of-town items, for exchange, and five days' time for transit—this is an average that will be close enough for many banks, but if the average cost runs much above this it might be advisable to make other arrangements for collecting the items. To find the profit from the account figure interest on the loanable balance at the current rate for the same length of time. The difference will give the profit or loss.

Some Forms Now in Use.

Those who desire to have systematic and continuous analysis work done will find it necessary to have forms for daily use on which to keep the daily, monthly and yearly records. Four of such forms are herewith

NAME	DATE
L. Brown and Son	May '06

Balance for month		7	650	
Average amount outstanding for collection		1	200	
Net Balance		6	450	
Reserve Requirements		1	612	50
Loanable Balance		4	837	50
Income from same at 5 %			20	16
For time	2.			
Exchange paid in collecting items	7.50		9	50
PROFIT ~~LOSS~~			10	66

FIG. 4.

reproduced. These are copies of those used in regular analysis departments. Figure 1 is used in an eastern bank. It shows the daily records, with the monthly summary. In this case the account shows a loss to the bank for that month. The previous month may have given a large profit.

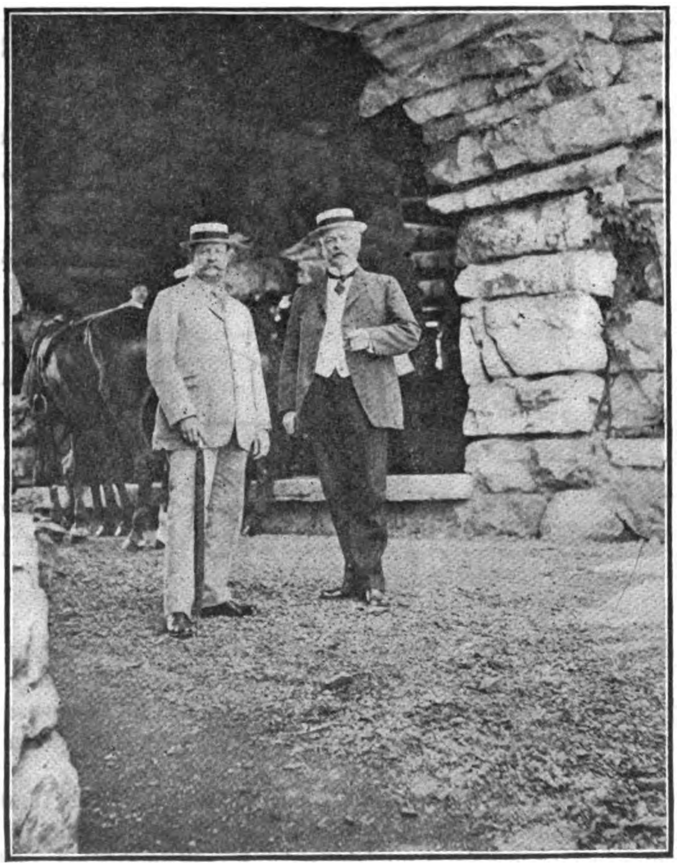
Figure 2 shows the form used by a bank in the Middle West, giving the monthly summary at the top. This one shows a profit.

Figure 3 gives the form used by a bank a little further west for its local accounts that have a balance of $1,000 or more. It does not seem complete in itself—it only shows the profit, but it no doubt gives just what they want.

Figure 4 is a monthly record-card showing the totals taken from the listing-sheet and showing the profit for the month. The card for monthly and yearly totals is described in the article.

NEW YORK STATE BANKERS' ASSOCIATION.

ONE of the notable features of the convention of the New York State Bankers' Association, which met at the Hotel Champlain, Bluff Point, July 5 and 6, was the adoption of a resolution calling for the appointment of a delegate from each state association to meet at St. Louis concurrently with the holding of the American Bankers' Association, for the purpose of considering the subject of currency re-



A. H. CURTIS, NEW YORK, AND HARTMAN BAKER, PHILADELPHIA.

form. It seems that at last the various organizations of bankers throughout the country are to take concerted action on this most important question, and with promise of important results. This action grew out of a suggestion made by President Curtis in an address before the recent convention of the Massachusetts State Bankers' Association, and already delegates have been appointed by several states.

Another significant action was the adoption of a resolution favoring legislation permitting trust departments for state and national banks. Some years ago THE BANKERS' MAGAZINE pointed out that this would be the logical development of the contest between the state and national banks on one hand and the trust companies on the other. As the latter were in most cases, doing a banking business, they must expect the banks to be permitted to do a trust business. We suggested that state laws might well recognize this fact by allowing the incorporation of institutions to do both a trust and banking business (something the trust companies were already doing), thus giving state banks an equal chance with the trust companies. This suggestion was adopted by some of the states, and there is no good reason why national banks should not be allowed the same privilege. This solution—or confining the trust companies to a trust business purely—is the only one that will harmonize present differences.

PRESIDENT CURTIS'S ADDRESS.

After the usual preliminaries, the annual address was delivered by President Alfred H. Curtis, president of the National Bank of North America, New York. He said:

To the members of the New York State Bankers' Association:

Gentlemen:—It is certainly a great pleasure to be able to report to you a year of prosperity and achievements. The general business in our state has never been better, and on all sides we hear of improved conditions and increased earnings.

The scandals attending the insurance revelations, are to be very much regretted; and while many reputations of the high and mighty have melted like the snow under a summer sun, we still believe the vast majority of business men are honest and have no price.

Fortunately few connected with the management of our financial institutions, have been accused of participating in those unlawful profits.

A bank official cannot be too careful about placing himself in such a position that it would be possible to accuse him of undue use of his office. The bank officer who regulates the amount of his bank's deposit in another institution in accordance with favors received in regard to his personal loans, is as much a grafter as the politician who accepts a percentage on a contract which he has influenced.

The terrible visitation to the beautiful city of San Francisco called forth the sympathy of the entire world, and from none more promptly than that of our bankers, who by their generous contributions and prompt actions in transferring funds, did much to relieve the distress and suffering of the people of the Golden State.

When we compare the prosperity and plenty in our country with that of many countries in Europe, our people have much to be thankful for. With us, while our crops may fail in some sections, God's sun is sure to shine on a large portion of our land, and a famine is practically impossible.

It is apparent to every banker that our currency laws need revision and the reform of the currency is to-day the all-absorbing topic of nearly every bankers' convention. It is to be hoped that before another year elapses, some definite action may be taken by our National body or by the State Associations acting in unison.

No country can be considered civilized financially where a rate of 125 per cent. for loans, at any time, is possible.

Our members are to be congratulated on the passage of the trust company reserve law which went into effect on April 27. This law had been urged for the past half dozen years, and has been discussed by many prominent financiers time and again, and annually recommended by the Superintendent of our Banking Department; but with the close of each year came the same report—Nothing done!

Early in January your legislative committee introduced a bill known as the "Santee Bill," which was warmly debated at a joint hearing in the Senate Chamber on February 6, and also at a conference at the Metropolitan Club in New York city, which ended in no agreement being reached. Finally a substitute bill was introduced by Assemblyman Wainwright, which was unanimously passed by both the Senate and Assembly and was signed by Governor Higgins.

The thanks of this association are certainly due to Senator Stevens and Assemblyman Wainwright, for without their assistance we never could have succeeded.

The trust company reserve question originated in a resolution by the New York clearing-house passed February 11, 1903, compelling trust companies to ultimately keep a ten per cent. cash reserve, or lose their clearing privileges. Our association took up the contest, rightfully expecting some assistance, but in this we were sadly disappointed and we went into the conflict with insignificant personal support from our bank officals.

At the hearing at Albany we contended against an overwhelming and enthusiastic delegation of prominent trust company officers, but we won out, and every banker feels more comfortable now that we have a stronger and safer financial condition.

The law passed is still imperfect, but the imperfection will undoubtedly be corrected during the coming legislative session. Possibly in the near future when our lawmakers see the wisdom of putting all banks of discount and deposit, by whatever name they may be called, under the same law; we may then persuade our trust company friends to join hands with us and in time can boast of the largest state bankers' association in the United States.

By the secretary's report, you will notice that our membership has reached the highest figure in the history of our association, but there are still many non-member banks who are free riders, and who accept all the benefits of our labors, but are not willing to contribute the small pittance of annual dues to help a cause, which is as much in their interests as ours. After our heavy roller has made the financial road smooth, they drive along in easy comfort, without assisting in the slightest degree in the expense of running the machinery.

The names of these institutions should be known to every member of our organization in order that they might be gently persuaded to also put their shoulders to the wheel and give their fellow bankers some assistance and encouragement.

The treasurer's report shows our association to be in a prosperous financial condition and the figures will denote a handsome income from premiums on surety bonds and also generous contributions by members to the expenses of the legislative committee.

Bankers' conventions are of great benefit. The interchange of ideas and thoughts educates and broadens the banker and adds very much to his acquaintanceship which every business man knows is of inestimable value.

Group meetings should also be encouraged and the example of some of the smaller groups in holding spring and summer meetings, might well be followed by some of the larger groups.

The members of our entertainment committee have put forth their best efforts, making most elaborate preparations, that this, our present convention, may be the most enjoyable and interesting ever held by our association.

In closing, I wish to thank the members of the council of administration, the treasurer, and secretary and his assistant, and the members of the various committees, all of whom have been most indefatigable in the discharge of their duties. To them is due, in a great measure, our most successful year.

Secretary E. O. Eldredge reported a present membership of 503, a net gain of twenty-four since last year's convention.

Treasurer David Cromwell reported total receipts of $17,304.64, and payments $10,768.36, leaving $6,536.28 still on hand.

Group reports were read showing in detail the active work of the year, and after various other reports were read, the following address was delivered by Frank A. Vanderlip, former Assistant Secretary of the Treasury and vice-president of the National City Bank, New York:

"The Currency"—Address of Frank A. Vanderlip.

A comfortable man is apt to be an optimist. A prosperous man is naturally averse to changes. Such a man is likely to be well satisfied with conditions as they exist. He looks with skepticism upon suggestions that would tend to bring into the situation new facts or new conditions. Bankers as a rule are regarded as the type of comfortable and prosperous citizens, and perhaps it is small wonder that they are slow to recognize serious defects in the conditions surrounding them. At least, it is a fact that in the history of American finance unless spurred to action by some great and immediate necessity, there has rarely been a time when bankers have given effective consideration to questions of banking or currency.

There are in our laws few important enactments in relation to money that have not followed and in large measure been the outgrowth of some financial calamity. The Bank of the United States was rechartered as a result of the monetary chaos in which the country found itself at the end of the War of 1812. The existing Sub-Treasury system was devised because state banks allowed their notes so to depreciate that the banks became unsafe depositories for public funds. The Civil War was responsible for the greenback and for the national bank note.

In financial legislation we have been opportunists. We have rarely done anything until forced to do it by misfortune. It is not that we have been extraordinarily conservative, but rather that we have been inactive whenever conditions permitted us to remain inactive. If financial depression or panic pressed us to a point where legislation became imperative, we then legislated with more haste than wisdom.

It is an easy and natural thing for a banker in these days of prosperity to adopt the principle of letting well enough alone. Such a banker may say that the growth of his bank's deposits and the size of his stockholders' dividends are satisfactory, and therefore he will not worry himself about currency legislation which could hardly make him more prosperous and might make him less so. A canvass of the opinions of many bankers might leave doubt as to whether or not there is any currency problem. Certainly there are many successful financiers who will say that there is not. They will tell you that we have a currency as good as gold; that no one ever has to consider whether one note is better or worse than another, for all are equally certain of final redemption in gold. They will tell you that there is no lack of currency in a country which has been able to increase its gold stock in ten years from $500,000,000 to $1,475,000,000. They may even say that there is not much indication of rigidity in a bank note system where the volume of note-issues has risen from $215,000,000 to $560,000,000 in the same ten years. So, at the start of any discussion of the currency, we have doubt thrown on the very existence of a currency problem. We must first examine the question as to whether or not there is any need at all for the discussion.

What Wall Street Fluctuations in Money Rates Mean.

A physician counting the pulse-beat and taking the temperature of a patient may foretell with certainty an impending crisis in the patient's physical welfare. A temperature of 103 and a corresponding quickening of the pulse-beat means that the patient is in danger and that the cause of that danger must be removed, or sooner or later serious results may ensue. Let me tell you that alternating periods of 100 per cent. and two per cent. money in Wall Street are just as certain indications of a deranged financial system as is the register of 103 in a clinical thermometer a sure indication of physical disorder. Serious results may not immediately follow in either case, but if the evidences of derangement repeatedly recur, it is only a question of time when in both instances, unfortunate results will follow.

The physician who finds the pulse-beat too rapid does not necessarily locate the difficulty in the wrist of the patient for the reason that it is there he finds the evidence that something is wrong; nor would there be more logic in saying that because we have seen periods of 100 per cent. money in Wall Street, the seat of the difficulty must be Wall Street and the remedy should be applied there. The trouble is not with Wall Street; it is fundamental and is inherently related to our unscientific currency laws.

Periods of excessively high rates for money, recurring seasons of stringency following each demand for funds with which to move the crops, other periods of super-abundance, of gorged bank vaults and interest rates falling to a point where the return on a loan is hardly worth the expense of making it—all those things are significant signs of our imperfect financial system. They point, I believe, with absolute certainty toward organic weakness. The fundamental causes which lead at one time to manifestations of high rates, at another to abnormally low rates, that bring periods of stringency followed almost in a day by periods in which funds accumulate more rapidly than they can be wisely employed,—the fundamental causes of such changes are dangerous to permanent prosperity. Just as surely as temperature and pulse-beat may become physical danger signals that the wise man should promptly recognize, just so surely we are receiving periodical warnings in the abnormal register of the pulse of Wall Street money-rates, and in the alternating periods that may be observed at all the money centers of currency stringency and currency redundancy.

If we sit smugly by and say that we are satisfied with the measure of prosperity which we are having, and that we think we will go on very well with things as they are, then sooner or later we will come to another period that is not satisfactory. We will come to another period such as has preceded the enactment of most of the important existing financial legislation. Then we are likely, in great haste and with little consideration, to enact legislation which might better be undertaken before the necessity for it becomes painfully evident.

I believe there is the gravest need for legislation which will provide a scientific system of bank note currency. I believe, too, that there is no group of men upon which the responsibility for such legislation lies so heavily as it does upon the members of the New York State Bankers' Association. Congress is not alone to blame if we are lacking in wise currency laws. If financial leaders are utterly oblivious to the necessity of such laws, if bankers, even after they come to the conclusion that legislation is desirable, are unable to reach an agreement as to what sort of legislation is expedient, it is with poor grace that those financial leaders and those bankers blame Congress for failing to enact wise laws.

New York Should Lead in Currency Reform.

There is no association of bankers upon whom the responsibility for a clear understanding of the currency problem falls with so much force as it does upon the bankers of New York. The bankers of New York will hardly deny that the financial center of the country is there. With leadership comes grave responsibilities. New York is the financial center. New York bankers ought to accept the financial leadership. They ought to have well considered opinions upon the currency. The financial portion of the whole country looks to New York for this leadership. For New York bankers to say that anything practical in the way of suggestions must, for political reasons, come from some other quarter, is but a cheap way of escaping responsibility. For the financial leaders of New York to say that the popular prejudice against Wall Street is so great as to prevent their voices being effectively heard, and that it is useless for them to devote thought to a problem the solution of which must, because of political exigencies, come from some other place, is to offer but lame excuses for failing to do their duty.

I believe there is little force in these protestations behind which New York bankers modestly step into the background. Their proper place is at the front in a currency discussion. Financial leaders should be leaders in fact; although in truth not a few of them have given less earnest consideration to the great national question of currency than they have to any one of dozens of corporate underwritings or reorganizations.

I believe the country is ready to accept the leadership of New York if New York will accept the responsibilities of her position. If New York bankers will study the currency problem until they are ready to bring forth a plan which they believe is the best for the whole country,—a plan which is not narrow and provincial, a plan free from personal and local bias,—then the judgment of New York bankers will be received by the rest of the country with respect and consideration.

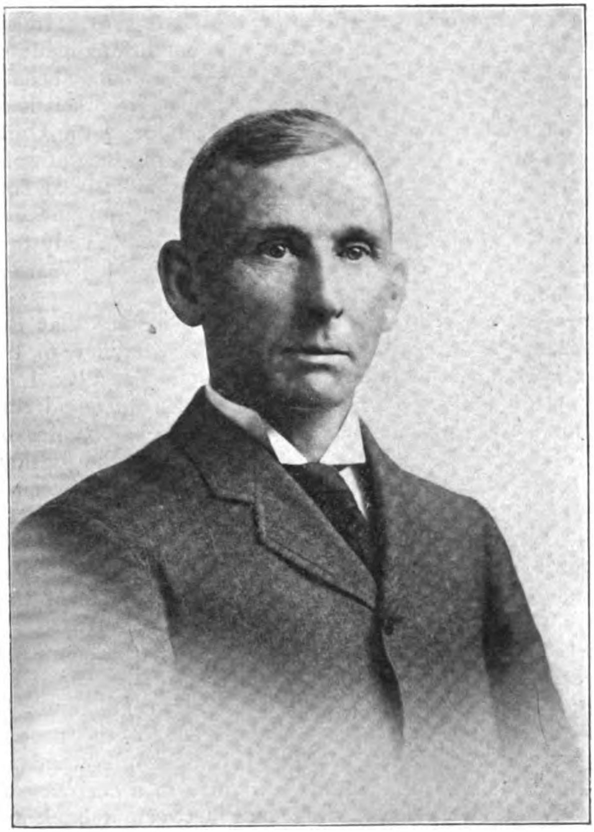
I am perfectly confident if the officers of the institutions represented in the membership of the New York State Bankers' Association will reach substantial agreement in regard to what constitutes the currency problem, agreements as to what are the principles underlying its correct solution and what forms of legislative enactment will be wise from the point of view of the whole country, then the whole country will be very likely to come into hearty accord with that opinion. The principal reason that New York has been unable to influence the public opinion of the country on financial matters has been that New York bankers have had no well considered conclusions. They have not accepted the responsibilities of leadership. They have failed to give the subject the consideration it merits. They have reached no agreement in regard to the course which ought to be followed.

The country believes that when there is real need for legislation that need will be recognized by the leaders of finance. If the bankers of New York would once clearly recognize the need, that fact alone would go a long way toward making the country see the necessity for action. New York bankers may think it is easier to temporize but the country looks to New York in this instance to accept the responsibilities of leadership. It looks to New York to recognize the necessity for legislation if urgency exists. It expects New York bankers with unanimity to point out a course that, with the welfare of the whole country in mind, will be the wisest to follow.

If financial disaster should ever come because we have failed to enact proper legislation, the blame for that disaster will lie against the bankers of New York more directly than against any other group of people. The bankers of New York more than any others, have a duty imposed upon them, the duty of leadership. They cannot escape the responsibilities of leadership. The country will some day understand that the financial leaders have thus far failed to measure up to this responsibility. If that failure ever stands out clearly against a background of financial disturbance, the fact will not be helpful to New York's pre-eminence.

To my mind we are in a lethargy of success. We hear paeans of prosperity sweetly sung on every side. Unexampled totals mark the measure of every phase of industrial and commercial life. We have enaged in expenditures of capital on a scale so vast that it makes the financial operations of other days seem petty by comparison. Labor was never before so fully or so profitably employed. ,Business was never more active. And so, some of us say, there surely can be nothing wrong with a situation that gives such evidences of health and growth.

Truly, it is a magnificent organization of business which we have. With the health and vigor of the business condition impressed upon us, it is difficult to understand that an occasional irregularity of the financial pulse-beat may be an important warning. The pulse-beat of abnormal money rates in Wall Street, rates that are abnormally low or abnormally high have recurred and passed and it is easy to believe that they mean nothing serious. It is, perhaps, hard to believe that a brief



ELLIOTT C. McDOUGAL,
President Bank of Buffalo. President New York State Bankers' Association.

period of overflowing bank vaults might in the end work toward serious disorganization of this magnificent fabric of business. We see undue accumulations of currency at the financial centers; we see banks that must pay interest on these swollen deposits re-loan the money with nervous haste at any return no matter how long, we know that the funds in this way may some day become tied up so that there may be the greatest difficulty in liquidating the situation to meet an unexpected demand, but it does not seem to come with much force to the average banker that the legitimate result of such a situation may be financial disaster.

Even though a clinical thermometer registers a degree or so too high a temperature, a strong man may think it a matter which in his strength he may disregard, and so the business community seems to rest in the security of an all pervading prosperity while the vast financial work of the day continues to be performed by machinery devised two score years ago to fit a then abnormal situation. The free and normal development of our banking system has been prevented by prohibitions which had their birth in the financial exigencies of the Civil War. In every other field of activity we have recognized that new conditions made new machinery desirable but the machinery of banking has not been permitted to develop so as to keep pace with the growth of the work it has to do.

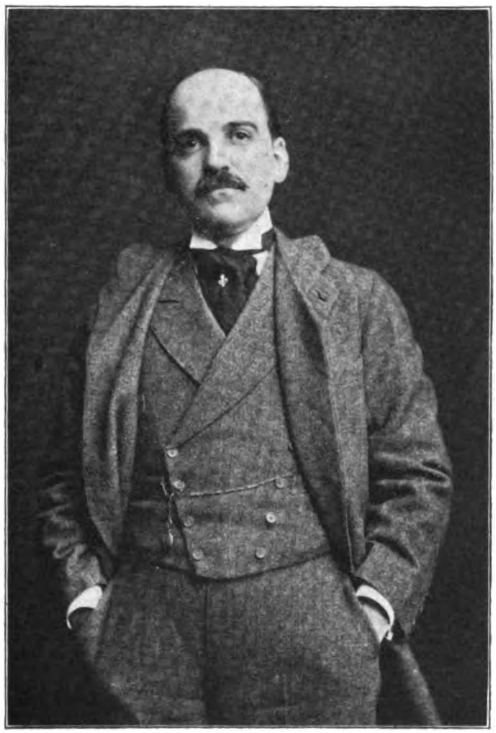
With the increase in the volume of business done in the United States, and with the growth of the value of the annual product of soil and factories, the margin between the maximum and minimum need for currency has widened. That margin between the greatest amount of currency likely to be needed at one period and the least amount likely to be needed at another, has probably doubled in the last ten or fifteen years as a result of our development.

At the present time there is reason for believing that the country at certain seasons requires $150,000,000 more currency to transact its business than is required at other seasons. Now remember I am talking of currency, not of credit. To meet this fluctuating demand for currency there is absolutely no provision in our laws. Our bank notes increase or decrease in volume as a result of the fluctuation in the market price of Government bonds and there is practically no relation between that price and the current demand for currency. Our banks are permitted to give freely to their customers credits in the shape of deposits, but when a customer wants to convert that credit into the form of a circulating note, he can only be accommodated by taking from the vaults of the bank its reserve money.

I believe the first principle to recognize is that there is not an essential difference between a bank credit in the form of a deposit and a bank credit in the form of currency. Certain safeguards must be thrown around a circulating note that are not required for the protection of a deposit, but with that exception in view, this principle stands, I believe, as perhaps the most important one to recognize in a currency discussion; —that there is not an essential difference between a bank note and a bank deposit and that the customer of a bank ought, under satisfactory safeguards, to be able to convert one into the other at will.

One other principle that has been fatally lost sight of in half the discussions of the currency, is the principle that adequate redemption facilities are a certain bar to an over-issue of circulating currency. People talk of the country being flooded with an asset currency. With adequate redemption facilities such a thing is inconceivable. Let any student of the currency question keep in mind the idea of providing absolutely adequate redemption facilities so that a bank note will never stay in circulation a day beyond the time when a bank credit is no longer preferred in that form rather than in the form of a deposit, and half the difficulties of the inquiry are at once cleared away.

This is, of course, no place for a thorough discussion of the currency question. I have no plan to propose. The one thing that I want to urge is the importance of providing a scientific bank note currency if we wish an indefinite continuance of prosperity, and further to emphasize the responsibility which rests particularly upon the bankers of New York in presenting a plan for such a currency. The plan may take one of half a dozen forms. Perhaps the best one, were it politically possible, would be the question of a Government bank having the power of issue, whose sole business would be in its relation with other banks



CHARLES E. WARREN.

Cashier Lincoln National Bank, New York. Vice-President New York State Bankers' Association.

and whose chief operations would be the re-discounting for other banks. I do not mean that any existing institution could be metamorphosed into such a central bank. It would have to be freshly organized from the beginning, its control would need to be largely in the hands of the Government, and its ownership widely distributed among banking interests throughout the country. The principles of a scientific asset currency could well be worked out through the medium of such an institution, as the experience of Germany eloquently testifies, but they can undoubtedly be worked out in some other way.

Importance of Providing Adequate Redemption Facilities.

The fear which men so commonly have of giving a larger power of note-issue to small national banks will largely disappear when the opponents of asset currency have once fairly in their minds what the result will be of providing adequate redemption facilities. That a plan can be devised which will safely permit every national bank to issue a certain amount of notes not secured by Government bonds I have no doubt, and I am inclined to think that it is along that line that legislation is most likely to be obtained, although perhaps it is not the ideal solution.

The thing of which I am absolutely certain, however, is that a solution of the whole problem could be attained wisely, promptly and easily if bankers would give to a consideration of the subject anything like the attention which it merits. And again I say, the responsibility is on the bankers of New York. You cannot hide behind Congress to avoid the responsibility. You cannot shift the responsibility to the shoulders of your associates in the West. You are the financial leaders and the responsibility of leadership is yours.

At the second day's session Festus J. Wade, president of the Mercantile Trust Co., St. Louis, spoke on, "What Causes Fluctuation in Money Rates?" He thought such fluctuations were largely due to the demand for money for Wall Street speculation, and concluded by saying that if the East would take care of "the Wall Street crop, the other sections of the country would be fully capable of taking care of the agricultural crop." Mr. Wade's address is commented on at length in the editorial department of the MAGAZINE, and the opinion is there expressed that the crop requirements still account for a large part of the extra demand for money at certain seasons, and that this demand—one of the most important that banks have to meet—is still felt to a considerable extent in the East. This view is sustained by a number of leading Eastern bankers. But the growing financial independence of the West and Northwest can not be disputed.

Robert B. Armstrong, president of the Casualty Company of America, addressed the convention, deprecating what he regarded as an indiscriminate attack upon corporate wealth. Col. Robert J. Lowry, the handsome Atlanta banker, talked eloquently of the resources of the South, and then after transacting some routine business, the convention elected the following officers:

President, E. C. McDougal, president Bank of Buffalo.

Vice-president, Charles E. Warren, cashier Lincoln National Bank, New York city.

Treasurer, Hiram R. Smith, president Bank of Rockville Centre.

Secretary, E. O. Eldredge, cashier New Amsterdam National Bank, New York city.

Delegates to the American Bankers' convention: E. C. McDougal, M. S. Sandford, C. T. Sawyer, J. R. Van Wagenen, G. W. Spencer, Lewis E. Pierson, E. D. Fisher, and A. H. Curtis.

THE NEW REDMOND BUILDING.

THOROUGHLY representative in every way of the best ideas in modern bank construction and equipment is the new building of Messrs. Redmond & Co., at 31-33 Pine street, New York, of which THE BANKERS' MAGAZINE has given a brief account in connection with the firm's recent removal from Wall Street to their new location. The building's most striking features are the handsome white marble front with its stately monolith columns and bronze ornamentations, the quiet elegance of the entrances, the lofty banking-room finished in Breche Violette marble, bronze and oak, and the harmonious blending of the whole, which are well designed to convey an impressiveness of character and dignity in keeping with the long-established and high repute of this well-known house.

Internally the building is provided with every approved facility and device that the latest improvements in banking equipment have suggested for the convenience and comfort of the working force as well as of patrons, chief among which is a special system of ventilation designed by the architects, Messrs. Bruce Price & De Sibour, of New York.

The vaults in the Redmond Building were designed and built by the Diebold Safe & Lock Company, and are recognized as examples of the finest vault work ever built in New York. They are unique in their construction, and possess some features of unusual interest. Instead of being made a part of the building, they are entirely independent,—not connected with the building at any point,—being set upon a foundation built expressly for the purpose, with heavy "I" beams embedded in concrete forming the foundation, to which the shaft or structure forming the vaults is securely bolted. This structure passes through the well-holes left in the several floors to the height of about 56 feet, and is provided with a fire-proof cladding eight inches thick, covered by a steel casing on the outside, securely fastened to the beams and angles forming the superstructure.

The inside is divided into six vaults, with four openings; the first, or basement, being simply a fire-proof vault. On the first floor the vault is of the most approved burglar-proof construction, the joints of the lining, as well as the doors, being "metal to metal fit," making them absolutely air-tight and liquid-proof. As a further protection against the introduction of liquid explosives through the doors, the outside door is made of solid plates, with no holes whatever passing through it, the bolt-work being operated by an automatic actuating device, controlled by a triple time-lock. By this device the bolts are thrown by the act of forcing the door into the jambs, and released by the time-lock at the

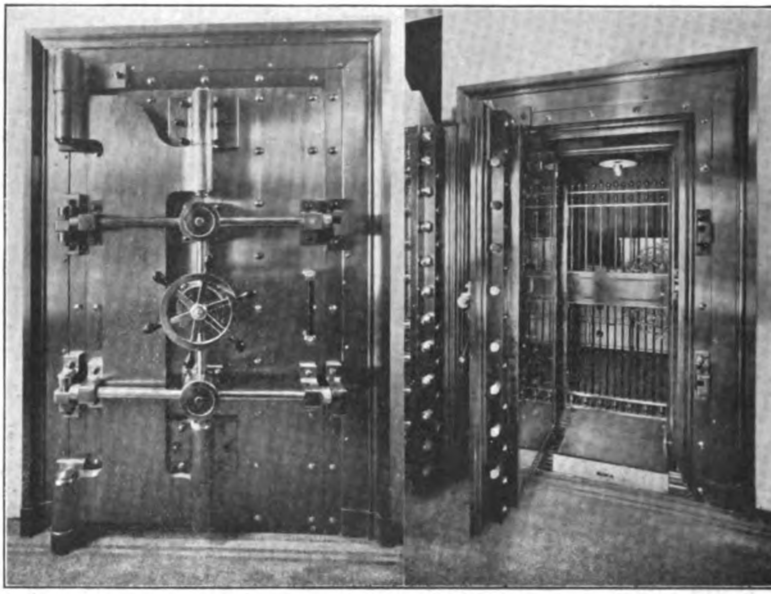
Henry S. Redmond

THE REDMOND & CO. BUILDING.

MR. REDMOND'S PRIVATE OFFICE.

BOND AND FOREIGN DEPARTMENTS.

CUSTOMERS' ROOM.



THE VAULT-CLOSED AND OPEN.

BANKING DEPARTMENT.

PRIVATE OFFICE.

PRIVATE OFFICE.

CASHIER'S DEPARTMENT.

appointed hour, without the use of any spindle, thus making the door absolutely proof against liquids or powdered explosives of any kind. The door is forced into position, and retracted, by means of a double worm and gear pressure system, operated by a hand-wheel from the outside. The inside doors are controlled by combination-locks.

The mezzanine floor is provided with a two-story fire-proof vault, and on the second floor, which is occupied by the Bank of Montreal, is a two-story fire and burglar proof vault of the same construction as the one on the first floor, thus making six vaults in all, one on top of another, affording the best security possible.

NATIONAL BANKING LAW.

A RULING has been made by the Comptroller of the Currency to the effect that the recent amendment to the National Banking Law permitting banks to lend ten per cent. of their capital and surplus to one individual, corporation or firm (provided such loans do not exceed thirty per cent. of the capital) includes surplus only, and not undivided profits.

BANKING PUBLICITY

BANK ADVERTISING EMBLEMS.

THE use of emblems or special devices by banks in their advertising matter dates back so far that many institutions are now recognized almost as readily by these devices as by their names themselves. In the preparation of many of these emblems much ingenuity has been displayed and some of them are of considerable historic interest. Others are simply unique or striking forms of the name itself, consistently carried out in the bank's stationery, checks, statements and all forms of publicity. We have deemed the subject of sufficient interest to reproduce herewith some of the better known devices in current use.

One of the most familiar and striking of these is that of the Keystone National Bank of Pittsburg, its well-known "Keystone," in varying forms, having impressed itself very thoroughly on bankers throughout the country.

Another equally familiar device is that of the New York National Exchange Bank, this device taking its form from the bank's well-known interest in business connected with bills of lading.

The Corn Exchange National of Philadelphia has used its easily recognized symbol for many years. This bank was organized by the same people who started the Corn Exchange about 1858 and the cut used is a reproduction of an actual photograph of an ear of corn grown in Bucks County, Pennsylvania.

The American National of Indianapolis uses the well-known shield which has become so familiar.

The Irving National of New York has a little more complicated emblem, which is explained as follows: The Irving, being a national institution, is typified by the national bird. The eagle with outstretched wings holds in his talons the lock as an emblem of security with the keys of safety. Above the eagle is the balance or scales, as an emblem of fidelity and fair dealing, with the initials of the bank below.

The Marine National of Buffalo uses a seal which is typical of the business of shipping in Buffalo, on canal and lakes, with which the bank has been so closely identified.

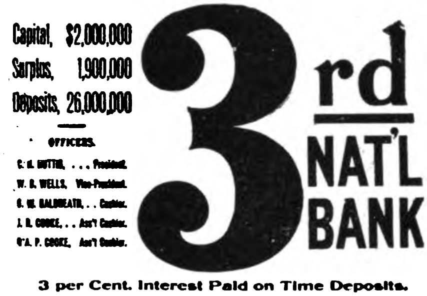
The device used by the Old National of Grand Rapids is made up of the two sides of a gold dollar of 1853, the year the bank was established, in combination with the American eagle.

The Norfolk National has adopted for its use a cut of the mace of Norfolk, presented to the Corporation by Lt. Gov. Robert Dinwiddie in 1753.

The device used by the Diamond National of Pittsburg is, of course, typical of the "black diamonds" with which Pittsburg abounds. The bank has found this device very effective in its advertising.

The capitol dome design used by the Traders National of Birmingham, Ala., signifies the control which the Government exercises over the

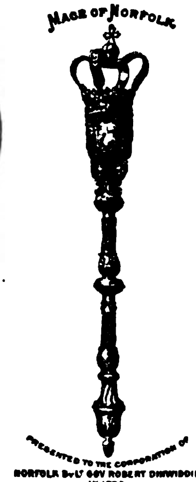
Traders' National Bank, Birmingham, Ala.



Third National Bank, St. Louis.


Illinois Trust & Savings Bank, Chicago.

Citizens' Central Nat. Bk., N. Y.



Norfolk (Va.) Nat. Bk.


Hamilton Nat. Bank, Chicago.


Corn Exchange National Bank, Philadelphia.

Marine National Bank, Buffalo.

Diamond National Bank, Pittsburg.

New York Exchange National Bank, New York.

BANK ADVERTISING EMBLEMS AND DEVICES.

Nat. Bk. No. Am., N. Y.

First National Bank, Chicago.

Keystone Nat. Bk., Pittsburg.

BANKERS TRUST COMPANY

Bankers' Trust Co., New York.

THE AMERICAN NATIONAL BANK OF INDIANAPOLIS

American Nat. Bk., Indianapolis.

Lincoln Trust Co., N. Y.

THE PEOPLES BANK OF BUFFALO

Peoples' Bank, Buffalo.

GERMANIA NATIONAL BANK

Germania Nat. Bank, Milwaukee.

COLUMBIA TRUST COMPANY

Columbia Trust Co., New York.

FIDELITY SECURITY

Irving Nat. Bank, New York.

NATIONAL FIFTH BANK

Fifth National Bank, Cincinnati.

THE OLD NATIONAL BANK GRAND RAPIDS, MICH.

Old National Bank, Grand Rapids.

BANK ADVERTISING EMBLEMS AND DEVICES.

affairs of a national bank. The design is copyrighted by Mr. John H. Frye, president of the bank.

The Citizens Central National of New York uses an emblem in the form of a seal, with its name in combination with the American eagle.

Many banks use the familiar form of white letters on a black ground, notably the Bankers' Trust Co., and Columbia Trust Co., New York; the Fifth National, Cincinnati; Peoples Bank, Buffalo; Georgia Railroad Bank, Augusta, and others. The device of the Germania National, Milwaukee, is a modification of this form.

Banks having conspicuously striking buildings have used these successfully as advertising devices, prominent among these being the National Bank of North America, New York, and the First National and Illinois Trust and Savings Bank, Chicago.

Franklin National Bank, Philadelphia.

Georgia Railroad Bank, Augusta.

THE EQUITABLE TRUST COMPANY OF NEW YORK

Equitable Trust Co., New York.

Phenix National Bank, New York.

BANK ADVERTISING EMBLEMS AND DEVICES.

Banks named after prominent men use portraits very effectively, as the Franklin National, Philadelphia, and the Hamilton National, Chicago. The Lincoln Trust Co., New York, uses the Lincoln portrait occasionally, but is better known by the familiar street scene which indicates its location so clearly.

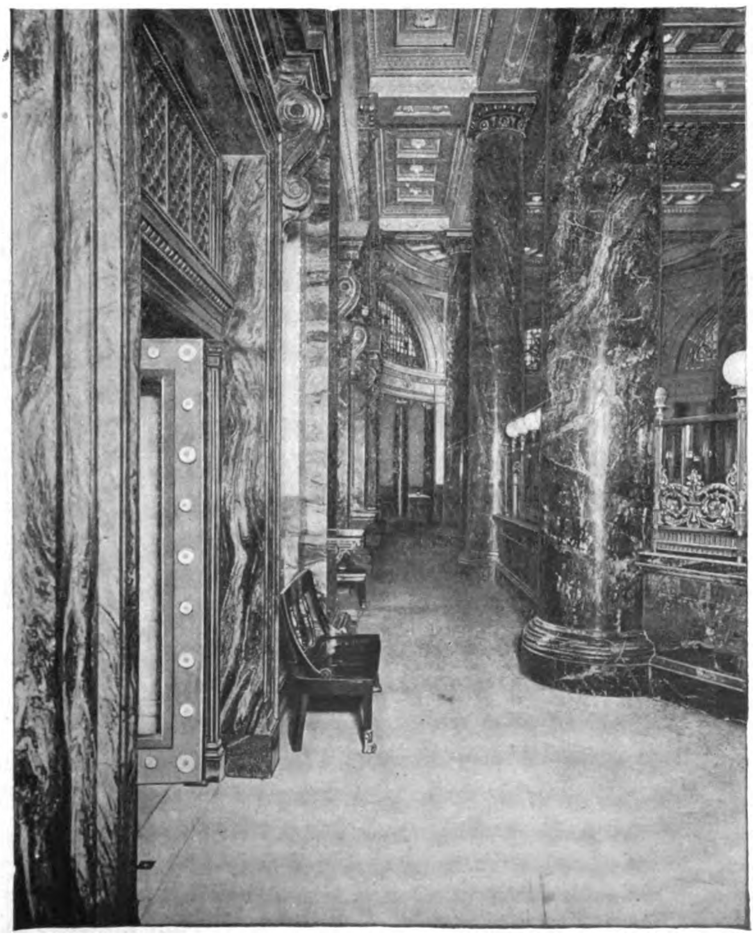
The Third National of St. Louis has adopted the conspicuous numeral as an advertising emblem. Many banks use a distinctive face of type in all their advertising and others have a special form like the Equitable Trust Co. of New York.

No attempt has been made in this article to include all the various advertising emblems adopted by the banks and other financial institutions, but enough are shown to indicate the extent to which they are used. And it is very evident that their use adds greatly to the effectiveness of the advertising and that more banks should adopt similar means of impressing their names on those whom their advertising is designed to reach.

MODERN FINANCIAL INSTITUTIONS AND THEIR EQUIPMENT

UNITED STATES MORTGAGE AND TRUST COMPANY, NEW YORK.

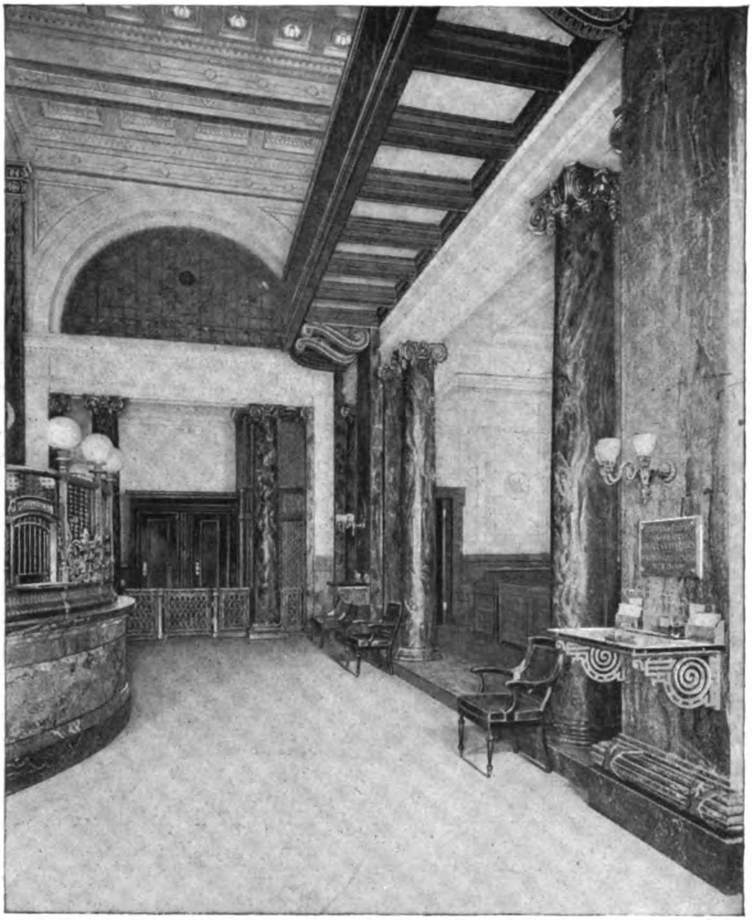
THE United States Mortgage and Trust Company, of New York, was chartered in 1871, and organized for trust and banking business in 1893. With capital and surplus of over $6,000,000, and with its main banking-house in the heart of the financial district, at 55 Cedar and 34 Nassau streets, and up-town branch at 73d street and



CORRIDOR OF BANKING ROOM.

Broadway, in the center of the West Side residential section, it affords exceptional facilities for the transaction of a banking and trust company business.

The company acts as executor, administrator, guardian, trustee and in all other fiduciary capacities; receives deposits subject to check on

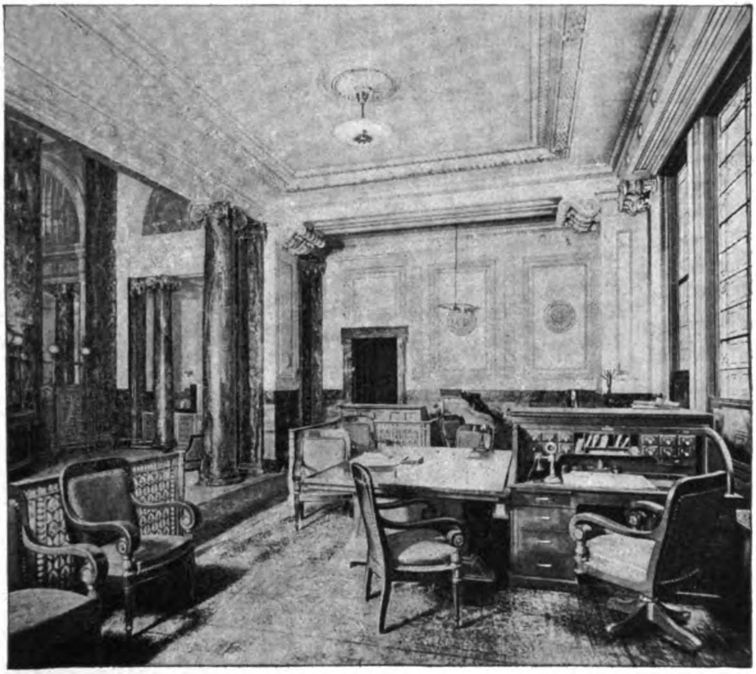


FRONT CORRIDOR OF BANKING ROOM.

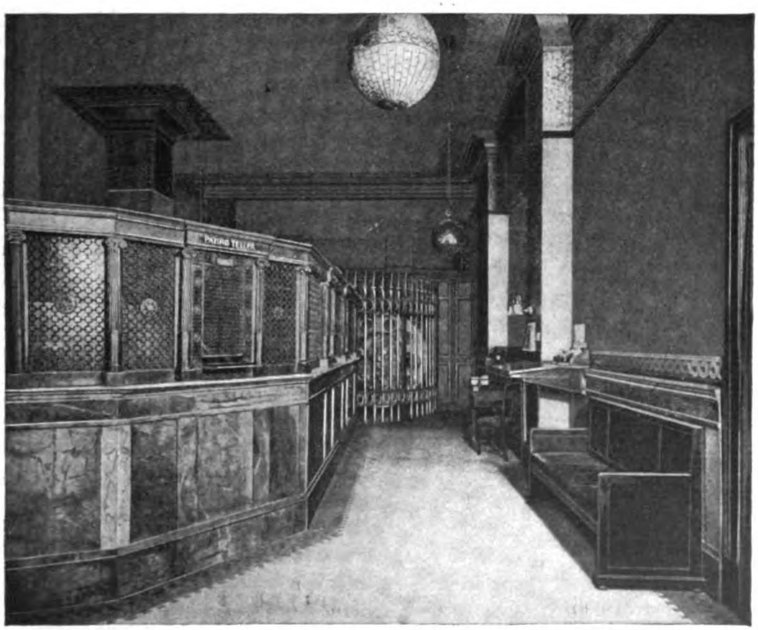
daily balances; issues demand or time certificates of deposit, and makes collections of checks and drafts throughout the United States.

It acts as trustee under railroad and other corporation mortgages, as transfer agent and registrar of stocks and bonds, as fiscal agent of cities, counties and states, and as depositary and correspondent for banks, bankers, trust companies, business corporations, firms and individuals.

It buys and sells foreign exchange, transfers money by cable or telegraph, and issues domestic and foreign letters of credit available in all parts of the world.



OFFICERS' ROOM.

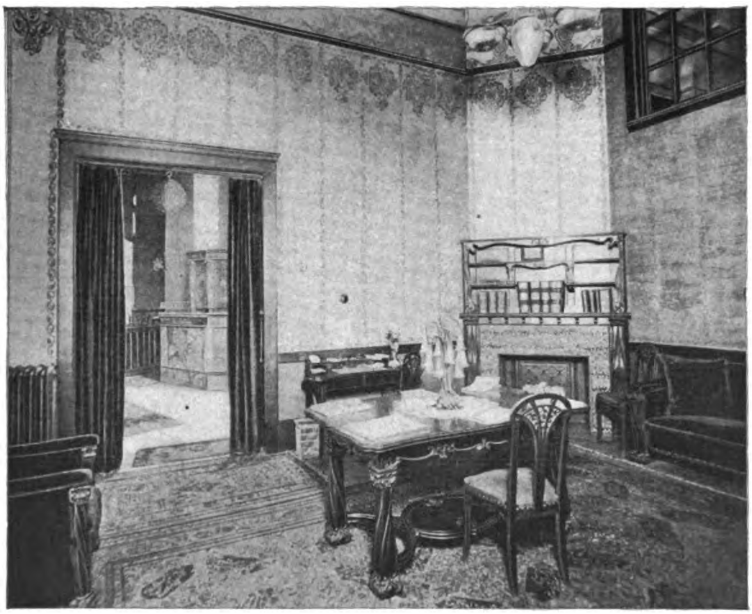


BANKING ROOM, WEST END BRANCH.

First mortgage loans are made on improved, income-producing property in selected cities; real and personal property is managed for the collection, disbursement or re-investment of the income, and in short the company acts as agent for the transaction of all approved financial business.

It attends to the preparation and certification of municipal and corporation bonds, its plan being endorsed by the Savings Bank Association of New York State, by many prominent national, state and private bankers, bond and investment dealers and municipal officials from cities and towns in over thirty states for whom it has prepared and certified as to the genuineness of over $80,000,000 of municipal securities.

At the West End branch in the Ansonia, 73d street and Broadway, the United States Safe Deposit Company furnishes complete protection



LADIES' RECEPTION ROOM, WEST END BRANCH.

for securities, the equipment being thoroughly modern, with special vaults for the storage of silverware, trunks, and other bulky valuables.

It is the company's policy to care for the wants of the small depositor as well as the needs of the larger one, and the branch office offers all the advantages and facilities of the down-town establishment.

The officers of the United States Mortgage and Trust Company are: George M. Cumming, president; Luther Kountze, John W. Platten and Samuel S. Campbell, vice-presidents; Calvert Brewer, secretary; Carl G. Rasmus, treasurer; William C. Ivison, assistant treasurer; Samuel B. Coit, assistant secretary; Alexander Phillips, manager foreign department; H. L. Servoss, manager West End office.

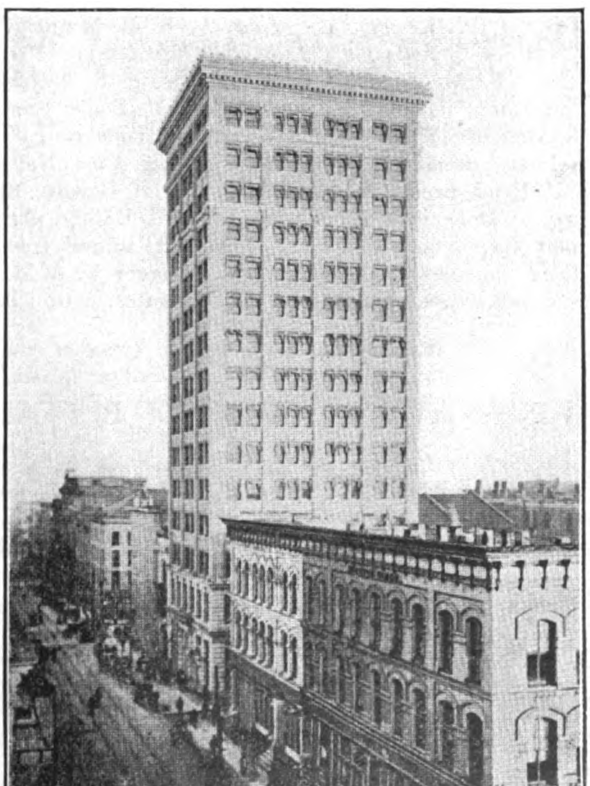
The board of directors consists of C. Ledyard Blair, William B. Boulton, Dumont Clarke, C. A. Coffin, Hon. George A. Cox, George M.

Cumming, C. C. Cuyler, Charles D. Dickey, William P. Dixon, Robert A. Granniss, George G. Haven, Jr., Charles M. Hayes, Charles R. Henderson, William I. Jamison, Gustav E. Kissel, Luther Kountze, William B. Leeds, Clarence H. Mackay, Robert Olyphant, John W. Platten, Mortimer L. Schiff, Valentine P. Snyder, Eben B. Thomas, James Timpson, Arthur Turnbull and Cornelius Vanderbilt.

Executive committee: Dumont Clarke, Charles D. Dickey, Charles R. Henderson, Gustav E. Kissel, Luther Kountze, James Timpson, Eben B. Thomas, George M. Cumming.

UNION AND PLANTERS' BANK AND TRUST COMPANY, MEMPHIS, TENN.

ANOTHER exceptionally strong financial institution has been secured to Memphis, Tennessee, by the recent merger of the Union and Planters Bank and the Tennessee Trust Company of that city, under the name of the Union and Planters' Bank and Trust Company. Under this change, which went into effect on the 1st of May last,



UNION AND PLANTERS' BANK AND TRUST CO., MEMPHIS, TENN.

the officers and directors of both of the old concerns are retained by the new company, which has a consolidated capital of $1,400,000, surplus and undivided profits of over a quarter of a million, and aggregate deposits of more than five millions. Established in the Tennessee Trust Company's new fifteen-story building, one of the handsomest and most substantial office-buildings in the South, it is equipped with every modern facility and convenience for transacting a large trust and banking business, and for keeping pace with the rapid commercial expansion of its city and section.

The officers of the Union and Planters' Bank and Trust Company are: S. P. Read, president; John R. Pepper, first vice-president; J. W. Keyes, second vice-president; James F. Hunter, third vice-president and general manager; Gilmer Winston, secretary; J. D. M'Dowell, cashier; J. A. Goodman, assistant cashier. The board of directors consists of S. B. Anderson, Pres. Anderson-Tully Co.; W. R. Barksdale, of Barksdale, Denton & Co.; George D. Burgess, of Russe & Burgess; F. F. Hill, real-estate capitalist; Harry Cohn, wholesale and retail clothing; W. C. Early, president W. C. Early Co.; G. T. Fitzhugh, lawyer; W. E. Gage, of W. A. Gage & Co.; E. C. Gilliland, of Irby & Gilliland Co.; O. K. Houck, president O. K. Houck Piano Co.; J. F. Holst, of Holst Bros. & Hinton; James F. Hunter, general manager; R. L. Jones, planter, Glendora, Miss.; J. W. Keyes, vice-president; B. L. Mallory, vice-president W. B. Mallory & Sons Co.; J. M. M'Cormack, of Pritchett, McCormack & Co.; F. M. Norfleet president Sledge & Norfleet Co.; J. R. Pepper, president Hernando Insurance Co.; Louis Sambucetti, of Sambucetti & Bianchi; P. P. Williams, of Williams & Fitzhugh Co.; H. T. Winkelman, president Winkelman Baking Co.; Napoleon Hill, capitalist; S. P. Read, president; W. T. Bowdre, of Bowdre Bros. & Co.; J. M. Dockery, of Dockery & Donelson; John W. Bailey, president Day & Bailey Grocer Co.; Nolan Fontaine, president Factors' Insurance Co.; M. Gilleas, third vice-president and general manager Y. & M. V. R. R.; Theodore Read, stocks and bonds, and W. B. Gates, cotton buyer.

MARINE NATIONAL BANK OF BUFFALO.

ON the 15th of this month the Marine National Bank of Buffalo, N. Y., will celebrate its 56th birthday anniversary by distributing to its stockholders a cash dividend of 552 per cent., and by increasing its capital from $230,000 to $1,500,000. This dividend is exclusive of the fifty per cent. already paid this year, and brings the total of dividends paid by the bank in 1906 up to 602 per cent., or $1,384,600.

Under its new capitalization the Marine National will have a working capital larger than that of any other bank in the state outside of New York city. This is commensurate to the aggregate of its deposits, nearly twenty millions, in the matter of which it has for some years held similar rank in relation to the other national banks of the state. With the distribution of the dividend just declared, the Marine Bank will have paid in dividends since its organization in 1869, on a capital stock of $200,000 up to 1902 and of $230,000 since, a total of $2,-905,600.

This large increase in capitalization has been prompted by the change in the national banking law that became operative on June 22 last, which provides that in no case is a national bank permitted to lend to one individual or concern an amount in excess of thirty per cent. of its capital stock. Under this provision the Marine Bank would be limited to $69,000 in its loans to a single customer, notwithstanding its two millions surplus. As the bank's aggregate of loans is at present upwards of fourteen millions, such a limitation would put the loaning power of the bank upon a well-nigh impracticable basis. Hence the action of the directors and stockholders in extending the loan maximum by increasing the capital stock.

The new move increases the field of usefulness of this largest of Buffalo's national banking institutions, as it means more capital for the upbuilding and extension of the city's material interests, the conduct of its business upon broader and stronger lines, and a more liberal response to the increasing needs of Greater Buffalo's rapidly expanding commerce.

The officers and directors of the Marine National Bank are: President, S. M. Clement; vice-president, J. J. Albright; cashier, John H. Lascelles; assistant cashiers, Clifford Hubbell and H. J. Auer; directors, Charles H. Keep, E. H. Hutchinson, G. B. Mathews, Edmund Hayes, J. H. Lascelles, William H. Gratwick, C. W. Goodyear, Cornelius Vanderbilt, S. M. Clement, J. J. Albright, George L. Williams, F. H. Goodyear, William H. Hotchkiss, Moses Taylor, Spencer Kellogg and Henry J. Pierce.

UNION TRUST COMPANY OF PENNSYLVANIA, HARRISBURG.

MODERN in every respect and complete in all appointments and equipment is the building which the Union Trust Company of Pennsylvania has lately completed and occupied in Harrisburg. This handsome eight-story structure, erected by the Trust Company for purely office purposes, is centrally located, and is constructed of granite, steel, concrete and light-colored pressed-brick, and finished in marble, bronze, oak, mahogany and plate-glass.

The Union Trust Company occupies the first floor and basement, the Second-street side being devoted to general banking purposes, while the savings department is installed at the left of the elevator corridor on the entrance from the Square. The banking-rooms are commodious and well-lighted, and the finish, fixtures and furnishings are of tasteful selection, superior materials and high-grade workmanship. Walls, door and window casings, pilasters and counters are of Italian marble, and the woodwork is of mahogany, its bright, reddish tone contrasting richly yet harmoniously with the work in marble, brass and bronze, and with the tints and gilding of the walls. The grille work and doors are of bronze, made by the Art Metal Construction Company of Jamestown,

N. Y., who also supplied the ornamental light-torches, the upright globular lamps along the division partitions, and the electroliers in the center and on the sides. The vaults in the basement are of the most approved design, provided with all the safeguards required by modern needs of burglar and fire protection.

The Union Trust Company of Pennsylvania was organized in June, 1905, and began business June 21, 1906, with a capital of $250,000 and surplus of $50,000, and the following officers: Charles S. Boll, president; John P. Melick, vice-president; E. M. Hungerford, secretary

UNION TRUST BUILDING, HARRISBURG, PA.

and treasurer; J. W. Swartz, trust and title officer. The directors are: Charles S. Boll, Harrisburg; George W. Creighton, Altoona; Horace J. Culbertson, Lewistown; Charles A. Disbrow, Harrisburg; D. J. Driscoll, St. Mary's; W. C. Farnsworth, Harrisburg; E. Z. Gross, Harrisburg; Thomas H. Heist, Philadelphia; Brua C. Keefer, Williamsport; W. B. McCaleb, Harrisburg; J. Howard Neely, Mifflintown; John P. Melick, Harrisburg; J. W. Swartz, Harrisburg; Joseph Savidge, Philadelphia, and Benjamin Strouse, Harrisburg.

THE CITY DEPOSIT BANK, PITTSBURGH, PA.

AN interesting event in the career of the City Deposit Bank, of Pittsburgh, Pa., was the starting on a new charter, its third, on May 6, 1906, a date which also marked the fortieth anniversary of its birth. First chartered May 6, 1866, it was opened for business at a time when the East End district of Pittsburgh, in which it is located, was nothing more than a farming community. Starting with capital of $100,000, it was able to serve the people satisfactorily in all banking matters, and to meet promptly all demands that were made upon it, and thus the bank and the East End have grown up and prospered together.

In 1898 the bank's business had grown to such proportions that it was deemed wise to increase the capital to $200,000, and two years later, in order to further provide for the rapidly-increasing demands of the community, a handsome granite banking building was erected at the corner of Penn and Centre avenues. The building is a one-story structure, modern and worthy in every respect, as the illustration shows, and is occupied by the bank exclusively.

CITY DEPOSIT BANK, PITTSBURGH, PA.

The City Deposit Bank has enjoyed steady and substantial growth during each year of its existence. In 1900, when it moved into its new building, it had 2,200 active accounts; today it has over 7,000. In volume of deposits it has shown similar increase, as follows: May 6, 1870, $70,-153,13; May, 1880, $158,026.75; May, 1890, $551,264.63; May, 1900, $1,345,896.93; May 1, 1906, $3,240,179.82. The assets of the bank have had the same relative growth. Its surplus and undivided profits on May 1, 1906, were $481,230.22. This represents accumulated profits over and above dividends since its organization.

The bank has been dividend-paying regularly every year since 1870, and for the past five years the rate has been sixteen per cent. per annum. During its forty years of active life it has paid over $300,000 in dividends. In point of net earnings on capital stock it ranks as the fifth among the banks of Allegheny county, earning 38½ per cent. for the year ending April 1, 1906.

This splendid record of forty years has not been achieved without effort. The bank has always striven to render efficient service, and to meet every legitimate demand of the community. And it has so harmonized and amalgamated itself with the business interests of the East End of Pittsburgh, that it has become the very woof of the fabric.

The officers are: James R. Mellon, president; David Blair, vice-president; J. D. Miller, cashier; C. M. Corbit, assistant cashier; directors, James A. Johnston, James R. Mellon, David Blair, J. H. Lockhart, D. J. Kennedy, Joseph R. Woodwell, H. C. Frick, D. H. Wallace, Hugh Murphy, W. N. Frew and William H. Goehring.

FOURTH NATIONAL BANK OF ATLANTA, GA.

FEW if any American cities have enjoyed a more rapid and substantial growth in commercial importance than has Atlanta, the "Gate City of the South." It is said of Atlanta that its business grows four times as fast as the population, while the population grows twice as fast as the average of the United States; and that postal receipts on Atlanta newspapers exceed those of Brooklyn, Buffalo, Baltimore or New Orleans.

A central location with reference to the great section comprising the important states of the Southeast, conserved by adequately developed railroad facilities, and its civic spirit of enterprise and progress, have been the chief factors in Atlanta's rapid rise to a conspicuous position in the commercial world. Yet it goes without saying that the city owes much to the individual energy and ability of its mercantile houses and business men. And no small share of Atlanta's marvelous advancement to commercial prosperity and power is due to its banking interests and institutions, who were among the earliest to recognize the city's commanding advantages as a distributing center, and pinning their faith upon its future, proceeded under sound principles but with liberal hand to provide the banking facilities without which its unparalleled growth would not have been possible.

With reference to the city's position as a distributing and commercial center, it may be said that there are about eighty towns of over 4,000 population in the states of Georgia, North Carolina, South Carolina, Alabama and Mississippi. The average distances of these towns are—from Nashville, 450 miles; from Savannah, 360 miles; from Atlanta, 280 miles.

Atlanta's importance as a banking city and its growth in this direction are shown by the Clearing-House figures for the past dozen years. In 1894 the bank clearings were 56 million dollars; in 1904 they reached 158 millions, nearly treble the former amount; and in 1905 the figures were further increased to 185 millions.

Prominent among the city's banking houses, and occupying a superb home of its own, is the Fourth National Bank of Atlanta, whose handsome sixteen-story structure—one of the finest office buildings in the South

JAMES W. ENGLISH,
President.

—towers conspicuously at the intersecting point of the busiest highways of the city's trade. The main entrance is from Peachtree street, Atlanta's main business thoroughfare. At the head of the broad stone steps is a handsome iron gateway, beyond which heavy triple doors lead into the marble vestibule. Passing from this into the central lobby of the bank, the visitor finds himself in a stately and well-lighted apartment of surprising dimensions and unusual height, finished in a harmonious blending of Georgia marble, dull bronze and rich oak. A mezzanine or gallery extends around all sides, and massive yet graceful marble columns rising to the ceiling, their capitals wrought in classic style, give dignity and strength to the whole apartment.

To the right of the entrance are the rooms of the bank officers, handsomely equipped, and arranged with a view of accessibility to callers. Beyond, in semi-circular arrangement, are the cages of the several tellers, including the woman teller, in charge of the women's department. The public writing desks are of heavy oak matching the woodwork of the building, and the beautiful marble counters are surmounted by grille-work of heavy bronze in art design. Next to the woman's teller is a handsome reception room for the bank's women patrons. In the gallery are located the general bookkeepers, the mail tellers, telephone exchange, also the directors', committee and consultation rooms. For the use of the banking force an elevator runs between the basement floor of the

WALKER P. INMAN,
Vice-President

JOHN K. OTTLEY,
Vice-President

bank and the bookkeepers' gallery. Not only the convenience of patrons but the comfort of the bank's large working force has had careful attention in all planning and arrangements, and the most modern devices and equipments for facilitating business are noticeable in every detail. The bank has occupied its new building since the 1st of January, 1905.

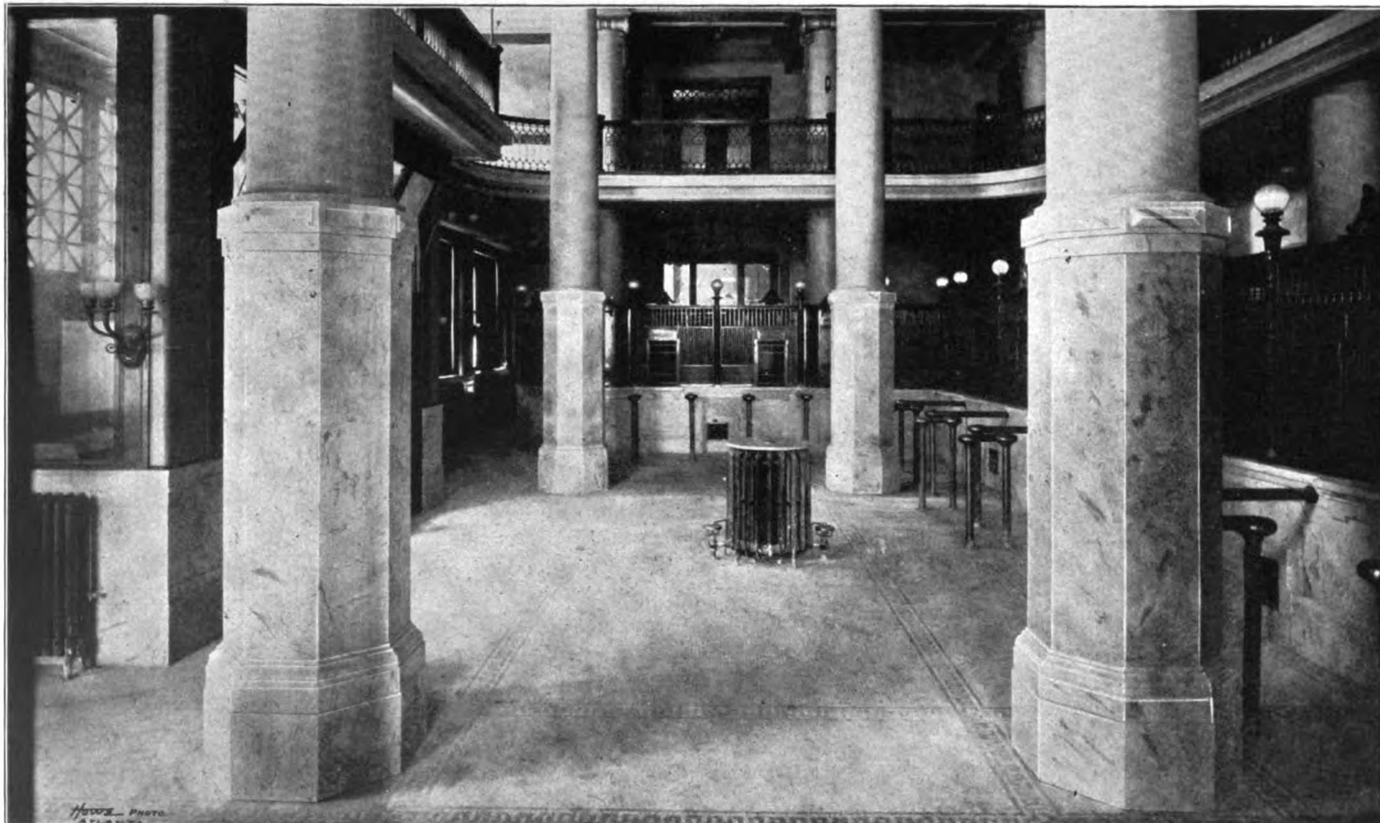
The Fourth National Bank is not among the oldest of Atlanta's financial institutions, but it is very full of the honors accruing from wise and successful administration. Organized in August, 1889, under the name of the American Trust and Banking Company, it became a national bank in 1896, opening under its new charter in July of that year with the following officers: J. W. English, president; J. R. Gray, vice-president; John K. Ottley, cashier; Charles I. Ryan, assistant cashier. Its growth has been little short of marvelous. Deposits have increased in ten years from less than half a million to almost five millions. From a few depositors in 1896, it has now upon its books more than five thousand. And from a half-dozen employes at the outset, it now has a working force of nearly fifty. It has direct connections with every banking-town in Georgia, and in addition, unequalled facilities for the handling of Southern business generally.

CHARLES I. RYAN,
Cashier.

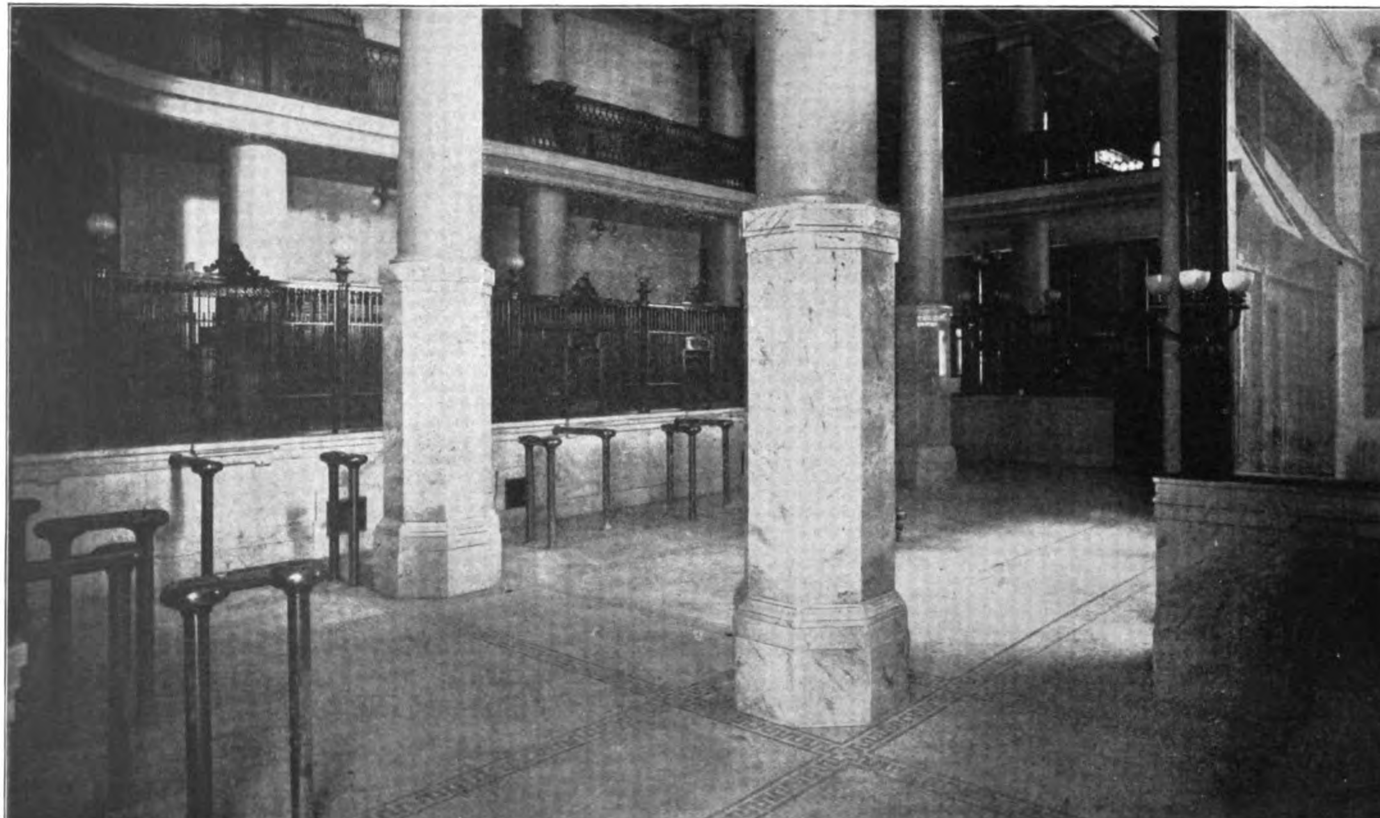
WILLIAM T. PERKERSON,
Asst. Cashier.

The present officers of the Fourth National are: James W. English, president; Walker P. Inman, vice-president; John K. Ottley, vice-president; Charles I. Ryan, cashier; William T. Perkerson, assistant cashier. The directors are: J. W. English, W. P. Inman, J. R. Gray, J. K. Ottley, C. I. Ryan, Albert Steiner, J. D. Robinson, H. C. Stockdell, Joseph Hirsch, J. R. Hopkins, Dan B. Harris, E. C. Peters, J. D. Turner, J. W. English, Jr., W. D. Ellis, and T. T. Woodside.

FOURTH NATIONAL BANK BUILDING, ATLANTA, GA.



A SECTION OF THE FOURTH NATIONAL BANK, ATLANTA, GA.



VIEW OF THE INTERIOR FOURTH NATIONAL BANK, ATLANTA, GA.

BANK OF COMMERCE AND TRUST COMPANY, MEMPHIS, TENN.

THE Bank of Commerce of Memphis, Tennessee, was organized as a state bank in March, 1873, shortly before the great financial panic of that year. Standing strong amid the storms that swept down many similar institutions, it grew in the esteem and confidence of the business world. In January, 1897, it became a national bank, and has since continued its prosperous career.

The Memphis Trust Company was incorporated in May, 1891, and for more than ten years was the only trust company in the city. The

BANK OF COMMERCE AND TRUST CO., MEMPHIS, TENN.

two institutions were closely allied, many persons being stockholders in both corporations, while the boards of directors were nearly identical, and their general policies ran along practically the same lines. It naturally followed that the merging of these two important factors of Southern commerce under one charter was carefully weighed and considered, and in October, 1905, the National Bank of Commerce and the Memphis Trust Company were consolidated, with increased capital, under the name of the Bank of Commerce and Trust Company. All of the members of each board of directors were made members of the consolidated board, and the business offices of both companies were moved into their new fifteen-story building, in the busiest center of the city's activity.

The Bank of Commerce and Trust Company has a capital and surplus of over two millions, a board of directors whose members are among the most substantial business men of the South, and spacious banking-rooms that in equipment and facilities for transacting business with comfort and dispatch are not anywhere excelled. Its financial status is shown by its statement of condition on June 30, 1906:

RESOURCES.		LIABILITIES.	
Loans	$4,242,429.69	Capital paid in	$1,500,000.00
Bonds and stocks	692,117.11	Surplus and undivided profits (less expenses and taxes paid)	607,465.25
Due from U. S. Treasurer	2,000.00	Title guarantee contingency fund	15,415.00
Company's building	589,068.44	Deposits	5,597,986.92
Other real estate (including Luehrmann Hotel)	161,155.70		
Cash and sight exchange	2,034,096.23		
Total	$7,720,867.17	Total	$7,720,867.17

J. T. Fargason is president of the company; Jno. H. Watkins, vice-president; J. A. Omberg, vice-president; Jas. H. Fisher, secretary; L. S. Gwyn, assistant cashier; S. J. Shepherd, trust officer, and E. L. Rice, auditor. The directors are: J. T. Fargason, president; A. D. Gwynne, of Stewart, Gwynne & Co.; R. B. Snowden, capitalist; G. W. Macrae, president Memphis Savings Bank; O. H. P. Piper, capitalist; H. C. Nall, capitalist; J. T. Harahan, second vice-president Illinois Central Railroad; W. E. Love, of Wynne, Love & Co.; E. Lowenstein, of B. Lowenstein & Bros.; R. Brinkley Snowden, real estate; W. G. Thomas, of Thomas, Barnes & Miller; J. A. Omberg, vice-president; T. B. Turley, of Turley & Turley, attorneys; R. A. Speed, vice-president Memphis Consolidated Gas & Electric Co.; J. M. Goodbar, of Goodbar & Co.; P. P. Van Vleet, of the Van Vleet-Mansfield Drug Co.; O. C. Armstrong, of Wm. R. Moore & Co.; W. B. Mallory, of W. B. Mallory & Sons Co.; J. T. Fargason, Jr., vice-president J. T. Fargason Co., and John H. Watkins, vice-president.

GLASGOW'S EXPERIENCE WITH MUNICIPAL TELEPHONES.

THE city of Glasgow has sold the municipal telephone plant, which was established six years ago to compete with a private company. It was found that the municipal company was not a paying venture and the town council decided to sell the business to the post office at a loss of $200,000 rather than continue the undertaking. When the sale was decided upon more than $1,000,000 had been spent on the equipment and a further expenditure of $500,000 had been found to be necessary.

The "Glasgow Herald," commenting upon the failure of the venture, asserted that the undertaking was a mistake in the beginning and that the citizens should congratulate themselves that the loss is not greater.

MONEY, TRADE AND INVESTMENTS

New York, August 3, 1906.

EASIER MONEY coupled with further evidences of prosperity may be credited with having stimulated confidence in the stock market. At least Wall Street has taken on a greater degree of optimism than it had shown for some time. At the close of the month the volume of trading had greatly increased and prices were swinging upward. As to the future of values and of money, predictions are neither safe nor wise.

The predominant question at present relates to money. The very prosperity of the country makes the money market a doubtful proposition. As the assurance of bountiful crops grows, the question becomes the more pertinent "will there be an easy money market later in the year?" It will take a great deal of money to move the wheat, corn and cotton of the country, and New York is particularly interested in the manner in which it will be provided.

Much is said of the wealth of the West and the South, and of the money stored in those sections. Yet New York and other Eastern money centers are usually called upon to contribute a considerable supply of funds when crop moving is fairly under way, and pending the completion of the operation, more or less anxiety is bound to be felt in financial circles.

Touching on the question of the location of the money upon which the drain is to come, the returns of the national banks of the country as of date June 18, published last month, have been studied with some interest. From these returns we have taken certain items indicative of the money resources and demands of the three classes of national banks. There are three central reserve cities, New York, Chicago and St. Louis, in which there are 62 national banks. There are 38 other reserve cities with 295 banks, while all the other national banks number 5,696. The accompanying table shows the holdings of specie and legal tenders, with amounts due from banks and reserve agents, also the individual deposits and amounts due to banks.

	3 Central Reserve Cities. 62 Banks.	*38 Other Reserve Cities. 295 Banks.*	*County Banks. 5,696 Banks.*
Specie and legal tenders	$306,684,499	$172,830,695	$171,718,409
Due from banks	143,424,468	188,718,211	125,791,672
Due from reserve agents	....	206,923,280	380,745,346
Total	$450,108,967	$568,472,186	$678,255,427
Individual deposits	840,806,049	963,297,697	2,251,769,801
Due to banks	748,415,271	619,708,830	177,143,279
Total	$1,589,221,320	$1,583,006,527	$2,428,913,170

The central reserve banks on June 18 held $306,684,499 specie and legal tenders supporting $1,589,221,320 deposits. The other reserve banks had $172,830,695 specie and legal tenders, upon which were based $1,583,006,527 of deposits, and the country banks, that is the banks outside of the reserve cities, had $171,718,409 cash reserves against $2,428,913,170 deposits. Without an extensive analysis of the table, it is sufficient to say that outside of the three central reserve cities, the national banks must depend upon their deposits in other banks or with reserve agents, to meet any appreciable demand for actual cash.

The Treasury of the United States is expected to be a factor in keeping money easy in the future. The Secretary of the Treasury is quite fertile in resources. He conceived the plan of encouraging gold imports by allowing banks to draw gold from the Treasury against engagements of gold from abroad. Last month he succeeded in marketing $30,000,000 of 2 per cent. Panama Canal bonds at a price not far from the figure he had named, 103½. The Secretary made a market for the bonds, first by calling from the banks $10,000,000 of public deposits secured by state and municipal bonds, next by naming a number of national banks as depositories, to which would be allotted $7,000,000 of the withdrawn deposits, upon such banks depositing government bonds as security; and finally by offering to leave on deposit with the banks at least one-third of the amount realized from the sale of the Panama bonds. Altogether the Secretary succeeded in giving his new issue of bonds a fine send off. The bonds were all subscribed and the government got a good price.

It was somewhat of a notable coincidence that about the time the government was selling $30,000,000 of 2 per cent. bonds at a premium, the City of New York made a partial failure of selling $12,500,000 of 4 per cent. bonds. Only $11,029,100 of the bonds were subscribed for and the average price offered was only 100.97, giving the investor a return of 3.94 per cent. Last February a 4 per cent. issue of New York bonds went at an average of 108.052. The failure to get a better price caused surprise, but there has been a glut in new bond issues and except for the special privileges offered, it may be doubted whether the Panama bonds would have been so favorably received.

Whether the new bonds issued by the government will stimulate new bank note issues is yet to be ascertained. Probably they will. Last month, however, national bank circulation increased only $368,685, the smallest increase in any month for some time past.

The approximate figures of the foreign trade movement for the fiscal year ended June 30, 1906, were published last month. While they show results that were generally anticipated, still the record is so monumental as to command attention. The exports of merchandise amounted to $1,743,000,000, and the imports to $1,226,000,000, the total foreign trade being $2,970,378,991. The magnitude of the movement may best be appreciated by taking note of the fact that the exports alone last year exceeded the total exports and imports in any year prior to 1897 with the exception of 1892. The imports alone exceeded the total merchandise movement into and out of the country in any year prior to 1880. The exports exceeded the imports by $517,000,000, the largest balance recorded except in the years 1898 to 1901, inclusive. The largest balance was $664,000,000, reported in 1901.

The export trade has increased almost continuously since 1895. The only years in the last eleven years in which exports failed to exceed those of the immediately preceding year were 1899, when there was a decrease of $4,000,000, and in 1902, when the decrease was $106,000,000. The growth of imports was more irregular. Increases were reported in seven years and decreases in 1897, 1898, 1901 and 1904. The following table shows the changes in volume of exports and imports from year to year since 1895:

Year ended June 30.	Exports.		Imports.	
1896	Increase	$75,068,773	Increase	$47,754,709
1897	"	168,386,618	Decrease	14,994,262
1898	"	180,488,774	Decrease	148,680,758
1899	Decrease	4,459,028	Increase	81,098,835
1900	Increase	167,459,780	"	152,792,695
1901	"	93,281,909	Decrease	26,769,019
1902	Decrease	106,045,590	Increase	80,148,783
1903	Increase	38,422,278	"	122,398,289
1904	"	40,685,592	Decrease	34,631,866
1905	"	57,734,395	Increase	126,425,700
1906	"	225,201,946	"	109,102,308

Of the $225,000,000 gain shown in total exports last year, $142,-000,000 was contributed by breadstuffs, cotton, provisions and petroleum. The exports of breadstuffs were valued at $185,000,000, an increase over 1905 of $78,000,000, of which $44,000,000 was from wheat and flour and $16,000,000 from corn. The total exports of wheat and flour were less than $89,000,000, however. In 1902 they were $178,000,000, in 1898, $214,000,000, and in 1892, $236,000,000. Had the movement in wheat been as large last year as in either of those two years, the total merchandise exports would have been in excess of $1,800,000,000. With the exception of 1905, the quantity of wheat exported was the smallest in years. The total last year was about 35,000,000 bushels, as compared with 4,000,000 bushels in 1905. In 1902 nearly 155,000,000 bushels were exported.

The gold movement in the year just ended was in some respects exceptional. A gross amount of $96,000,000 was imported, a figure exceeded only three times in the entire history of the country. In 1881 there was $100,000,000 imported, in 1898, $120,000,000, and in 1904, $99,000,000. The exports of gold amounted to $38,000,000, the smallest since 1890, except in 1898 and 1899. The gain from gold imports in excess of exports was $57,000,000, and this has been exceeded only three times; in 1880, when the net imports were $77,000,000, in 1881, when they were $97,000,000, and in 1898, when they were nearly $105,000,000.

Rarely have either the net imports or exports of gold amounted to as much as $50,000,000 in a single year; imports only five times, and exports only nine times.

For ten years our foreign trade has been developing at a very rapid rate, and its growth during that period can best be understood by comparing the records of the last decade with those of the previous ten years.' Such a comparison is presented in the following table:

	1887 to 1896.	*1897 to 1906.*
Exports of merchandise	$8,357,077,604	$13,916,760,890
Imports of merchandise	7,656,127,784	8,015,297,910
Excess of export merchandise	700,949,820	4,901,462,980
Total foreign trade	16,018,205,388	22,932,058,800
Exports of gold	606,399 511	503,029,139
Imports of gold	341,538,464	750,919,949
Net exports of gold	264,861,047	*247,890,810
Exports of silver	380,324.717	552.541,613
Imports of silver	195,825,194	315,851,124
Net exports of silver	184,499,523	236,690,489
Exports merchandise and specie	9,343,801,882	14,972,331,642
Imports merchandise and specie	8,193,491,442	10,082,068,983
Excess of exports merchandise and specie	1,150,310,390	4,890,262,659

* Imports.

The exports of merchandise in the last ten years aggregated $13,-916,000,000 and in the previous ten years $8,357,000, an increase of $5,559,000,000, or 66 per cent. The imports during the same periods increased from $7,656,000,000 to $9,015,000,000, or $1,359,000,000. equal to about 18 per cent. It is only since 1901 that the growth of imports has been rapid. During the last ten years nearly $248,000,000 of gold, net, was imported. In the previous ten years about $265,-000,000 of gold was exported. The net exports of silver were $236,-000,000 in the last ten years, and $184,000,000 in the previous ten years. The net exports of merchandise, gold and silver were $4,890,000,000, and $1,150,000,000 in the two periods, respectively. That is the country has exported in the last ten years more than four times the amount exported in the previous ten years.

An interesting event occurring on the last day of the month was the declaration of a dividend on the common stock of the United States Steel Corporation, at the rate of 2 per cent. per annum. The stock for a short time paid 4 per cent. per annum, but in December, 1903, only one-half per cent. was paid, and since that time nothing. That dividends involving an expenditure of $10,000,000 a year should now be resumed, indicates that the steel industry is not only in good shape now, but has a promising future. The net earnings for the quarter ended June 30, amounted to $40,125,033, the largest in the corporation's history. The surplus over and above the preferred dividend for the quarter was $18,-231,106, as compared with $10,570,681 in the corresponding quarter of 1905. The following table shows the net earnings during the first half of each of the last three years:

UNITED STATES STEEL NET EARNINGS.

	1906.	1905.	1904.
January	$11,856,375	$6,810,847	$2,868,218
February	10,958,275	6,629,463	4,540,673
March	13,819,840	9,585,586	6,036,346
First quarter	$36,634,490	$23,025,896	$13,445,232
April	$12,581,902	$9,037,925	$6,863,833
May	14,041,601	10,602,187	6,256,518
June	13,501,530	10,665,004	6,370,374
Second quarter	$40,125,033	$30,305,116	$19,490,725
Half year	$76,759,523	$53,331,012	$32,935,957

The figures of production of pig iron in the United States during the first half of 1906 have been compiled and they show the remarkable total of 12,602,901 gross tons. This is the largest ever recorded for any half year and is larger than the production for any entire year prior to 1899. During the corresponding period in 1905 the output was 11,-163,175 tons. The production in 1906, for the entire year, will probably exceed 25,000,000 tons.

Railroad construction has contributed to the activity in the iron and steel trade. In fact, it is understood that the railroads are hampered to some extent in their building operations by the difficulty experienced in obtaining steel rails, the mills being overcrowded with orders. According to the Chicago "Railway Age" 2,298 miles of new track were laid in the first six months of 1906, or more than in any similar period in fifteen years with the exception of 1902, when 2,314 miles were constructed in the first half of the year. The indications point to a larger mileage for the full year than in either 1902 and 1903. This would mean about 6,000 miles of new road for the year.

Commercial failures during the period from January 1 to June 30, this year, make a generally favorable showing. As reported by R. G. Dun & Co., they numbered 5,612, as against 6,210 in the previous year, and are the smallest in six years. The liabilities, however, show an increase, being $62,664,074, as compared with $55,904,585 in 1905. The total this year was increased by a few large speculative failures, and by insolvencies resulting from the San Francisco disaster.

As the time for harvesting approaches the prospect of big wheat and corn crops becomes more assuring. The government report on July 10 made the average condition of winter wheat on July 1, 85.6, as compared with 82.7 on July 1, 1905, and of spring wheat at 91.4, as compared with 91 a year ago. On the basis of the estimated acreage, the yield of winter wheat promises to reach nearly 430,000,000 bushels, or about the same as in 1905, and the largest for any year excepting that of 1901. The spring wheat crop is estimated at 293,000,000 bushels, or 28,000,000 bushels more than in 1905, and equal to the maximum yield of 1899. With a total wheat crop of 723,000,000 bushels all records excepting that of 1901 will be beaten and the country will have a substantial surplus for export.

Corn promises a second bumper crop. The yield in 1905 was the largest ever known, amounting to 2,707,000,000 bushels. The indications for 1906 are 2,703,000,000 bushels, which is 50,000,000 bushels more than the indicated yield a year ago. The area planted to corn this year is 1,500,000 acres larger than that of 1905, and the average condition of the crop on July 1 was 87.5 in 1906, and 87.3 in 1905. More favorable prospects could not well be expected.

THE MONEY MARKET.—For the time being the local money market is in an easy condition and quite hopeful views are taken regarding the future. Still there are indications that the demand for money to move crops will later on be an important incentive to materially higher rates. At the close of the month call money ruled at 2@2½ per cent., with the majority of loans at 2¼ per cent. Banks and trust companies loaned at 2 per cent. as the minimum. Time money on Stock Exchange collateral is quoted at 3½ per cent. for thirty days, 3¾@4 per cent. for sixty days, 4¼ per cent. for ninety days, 4¾@5 per cent. for four months, 5@5¼ per cent. for five months, 5½@5¾ per cent. for six months, and 5½ per cent. for seven to eight months, on good mixed collateral. For commercial paper the rates are 5½@5¾ per cent. for sixty to ninety days' endorsed bills receivable, 5½@5¾ per cent. for first-class four to six months' single names, and 6 per cent. for good paper having the same length of time to run.

MONEY RATES IN NEW YORK CITY.

	Mar. 1.	*April 1.*	*May 1.*	*June 1.*	*July 1.*	*Aug. 1.*
	Per cent.	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*
Call loans, bankers' balances	4¾–6¾	4 –7¾	3½–4¾	2 –4½	2¾–6	2 – ½
Call loans, banks and trust companies	3 –	4 –	4 –	3 –	3 –	2 –
Brokers' loans on collateral, 30 to 60 days	5½–6	4¾–5	5½–6	4 – ½	4½ 5	3½–4
Brokers' loans on collateral, 90 days to 4 months	5½– ¾	4¾–5	5½–6	4 – ½	4½–5	4¼–5
Brokers' loans on collateral, 5 to 7 months	5¼– ½	4¾–5	5½–6	4½–5	5 – ¾	5 – ½
Commercial paper, endorsed bills receivable, 60 to 90 days	5 – ½	5¼ – ½	5½–6	5 – ½	5 – ½	5½– ¾
Commercial paper, prime single names, 4 to 6 months	5¼– ¾	5¼– ½	5½–6	5 – ½	5 – ½	5½– ¾
Commercial paper, good single names, 4 to 6 months	6 –	6 –	6 –	5½–6	5½–6	6 –

NEW YORK BANKS.—The New York clearing-house banks during July worked into a very favorable position. The withdrawal of $10,000,000 deposits from the national banks by the Secretary of the Treasury seemed to exert no unfavorable influence. Compared with a month ago the reserves of the banks show an increase of $9,500,000, of which nearly $7,300,000 was in specie. Deposits increased $10,500,000 and loans $1,500,000. This fails to show the extent of the recent improvement for reserves decreased in the first week of July, and loans and deposits in the first two weeks. In the last three weeks reserves increased $18,000,000, and in the last two weeks loans increased $22,000,000 and deposits

$36,000,000. The surplus reserve after falling to less than $6,500,000 on July 7, increased to $19,000,000 on July 21, and at the close of the month was near that figure. A year ago at this time the surplus was $15,000,000, and two years ago it was nearly $56,000,000.

NEW YORK CITY BANKS—CONDITION AT CLOSE OF EACH WEEK.

	Loans.	*Specie.*	*Legal tenders.*	*Deposits.*	*Surplus Reserve.*	*Circulation.*	*Clearings.*
June 30...	$1,056,944,900	$187,184,500	$87,275,500	$1,049,617,000	$12,055,750	$48,362,400	$1,812,510,000
July 7...	1,050,578,100	181,281,000	84,270,000	1,036,343,700	6,465,075	48,435,600	1,872,420,200
" 14...	1,036,233,400	182,941,300	85,872,500	1,023,952,000	12,830,800	48,556,500	1,674,316,400
" 21...	1,045,668,700	193,066,800	87,509,500	1,044,739,200	19,391,000	47,903,400	1,620,418,200
" 28...	1,058,415,100	194,450,900	89,470,800	1,060,116,900	18,892,475	47,044,300	1,588,067,700

DEPOSITS AND SURPLUS RESERVE ON OR ABOUT THE FIRST OF EACH MONTH.

MONTH.	*1904.*		*1905.*		*1906.*	
	Deposits.	*Surplus Reserve.*	*Deposits.*	*Surplus Reserve.*	*Deposits.*	*Surplus Reserve.*
January	$866,178,900	$9,541,850	$1,104,049,100	$13,683,425	$977,651,300	$4,292,575
February......	1,023,943,800	25,129,050	1,189,828,600	26,979,550	1,061,403,100	11,127,625
March.........	1,027,920,400	32,150,200	1,179,824,900	14,646,075	1,029,545,000	5,008,755
April..........	1,069,869,400	27,755,050	1,138,661,300	8,664,575	1,004,290,500	5,131,270
May...........	1,114,367,800	33,144,250	1,146,528,600	16,665,250	1,028,683,200	10,367,400
June..........	1,098,953,500	29,692,325	1,136,477,700	6,050,275	1,036,751,100	6,816,025
July...........	1,152,988,800	36,105,300	1,166,038,900	11,658,875	1,049,617,000	12,055,750
August	1,204,965,600	55,959,600	1,190,744,900	15,305,975	1,060,116,900	18,892,475
September....	1,207,302,800	57,375,400	1,166,587,200	5,498,785	....	....
October.......	1,212,977,100	19,913,425	1,080,465,100	7,440,025	....	....
November....	1,204,434,200	16,793,650	1,042,092,300	12,430,925	....	....
December	1,127,878,100	8,539,075	1,023,882,300	2,565,375	....	....

Deposits reached the highest amount, $1,224,206,600, on September 17, 1904; loans, $1,146,163,700 on August 5, 1905, and the surplus reserve $111,623,000 on Feb. 3, 1894.

NON-MEMBER BANKS—NEW YORK CLEARING-HOUSE.

DATES.	*Loans and Investments.*	*Deposits.*	*Specie.*	*Legal tender and bank notes.*	*Deposit with Clearing-House agents.*	*Deposit in other N. Y. banks.*	*Surplus Reserve.*
June 30.....	$144,476,000	$157,089,200	$6,781,000	$7,968,000	$15,330,200	$6,922,000	* $2,273,100
July 7.....	145,407,300	160,059,800	6,493,800	7,889,900	16,317,800	7,282,800	* 2,031,150
" 14.....	145,232,700	159,079,300	7,044,900	8,472,900	14,723,500	6,995,500	* 2,533,150
" 21.....	143,407,400	156,968,600	6,881,700	7,794,100	15,117,600	7,048,600	* 2,300,150
" 28.....	143,798,400	156,610,400	6,851,900	7,746,100	15,061,200	7,317,800	* 2,175,600

* Deficit.

BOSTON BANKS.

DATES.	*Loans.*	*Deposits.*	*Specie.*	*Legal Tenders.*	*Circulation.*	*Clearings.*
June 30........	$182,502,000	$207,548,000	$17,486,000	$5,446,000	$7,522,000	$188,331,100
July 7........	183,377,000	213,385,000	18,354,000	5,064,000	7,529,000	154,236,000
" 14........	183,456,000	212,744,000	16,193,000	6,002,000	7,587,000	158,867,000
" 21........	181,424,000	211,383,000	16,418,000	6,494,000	7,670,000	158,159,900
" 28........	183,164,000	212,812,000	16,559,000	6,419,000	7,645,000	143,689,000

PHILADELPHIA BANKS.

DATES.	Loans.	Deposits.	Lawful Money Reserve.	Circulation.	Clearings.
June 30	$218,929,000	$254,321,000	$61,189,000	$14,006,000	$154,364,700
July 7	218,356,000	251,401,000	58,856,000	14,042,000	143,311,400
" 14	215,346,000	254,727,000	59,610,000	14,047,000	144,591,800
" 21	218,193,000	253,810,000	61,022,000	14,047,000	148,987,000
" 28	217,096,000	251,536,000	61,397,000	14,045,000	138,300,700

FOREIGN BANKS.—The Bank of England shows a decrease in gold holdings of about $2,000,000 in July, France of $5,000,000, and Germany of $11,000,000. Russia gained $4,000,000, and Austria-Hungary about $1,000,000. With the exception of Italy and Spain, nearly all leading foreign banks show a loss of gold as compared with the amount held a year ago.

GOLD AND SILVER IN THE EUROPEAN BANKS.

	June 1, 1906.		July 1, 1906.		August 1, 1906.	
	Gold.	Silver.	Gold.	Silver.	Gold.	Silver.
England	£36,672,322	....	£37,567,502	....	£37,189,724	....
France	117,647,607	£42,581,659	117,968,751	£42,720,585	116,928,487	£42,493,873
Germany	39,515,000	13,172,000	38,239,000	12,746,000	35,927,000	11,976,000
Russia	94,741,000	5,572,000	108,455,000	5,901,000	109,267,000	6,006,000
Austria-Hungary	46,650,000	12,874,000	46,888,000	12,782,000	47,020,000	12,5[illegible]9,000
Spain	15,184,000	24,452,000	15,148,000	24,790,000	15,179,000	24,715,000
Italy	28,575,000	3,963,400	29,001,000	3,997,000	29,663,000	3,928,800
Netherlands	5,522,000	5,770,800	5,522,700	5,844,100	5,521,300	5,789,300
Nat. Belgium	3,234,667	1,617,333	3,287,333	1,643,667	3,224,000	1,612,000
Sweden	....	....	3,877,000	....	3,875,000	....
Totals	£384,691,996	£109,953,192	£405,951,286	£110,424,352	£403,789,511	£109,079,973

FOREIGN EXCHANGE.—The sterling exchange market was inclined to weakness during most of the month, and there were rumors of probable gold imports. The shipments were not extensive, however, and late in the month the market advanced. Among the influences affecting the market was the disturbance in Russia.

RATES FOR STERLING AT CLOSE OF EACH WEEK.

WEEK ENDED.	BANKERS' STERLING.		Cable transfers.	Prime commercial, Long.	Documentary Sterling, 60 days.
	60 days.	Sight.			
June 30	4.8190 @ 4.8200	4.8465 @ 4.8475	4.8500 @ 4.8510	4.81⅝ @ 4.81¾	4.81 @ 4.82
July 7	4.8200 @ 4.8215	4.8460 @ 4.8470	4.8505 @ 4.8510	4.81⅝ @ 4.81¾	4.81 @ 4.82
" 14	4.8190 @ 4.8200	4.8455 @ 4.8465	4.8490 @ 4.8500	4.81½ @ 4.81⅝	4.80¾ @ 4.81⅛
" 21	4.8185 @ 4.8200	4.8455 @ 4.8465	4.8490 @ 4.8500	4.81½ @ 4.81⅝	4.80⅞ @ 4.81⅛
" 28	4.8210 @ 4.8225	4.8485 @ 4.8495	4.8520 @ 4.8530	4.81¾ @ 4.81⅞	4.81 @ 4.82¼

MONEY RATES ABROAD.—There was a tendency towards greater ease in the leading foreign money markets, although the Russian situation caused some derangement in the latter part of the month. No change was made in the posted rates of discount of any of the principal banks. Discounts of sixty to ninety-day bills in London at the close of the month were 3⅛@3¼ per cent., against 3⅛ per cent. a month ago. The open market rate at Paris was 2½@2⅝ per cent., against 2⅝ per cent. a month ago, and at Berlin and Frankfort 3½@3⅝ per cent., against 3⅞@4 per cent. a month ago.

FOREIGN EXCHANGE—ACTUAL RATES ON OR ABOUT THE FIRST OF EACH MONTH.

	April 1.	*May. 1.*	*June 1.*	*July. 1.*	*Aug. 1.*
Sterling Bankers—60 days	4.82⅛— ⅜	4.81¼— ⅜	4.82⅛— ¼	4.81⅞— 2	4.82⅛— ¼
" " Sight	4.85¼— ⅜	4.84¼— ⅜	4.85⅛— ¼	4.84⅝— ¾	4.86 — ⅛
" " Cables	4.85¾— ⅞	4.84⅞—85	4.85⅝— ¾	4.85 — ⅛	4.85¼— ⅜
" Commercial long	4.82⅛— ¼	4.81 — ¼	4.81¾— ⅞	4.81⅝— ¾	4.81⅞— 2
" Docu'tary for paym't.	4.81⅝— 2¼	4.80¾— 1¾	4.81½— 2⅛	4.81 — 2	4.81⅝— 2⅛
Paris—Cable transfers	5.16⅞—	5.18¾— ⅛	5.18⅛—	5.18⅛—	5.18⅛—17½
" Bankers' 60 days	5.19⅜—	5.21⅞— ¾	5.21¼—20⅝	5.21¼—20⅝	5.20⅝—
" Bankers' sight	5.17½—	5.19⅜—18¾	5.18¾—	5.18¾—	5.18⅛—
Swiss—Bankers' sight	5.18⅛—	5.19⅜—	5.18¾— ⅛	5.18¾— ⅛	5.17½—
Berlin—Bankers' 60 days	94¼— 5/16	94 — ⅛	94⅛— ¼	94⅛— ¼	94⅛— ¼
" Bankers' sight	94 11/16—	94½— 9/16	94 11/16— ¾	94 11/16— ¾	94 11/16— 13/16
Belgium—Bankers' sight	5.18¾—	5.20⅝—20	5.20 —19⅜	5.20¼—19⅜	5.20 —19⅜
Amsterdam—Bankers' sight	40 1/32— 1/16	39⅞— 15/16	39 15/16—40	40 — 1/16	40 1/16— ⅛
Kronors—Bankers' sight	26¾— ⅞	26⅝— ⅞	26¾—27	26¾— ⅞	26⅝— ⅞
Italian lire—sight	5.19⅞—	5.19⅜—18¾	5.17½—16⅞	5.18⅛—17½	5.18⅛—17½

BANK OF ENGLAND STATEMENT AND LONDON MARKETS.

	Apr. 30, 1906.	*May 31, 1906.*	*June 30, 1906.*	*July 31, 1906.*
Circulation (exc. b'k post bills)	£29,062,000	£28,946,000	£29,369,000	£30,577,000
Public deposits	8,329,000	10,048,000	11,411,000	9,493,000
Other deposits	48,082,000	42,678,000	44,638,000	42,394,000
Government securities	15,977,000	15,977,000	15,977,000	15,977,000
Other securities	36,394,000	31,483,000	31,364,000	29,420,000
Reserve of notes and coin	21,892,000	23,176,000	26,648,000	24,629,000
Coin and bullion	32,504,718	33,672,322	37,567,502	36,757,012
Reserve to liabilities	38.76%	43.90%	47.44%	47.41%
Bank rate of discount	3½%	4%	3½%	3½%
Price of Consols (2½ per cents.)	90⅝	89⅝	88	87 5/16
Price of silver per ounce	30½d.	31⅛d.	30 3/16d.	30 1/16d.

SILVER.—The price of silver in London declined from 30 3-16d. to 29 13-16d., but subsequently advanced to 30 7-16d. Late in the month the market became weak and closed at 30 1-16d.

MONTHLY RANGE OF SILVER IN LONDON—1904, 1905, 1906.

MONTH.	*1904.*		*1905.*		*1906.*		MONTH.	*1904.*		*1905.*		*1906.*	
	High	*Low.*	*High*	*Low.*	*High*	*Low.*		*High*	*Low.*	*High*	*Low.*	*High*	*Low.*
January	27 5/16	25⅛	28⅜	27 9/16	30¼	29 11/16	July	27	26⅜	27 5/16	26⅞	30 7/16	29 13/16
February	27⅛	25⅞	28 5/16	27⅝	30 13/16	30⅛	August	27	26 5/16	28¾	27⅛	....	....
March	26 11/16	25⅛	27 11/16	25 11/16	30 7/16	29	Septemb'r	26⅞	26	28¾	28	....	....
April	25½	24 7/16	26⅝	25 7/16	30 9/16	29⅝	October	26 11/16	26½	28 11/16	28⅜	....	....
May	25 11/16	25⅛	27 5/16	26⅛	31⅜	30 9/16	Novemb'r	27 5/16	26¾	30 5/16	28 13/16	....	....
June	26⅛	25 5/16	27⅛	26¾	31 1/16	29⅝	Decemb'r	28 9/16	27 5/16	30 5/16	29⅜	....	....

FOREIGN AND DOMESTIC COIN AND BULLION—QUOTATIONS IN NEW YORK.

	Bid.	*Asked.*		*Bid.*	*Asked.*
Sovereigns	$4.86	$4.89	Mexican doubloons	$15.55	$15.65
Bank of England notes	4.85	4.89	Mexican 20 pesos	19.55	19.65
Twenty francs	3.86	3.89	Ten guilders	3.95	4.00
Twenty marks	4.76	4.80	Mexican dollars	.50½	.53½
Twenty-five pesetas	4.78	4.82	Peruvian soles	.46½	.49½
Spanish doubloons	15.55	15.65	Chilian pesos	.46½	.49½

Bar silver in London on the first of this month was quoted at 30 1/16d. per ounce. New York market for large commercial silver bars, 65⅛ @ 66¾c. Fine silver (Government assay), 65¼ @ 67¼c. The official price was 65c.

NATIONAL BANK CIRCULATION.—There was a very small increase in national bank circulation during the month, less than $400,000, as compared with an average monthly increase of more than $5,000,000 for a year past. There was a slight reduction in bonds deposited to secure circulation, while more than $2,000,000 of two per cents deposited for that purpose were withdrawn. An increase of about the same amount in the deposit of these bonds to secure public deposits is shown, although the aggregate bonds to secure deposits were reduced $10,000,000. The reduction was almost entirely in state, city and railroad bonds.

NATIONAL BANK CIRCULATION.

	Apr. 30, 1906.	*May 31, 1906.*	*June 30, 1906.*	*July 31, 1906.*
Total amount outstanding	$556,646,282	$559,129,660	$561,112,360	$561,481,045
Circulation based on U. S. bonds	514,423,519	516,036,146	517,847,749	516,573,399
Circulation secured by lawful money	42,222,763	43,093,514	43,264,611	44,907,646
U. S. bonds to secure circulation:				
Funded loan of 1907, 4 per cent	10,772,200	14,194,800	16,475,200	17,954,850
Four per cents. of 1925	3,749,500	4,399,500	4,456,500	4,719,000
Three per cents. of 1908-1918	2,263,840	2,421,380	2,550,160	2,681,660
Two per cents. of 1930	499,601,900	498,249,850	497,123,850	495,033,100
Total	$516,387,440	$519,265,530	$520,605,210	$520,388,610

The National banks have also on deposit the following bonds to secure public deposits: 4 per cents. of 1907, $6,009,700; 4 per cents. of 1925, $7,156,300; 3 per cents. of 1908-1918, $4,688,900; 2 per cents. of 1930, $50,304,500; District of Columbia 3.65's, 1924, $1,243,000; Hawaiian Islands bonds, $1,483,000; Philippine loan, $7,817,000; state, city and railroad bonds, $7,025,825; a total of $85,728,225.

GOVERNMENT REVENUE AND DISBURSEMENTS.—The revenues of the government in the first month of the fiscal year were $13,514,869 less than the expenditures, this deficit more than equalling one half of the surplus reported for the entire previous year. The disbursements in July are, however, always abnormally large, and a year ago the deficit was $13,855,000. The receipts this year are $3,000,000 more than a year ago, and the disbursements $2,700,000 larger. Customs receipts show an increase of $4,500,000.

UNITED STATES TREASURY RECEIPTS AND EXPENDITURES.

RECEIPTS.

Source.	*July, 1906.*	*Since July 1, 1906.*
Customs	$26,176,744	$26,176,744
Internal revenue	22,102,238	22,102,238
Miscellaneous	4,019,869	4,019,869
Total	$52,298,852	$52,298,852
Excess of receipts	* $13,514,869	* $13,514,869

EXPENDITURES.

Source.	*July, 1906.*	*Since July 1, 1906.*
Civil and mis.	$15,560,488	$15,560,488
War	14,256,967	14,256,967
Navy	10,547,371	10,547,371
Indians	1,986,715	1,986,715
Pensions	11,961,127	11,961,127
Public works	7,459,839	7,459,839
Interest	4,041,214	4,041,214
Total	$65,813,721	$65,813,721

* Excess of expenditures.

UNITED STATES PUBLIC DEBT.—The most important changes in the public debt statement last month were an increase of $1,300,000 in the national bank note redemption account, an increase of $4,200,000 in gold certificates, an increase of $2,400,000 in cash assets, an increase of $10,500,000 in demand liabilities, a decrease of $8,100,000 in the cash balance in the Treasury and an increase in the net debt of $9,400,000. The Panama Canal loan does not yet appear in the statement.

UNITED STATES PUBLIC DEBT.

	May 1, 1906.	June 1, 1906.	July 1, 1906.	Aug. 1, 1906.
Interest-bearing debt:				
Loan of March 14, 1900, 2 per cent	$595,942,350	$595,942,350	$595,942,350	$595,942,350
Funded loan of 1907, 4 per cent	116,755,050	116,755,150	116,755,150	116,755,150
Refunding certificates, 4 per cent	26,400	26,290	26,280	26,230
Loan of 1925, 4 per cent	118,489,900	118,489,900	118,489,900	118,489,900
Ten-Twenties of 1898, 3 per cent	63,945,460	63,945,460	63,945,460	63,945,460
Total interest-bearing debt	$895,159,160	$895,159,150	$895,159,140	$895,159,090
Debt on which interest has ceased	1,139,145	1,135,945	1,128,135	1,126,585
Debt bearing no interest:				
Legal tender and old demand notes	346,734,298	346,734,298	346,734,298	346,734,298
National bank note redemption acct.	41,640,909	42,445,616	42,635,639	43,935,011
Fractional currency	6,865,959	6,865,959	6,865,757	6,865,757
Total non-interest bearing debt	$395,241,166	$396,045,873	$396,235,694	$397,535,067
Total interest and non-interest debt	1,291,539,471	1,292,340,068	1,292,522,970	1,293,820,742
Certificates and notes offset by cash in the Treasury:				
Gold certificates	550,691,869	557,599,869	559,779,869	563,984,869
Silver certificates	472,644,000	474,640,000	477,478,000	477,637,000
Treasury notes of 1890	7,661,000	7,504,000	7,386,000	7,232,000
Total certificates and notes	$1,030,996,869	$1,039,743,869	$1,044,638,869	$1,048,853,869
Aggregate debt	2,322,536,340	2,332,083,937	2,337,161,839	2,342,674,611
Cash in the Treasury:				
Total cash assets	1,441,615,921	1,453,270,606	1,471,358,119	1,478,763,231
Demand liabilities	1,134,489,696	1,142,885,230	1,143,270,836	1,158,799,289
Balance	$307,126,224	$310,385,376	$328,087,283	$319,963,941
Gold reserve	150,000,000	150,000,000	150,000,000	150,000,000
Net cash balance	157,126,224	160,385,376	178,087,283	169,963,941
Total	$307,126,224	$310,385,376	$328,087,283	$319,963,941
Total debt, less cash in the Treasury	984,413,247	981,954,692	964,435,687	973,856,801

FOREIGN TRADE OF THE UNITED STATES.—The government report on exports and imports for June shows that new records were made, exports reaching nearly $125,000,000, and imports nearly $101,000,000. For the calendar year ended June 30, exports reached the unprecedented total of $1,743,000,000, an increase over the previous year of $225,000,000. Imports amounted to $1,226,000,000, an increase of $109,000,000. The export balance for the year is $517,000,000, an increase of $116,000,000. The total foreign trade reached $2,970,000,000. This is an increase of $334,000,000 over the highest previous record, which was made in 1905, and an increase of $1,000,000,000 over the total recorded in 1899. The gold movement shows a net import of $57,000,000, the largest since 1898.

EXPORTS AND IMPORTS OF THE UNITED STATES.

MONTH OF JUNE.	MERCHANDISE.				Gold Balance.		Silver Balance.	
	Exports.	Imports.	Balance.					
1901	$102,774,263	$68,404,657	Exp.,	$34,369,606	Exp.,	$2,084,101	Exp.,	$2,634,548
1902	89,240,483	73,115,054	"	16,125,429	Imp.,	3,694,932	"	1,447,213
1903	95,222,846	81,999,777	"	13,223,069	Exp.,	9,740,035	Imp.,	494,395
1904	93,224,866	81,157,235	"	12,067,631	Imp.,	3,363,689	Exp.,	1,658,233
1905	121,153,486	90,447,245	"	30,706,241	Exp.,	1,881,831	"	2,388,547
1906	124,933,995	100,831,607	"	24,102,388	"	882,131	"	778,101
TWELVE MONTHS.								
1901	1,487,764,991	823,172,165	Exp.,	664,592,826	Imp.,	12,866,010	Exp.,	27,898,659
1902	1,381,719,401	903,320,948	"	478,398,453	"	3,452,304	"	21,500,136
1903	1,420,141,679	1,025,719,237	"	394,422,442	Exp.,	2,108,568	"	20,086,768
1904	1,460,827,271	991,087,371	"	469,739,900	Imp.,	17,595,382	"	21,703,888
1905	1,518,561,666	1,117,513,071	"	401,048,595	Exp.,	38,945,063	"	21,363,947
1906	1,743,763,612	1,226,615,379	"	517,148,233	Imp.,	57,653,320	"	21,446,250

MONEY IN CIRCULATION IN THE UNITED STATES.—There was an increase of nearly $18,000,000 in the volume of money in circulation last month, making an increase of $153,000,000 in the last twelve months. The per capita circulation increased ten cents, and is now $32.52, the highest ever recorded. That of the increase in the month was in gold.

MONEY IN CIRCULATION IN THE UNITED STATES.

	May 1, 1906.	June 1, 1906.	July 1, 1906.	Aug. 1, 1906.
Gold coin	$672,524,404	$683,426,878	$678,827,609	$675,979,661
Silver dollars	80,424,056	78,602,135	77,078,327	77,115,655
Subsidiary silver	109,494,665	109,894,819	111,401,668	111,976,129
Gold certificates	500,696,389	513,808,789	518,092,969	529,313,879
Silver certificates	467,574,470	469,663,586	471,964,597	470,792,688
Treasury notes, Act July 14, 1890	7,640,039	7,477,218	7,338,598	7,214,996
United States notes	337,130,321	335,552,898	336,401,454	336,459,398
National bank notes	544,765,959	545,260,302	548,888,608	548,497,538
Total	$2,720,250,303	$2,743,681,120	$2,744,488,830	$2,757,849,438
Population of United States	84,428,000	84,545,000	84,662,000	84,779,000
Circulation per capita	$32.22	$32.45	$32.42	$32.52

MONEY IN THE UNITED STATES TREASURY.—The gross amount of money in the Treasury increased $17,000,000 in July, but outstanding certificates were increased $10,000,000, making the net increase $7,000,-000. Of the latter, $6,000,000 consisted of gold. Of the total net money in the Treasury, amounting to $332,000,000, more than $290,

MONEY IN THE UNITED STATES TREASURY.

	May 1, 1906.	June 1, 1906.	July. 1, 1906.	Aug. 1, 1906.
Gold coin and bullion	$760,926,166	$783,494,496	$802,514,212	$819,626,838
Silver dollars	487,804,809	489,626,730	491,177,528	491,185,200
Subsidiary silver	7,425,109	7,045,878	6,596,920	5,826,842
United States notes	9,550,695	11,128,123	10,279,562	10,221,624
National bank notes	11,880,823	13,869,358	12,228,752	12,968,507
Total	$1,277,587,102	$1,305,164,580	$1,322,796,974	$1,339,793,506
Certificates and Treasury notes, 1890, outstanding	975,910,898	990,944,593	997,396,164	1,007,321,063
Net cash in Treasury	$301,676,204	$314,219,987	$325,400,810	$332,472,443

SUPPLY OF MONEY IN THE UNITED STATES.—The total stock of money in the country increased about $20,000,000 in the past month, and practically all the increase is gold, the increase in bank notes being only $370,000.

SUPPLY OF MONEY IN THE UNITED STATES.

	May 1, 1906.	June 1, 1906.	July 1, 1906.	Aug. 1, 1906.
Gold coin and bullion	$1,433,450,570	$1,466,921,374	$1,475,841,821	$1,495,606,494
Silver dollars	568,228,865	568,228,865	568,250,855	568,250,855
Subsidiary silver	116,919,774	116,940,192	117,998,588	117,802,471
United States notes	346,681,016	346,681,016	346,681,016	346,681,016
National bank notes	556,646,282	559,129,660	561,112,360	561,481,045
Total	$3,021,926,507	$3,057,901,107	$3,069,884,640	$3,089,821,881

STOCKS AND BONDS

ACTIVE STOCKS, COMPARATIVE PRICES AND QUOTATIONS.

The following table shows the highest, lowest and closing prices of the most active stocks at the New York Stock Exchange in the month of July and the highest and lowest during the year 1906, by dates, and also, for comparison, the range of prices in 1905:

	YEAR 1905.		HIGHEST AND LOWEST IN 1906.		JULY, 1906.		
	High.	*Low.*	*Highest.*	*Lowest.*	*High.*	*Low.*	*Closing.*
Atchison, Topeka & Santa Fe.	93⅝	77⅝	96⅞ Jan. 18	85⅝—May 2	92⅝	85⅝	92⅝
" preferred	105⅝	99	106 —Jan. 3	98¼—July 3	100½	98¼	100½
Baltimore & Ohio	117	100⅛	121⅝—July 30	105¾—May 2	121⅝	115	120¾
Baltimore & Ohio, pref.	100	95¾	99⅛—Jan. 5	92 —June 27	93½	92	92½
Brooklyn Rapid Transit	91⅝	56⅞	94⅛—Jan. 26	71 —July 12	78⅝	71	78
Canadian Pacific	177⅛	130¾	177¾—Jan. 19	155⅝—May 2	166	157¾	166
Canada Southern	74⅞	67	70⅞—Jan. 8	65⅛—June 30	68⅝	68	68⅝
Central of New Jersey	235	190	239⅞—May 24	204 —May 2	227½	220	227½
Ches. & Ohio	60⅛	45½	62¼—Jan. 23	53⅛—Apr. 28	58⅝	54¼	58
Chicago & Alton	44⅛	30	38¼—Jan. 15	25 —May 5	....	....	....
" preferred	83¾	73	80⅝ Jan. 12	74 —May 3	....	....	....
Chicago, Great Western	25⅛	17½	23⅝—Jan. 20	16 —June 28	18¼	16¼	18
Chic., Milwaukee & St. Paul	187⅛	168⅛	193 —Jan. 22	155¼—May 2	182¼	167½	180⅝
" preferred	192½	182½	196 —Jan. 22	177½—May 2	191	182	191
Chicago & Northwestern	249	190⅛	240 —Jan. 15	192 —Apr. 27	202⅛	193	202
" preferred	265½	234	270 —Mar. 30	230 —May 22	....	....	....
Chicago Terminal Transfer	20	7¾	18¼—Jan. 19	9¾ Apr. 19	14	12	13
" preferred	42½	17½	42¾—Jan. 22	27 —Apr. 27	28⅞	28⅞	28⅞
Clev., Cin., Chic. & St. Louis	111	90	109⅞—Jan. 15	90¼—May 2	95⅛	90⅛	93¾
Col. Fuel & Iron Co.	59	38	83⅝—Jan. 26	40⅛—May 2	55⅛	44⅛	55
Colorado Southern	30⅛	22¼	37 Jan. 24	29⅛—Jan. 4	37	31⅛	37
" 1st preferred	69⅞	52	73⅛—Feb. 20	66⅛—Apr. 30	70⅝	67	70⅝
" 2d preferred	55	32½	56¾—Jan. 12	43 —May 2	52¾	45	52⅝
Consolidated Gas Co.	214	175	181¾—Jan. 23	130⅝—Apr. 27	141	132½	138¼
Delaware & Hud. Canal Co.	240¾	178½	231 —June 12	189 —May 2	221½	205	218¾
Delaware, Lack. & Western	498½	335	560 —May 24	437¾—May 2	550	490	550
Denver & Rio Grande	39¾	27¼	51⅞—Jan. 26	36⅝—May 2	44	37⅞	43⅝
" preferred	91¼	83¾	91⅛—Jan. 22	83⅛—July 3	85	83⅛	85
Duluth So. S. & Atl., pref.	46¾	21	45 —Jan. 11	32 —Apr. 28	38	33¼	38
Erie	52¾	37½	50⅞—Jan. 16	38⅛—May 2	43⅛	38⅛	43⅛
" 1st pref.	85½	74⅞	83 —Jan. 15	75 —May 2	79	75⅞	79
" 2d pref.	78⅝	55½	76⅝—Jan. 16	62⅛—Apr. 27	70¾	64¾	70¾
Express Adams	250	236	251 —July 3	240 June 14	251	240	250
" American	246	209½	249½—Jan. 26	215 Apr. 26	226	222	225
" United States	134	110	138½—Jan. 26	109 —May 1	124	121	124
" Wells, Fargo	260	227	286 —June 12	233 —Mar. 19	280	275	280
Great Northern Pref.	335	236	348 —Feb. 9	275 —May 2	298¼	275	295⅞
Hocking Valley	121½	86⅝	135 —Apr. 24	113⅛—Feb. 8	126½	126	126½
" preferred	97¼	90	99⅝—June 1	93 —May 2	95¼	94⅝	95
Illinois Central	183	125¾	184½—June 7	164 —May 2	180	171¾	178⅝
Iowa Central	32	24	34¾—Jan. 12	24 —July 12	27	24	26¾
" preferred	61	50	63¾—Jan. 18	48 —July 17	52½	48	51½
Kansas City Southern	36¼	22⅛	37⅝—Jan. 5	22⅞—July 3	27	22⅞	26⅛
" preferred	70	52	71 —Jan. 5	49 —July 12	54⅛	49	55
Kans. City Ft. S. & Mem. pref.	87	81⅝	84½—Feb. 7	79½—July 26	80	79½	79½
Lake Erie & Western	47½	28¼	44⅞—Jan. 12	27½—July 3	35	27½	35
Louisville & Nashville	157⅝	134½	156½—Jan. 19	136¼—May 2	144¼	138½	143⅞
Manhattan consol	175	161	162 —Jan. 26	147½—July 14	149½	147½	147⅝
Metropolitan securities	91	68⅝	75⅞—May 11	70⅛—May 2	....	....	....
Metropolitan Street	133	114	118¾—Apr. 4	103 —July 12	107½	103	107½
Mexican Central	26	18¼	26⅝ Jan. 19	18⅝—May 2	21⅝	19	20¾
Minneapolis & St. Louis	84¾	56½	84¼—Jan. 11	64 —July 6	66	64	64
Minn., S. P. & S.S. Marie	145	89½	164 —Mar. 24	141½ Jan. 4	154	150	152½
" preferred	173	148	183¾—Jan. 11	163½—Apr. 30	171¾	170	171¾

ACTIVE STOCKS, COMPARATIVE PRICES AND QUOTATIONS.—*Continued.*

	Year 1905.		Highest and Lowest in 1906.		July, 1906.		
	High.	*Low.*	*Highest.*	*Lowest.*	*High.*	*Low.*	*Closing.*
Missouri, Kan. & Tex.	39½	24	40⅝—Jan. 12	29 —May 2	34¼	31	34⅛
" preferred	73	56¼	74⅜—Jan. 18	64¼—Apr. 27	68⅝	65¼	68⅝
Missouri Pacific	110⅞	94½	106¾—Jan. 20	85½—May 2	94½	87¾	93½
Natl. of Mexico, pref.	45	33⅛	41 —Mar. 14	36 —Apr. 27	40	37	39½
" 2d preferred	24⅛	17¾	21¾—Feb. 24	18¼ —June 16	19¼	19	19¼
N. Y. Cent. & Hudson River	167¾	136¾	156¼—Jan. 8	127¾—July 2	137½	127¾	137
N. Y., Chicago & St. Louis	76¼	42	73½—Apr. 17	59 —Mar. 5	68	61	66¾
" 2d preferred	95	74	91¾—Jan. 9	80 —May 3	90	83	89½
N. Y., Ontario & Western	64	40⅝	57¼—Jan. 27	43¾—May 2	48⅛	45¼	47¼
Norfolk & Western	88⅛	76	93½—Feb. 1	84 —Feb. 28	90½	85	90
" preferred	96	91⅛	96 —Jan. 6	89½—Apr. 12	92	90⅛	92
North American Co.	107	95⅝	107 —Jan. 12	91½—July 14	95¾	91⅛	95¾
Northern Pacific	216½	165	232½—Feb. 14	179¼—May 2	205½	190	203½
Pacific Mail	53¾	33	51½ Jan. 19	28¾—June 29	36¼	30	35
Pennsylvania R. R.	148	131½	147½—Jan. 23	122½ July 2	130¾	122½	130⅛
People's Gas & Coke of Chic.	115⅛	97¼	103 —Jan. 2	88 —July 13	93	88	92½
Pullman Palace Car Co.	258	230	247¾—Jan. 15	218 —July 9	230	218	230
Reading	143¾	79	164 —Jan. 23	112 —May 2	132	116⅛	131¼
" 1st prefered	97	90	96 —Jan. 22	89½—Mar. 1	93	92	92
" 2d preferred	101	84	102 —Jan. 20	90 —Apr. 30	90	90	90
Rock Island	37⅞	21¾	28⅝—Apr. 2	22⅛—July 13	25¾	22⅛	25¾
" preferred	85	60½	68⅝—Mar. 31	60 —July 2	64¼	60	63¾
St. L. & San Fran. 2d pref.	73½	45	51¼—Feb. 6	40½ —July 17	45¾	40½	43½
St. Louis & Southwestern	27½	20	27⅞—Jan. 19	20⅛—May 2	22½	20⅛	22¼
" preferred	66⅝	55	61½—Jan. 24	48¾—May 2	53¾	49	53
Southern Pacific Co.	72⅝	57¾	74⅛—July 31	61 —May 2	74⅛	63¼	74⅛
Southern Railway	38	28	42⅞—Jan. 26	35 —May 2	36¾	32¼	36¾
" preferred	102½	95	103 —Jan. 16	97½—July 16	99¼	97½	98¾
Tennessee Coal & Iron Co.	148	68	165 —Jan. 12	129 - Jan. 2			
Texas & Pacific	41	29¾	39¾—Jan. 24	28 —May 2	156	140⅛	156
Toledo, St. Louis & Western	43¾	34⅛	40½—Jan. 19	25¼—July 2	33⅝	29⅛	32⅞
" preferred	65	51¾	59⅞—Jan. 19	43 —July 13	27¾	25¼	28⅞
					47⅞	43	47½
Union Pacific	151¼	113	160½—Jan. 24	138½—May 2	152¾	139¾	152¾
" preferred	101⅝	95⅛	99¼—Jan. 2	91½—May 2	94⅞	92¾	94
Wabash R. R.	24¼	17⅛	26⅛—Jan. 24	18⅞—July 12	20⅛	18⅞	20
" preferred	48	37	58⅝—Feb. 27	40½—Jan. 3	48	44	47⅞
Western Union	95½	92	94¼—Jan. 26	91 —Mar. 20	92½	91	92
Wheeling & Lake Erie	19¾	15	21¾—Feb. 6	16 —Apr. 28	18⅝	17	18⅝
" second preferred	28½	20	29½—Feb. 6	22 —Apr. 27	25	22⅛	24
Wisconsin Central	33⅛	20	33 —Jan. 17	23 —May 2	25¼	23	25⅛
" preferred	64⅛	45	64 —Jan. 15	44 —July 2	47¾	44	47¾
"INDUSTRIAL"							
Amalgamated Copper	111¾	70	118¼—Feb. 13	92⅝ July 13	101¾	92¾	101¼
American Car & Foundry	43⅝	31	47½—Jan. 24	32¾—July 13	38	32¾	37¾
" pref.	104½	91¾	105 —Jan. 24	98½—July 13	101	98⅛	100¾
American Co. Oil Co.	40⅛	27¾	44¼—Jan. 11	28 —May 2	33¼	28⅛	32⅝
American Ice	36	24¾	65½ —July 31	35¼—Jan. 2	65½	54⅛	65⅝
American Locomotive	76¼	33	78½—Jan. 8	53¾—May 2	72¾	62½	72⅝
" preferred	122¾	133¾	120¼—Jan. 16	110½—May 2	114⅛	114	114
Am. Smelting & Refining Co.	170⅝	79¾	174 —Jan. 18	138½—May 2	153¼	141	153
" preferred	137	111¼	130 —Jan. 12	114 —June 28	118⅝	114⅛	118
Am. Steel & Foundries	18⅝	6⅞	15¼—Jan. 17	10 —Apr. 30	11⅞	10	11¾
" pref.	67½	35⅛	53¼—Jan. 17	40 —May 2	45	40⅛	44
American Sugar Ref. Co.	154⅜	130	157 —Jan. 8	127½—May 2	138⅛	127½	138⅝
American Tobacco, pref.	109⅝	91⅞	109 —Jan. 22	96 —July 3	101	96	100¾
Anaconda Copper Mining	295	100½	300 —Feb. 13	223½—May 4	254	223½	253½
Central Leather	47⅛	40	49⅞—Jan. 24	34½—July 3	40½	34½	39¾
" preferred	105⅞	102½	107½—Jan. 24	100 —July 3	103½	100	102½
Corn Products, Ref'g	22¾	8¾	28 —Apr. 4	18¼—July 3	20⅞	18¼	20⅛
" preferred	79	40	85¾—Apr. 2	74½—May 2	79	76	78
Distillers Securities	54⅛	34⅞	65¼—May 9	51 —Jan. 30	60⅛	54⅛	59¾
Federal Min'g & Smelt., pref.	110½	75	112⅞—Jan. 22	91 —July 3	96½	91	95¾
General Electric Co.	192	169	181¼—Jan. 9	160¼ July 13	167¾	160¼	167
International Paper Co.	25¼	18⅛	26¼—Jan. 15	17 —July 2	19⅝	17	19⅛
" preferred	88¼	76	90 —Jan. 12	82½—Mar. 15	84⅛	82⅝	84
International Power	100	48	95 —Jan. 29	48 —June 30	48	48	48
International Steam Pump	40⅞	26	60 —May 8	27 —Jan. 2	48	37	46¾
National Biscuit	69½	52	71¼—Feb. 6	62 —May 2	68¼	62¼	8¼
National Lead Co.	89½	24½	95⅝—Jan. 19	66 —May 2	80½	71½	79¾
Pressed Steel Car Co.	58⅞	34	64⅝—Jan. 24	43 —May 2	50¾	43	50⅝
" preferred	101½	87	105 —Feb. 1	95 —May 2	99⅞	95	99½
Republic Iron & Steel Co.	36⅛	15	39 —Jan. 12	22¼—May 2	29¼	24	28¾
" preferred	108	67	110½ Jan. 9	91 —May 2	99¾	92½	99½
U. S. Rubber Co.	58½	33¾	58½—Jan. 22	38 —July 13	45¼	38	43¾
" 1st preferred	118½	98⅝	115 —Jan. 15	104¾—July 13	108½	104¾	106¾
U. S. Steel	43¼	24⅞	46¼—Jan. 20	32⅝—July 13	40	32⅝	40
" pref.	107	90¾	113¼—Jan. 20	98¾—July 3	107½	98¾	107

RAILWAY, INDUSTRIAL AND GOVERNMENT BONDS.

LAST SALE, PRICE AND DATE AND HIGHEST AND LOWEST PRICES AND TOTAL SALES FOR THE MONTH.

NOTE.—The railroads enclosed in a brace are leased to Company first named.

NAME. *Principal Due.*	*Amount.*	*Int'st Paid.*	LAST SALE.		JULY SALES.		
			Price.	*Date.*	*High.*	*Low.*	*Total.*
Ann Arbor 1st g 4's 1995	7,000,000	Q J	91	July 27,'06	92	90	23,000
Atch., Top. & S. F.							
Atch Top & Santa Fe gen g 4's. 1995	148,155,000	A & O	102⅝	July 31,'06	103½	101⅝	675,000
" registered	....	A & O	103⅜	July 26,'06	103⅜	101⅝	6,000
" adjustment, g. 4's 1995	25,616,000	NOV	94¾	July 31,'06	95	94¼	107,000
" registered	....	NOV	95	Sep. 11,'05	....	....	....
" stamped 1995	26,112,000	M & N	92¼	July 31,'06	93	92	140,000
" registered	....	M & N	96	Feb. 19,'06	....	....	....
" fifty-yearconv. g.4's.. 1955	39,318,000	J & D	102	July 31,'06	102	100¼	1,099,000
" registered	....	J & D	....	....	....	....	....
" serial debenture 4's—							
" series E 1907	2,500,000	F & A	99⅝	May 2,'05	....	....	....
" registered	....	F & A	....	....	....	....	....
" series F 1908	2,500,000	F & A	98¾	Apr. 10,'04	....	....	....
" registered	....	F & A	....	....	....	....	....
" series G 1909	2,500,000	F & A	100½	Jan. 19,'06	....	....	....
" registered	....	F & A	....	....	....	....	....
" series H 1910	2,500,000	F & A	99½	Jan. 10,'05	....	....	....
" registered	....	F & A	....	....	....	....	....
" series I 1911	2,500,000	F & A	98½	Nov. 23,'04	....	....	....
" registered	....	F & A	....	....	....	....	....
" series J 1912	2,500,000	F & A	....	....	....	....	....
" registered	....	F & A	....	....	....	....	....
" series K 1913	2,500,000	F & A	97	Oct. 26,'04	....	....	....
" registered	....	F & A	....	....	....	....	....
" series L 1914	2,500,000	F & A	92⅞	Nov. 10,'02	....	....	....
" registered	....	F & A	....	....	....	....	....
" East.Okla.div.1stg.4's. 1928	6,128,000	M & S	99½	Feb. 23,'06	....	....	....
" " registered	....	M & S	....	....	....	....	....
" Chic. & St. L. 1st 6's... 1915	1,500,000	M & S	....	....	....	....	....
Atlan.Coast LineR.R.Co.1stg.4's. 1952	43,141,000	M & S	100	July 31,'06	100½	99⅜	278,000
" registered		M & S	102	Nov. 27,'05	....	....	....
Charleston& Savannah 1st g.7's. 1936	1,500,000	J & J	108¾	Dec. 13,'99	....	....	....
Savanh Florida & W'n 1st g.6's. 1934	4,056,000	A & O	132⅞	Jan. 30,'06	....	....	....
" 1st g. 5's 1934	2,444,000	A & O	112⅝	Jan. 26,'04	....	....	....
Alabama Midland 1st gtd g. 5's. 1928	2,800,000	M & N	114⅝	Nov. 14,'05	....	....	....
Brunswick & W'n 1st gtd.g.4's. 1938	3,000,000	J & J	99½	Mar. 30,'06	....	....	....
"L'ville & Nash. col." g. 4's 1952	35,000,000	M & N	92¼	July 27,'06	92¼	90½	167,000
" registered	....	M & N	....	....	....	....	....
Sil.SpsOc.& G.RR.&ldg.gtdg.4s. 1918	1,067,000	J & J	98	May 31,'06	....	....	....
Balt. & Ohio prior lien g. 3½s.. 1925	72,822,000	J & J	94	July 31,'06	95¼	93½	178,500
" registered		J & J	95	June 20,'06	....	....	....
" g. 4s 1948	70,963,000	A & O	102⅞	July 31,'06	103⅝	102½	194,000
" g. 4s. registered		A & O	102¼	July 21,'06	102¾	102⅛	3,000
" Pitts. Junc. 1st g.6 's 1922	478,000	J & J	120	Oct. 11,'01	....	....	....
Pitt Jun. & M. div. 1st g. 3½s. 1925	11,293,000	M & N	91	June 20,'06	....	....	....
" registered		QFeb	....	....	....	....	....
Pitt L. E. & West Va. System refunding g 4s 1941	31,347,000	M & N	97¼	July 30,'06	97⅞	97¼	69,000
" Southw'n div. 1st g.3½s. 1925	43,590,000	J & J	90¾	July 30,'06	91¼	90¼	174,000
" registered		Q J	92⅛	June 23,'05	....	....	....
Monongahela River 1st g. g., 5's 1919	700,000	F & A	108½	July 13,'05	....	....	....
Cen. Ohio. Reorg. 1st c. g. 4½'s, 1903	1,009,000	M & S	109	Apr. 25,'05	....	....	....
Ptsbg Clev. & Toledo, 1st g.6's.. 1922	441,000	A & O	119½	Mar. 7,'04	....	....	....
Pittsburg & Western, 1st g.4's... 1917	633,000	J & J	97	July 12,'06	97	97	3,000
Buffalo, Roch. & Pitts. g. g. 5s... 1937	4,427,000	M & S	119½	July 16,'06	119½	119½	20,000
Alleghany & Wn. 1st g. gtd 4's. 1998	2,000,000	A & O	....	....	....	....	....
Clearfield & Mah. 1st g. g. 5's.... 1943	650,000	J & J	128	June 6,'02	....	....	....
Rochester & Pittsburg. 1st 6's.. 1921	1,300,000	F & A	124	Apr. 26,'06	....	....	....
" cons. 1st 6's, ... 1922	3,920,000	J & D	128½	Feb. 23,'06	....	....	....
Buff. & Susq. 1st refundg g. 4's.. 1951	6,521,000	J & J	95½	July 23,'06	96½	95½	7,000
registered		J & J	....	....	....	....	....

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NAME. Principal Due	Amount.	Int'st Paid.	LAST SALE. Price.	LAST SALE. Date.	JULY SALES. High.	JULY SALES. Low.	JULY SALES. Total.
Canada Southern 1st int. gtd 5's, 1908	14,000,000	J & J	101	July 31,'06	101	100¼	167,000
" 2d mortg. 5's, ...1913	6,000,000	M & S	105¼	July 13,'06	105¼	105¼	6,000
" registered....		M & S	105¼	Jan. 3,'04	....	....	....
Central Branch U. Pac. 1st g. 4's. 1948	2,500,000	J & D	95	Mar. 22,'06	....	....	....
Central R'y of Georgia, 1st g. 5's. 1945	7,000,000	F & A	119	May 3,'06	....	....	....
" registered $1,000 & $5,000		F & A	....		....	....	....
" con. g. 5's....1945	16,700,000	M & N	111⅛	July 31,'06	111¾	111⅛	138,000
" con. g. 5's, reg. $1,000 & $5,000		M & N	113	Apr. 17,'06	....	....	....
" 1st. pref. inc. g. 5's, ...1945	2,359,000	OCT 1	98	July 19,'06	98	98	10,000
" " stamped....	1,641,000	OCT 1	97¼	July 12,'06	97⅛	96⅛	10,000
" 2d pref. inc. g. 5's....1945	3,012,000	OCT 1	89	July 27,'06	89	89	30,000
" " stamped....	3,998,000	OCT 1	90	July 28,'06	91	89½	79,000
" 3d pref. inc. g. 5's....1945	2,325,000	OCT 1	88	July 14,'06	88	88	5,000
" " stamped....	1,675,000	OCT 1	88	July 12,'06	88	88	5,000
" Chat. div. pur. my. g. 4's. 1951	2,057,000	J & D	93	June 29,'06	....	....	....
" Macon & Nor. Div. 1st g. 5's....1946	840,000	J & J	104	Feb. 19,'04	....	....	....
" Mid. Ga. & Atl. div. g 5s. 1947	413,000	J & J	110⅝	Sept. 5,'05	....	....	....
" Mobile div. 1st g. 5's....1946	1,000,000	J & J	115⅛	Aug. 3,'05	....	....	....
Cent. R. & Bkg. Co. of Ga. c. g. 5's, 1937	4,880,000	M & N	108¾	Aug. 4,'05	....	....	....
Central of New Jersey, gen. g. 5's....1987	45,091,000	J & J	128	July 30,'06	128	125¾	20,000
" registered....		Q J	125¼	June 23,'06	....	....	....
Am. Dock & Improvm't Co. 5's, 1921	4,987,000	J & J	112¾	May 17,'06	....	....	....
Lehigh & H. R. gen. gtd g. 5's.. 1920	1,062,000	J & J	....		....	....	....
Lehigh & W.-B. Coal con. 5's... 1912	2,691,000	Q M	102	Mar. 7,'06	....	....	....
" con. extended gtd. 4½'s. 1910	12,175,000	Q M	102	July 23,'06	102	100⅛	8,000
N.Y. & Long Branch gen. g. 4's. 1941	1,500,000	M & S	....		....	....	....
Ches. & Ohio 6's, g., Series A.... 1908	2,000,000	A & O	104	June 15,'06	....	....	....
" Mortgage gold 6's.... 1911	2,000,000	A & O	107	May 16,'06	....	....	....
" 1st con. g. 5's.... 1939	25,858,000	M & N	117⅛	July 31,'06	118	117¼	24,000
" registered....		M & N	116	June 6,'06	....	....	....
" Gen. m. g. 4½'s.... 1992	41,573,000	M & S	107⅛	July 31,'06	107⅞	107	99,000
" registered....		M & S	104	May 23,'06	....	....	....
" Craig Val. 1st g. 5's.... 1940	650,000	J & J	112	Feb. 28,'06	....	....	....
" (R. & A. d.) 1st c. g. 4's, 1989	6,000,000	J & J	100¾	July 19,'06	101	100⅝	5,000
" 2d con. g. 4's.... 1989	1,000,000	J & J	96¾	May 11,'06	....	....	....
" Warm S. Val. 1st g. 5's, 1941	400,000	M & S	113¼	Feb. 17,'05	....	....	....
Greenbrier Ry. 1st gtd. 4's.... 1940	2,000,000	M & N	99¾	Feb. 2,'06	....	....	....
Chic. & Alton R. R. ref. g. 3's.... 1949	37,350,000	A & O	80¼	July 30,'06	81	80¼	15,000
" " registered....		A & O	....		....	....	....
Chic. & Alton Ry 1st lien g. 3½'s. 1950	22,000,000	J & J	76¾	July 24,'06	78	76¾	18,000
registered....		J & J	80¼	Mar. 4,'05	....	....	....
Chicago, Burl. & Quincy:							
" Denver div. 4's.... 1922	4,534,000	F & A	102⅝	July 19,'06	102⅝	102⅝	10,000
" Illinois div. 3½s.... 1949	50,835,000	J & J	91¼	July 28,'06	91¾	91⅛	86,000
" registered....		J & J	96⅛	Feb. 24,'05	....	....	....
" Illinois div. 4s.... 1949	10,806,000	J & J	101¼	July 31,'06	102¼	101	876,000
" registered....		J & J	....		....	....	....
" (Iowa div.) sink. f'd 5's, 1919	2,329,000	A & O	110¼	Jan. 5,'05	....	....	....
" 4's.... 1919	7,712,000	A & O	101⅝	June 21,'06	....	....	....
" Nebraska extensi'n 4's, 1927	24,791,000	M & N	103	July 19,'06	103	102⅝	54,000
" registered....		M & N	104¼	May 8,'06	....	....	....
" Southwestern div. 4's.. 1921	2,382,000	M & S	99	July 17,'05	99	99	4,000
" 4's joint bonds.... 1921	215,225,000	J & J	98¼	July 31,'06	98¼	97	949,000
" " registered....		Q JAN	97¾	July 30,'06	98	97¼	84,000
" 5's, debentures.... 1913	9,000,000	M & N	104¼	July 27,'06	104¼	104¼	5,000
Han. & St. Jos. con. 6's.... 1911	8,000,000	M & S	110	June 18,'06	....	....	....
Chic. & E. Ill. 1st g. 4's ref. & imp.. 1955	5,000,000	J & J	95⅝	June 18,'06	....	....	....
" registered....		J & J			....	....	....
Chicago & E. Ill. 1st s. f'd c'y. 6's. 1907	2,989,000	J & D	102¼	June 7,'06	....	....	....
" small bonds....		J & D	103¼	July 8,'04	....	....	....
" 1st con. 6's, gold.... 1934	2,653,000	A & O	132	July 18,'06	132	132	1,000
" gen. con. 1st 5's.... 1937	16,529,000	M & N	116⅞	July 24,'06	117	116⅞	7,000
" registered....		M & N	118⅛	Feb. 26,'06	....	....	....
Chicago & Ind. Coal 1st 5's.... 1936	4,626,000	J & J	115	July 25,'06	115	114⅛	7,000
Chicago, Indianapolis & Louisville.							
" refunding g. 6's.... 1947	4,700,000	J & J	130	July 14,'06	130¼	130	15,000
" ref. g. 5's.... 1947	4,942,000	J & J	114⅛	June 15,'06	....	....	....
Louisv. N. Alb. & Chic. 1st 6's.. 1910	3,000,000	J & J	107⅛	June 18,'06	....	....	....
Chicago, Milwaukee & St. Paul.							
Chic. Mil. & St. Paul term. g 5's. 1914	4,748,000	J & J	108⅛	Mar. 27,'06	....	....	....
" gen. g. 4's, series A.... 1989	23,676,000	J & J	108⅛	July 24,'06	108⅛	108⅛	5,000
" registered....	....	Q J	109⅛	June 18,'04	....	....	....

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" gen. g. 3½'s, series B.	1989	8,950,000	J & J	93⅝	June29,'06			
" registered			J & J					
" Chic. & Lake Sup. 5's,	1921	1,360,000	J & J	115¼	Oct. 24,'05			
" Chic. & M. R. div. 5's,	1926	3,083,000	J & J	115¾	June20,'06			
" Chic. & Pac. div. 6's,	1910	3,000,000	J & J	108	Apr. 28 '06			
" 1st Chic. & P. W. g. 5's.	1921	25,340,000	J & J	114	June18,'06			
" Dakota & Gt. S. g. 5's.	1916	2,856,000	J & J	110	June25,'06			
" Far. & So. g. 6's assu...	1924	1,250,000	J & J	137½	July 18,'98			
" 1st H'st & Dk. div. 7's,	1910	5,680,000	J & J	113	June20,'06			
" 1st 5's	1910	990,000	J & J	106	Aug. 3,'04			
" 1st 7's, Iowa & D, ex.	1908	546,000	J & J	182½	Apr. 5,'06			
" 1st 5's, La. C. & Dav...	1919	2,500,000	J & J	111½	May 17,'06			
" Mineral Point div. 5's,	1910	2,840,000	J & J	106⅝	Apr. 3,'05			
" 1st So. Min. div. 6's...	1910	7,432,000	J & J	108¾	June 8,'06			
" 1st 6's, Southw'n div.,	1909	4,000,000	J & J	105	July 12,'06	105	105	2,000
" Wis. & Min. div. g. 5's.	1921	4,755,000	J & J	112¾	Apr. 7,'06			
" Mil. & N. 1st M. L. 6's.	1910	2,155,000	J & D	108¾	Mar. 17,'06			
" 1st con. 6's	1913	5,092,000	J & D	115	Feb. 10,'06			
Chic. & Northwestern con. 7's...	1915	12,832,000	Q F	122⅝	July 17,'06	122⅝	122⅝	51,000
" extension 4's	1886-1926	18,632,000	F A 15	102¼	July 2,'06	102¼	102¼	1,000
" registered			F A 15	101	July 16,'06	101	101	2,000
" gen. g. 3½'s	1987	20,538,000	M & N	98¼	July 5,'06	98¼	98¼	11,000
" registered			Q F	103	Nov.19,'98			
" sinking fund 6's..	1879-1929	5,686,000	A & O	113	June14,'06			
" registered			A & O	114½	Feb. 7,'06			
" sinking fund 5s'..	1879-1929	6,702,000	A & O	109	July 24,'06	109¾	109	2,000
" registered			A & O	107½	June 5,'06			
" deben. 5's	1909	5,618,000	M & N	102¾	July 20,'06	102¾	102¾	1,000
" registered			M & N	104	Mar. 3,'04			
" deben. 5's	1921	10,000,000	A & O	105½	July 2,'06	105½	105½	1,000
" registered			A & O	108¾	Jan. 12,'04			
" sinking f'd deben. 5's.	1933	9,800,000	M & N	113	July 25,'06	113	113	8,000
" registered			M & N	117	Feb. 8,'06			
Des Moines & Minn. 1st 7's	1907	600,000	F & A	127	Apr. 8,'84			
Northern Illinois 1st 5's	1910	1,500,000	M & S	105¼	Dec. 11,'05			
Ottumwa C. F. & St. P. 1st 5's..	1909	1,600,000	M & S	104	Dec. 5,'05			
Winona & St. Peters 2d 7's	1907	1,592,000	M & N	102¼	June 1,'06			
Mil., L. Shore & We'n 1st g. 6's.	1921	5,000,000	M & N	123½	July 11,'06	123½	123½	1,000
" ext. & impt. s. f'd g. 5's	1929	4,148,000	F & A	117⅝	June22,'06			
" Ashland div. 1st g. 6's	1925	1,000,000	M & S	142½	Feb. 10,'02			
" Michigan div. 1st g. 6's.	1924	1,281,000	J & J	128½	Feb. 27,'06			
" con. deb. 5's	1907	436,000	F & A	105½	Sept.18,'05			
" incomes	1911	500,000	M & N	109	Sept. 9,'02			
Chic., Rock Is. & Pac. 6's coup...	1917	12,500,000	J & J	117½	July 12,'06	118	117½	2,000
" registered	1917		J & J	117½	July 14,'06	117½	117½	5,000
" gen. g. 4's	1988	61,581,000	J & J	100½	July 31,'06	100⅝	100	92,000
" registered			J & J	100	July 14,'06	100⅛	99	16,000
" refunding 4s	1934	44,342,000	A & O	93¾	July 31,'06	94	93½	203,000
" registered			A & O	96	Nov.29,'05			
" coll. tr. ser. 4's.								
" E	1907	1,494,000	M & N					
" F	1908	1,494,000	M & N					
" G	1909	1,494,000	M & N	97½	June14,'06			
" H	1910	1,494,000	M & N	97	July14,'04			
" I	1911	1,494,000	M & N	97½	May 26,'05			
" J	1912	1,494,000	M & N	96¾	Dec. 19,'05			
" K	1913	1,494,000	M & N					
" L	1914	1,494,000	M & N	96¼	May 26,'05			
" M	1915	1,494,000	M & N	96	Nov.11,'05			
" N	1916	1,494,000	M & N	93	May 24 '04			
" O	1917	1,494,000	M & N	89½	May 1,'06			
" P	1918	1,494,000	M & N	90	May 11,'04			
Chic. Rock Is. & Pac. R.R. 4's..	2002	69,938,000	M & N	77¼	July 31,'06	77½	75¼	499,000
" registered			M & N	79	Dec. 19,'05			
" coll. trust g. 5's	1913	17,342,000	M & S	91½	July 30,'06	91½	90	126,000
Burlington, Cedar R. & Northern.								
" con. 1st & col. tst 5's.	1934	11,000,000	A & O	117¾	July 10,'06	117¾	117¾	2,000
" registered			A & O	120½	Mar. 16,'03			
Ced. Rap Ia. Falls & Nor. 1st 5's.	1921	1,905,000	A & O	111	Nov.20,'04			
Minneap's & St. Louis 1st 7's. g,	1927	150,000	J & D	140	Aug. 24,'95			
Choc., Okla. & Glf. gen. g. 5s,...	1919	5,500,000	J & J	105	May 8,'06			
" con. g. 5's	1952	5,411,000	J & J	111	May 17,'05			
Keokuk & Des M. 1st mor. 5's..	1923	2,750,000	A & O	108	Apr. 7,'06			
small bond	1923	....	A & O	110¾	Mar. 3,'06			

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Chic., St.P., Minn. & Oma. con. 6's	1930	15,000,000	J & D	131⅛	July 30,'06	132½	131	10,000
• con. 6's reduced to 3½'s	1930	2,000,000	J & D	93	Dec. 19,'04	....	....	....
Chic., St. Paul & Minn. 1st 6's	1918	1,572,000	M & N	133	June 27,'06	....	....	....
North Wisconsin 1st mort. 6's	1930	841,000	J & J	129¾	Mar. 3,'04	....	....	....
St. Paul & Sioux City 1st 6's	1919	6,070,000	A & O	120¾	June 8,'06	....	....	....
Chic., Term. Trans. R. R. g. 4's	1947	15,135,000	J & J	98¼	July 19,'06	98¼	98¼	2,000
• coupons off	....			98¼	July 18,'06	98¼	98¼	4,000
Chic. & Wn. Ind. gen'l g. 6's	1932	8,963,000	Q M	113½	June 26,'06	....	....	....
• con. 50 yr. 4's	1952	17,143,000	J & J	98½	July 10,'06	98½	98½	5,000
Cin., Ham. & Day 2d g. 4½'s	1937	2,000,000	J & J	113	Oct. 10,'19	....	....	....
Cin., Day. & Ir'n 1st gt. dg. 5's	1941	3,500,000	M & N	107½	July 12,'06	107½	107½	1,000
Cin. Find. & Ft. W. 1st gtd g. 4's	1923	1,150,000	M & N	....	....	....	....	....
Cin. Ind. & Wn. 1st & ref. gtd g. 4's	1953	4,672,000	J & J	91	Mar. 27,'06	....	....	....
Clev., Cin., Chic. & St.L. gen. g. 4's	1993	20,749,000	J & D	102⅜	July 27,'06	103¼	102	87,000
• do Cairo div. 1st g. 4's	1939	5,000,000	J & J	100	July 30,'06	100¼	100	6,000
Cin., Wab. & Mich. div. 1st g. 4's	1991	4,000,000	J & J	100	June 14,'06	....	....	....
St. Louis div. 1st col. trust g. 4's	1990	9,750,000	M & N	99⅝	July 25,'06	100⅛	99⅝	4,000
• registered	....			100	Oct. 3,'04	....	....	....
Sp'gfield & Col. div. 1st g. 4's	1940	1,035,000	M & S	99¾	Feb. 8,'05	....	....	....
White W. Val. div. 1st g. 4's	1940	650,000	J & J	94½	Aug. 31,'03	....	....	....
Cin., Ind., St. L. & Chic. 1st g. 4's	1936	7,545,000	Q F	100⅛	July 30,'06	100¼	100⅛	1,000
• registered	....			101	May 21,'06	....	....	....
• con. 6's	1920	654,000	M & N	105	Jan. 22,'04	....	....	....
Cin., S'dusky & Clev. con. 1st g. 5's	1928	2,571,000	J & J	113¼	June 5,'06	....	....	....
Clev., C., C. & Ind. con. 7's	1914	3,991,000	J & D	118½	July 16,'06	118½	118½	1,000
• sink. fund 7's	1914		J & D	119⅝	Nov. 19,'89	....	....	....
• gen. consol 6's	1934	3,205,000	J & J	134	Feb. 15,'06	....	....	....
• registered	....		J & J	....	....	....	....	....
Ind. Bloom. & West. 1st pfd 4's	1940	981,500	A & O	104½	Nov. 19,'01	....	....	....
Ohio, Ind. & W., 1st pfd. 5's	1938	500,000	Q J	....	....	....	....	....
Peoria & Eastern 1st con. 4's	1940	8,103,000	A & O	98½	July 23,'06	98½	98	21,000
• income 4's	1990	4,000,000	A	72	July 21,'06	72½	70	55,000
Clev., Lorain & Wheel'g con. 1st 5's	1933	5,000,000	A & O	115½	Mar. 29,'06	....	....	....
Clev., & Mahoning Val. gold 5's	1938	2,936,000	J & J	116½	Jan. 23,'05	....	....	....
• registered	....		Q J	....	....	....	....	....
Col. Midld Ry. 1st g. 4's	1947	8,946,000	J & J	74	July 30,'06	74½	71	82,000
Colorado & Southern 1st g. 4's	1929	19,103,000	F & A	94	July 30,'06	94	93½	93,000
Conn., Passumpsic Riv's 1st g. 4's	1943	1,900,000	A & O	102	Dec. 27,'93	....	....	....
Delaware, Lack. & W. mtge 7's	1907	3,067,000	M & S	104¾	Apr 11,'06	....	...	....
Morris & Essex 1st m 7's	1914	5,000,000	M & N	120	June 20,'06	....	....	....
• 1st c. gtd 7's	1915	11,677,000	J & D	121	July 16,'06	121	121	1,000
• registered	....		J & D	127	June 23,'05	....	....	....
• 1st refund. gtd. g. 3½'s	2000	7,000,000	J & D	....	....	....	....	....
N. Y., Lack. & West'n. 1st 6's	1921	12,000,000	J & J	126⅛	Mar. 9,'06	....	....	....
• const. 5's	1923	5,000,000	F & A	112	Mar. 24,'06	....	....	....
• terml. imp. 4's	1923	5,000,000	M & N	102⅜	July 30,'06	102⅜	102⅜	2,000
Syracuse, Bing. & N. Y. 1st 7's	1906	1,966,000	A & O	101½	May 15,'06	....	....	....
Warren Rd. 1st rfdg. gtd g. 3½'s	2000	905,000	F & A	102	Feb. 2,'03	....	....	....
Delaware & Hudson Canal.								
• 1st Penn. Div. c. 7's	1917	5,000,000	M & S	133	Feb. 13'06	....	....	....
• reg	1917		M & S	149	Aug. 5,'01	....	....	....
• 10 y. con. del. c'p'n 4's	1916	11,789,000	J & D	109	July 31,'06	110	107½	622,000
Alb. & Sus. cuv. con. 40y. g. 3½'s	1946	10,000,000	A & O	112½	July 30,'06	113	109¾	32,000
• registered	....		A & O	....	....	....	....	....
Rens. & Saratoga 1st 7's	1921	2,000,000	M & N	142½	Mar. 10,'05	....	....	....
Denver & Rio G. 1st con. g. 4's	1936	33,450,000	J & J	99½	July 31,'06	100½	99½	18,500
• con. g. 4½'s	1936	6,382,000	J & J	108	Mar. 24,'06	....	....	....
• impt. m. g. 5's	1928	8,318,500	J & D	107	July 27,'06	107	107	2,000
Rio Grande Western 1st g. 4's	1939	15,200,000	J & J	94½	July 30,'06	96½	94¼	24,000
• mge. & col. tr. g. 4's ser. A.	1949	13,336,000	A & O	88⅝	July 16,'06	88⅝	88⅝	12,000
Utah Central 1st gtd. g. 4's	1917	550,000	A & O	97	Jan. 3,'02	....	....	....
Des Moines Union Ry 1st g. 5's	1917	628,000	M & N	110	Sept. 30,'04	....	....	....
Detroit & Mack. 1st lien g. 4s	1995	1,050,000	J & D	99¼	Feb. 19,'06	....	....	....
• g. 4s	1995	1,250,000	J & D	96¾	Mar. 23,'06	....	....	....
Detroit S'th'n O. So. div. 1st g. 4's	1941	4,495,000	M & S	89½	June 22,'06	....	....	....
Duluth & Iron Range 1st 5's	1937	6,732,000	A & O	113	July 1,'06	113	113	5,000
• registered	....		A & O	112½	Feb. 13,'06	....	....	....
• 2d l m 6s	1916	2,000,000	J & J	....	....	....	....	....
Duluth So. Shore & At. gold 5's	1937	3,816,000	J & J	113½	Apr. 12,'06	....	....	....
Duluth Short Line 1st gtd. 5's	1916	500,000	M & S	....	....	....	....	....
Elgin Joliet & Eastern 1st g 5's	1941	8,500,000	M & N	116¼	July 12,'06	116¼	116¼	1,000

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NAME.	*Principal Due.*	*Amount.*	*Int'st Paid.*	LAST SALE. *Price.*	LAST SALE. *Date.*	JULY SALES. *High.*	JULY SALES. *Low.*	JULY SALES. *Total.*
Erie 1st ext. g. 4's	1947	2,482,000	M & N	107½	Jan. 30,'06	....	....	....
• 2d extended g. 5's	1919	2,149,000	M & S	114⅛	Feb. 23,'06	....	....	....
• 3d extended g. 4½'s	1923	4,617,000	M & S	107¼	May 7,'06	....	....	....
• 4th extended g. 5's	1920	2,926,000	A & O	115¼	Jan. 24,'06	....	....	....
• 5th extended g. 4's	1928	709,500	J & D	102	July 12,'06	102	102	2,000
• 1st cons gold 7's	1920	16,890,000	M & S	131⅝	July 19,'06	131⅝	131⅝	37,000
• 1st cons. fund g. 7's	1920	3,699,500	M & S	133	Feb. 21,'06	....	....	....
Erie R.R. 1st con.g-4s prior bds.	1996	35,000,000	J&J	101	July 31,'06	101	99⅛	160,000
• registered			J&J	100¼	Apr. 19,'06	....	....	....
• 1st con. gen. lien g. 4s.	1996	35,885,000	J&J	90⅝	July 30,'06	90¾	89½	157,000
• registered			J&J	88	Nov. 15,'04	....	....	....
• Penn. col. trust g. 4's.	1951	33,000,000	F & A	95⅛	July 31,'06	95⅛	94¼	112,000
• 50 yrs. con. g. 4's ser A.	1953	10,000,000	A & O	104	July 31,'06	104⅛	102	342,000
Buffalo, N. Y. & Erie 1st 7's	1916	2,380,000	J & D	122½	Feb. 26,'06	....	....	....
Buffalo & Southwestern g. 6's	1908	1,500,000	J&J	104⅝	Feb. 16,'06	....	....	....
• small			J&J	....	....	....	....	....
Chicago & Erie 1st gold 5's	1982	12,000,000	M & N	120	July 30,'06	120	119¾	15,000
Jefferson R. R. 1st gtd g. 5's	1909	2,800,000	A & O	102¾	Dec. 5,'05	....	....	....
Long Dock consol. g. 6's	1935	7,500,000	A & O	135½	July 12,'06	135½	135½	5,000
N. Y. L. E. & W. Coal & R. R. Co. 1st gtd. currency 6's	1922	1,100,000	M&N	118	July 25,'04	....	....	....
N. Y., L. E. & W. Dock & Imp. Co. 1st currency 6's	1913	3,396,000	J&J	115⅝	Dec. 8,'05	....	....	....
N. Y. & Greenw'd Lake gt g 5's	1946	1,452,000	M&N	121½	Oct. 17,'05	....	....	....
• small				117	July 20,'05	....	....	....
Midland R. of N. J. 1st g. 6's	1910	3,500,000	A & O	107	June 25,'06	....	....	....
N.Y., Sus.&W. 1st refdg. g. 5's	1937	3,745,000	J & J	116½	June 18,'06	....	....	....
• 2d g. 4½'s	1937	447,000	F & A	103	Feb. 3,'06	....	....	....
• gen. g. 5's	1940	2,546,000	F & A	106½	July 12,'06	106½	106½	5,000
• term. 1st g. 5's	1943	2,000,000	M & N	117	July 17,'06	117	117	2,000
• registered......$5,000 each			M & N	....	....	....	....	....
Wilkesb. & East. 1st gtd g. 5's	1942	3,000,000	J & D	107	July 2,'06	107	107	2,000
Evans. & Ind'p. 1st con. g g 6's	1926	1,591,000	J & J	116	Apr. 25,'06	....	....	....
Evans. & Terre Haute 1st con. 6's	1921	3,000,000	J & J	123	Oct. 20,'05	....	....	....
• 1st General g 5's	1942	2,672,000	A & O	109½	June 12,'06	....	....	....
• Mount Vernon 1st 6's	1923	375,000	A & O	114	Apr. 19,'05	....	....	....
• Sul. Co. Bch. 1st g 5's	1930	450,000	A & O	106¼	Feb. 21,'06	....	....	....
Ft. Smith U'n Dep. Co. 1st g 4½'s	1941	1,000,000	J & J	105	Mar. 11,'98	....	....	....
Ft. Worth & D. C. ctfs. dep. 1st 6's	1921	8,176,000	......	113	July 27,'06	113	111	2,000
Ft. Worth & Rio Grande 1st g 5's	1928	2,863,000	J & J	87	July 2,'06	87	87	2,000
Galveston H. & H. of 1882 1st 5s	1913	2,000,000	A & O	101	Dec. 6,'05	....	....	....
Gulf & Ship Isl. 1st refg. & ter. 5's	1952	4,937,000	J & J	101½	July 11,'06	101½	101½	5,000
• registered			J & J	....	....	....	....	....
Hock. Val. Ry. 1st con. g. 4½'s	1999	14,139,000	J & J	106	July 31,'06	106	105½	48,000
• registered			J & J	105½	July 14,'04	....	....	....
Col. Hock's Val. 1st ext. g. 4's	1948	1,401,000	A & O	100¼	July 6,'06	100¼	100¼	13,000
Colu.&Tol.RR.Co. 1st m.ex.4's	1955	2,441,000	......	100	Apr. 3,'06	....	....	....
Illinois Central, 1st g. 4's	1951	1,500,000	J&J	110	Dec. 18,'05	....	....	....
• registered			J&J	113¼	Mar. 12,19'	....	....	....
• 1st gold 3½'s	1951	2,499,000	J&J	99⅞	June 18,'06	....	....	....
• registered			J&J	95	July 12,'06	95½	95½	5,000
• extend 1st g 3½'s	1951	3,000,000	A & O	99½	June 22,'06	....	....	....
• registered			A & O	....	....	....	....	....
• 1st g 3s sterl. £500,000	1951	2,500,000	M & S	70	Oct. 17,'04	....	....	....
• registered			M & S	....	....	....	....	....
• total outstg....$13,950,000						....	....	....
• collat. trust gold 4's	1952	15,000,000	A & O	106	July 12,'06	106	106	1,000
• regist'd			A & O	102	Oct. 4,'03	....	....	....
• col.t.g.4s L.N.O.&Tex.	1953	24,679,000	M & N	104½	July 30,'06	105	104¼	11,000
• registered			M & N	100	May 8,'06	....	....	....
• Cairo Bridge g 4's	1950	3,000,000	J & D	106½	Mar. 7,'03	....	....	....
• registered			J & D	123	May 24,'99	....	....	....
• Litchfield div. 1st g. 3s	1951	3,148,000	J & J	....	....	....	....	....
• Louisville div. g. 3½'s	1953	14,320,000	J & J	92½	July 27,'06	92⅛	91½	21,000
• registered			J & J	88½	Dec. 8,'99	....	....	....
• Middle div. reg. 5's	1921	600,000	F & A	95	Dec. 21,'99	....	....	....
• Omaha div. 1st g. 3's	1951	5,000,000	F & A	78½	Apr. 10,'06	....	....	....
• St. Louis div. g. 3's	1951	4,939,000	J & J	82½	May 31,'06	....	....	....
• registered			J & J	101¼	Jan. 31,'19	....	....	....
• g. 3½'s	1951	6,321,000	J & J	93½	June 23,'06	93⅛	93⅛	1,000
• registered			J & J	101½	Sept. 10,'95	....	....	....
• Sp'gfield div 1st g 3½'s	1951	2,000,000	J & J	100	Nov. 7,19'	....	....	....
• registered			J & J	124	Dec. 11,'99	....	....	....
• West'n Line 1st g. 4's	1951	5,425,000	F & A	107¾	Jan. 26,'06	....	....	....
• registered			F & A	101½	Jan. 31,'91	....	....	....
Belleville & Carodt 1st 6's	1923	470,000	J & D	122	July 7,'04	....	....	....
Carbond'e & Shawt'n 1st g. 4's	1932	241,000	M & S	105	Jan. 22,'91	....	....	....
Chic., St. L. & N. O. gold 5's	1951	16,555,000	J D 15	120⅝	July 27,'06	121	120⅝	23,000

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• gold 5's, registered		16,555,000	J D 15	119¾	Mar. 12,'04	....	....	....
• g. 3½'s	1951	1,352,000	J D 15	93⅝	May 31,'04	....	....	....
• registered			J D 15	106¼	Aug. 17,'99	....	....	....
• Memph. div. 1st g. 4's	1951	3,500,000	J & D	110½	Jan. 4,'05	....	....	....
• registered			J & D	121	Feb. 24,'99	....	....	....
St. Louis South. 1st gtd. g. 4's	1931	538,000	M & S	101⅛	Mar. 16,'05	....	....	....
Ind., Dec. & West. 1st g. 5's	1935	1,824,000	J & J	108⅞	Jan. 30,'06	....	....	....
• 1st gtd. g. 5's	1935	933,000	J & J	107⅛	Dec. 18,'01	....	....	....
Indiana, Illinois & Iowa 1st g. 4's	1950	4,850,000	J & J	100	July 25,'06	100	100	2,000
Internat. & Gt. N'n 1st. 6's, gold	1919	11,291,000	M & N	116⅛	July 23,'06	116⅛	116⅛	2,000
• 2d g. 5's	1909	10,391,000	M & S	102	July 27,'06	102	102	27,000
• 3d g. 4's	1921	2,960,500	M & S	75¼	June 12,'06	....	....	....
Iowa Central 1st gold 5's	1938	7,650,000	J & D	111¼	June 29,'06	....	....	....
• refunding g. 4's	1951	2,000,000	M & S	86	Mar. 15,'06	....	....	....
Kansas City Southern 1st g. 3's	1950	30,000,000	A & O	72¾	July 31,'06	73	72¼	124,000
• registered			A & O	63¼	Oct. 16,'19	....	....	....
Lake Erie & Western 1st g. 5's	1937	7,250,000	J & J	115¼	July 26,'06	115¼	115¼	11,000
• 2d mtge. g. 5's	1941	3,625,000	J & J	110¾	July 21,'06	110¾	110¾	3,000
Northern Ohio 1st gtd g 5's	1945	2,500,000	A & O	117	Jan. 17,'06	....	....	....
Lehigh Val. N. Y. 1st m. g. 4½'s	1940	15,000,000	J&J	109¼	July 19,'06	109⅝	109	28,000
• registered		....	J&J	112⅛	Nov. 6,'05	....	....	....
Lehigh Val. (Penn.) g. c. g. 4's	2003	22,000,000	M & N	98¼	June 23,'06	....	....	....
• registered			M & N	....	....	....	....	....
Lehigh Val. Ter. R. 1st gtd g. 5's	1941	10,000,000	A & O	118¾	Apr. 10,'06	....	....	....
• registered			A & O	109⅛	Oct. 18,'99	....	....	....
Lehigh V. Coal Co. 1st gtd g. 5's	1933	10,114,000	J & J	112⅝	Apr. 6,'06	....	....	....
• registered	1933		J & J	....	....	....	....	....
• 1st 40-yr gtd int. red to 4%	1933	1,400,000	J & J	....	....	....	....	....
Lehigh & N. Y., 1st gtd g. 4's	1945	2,000,000	M&S	96¼	May 4,'06	....	....	....
• registered			M&S	....	....	....	....	....
Elm., Cort. & N. 1st g. 1st pfd 6's	1914	750,000	A & O	113⅞	Jan. 22,'06	....	....	....
• • g. gtd 5's	1914	1,250,000	A & O	105¼	Jan. 5,'06	....	....	....
Long Island 1st cons. 5's	1931	3,610,000	Q J	115	June 8,'06	....	....	....
• 1st con. g. 4's	1931	1,121,000	Q J	116¼	June 8,'04	....	....	....
Long Island gen. m. 4's	1938	3,000,000	J & D	98¼	June 23,'06	....	....	....
• Ferry 1st g. 4½'s	1922	1,494,000	M & S	102	Nov. 27,'05	....	....	....
• g. 4's	1932	325,000	J & D	99¼	Oct. 28,'04	....	....	....
• unified g. 4's	1949	5,660,000	M & S	97	July 18,'06	97	96⅞	5,000
• deb. g. 5's	1934	1,135,000	J & D	110	June 22,'04	....	....	....
• gtd. refunding g. 4's	1949	22,408,000	M & S	100	July 30,'06	100	99⅛	35,000
• • registered			M & S	99	Mar. 19,'06	....	....	....
Brooklyn & Montauk 1st 6's	1911	250,000	M & S	....	....	....	....	....
• 1st 5's	1911	750,000	M & S	103⅝	July 5,'06	103⅝	105⅝	5,000
N. Y. B'kln & M. B. 1st c. g. 5's	1935	1,601,000	A & O	112	Mar. 10,'02	....	....	....
N. Y. & Rock'y Beach 1st g. 5's	1927	883,000	M & S	111	Jan. 23,'06	....	....	....
Long Isl. R. R. Nor. Shore Branch 1st Con. gold garn't'd 5's	1932	1,425,000	Q J A N	112⅛	July 7,'05	....	....	....
Louisiana & Arkan. Ry. 1st g. 5's	1927	3,890,000	M & S	105	June 29,'06	....	....	....
Louis. & Nash. gen. g. 6's	1930	7,492,000	J & D	115¼	June 22,'06	....	....	....
• gold 5's	1937	1,764,000	M & N	121⅛	Feb. 27,'06	....	....	....
• Unified gold 4's	1940	37,562,000	J & J	100¾	July 30,'06	101¼	100½	196,000
• registered	1940		J & J	101⅛	July 3,'06	101⅛	101⅛	3,000
• collateral trust g. 5's	1931	5,129,000	M & N	111¼	June 12,'06	....	....	....
• 5-20yr. col. tr. deed g. 4's	1923	23,000,000	A & O	97⅞	July 30,'06	98	97½	94,000
• E., Hend. & N. 1st 6's	1919	1,600,000	J & D	114¼	June 6,'05	....	....	....
• L. Cin. & Lex. g. 4½'s	1931	3,258,000	M & N	109	Mar. 6,'05	....	....	....
• N. O. & Mobile 1st g. 6's	1930	5,000,000	J & J	130	June 13,'06	....	....	....
• 2d g. 6's	1930	1,000,000	J & J	122¼	Mar. 19,'06	....	....	....
• Pensacola div. g. 6's	1920	385,000	M & S	114	Apr. 26,'02	....	....	....
• St. Louis div. 1st g. 6's	1921	3,500,000	M & S	120⅛	Mar. 6,'06	....	....	....
• 2d g. 3's	1980	3,000,000	M & S	74⅜	Oct. 4,'05	....	....	....
• At. Kx. & N. R. 1st g. 5's	1946	1,000,000	J & D	116	July 27,'06	116	116	3,000
• H. B'ge 1st sk'fd. g 6's	1931	1,414,000	M & S	108½	Jan. 3,'06	....	....	....
• Ken. Cent. g. 4's	1987	6,742,000	J & J	100	July 21,'06	100	100	5,000
• L. & N. & Mob. & Montg 1st. g. 4½s	1945	4,000,000	M & S	108	July 11,'06	108	108	1,000
• South. Mon. joint 4's	1952	11,827,000	J & J	98	July 25,'06	98	95	28,000
• registered			Q Jan	95	Feb. 6,'05	....	....	....
• N. Fla. & S. 1st g. g. 5's	1937	2,096,000	F & A	114	May 2,'06	....	....	....
• Pen. & At. 1st g. g. 6's	1921	2,331,000	F & A	112½	Mar. 28,'06	....	....	....
• S. & N. A. con. gtd. g. 5's	1936	3,678,000	F & A	107	Dec. 4,'05	....	....	....
• sinking fund g. 6s	1910	1,942,000	A & O	110	Mar. 23,'02	....	....	....
Lo. & Jefferson Bdg. Co. gtd. g. 4's	1945	3,000,000	M & S	97	May 8,'06	....	....	....
Manhattan Railway Con. 4's	1990	28,065,000	A & O	101⅛	July 20,'06	101⅛	100¾	23,000
• registered			A & O	104	Apr. 5,'05	....	....	....
Metropolitan Elevated 1st 6's	1908	10,818,000	J & J	103⅛	July 27,'06	103¼	102⅝	25,000
Manitoba Swn. Coloniza'n g. 5's	1934	2,544,000	J & D	....	....	....	....	....
Mexican Central, con. mtge. 4's	1911	65,690,000	J & J	75½	July 31,'06	78	75½	24,000

BOND QUOTATIONS.—Last sale, price and date; highest and lowest prices and total sales for the month.

NOTE.—The railroads enclosed in a brace are leased to Company first named.

NAME.	*Principal Due.*	*Amount.*	*Int'st Paid.*	LAST SALE.		JULY SALES.		
				Price.	*Date.*	*High.*	*Low.*	*Total.*
" 1st con. inc. 3's	1939	20,511,000	JULY	19	July 31,'06	19	16⅛	464,000
" 2d 3's	1939	11,724,000	JULY	15¾	July 31,'06	16	14	288,000
" equip. & collat. g. 5's	1917	500,000	A & O					
" 2d series g. 5's	1919	615,000	A & O					
" col. trust g. 4½'s 1st se of	1907	10,000,000	F & A	101	July 6,'06	101	101	2,000
Mexican Internat'l 1st con g. 4's	1977	7(6,000	M & S	90⅝	July 29,'01			
" stamped gtd		6,277,000						
Mexican Northern 1st g. 6's	1910	905,000	J & D					
" registered			J & D	105	May 2,19'			
Midland Term'l Ry. 1st g. s. f. 5's	1925	472,000	J & D					
Minneapolis & St. Louis 1st g. 7's	1927	950,000	J & D	137	June 29,'05			
" Iowa ext. 1st g. 7's	1909	1,015,000	J & D	111⅛	Oct. 26,'05			
" Pacific ext. 1st g. 6's	1921	1,382,000	J & A	118	June 5,'06			
" Southw. ext. 1st g. 7's	1910	636,000	J & D	118¼	Mar. 10,'05			
" 1st con. g. 5's	1934	5,000,000	M & N	113	July 9,'06	113	113	26,000
" 1st & refunding g. 4's	1949	9,350,000	M & S	94	July 18,'06	94	94	2,000
DesMoines & Ft. D gel st gtd g. 4's	1935	3,072,000	J & J	97	Apr. 19,'06			
Minn., S. P. & S. S. M., 1st c. g. 4's	1938	38,105,000	J & J	102¼	June 14,'06			
" stamped pay. of int. gtd.								
Minn., S. S. M. & Atlan. 1st g. 4's	1926	8,209,000	J & J	103	Nov. 11,'01			
" stamped pay. of int. gtd.				89¾	June 18,'91			
Missouri, K. & T. 1st mtge g. 4's	1990	40,000,000	J & D	99⅞	July 31,'06	100⅛	99⅛	123,000
" 2d mtge. g. 4's	1990	20,000,000	F & A	89	July 30,'06	89	88⅛	44,500
" 1st ext gold 5's	1944	3,254,000	M & N	106	June 25,'06			
" 1st & ref. mtg. 4s	2004	5,182,000	M & S	87⅛	June 5,'06			
" " small.			M & S					
St. Louis div. 1st refundg 4s	2001	1,915,000	A & O	88½	July 9,'06	88⅛	88⅛	2,000
Dallas & Waco 1st gtd. g. 5's	1940	1,340,000	M & N	108	Feb 13,'06			
Kan. City & Pac. 1st g. 4s	1990	2,500,000	F & A	96	June 4,'06			
Mo., Kan. & East. 1st gtd. g. 5s	1942	4,000,000	A & O	113¼	May 26,'06			
Mo., Kan. & Ok. 40 yr. 1st gtd. 5s	1942	5,468,000	M & N	106¼	July 25,'06	107	106¼	5,000
Mo., K. & Tex. of Tex. 1st gtd. g. 5s	1942	4,505,000	M & S	105	June 19,'06			
Sher., Shreve. & So. 1st gtd. g. 5s	1943	1,689,000	J & D	108¼	Apr 3,'06			
Tex. & Ok. 40 yr. 1st gtd. g. 5s	1943	2,347,000	M & S	105¾	Apr. 25,'06			
Missouri Pacific 1st con. g. 6's	1920	14,904,000	M & N	120¾	June 28,'06			
" 3d mortgage 7's	1906	3,828,000	M & N	102¼	July 5,'06	102¼	101⅞	3,000
" trusts gold 5's stamp'd	1917	14,376,000	M & S	104¼	July 23,'06	105	103¾	26,000
" registered			M & S	107⅛	Feb. 17,'06			
" 1st collateral gold 5's	1920	9,636,000	F & A	105	July 10,'06	105	105	4,000
" registered			F & A					
" forty yrs. 4's g. loan	1945	25,000,000		91⅞	July 18,'06	92⅛	91⅞	40,000
Cent. Branch Ry. 1st gtg. g. 4's	1919	3,459,000	F & A	94	July 23,'06	95	94	11,000
Leroy & Caney Val. A. L. 1st 5's	1926	520,000	J & J	110	Mar. 13,'05			
Pacific R. of Mo. 1st m. ex. 4's	1938	7,000,000	M & S	103	Apr. 27,'06			
" 2d extended g. 5's	1938	2,578,000	F & A	118	June 29,'06			
St. L. & I. g. con. R.R. & l. gr. 5's	1931	36,624,000	A & O	114¼	July 30,'06	114⅛	114	62,000
" stamped gtd gold 5's	1931	6,833,000	A & O	116	Nov. 6,'05			
" unify'g & rfd'g g. 4's	1929	30,469,000	J & J	90	July 25,'06	91	89⅛	10,000
" registered			J & J	87¼	Apr. 23,'04			
" Riv & Gulf divs 1st g 4s	1933	22,754,000	M & N	92¾	July 31,'06	93⅛	92⅛	45,000
Verdigris V'y Ind. & W. 1st 5's	1926	750,000	M & S	107⅛	Apr. 13,'06			
Mob. & Birm., prior lien, g. 5's	1945	374,000	J & J	115⅝	Apr. 14,'06			
" small		226,000	J & J	90	Feb. 4,'03			
" mtg. g. 4's	1945	700,000	J & J	96	Oct. 9,'05			
" small		500,000		94	Aug. 6,'04			
Mob. Jackson & Kan. City 1st g. 5's	1946	1,882,000	J & D	96	Apr. 7,'06			
Mobile & Ohio new mort. g. 6's	1927	7,000,000	J & J	126	May 2,'06			
" 1st extension 6's	1927	974,000	J & D	122	Dec. 20,'05			
" gen. g. 4's	1938	9,472,000	Q J	95	July 19,'06	95	94½	6,000
" Montg'ry div. 1st g. 5's	1947	4,000,000	F & A	114⅛	July 3,'06	114⅛	114⅛	2,000
St. Louis & Cairo gtd g. 4's	1931	4,000,000	M & S	98½	June 5,'06			
" collateral g. 4's	1930	2,494,000	Q F	92¼	Oct. 18,'05			
Nashville, Chat. & St. L. 1st 7's	1913	6,300,000	J & J	115¼	July 31,'06	115¼	115¼	1,000
" 1st cons. g. 5's	1928	7,608,000	A & O	113¾	June 26,'06			
" 1st g. 6's Jasper Branch	1923	371,000	J & J	119¼	Feb. 16,'06			
" 1st 6's McM. M.W. & Al.	1917	750,000	J & J	117¼	Mar. 6,'05			
" 1st 6's T. & Pb.	1917	300,000	J & J	113	July 6,'99			
Nat R.R. of Mex. prior lien g. 4½'s	1926	23,000,000	J & J	105	Apr. 6,'06			
" 1st con. g. 4's	1951	24,496,000	A & O	84½	July 31,'06	84½	83¼	148,500
N. O. & N. East. prior lien g. 6's	1915	1,320,000	A & O	108½	Aug. 13,'94			
N. Y. Cent. & Hud. R. g. mtg. 3½s	1997	84,382,000	J & J	95½	July 30,'06	96⅝	95½	286,000
" " registered			J & J	94½	July 17,'06	94½	94½	5,000
" deb. g 4s	1934	30,000,000	M & N	101	July 31,'06	101½	100	69,000
" " registered			M & N	100¾	Apr. 25,'06			
Lake Shore col. g. 3½s	1998	90,578,000	F & A	89½	July 31,'06	90⅝	89	167,000
" registered			F & A	88	July 17,'06	88½	88	9,000

BOND QUOTATIONS.—Last sale, price and date; highest and lowest prices and total sales for the month.

NOTE.—The railroads enclosed in a brace are leased to Company first named.

Name.	Principal Due.	Amount.	Int'st Paid.	Last Sale. Price.	Last Sale. Date.	July Sales. High.	July Sales. Low.	July Sales. Total.
Michigan Central col. g. 3½s	1998	19,836,000	F & A	90	July 30,'06	90	89¼	23,000
" registered			F & A	88¼	June 21,'06			
Beech Creek 1st. gtd. 4's	1936	5,000,000	J & J	102	July 6,'06	102	102	1,000
" registered			J & J	104	Dec. 13,'05			
2d gtd. g. 5's	1936	500,000	J & J					
gistered			J & J					
" ext. 1st. gtd. g. 3½'s	1951	3,500,000	A & O					
" registered			A & O					
Carthage & Adiron. 1st gtd g. 4's	1981	1,100,000	J & D					
Clearfield Bit. Coal Corporation, 1st s. f. int. gtd. g. 4's ser. A.	1940	699,000	J & J	87½	June 23,'04			
" small bonds series B		32,500	J & J					
Gouv. & Oswega. 1st gtd g. 5's	1942	300,000	J & D					
Mohawk & Malone 1st gtd g. 4's	1991	2,500,000	M & S	105	Nov. 20,'05			
N. Jersey Junc. R. R. g. 1st 4's	1986	1,650,000	F & A	105	Oct. 10,'02			
" reg. certificates			F & A					
N.Y. & Putnam 1st con. gtd g. 4's	1993	4,000,000	A & O	104⅛	Feb. 28,'06			
Nor. & Montreal 1st g. gtd 5's	1916	130,000	A & O					
West Shore 1st guaranteed 4's	2361	50,000,000	J & J	105	July 31,'06	105¾	105	123,000
" registered			J & J	104	July 31,'06	104½	103⅝	21,000
Lake Shore g 3½s	1997	50,000,000		97¾	July 27,'06	97¾	96⅝	62,000
" registered			J & D	97¼	June 4,'06			
" deb. g. 4's	1928	50,000,000	M & S	99¾	July 30,'06	99¾	99	193,000
Detroit, Mon. & Toledo 1st 7's	1906	924,000	F & A	101⅛	Feb. 9,'06			
Kal., A. & G. R. 1st gtd c. 5's	1938	840,000	J & J					
Mahoning Coal R. R. 1st 5's	1934	1,500,000	J & J	125¼	Mar. 5,'06			
Pitt McK'port & Y. 1st gtd 6's	1932	2,250,000	J & J	139	Jan. 21,'03			
" 2d gtd 6's	1934	900,000	J & J					
McKspt & Bell. V. 1st g. 6's	1918	600,000	J & J					
Michigan Cent. 6's	1909	1,500,000	M & S	107¼	June 19,'06			
" 5's	1931	3,576,000	M & S	118¼	July 18,'06	118¼	118¼	1,000
" 5's reg	1931		Q M	119	June 12,'06			
" 4's	1940	2,600,000	J & J	104½	Mar. 23,'06			
" 4's reg			J & J	106½	Nov. 26,19'			
" g. 3½'s sec. by 1st mge. on J. L. & S.		1,750,000	M & S					
" 1st g. 3½'s	1952	13,000,000	M & N	97	July 10,'06	97	97	1,000
Battle C. Sturgis 1st g. g. 3's	1989	476,000	J & D					
N. Y. & Harlem 1st mort. 7's c.	1900	12,000,000	M & N	101½	July 16,'05	101½	101½	4,000
" 7's registered	1900		M & N	102¾	Apr. 6,19'			
N. Y. & Northern 1st g. 5's	1927	1,200,000	A & O	119½	Mar. 31,'05			
R. W. & Og. con. 1st ext. 5's	1922	9,081,000	A & O	114	July 19,'06	114	113½	8,000
coup. g. bond currency			A & O					
Oswego & Rome 2d gtd gold 5's	1915	400,000	F & A	118¾	Jan. 25,'02			
R. W. & O. Ter. R. 1st g. gtd 5's	1918	375,000	M & N					
Utica & Black River gtd g. 4's	1922	1,800,000	J & J	104	July 24,'06	104	104	2,000
N.Y., Chic. & St. Louis 1st g. 4's	1937	19,425,000	A & O	104¾	July 26,'06	105	104½	28,000
" registered			A & O	103	Oct. 6,'05			
N. Y., N. Haven & Hartford.								
Housatonic R. con. g. 5's	1937	2,838,000	M & N	124	Feb. 24,'06			
New Haven and Derby con. 5's	1918	575 000	M & N	115½	Oct. 15,'94			
N.Y., Ont. & W'n. ref'ding 1st g. 4's	1992	20,000,000	M & S	101¼	July 30,'06	102	101	19,000
" registered.......$5,000 only.			M & S	101½	June 29,'06			
Norfolk & Southern 1st g. 5's	1941	1,500,000	M & N	110	May 31,'06			
Norfolk & Western gen. mtg. 6's	1931	7,283,000	M & N	131⅞	July 3,'06	131⅞	131⅞	10,000
" imp'ment and ext. 6's	1934	5,000,000	F & A	130¾	Feb. 15,'06			
" New River 1st 6's	1932	2,000,000	A & O	129¾	Nov. 27,'05			
Norfolk & West. Ry. 1st con. g. 4s	1996	40,400,500	A & O	100⅞	July 31,'06	100⅞	100	129,500
" registered			A & O	100	Feb. 16,'06			
" small bonds			A & O					
" div. 1st lien & gen g. 4s	1944	11,000,000	J & J	99	June 30,'06			
" " registered			J & J					
" Pocahon C.&C.Co. jt. 4's	1941	20,000,000	J & D	93	July 26,'06	93	92¼	63,000
" C. C. & T. 1st g. t. g. g. 5's	1922	400,000	J & J	109½	Feb. 20,'05			
" Sci'o Val & N.E. 1st g. 4's	1989	5,000,000	J & N	101	July 20,'06	101	100	4,000
N. P. Ry prior ln ry. & ld. gt. g. 4's	1997	101,392,500	Q J	103¾	July 31,'06	104¼	103½	392,000
" registered			Q J	103½	July 21,'06	103¾	102½	25,500
" gen. lien g. 3's	2047	56,000,000	Q F	76½	July 31,'06	77½	76	246,500
" registered			Q F	76	June 25,'06			
Paul & Duluth div. g. 4's	1996	7,897,000	J & D	98	July 7,'06	98	98	1,000
" registered			J & D					
St. Paul & N. Pacific gen g. 6's	1923	7,985,000	F & A	124¾	May 4,'06			
" registered certificates			Q F	132	July 28,'98			
St. Paul & Duluth 1st 5's	1931	1,000,000	F & A	113	Mar. 22,'06			
" 2d 5's	1917	2,000,000	A & O	110	Mar. 13,'06			
" 1st con. g. 4's	1968	1,000,000	J & D	100	July 18,'06	100	100	1,000
Washington Cen. Ry 1st g. 4's	1948	1,538,000	QMCH	93	May 9,'06			
Nor. Pacific Term. Co. 1st g. 6's	1933	3,506,000	J & J	116	May 16,'06			

BOND QUOTATIONS.—Last sale, price and date; highest and lowest prices and tota sales for the month.

NOTE.—The railroads enclosed in a brace are leased to Company first named.

Name.	Principal Due.	Amount.	Int'st Paid.	Last Sale. Price.	Last Sale. Date.	July Sales. High.	July Sales. Low.	July Sales. Total.
Ohio River Railroad 1st 5's	1936	2,000,000	J & D	116	May 16,'06	....	....	....
" gen. mortg. g 6's	1937	2,428,000	A & O	114¾	Jan. 20,'06	....	....	....
Ozark&Cher.Cent.Ry.1st gtd g 5s	1918	2,880,000	A & O	98¼	June 20,'06	....	....	....
Pacific Coast Co. 1st g. 5's	1946	5,000,000	J & D	110	July 17,'06	110	110	2,000
Panama 1st sink fund g. 4½'s	1917	2,272,000	A & O	103	July 5,'06	103	103	4,000
" s. f. subsidy g 6's	1910	533,000	M & N	102	Apr. 14,'02	....	....	....
Pennsylvania Railroad Co.								
Penn. Co.'s gtd. 4½'s, 1st	1921	19,467,000	J & J	106	July 24,'06	106½	106	57,000
" reg	1921		J & J	105	July 27,'06	105	105	2,000
" gtd.3½ col.tr.reg.cts.	1937	4,815,000	M & S	90½	June 8,'06	....	....	....
" gtd.3½ col.tr.cts.ser B	1941	9,581,000	F & A	90	July 27,'06	90	90	1,000
" Trust Co.ctfs.g.3½'s	1916	14,664,000	M & N	96½	June 27,'06	....	....	....
" gtd.g.3½'s tr.cts.s.C.	1942	4,893,000	J & D	....	....	....	....	....
" gtd.g.3½'s tr.cts.s.D.	1944	10,000,000	J & D	90½	Mar. 20,'06	....	....	....
Chic., St. Louis & P. 1st c. 5's	1932	1,506,000	A & O	117½	July 13,'06	117½	117½	2,000
" registered		......	A & O	110	May 3,'98	....	....	....
Cin.,Leb. & N. 1st con.gtd.g.4's	1942	900,000	J & J	....	....	....	....	....
Clev.&P.gen.gtd.g.4½'s Ser. A	1942	3,000,000	J & J	108¼	Aug.21,'03	....	....	....
" Series B	1942	1,561,000	A & O	....	....	....	....	....
" " int. reduc. 3½ p.c.		439,000	......	....	....	....	....	....
" Series C 3½s	1948	2,944,000	M & N	98½	Dec. 15,'05	....	....	....
" Series D 3½s	1950	1,975,000	F & A	96	Jan. 3,'04	....	....	....
E.&Pitts. gen.gtd.g.3½s Ser.B.	1940	2,240,000	J & J	96¼	Jan. 2,'06	....	....	....
" " " C.	1940	2,218,000	J & J	96¾	Apr. 4,'04	....	....	....
Newp. & Cin. Bge Co. gtd g. 4's	1945	1,400,000	J & J	....	....	....	....	....
Ohio Con'ing Ry.1st gtd.s.f.4's	1943	2,000,000	M & S	....	....	....	....	....
Pitts., C. C. & St. L. con. g 4½'s..								
" Series A	1940	10,000,000	A & O	110	July 13,'06	110	110	1,000
" Series B gtd	1942	8,786,000	A & O	110	June 11,'06	....	....	....
" Series C gtd	1942	1,379,000	M & N	112½	June 12,'05	....	....	....
" Series D gtd. 4's	1945	4,983,000	M & N	99	June 15,'06	....	....	....
" Series E gtd. g. 3½s	1949	9,851,000	F & A	92½	Mar. 5,'06	....	....	....
" Series F c. gtd. g. 4's	1953	10,000,000	J & D	....	....	....	....	....
Pitts., Ft. Wayne & C. 1st 7's	1912	2,120,000	J & J	127⅝	Oct. 21,'02	....	....	....
" 2d 7's	1912	1,791,000	J & J	119	June 18,'06	....	....	....
" 3d 7's	1912	2,000,000	A & O	119	Apr. 11,'04	....	....	....
Tol Walhonding Vy.&O.1st gtd.bds 4½'s series A	1931	1,500,000	J & J	....	....	....	....	....
" 4½'s series B	1933	978,000	J & J	....	....	....	....	....
" 4's series C	1942	1,453,000	M & S	....	....	....	....	....
Penn. RR. Co. 1st Rl Est. g 4's	1923	1,675,000	M & N	104½	July 25,'06	104⅝	104½	2,000
con. gold 5 per cent	1919	4,998,000	M & S	111½	Sept.21,'04	....	....	....
" registered			Q M	....	....	....	....	....
con. gold 4 per cent	1943	2,741,000	M & N	106	Aug.28,'03	....	....	....
" ten year conv. 3½'s	1912	20,211,500	M & N	97⅛	July 31,'06	97½	96	118,000
Penn. R.R. 10-year conv. g.3½'s	1915	99,675,000	J & D	94¾	July 31,'06	94¾	92⅞	2,849,000
" registered		....	J & D	94¾	July 30,'03	94¾	94¾	2,000
Allegh. Valley gen. gtd. g. 4's	1942	5,389,000	M & S	104¼	Oct. 28,'05	....	....	....
Belvedere Del. con. gtd. 3½'s	1943	1,000,000	J & J	....	....	....	....	....
Clev. & Mar. 1st gtd g. 4½'s	1935	1,250,000	M & N	110	Jan. 19,'05	....	....	....
Del.R. RR.& BgeCo 1st gtd g.4's	1936	1,300,000	F & A	....	....	....	....	....
G.R. & Ind. Ex. 1st gtd. g 4½'s	1941	4,455,000	J & J	107½	May 8,'06	....	....	....
Phila. Balto. & Wash. 1st g. 4's	1943	10,570,000	M & N	110½	Feb. 24,'06	...	....	....
" registered			M & N	....	....	....	....	....
Pitts.Va.&Charl.Ry 1st gtd g.4's	1943	6,000,000	M & N	....	....	....	....	....
Sunbury & Lewistown 1st g.4's	1936	500,000	J & J	....	....	....	....	....
U'd N.J. RR. & Can Co. g 4's	1944	5,646,000	M & S	110½	Sept.28,04'	....	....	....
Peoria & Pekin Union 1st 6's	1921	1,495,000	Q F	123½	Jan. 18,'05	....	....	....
" 2d m 4½'s	1921	1,499,000	M & N	100¾	Dec. 5,'05	....	....	....
Pere Marquette.								
Chic. & West Mich. Ry. 5's	1921	5,753,000	J & D	109	Apr.28,'02	....	....	....
Flint & Pere Marquette g. 6's	1920	3,999,000	A & O	112½	Apr. 17,'06	....	....	....
" 1st con. gold 5's	1939	2,850,000	M & N	107	July 7,'06	107	107	2,000
" Port Huron d 1st g 5's	1939	3,325,000	A & O	110	Apr. 23,'06	....	....	....
Sag'w Tusc. & Hur.1st gtd.g.4's	1931	1,000,000	F & A	....	....	....	....	....
Pine Creek Railway 6's	1932	3,500,000	J & D	137	Nov.17,'93	....	....	....
Pittsburg & L. E. 2d g.5's ser. A	1928	2,000,000	A & O	112½	Dec. 13,'93	....	....	....
Pitts., Shena'go & L. E. 1st g.5's	1940	3,000,000	A & O	120	Mar. 23,'06	....	....	....
" 1st cons. 5's	1943	408,000	J & J	87¾	Jan. 12,19'	....	....	....
Pittsburg, Y & Ash. 1st cons. 5's	1927	1,562,000	M & N	116	May 24,'05	....	....	....
Reading Co. gen. g. 4's	1997	70,330,000	J & J	99¾	July 31,'06	100½	99¾	339,000
" registered			J & J	100½	June 1,'06	....	....	....
" Jersey Cent. col. g. 4's	1957	23,000,000	......	99¼	July 30,'06	99¼	98¼	23,000
" " registered		....	......	....	....	....	....	....
Atlantic City 1st con. gtd. g.4's	1951	1,850,000	M & N	....	....	....	....	....
Philadelphia & Reading con.6's	1911	7,304,000	J & D	110⅞	Mar. 5,'06	....	....	....
" registered		663,000	J & D	....	....	....	....	....

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BOND QUOTATIONS.—Last sale, price and date; highest and lowest prices and total sales for the month.

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NAME.	Principal Due.	Amount.	Int'st Paid.	LAST SALE. Price.	LAST SALE. Date.	JULY SALES. High.	JULY SALES. Low.	JULY SALES. Total.
" 7's	1911	7,310,000	J & D	115⅛	Mar. 22,'06	....	....	....
" " registered		3,339,000	J & D	118	Jan. 7,'05	....	....	....
Rio Grande Junc'n 1st gtd. g. 5's,	1939	2,000,000	J & D	109	Mar. 11,'05	....	....	....
Rio Grande Southern 1st g. 4's.	1940	2,233,000	J & J	76	Dec. 20,'05	....	....	....
" guaranteed		2,277,000	......	89	Jan. 4,'05	....	....	....
Rutland RR 1st con. g. 4½ s	1941	2,440,000	J & J	106⅛	Oct. 24,'05	....	....	....
Ogdnsb.&L.Ch'n.Ry.1st gtd g4s	1948	4,400,000	J & J	98⅛	June14,'06	....	....	....
Rutland Canadian 1stgtd.g.4's.	1949	1,350,000	J & J	101¼	Nov.18,'01	....	....	....
St. Jo. & Gr. Isl. 1st g. 3.342	1947	3,500,000	J & J	90	July 25,'06	90	90	6,000
St. L. & Adirondack Ry. 1st g.5's.	1996	800,000	J & J	122	Jan. 18,'06	....	....	....
" 2d g. 6's	1996	400,000	A & O	....		....	....	....
St. Louis & San F. 2d 6's, Class B,	1906	998,000	M & N	101	June 6,'06	....	....	....
" 2d g. 6's, Class C	1906	829,000	M & N	101¼	July 24,'06	101¼	101¼	2,000
" gen. g. 6's	1931	3,681,000	J & J	125	July 13,'06	125	125	2,000
" gen. g. 5's	1931	5,803,000	J & J	110	July 10,'06	111¼	110	8,000
St. L & San F. R. R. con. g. 4's.	1996	1,558,000	J & D	98⅛	Sept.26,'05	....	....	....
" S. W. div. g. 5's	1947	829,000	A & O	102¼	Aug. 7,'05	....	....	....
" refunding g. 4's	1951	60,104,000	J & J	83	July 31,'06	83⅛	82	226,000
" " registered			J & J	....		....	....	....
" 5 year 4½'s gold notes.	1908	5,728,000	J & D	97	May 22,'06	....	....	....
Kan. Cy Ft.S.&MemRRcong6's	1928	13,736,000	M & N	120⅛	July 9,'06	120⅛	120⅛	5,000
Kan.Cy Ft.S &MRyrefggtd g4s.	1936	17,810,000	A & O	83¼	July 6,'06	83¼	82¼	9,000
" registered			A & O	78⅛	Jan. 14,'04	....	....	....
Kan.Cy&M.R.&B.Co.1stgtdg5s.	1929	3,000,000	A & O	....		....	....	....
St. Louis Memp.So.E. gtd.g.4½s.	1909	15,627,000	J & D	....		....	....	....
St. Louis S. W. 1st g. 4's Bd. ctfs.,	1989	20,000,000	M & N	94¾	July 27,'06	96	94¾	13,000
" 2d g. 4's inc. Bd. ctfs.	1989	3,272,500	J & J	87	June16,'06	....	....	....
" con. g. 4's	1932	16,678,000	J & D	77⅛	July 27,'06	78	76	36,000
Gray's Point, Term. 1stgtd.g.5's.	1947	339,000	J & D	....		....	....	....
St. Paul, Minn. & Manito'a 2d 6's.	1909	6,470,000	A & O	106¼	Apr. 19,'06	....	....	....
" 1st con. 6's	1933	13,344,000	J & J	133⅛	June19,'06	....	....	....
" 1st con. 6's, registered			J & J	140	May 14,'02	....	....	....
" 1st c. 6's, red'd to g. 4½'s		19,250,000	J & J	111⅛	June13,'06	....	...	....
" 1st cons. 6's register'd			J & J	115¼	Apr. 15,'01	....	....	....
" Dakota ext'n g. 6's	1910	4,939,000	M & N	108¾	July 24,'06	108¾	108¾	4,000
" Mont. ext'n 1st g. 4's.	1937	10,185,000	J & D	100⅝	July 24,'06	100⅝	100⅝	3,000
" registered			J & D	103⅛	Sept.19,'05	....	....	....
" Pac. Ext. sterl. gtd. 4s. $5=£1.	1940	£4,000,000	J & J	....		....	....	....
Eastern R'y Minn, 1std. 1stg. 5's.	1908	4,700,000	A & O	101½	July 24,'06	101½	101½	1,000
" registered			A & O	....		....	....	....
" Minn. N. div. 1stg. 4's.	1940	5,000,000	A & O	....		....	....	....
" registered			A & O	....		....	....	....
Minneapolis Union 1st g. 6's	1922	2,150,000	J & J	124	May 4,'05	....	....	....
Montana Cent. 1st 6's int. gtd.	1937	6,000,000	J & J	134¼	June 1,'06	....	....	....
" 1st 6's, registered			J & J	136¼	May 31,'04	....	....	....
" 1st g. g. 5's	1937	4,000,000	J & J	113⅛	Mar. 20,'06	....	....	....
" registered			J & J	....		....	....	....
Willmar & Sioux Falls 1st g. 5's,	1938	3,625,000	J & D	121⅛	Oct. 3,'05	....	....	....
" registered			J & D	....		....	....	....
San Fe Pres.& Phoe.Ry.1st g.5's.	1942	4,940,000	M & S	112⅛	Jan. 16,'06	....	....	....
San Fran. & N. Pac. 1st s. f. g. 5's,	1919	3,851,000	J & J	110	Oct. 4,'05	....	....	....
Seaboard Air Line Ry g. 4's	1950	12,775,000	A & O	86¾	July 27,'06	88	86¾	36,000
" registered			A & O	....		....	....	....
" col. trust refdg g. 5's.	1911	10,000,000	M & N	101¾	July 11,'06	101¾	101¾	2,000
Atlanta—Bir'hm 30-yr-1st g. 4's.	1933	5,760,000	M & S	92½	July 26,'06	92⅞	92½	....
Carolina Central 1st con. g. 4's.	1949	2,847,000	J & J	96½	Mar. 24,'06	....	....	....
Fla Cent & Peninsular 1st g.5's.	1918	3,000,000	J & J	107¼	July 12,'06	107¼	107¼	17,000
" 1st land grant ext g.5's.	1930	410,000	J & J	....		....	....	....
" cons. g. 5's	1943	4,370,000	J & J	109⅛	May 2,'05	....	....	....
Georgia & Alabama 1st con.5's.	1945	2,922,000	J & J	111¼	June12,'06	....	....	....
Ga. Car. & Nthern 1st gtd g. 5's.	1929	5,360,000	J & J	110	Jan. 16,'05	....	....	....
Seaboard & Roanoke 1st 5's	1926	2,500,000	J & J	110	May 22,'06	....	....	....
Sodus Bay & Sout'n 1st 5's, gold,	1924	500,000	J & J	102	Jan. 20,'03	....	....	....
Southern Pacific Co.								
" g. 4's Central Pac. coll.	1949	28,818,500	J & D	91⅞	July 28,'06	93	91⅛	135,500
" " registered			J & D	91½	May 24,'06	....	....	....
" two-five ys. col. tr 4's.	1910	7,253,000	J & D	....		....	....	....
Austin & Northw'n 1st g. 5's.	1941	1,920,000	J & J	109½	Feb 19,'06	....	....	....
Cent. Pac. 1st refud. gtd. g. 4's.	1949	79,292,000	F & A	102	July 27,'06	102	101	94,500
" registered			F & A	98⅛	May 9,'05	....	....	....
" mtge. gtd. g. 3½'s	1929	17,493,000	J & D	86⅞	July 25,'06	88	86⅞	77,000
" " registered			J & D	....		....	....	....
" through S L 1st gtd g. 4's.	1954	8,300,000	A & O	95	June28,'06	....	....	....
" registered			A & O	....		....	....	....
Gal. Harrisb'gh & S. A. 1st g 6's.	1910	4,756,000	F & A	106	Feb. 21,'06	....	....	....
" Mex. & P. div 1st g 5's.	1931	13,418,000	M & N	111¾	June11,'06	....	....	....
Gila Val. G. & N'n 1st gtd g 5's.	1924	1,514,000	M & N	106¼	July 26,'06	108¼	106¼	6,000

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Houst. E. & W. Tex. 1st g. 5's..1933	501,000	M & N	105½	Jan. 27,'05	....	....	....
" 1st gtd. g. 5's.........1933	2,199,000	M & N	103½	July 12,'06	103½	103½	1,000
Houst. & T.C. 1st g 5's int. gtd..1937	4,242,000	J & J	109½	July 18,'06	109½	109½	7,000
" con. g 6's int. gtd......1912	2,080,000	A & O	111½	Apr. 18,'06	....	....	....
" gen. g 4's int. gtd......1921	4,275,000	A & O	95½	July 11,'06	96¾	95½	5,000
" W&Nwn.div.1st.g.6's.1930	1,105,000	M & N	127½	Feb. 27,'02	....	....	....
Louisiana Western 1st 6's 1921	2,240,000	J & J	....	....	....	....	....
Morgan's La & Tex. 1st g 6's....1920	1,494,000	J & J	118	Feb. 17,'06	....	....	....
" 1st 7's 1918	5,000,000	A & O	129½	Nov. 5,'04	....	....	....
N. Y. Tex. & Mex. gtd. 1st g 4's..1912	1,465,000	A & O	....	....	....	....	....
Nth'n Ry of Cal. 1st gtd. g. 6's.1907	3,964,000	J & J	106	Sept.14,'04	....	....	....
" gtd. g. 5's..................	4,751,000	A & O	113	Jan. 4,'01	....	....	....
Oreg. & Cal. 1st gtd. g 5's........1927	18,235,000	J & J	102½	Mar. 2,'06	....	....	....
San Ant.&Aran Pass 1st gtd g 4's.1943	17,544,000	J & J	86¼	July 30,'06	87¼	86	64,000
South'n Pac. of Ariz. 1st 6's.....1909	6,000,000	J & J	105½	Mar. 14,'06	....	....	....
" " " 1910	4,000,000	J & J	107	Apr. 28,'06	....	....	....
" of Cal. 1st g 6's C. & D. 1906	12,693,500	A & O	102	Jan. 2,'06	....	....	....
" " " E. & F. 1902		A & O	113¾	Feb. 15,'06	....	....	....
" " " 1912		A & O	116	June 29,'04	....	....	....
" 1st con. gtd. g 5's...1937	6,809,000	M & N	119	Jan. 3,'06	....	....	....
" stamped........1905-1937	21,470,000	......	108⅝	July 11,'05	....	....	....
So. Pacific Coast 1st gtd. g. 4's.1937	5,500,000	J & J	....	....	....	....	....
" of N. Mex. c. 1st 6's.1911	4,180,000	J & J	105¾	May 16,'06	....	....	....
Tex.&N.O. Sabine div. 1st g 6's.1912	2,575,000	M & S	111¼	Jan. 6,'06	....	....	....
" con. g 5's..............1943	1,620,000	J & J	110	Apr. 10,'06	....	....	....
Southern Pacific R.R. Co............	75,000,000	J & J	94⅞	July 31,'06	95⅝	94⅞	770,000
" st. refundg mtge. s. f. 4's.1955		J & J	....	....	....	....	....
Southern Railway 1st con. g 5's.1994	45,777,000	J & J	116¼	July 31,'06	116¼	115¾	89,000
" registered..................		J & J	116	July 13,'06	116	116	2,000
Mob. & Ohio collat. trust g. 4's.1938	8,069,000	M & S	95	July 19,'06	95	95	18,000
" registered................		M & S	....	....	....	....	....
" Memph.div.1stg.4-4½-5's.1996	5,783,000	J & J	119½	June 8,'06	....	....	....
" registered.................		J & J	....	....	....	....	....
" St. Louis div. 1st g. 4's...1951	12,250,000	J & J	98½	July 16,'06	99	97¼	17,000
" " registered.........		J & J	....	....	....	....	....
Alabama Central, 1st 6's.......1918	1,000,000	J & J	113	Jan. 4,'06	....	....	....
Atlantic & Danville 1st g. 4's..1948	3,925,000	J & J	96	June 1,'06	....	....	....
" 2d mtg..................1948	775,000	J & J	92	June 14,'06	....	....	....
Atlantic & Yadkin, 1st gtd g 4s.1949	1,500,000	A & O	....	....	....	....	....
Col. & Greenville, 1st 5-6's.....1916	2,000,000	J & J	116½	May 8,'05	....	....	....
East Tenn., Va. & Ga. div.g.5's.1930	3,106,000	J & J	116	May 24,'06	....	....	....
" con. 1st g 5's...........1956	12,770,000	M & N	117⅞	July 24,'06	118	117⅞	16,000
" reorg. lien g 4's.......1938	4,500,000	M & S	114½	July 19,'06	114½	114½	3,000
" registered..................		M & S	....	....	....	....	....
Ga. Midland Ry. Co., 1st 3's.....1946	1,650,000	A & O	72¼	July 20,'06	72¼	72¼	1,000
" Pacific Ry. 1st g 5-6's......1922	5,660,000	J & J	122¼	June 22,'06	....	....	....
Knoxville & Ohio, 1st g 6's.....1925	2,000,000	J & J	122⅝	Apr. 10,'06	....	....	....
Rich. & Danville, con. g 6's....1915	5,597,000	J & J	112⅝	July 12,'06	112⅝	112⅝	5,000
" deb. 5's stamped......1927	3,368,000	A & O	114½	Feb. 13,'06	....	....	....
Rich. & Mecklenburg 1st g. 4's.1948	315,000	M & N	98	Feb. 18,'05	....	....	....
South Caro'a & Ga. 1st g. 5's....1919	5,250,000	M & S	107½	July 25,'06	107½	107½	4,000
Vir. Midland serial ser. B 6's..1911	1,900,000	M & S	109	June 15,'06	....	....	....
" small......................		M & S	....	....	....	....	....
" ser. C 6's..............1916	1,100,000	M & S	123	Feb. 8,'02	....	....	....
" small......................		M & S	....	....	....	....	....
" ser. D 4-5's............1921	950,000	M & S	110	Dec 22,'04	....	....	....
" small......................		M & S	....	....	....	....	....
" ser. E 5's..............1926	1,775,000	M & S	113	Dec. 20,'05	....	....	....
" small......................		M & S	....	....	....	....	....
" ser. F 5's..............1931	1,310,000	M & S	115¾	Nov. 2,'05	....	....	....
Virginia Midland gen. 5's......1936	2,392,000	M & N	111⅝	May 21,'06	....	....	....
" gen.5's. gtd. stamped.1926	2,466,000	M & N	109½	May 2,'06	....	....	....
W. O. & W. 1st cy. gtd. 4's.....1924	1,025,000	F & A	97¾	May 15,'05	....	....	....
W. Nor. C. 1st con. g 6's........1914	2,531,000	J & J	111¼	July 5,'06	111¼	111¼	2,000
Spokane Falls & North.1st g.6's..1939	2,812,000	J & J	117	July 25,19'	....	....	....
Staten Isl.Ry.N.Y.1stgtd.g.4½'s.1943	500,060	J & D	100	Nov. 22,'04	....	....	....
St. L. Mers. bdg. Ter. gtd g. 5's...1930	3,500,000	A & O	111	June 22,'06	111	111	2,000
Ter. R. R. Assn. St. Louis 1g 4½'s.1939	7,000,000	A & O	109	May 16,'06	....	....	....
" 1st con. g. 5's.....1894-1944	5,000,000	F & A	120	Apr. 24,'06	....	....	....
" gn. refdg. sg. fd. g.4's. 1953	18,000,000	J & J	96	July 3,'06	96	96	1,000
" " " registered.		J & J	....	....	....	....	....
Tex. & Pacific, 1st gold 5's.......2000	25,000,000	J & D	118½	July 24,'06	118¾	118	46,000
" 2d gold income, 5's......2000	963,000	MAR.	85	July 24,'06	89	85	4,000
" La. Div.B.L. 1st g.5's...1931	4,241,000	J & J	108¾	Mar. 29,'06	....	....	....
Weatherford Mine Wells & Nwn. Ry. 1st gtd. 5's.........1930	500,000	F & A	106½	Nov. 7,'04	....	....	....

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Toledo & Ohio Cent. 1st g 5's	1935	3,000,000	J & J	111⅛	July 3,'06	111⅛	111⅛	1,000
" 1st M. g 5's West. div.	1935	2,500,000	A & O	115	Oct. 28,'04	....	....	....
" gen. g. 5's	1935	2,000,000	J & D	109	May 25,'06	....	....	....
" Kanaw & M. 1st g. g. 4's	1990	2,469,000	A & O	98	July 18,'06	98	97⅛	2,000
Toledo, Peoria & W. 1st g 4's	1917	4,400,000	J & D	89½	July 20,'06	89½	89½	3,000
Tol., St.L.&Wn. prior lien g 3½'s	1925	9,000,000	J & J	89¾	May 24,'06	....	....	....
" registered			J & J	....		....	....	....
" fifty years g. 4's	1925	6,500,000	A & O	81⅛	July 31,'06	82	81	13,000
" registered			A & O	....		....	....	....
Toronto,Hamilton&Buff 1st g 4s	1946	3,280,000	J & D	99⅛	Nov. 8,'05	....	....	....
Ulster & Delaware 1st c. g 5's	1928	2,000,000	J & D	110	June25,'06	....	....	....
" 1st ref. g. 4's	1952	700,000	A & O	98	Jan. 20,'06	....	....	....
Union Pacific R. R. & ld gt g 4s	1947	100,000,000	J & J	103⅛	July 31,'06	103¾	102¾	568,500
" registered			J & J	102	July 30,'06	102⅝	101¼	71,000
Oreg. R. R. & Nav.Co.con. g 4's	1946	21,482,000	J & D	100½	July 31,'06	100⅛	100¼	62,000
Oreg. Short Line Ry. 1st g. 6's	1922	14,931,000	F & A	124	July 25,'06	124¼	123¾	15,000
" 1st con. g. 5's.1946		12,328,000	J & J	116⅛	July 12,'06	116⅛	116⅛	2,000
" gtd. refunding g. 4's	1929	45,000,000	J & D	94⅝	July 31,'06	95¾	94⅝	357,000
" " registered			J & D	96⅛	Dec. 30,'05	....	....	....
Utah & Northern 1st 7's	1908	4,993,000	J & J	105½	Jan. 16,'02	....	....	....
" g. 5's	1926	1,812,000	J & J	110	June27,'06	....	....	....
Vandalai R. R. con. g. 4's	1955	10,000,000	F & A	102⅞	Feb. 2,'06	....	....	....
" registered			F & A	....		....	....	....
Vera Cruz & Pac. tr. gtd. g.4½'s	1934	2,500,000	J & J	101⅝	Nov.29,'05	....	....	....
" 1st mtg. gtd. bonds of 1934, scaled int.to 1910 Speyer&Co's coupn		5,891,000	J & J	....		....	....	....
Virginia & S'western 1st gtd. 5's	2003	2,000,000	J & J	112½	Apr. 30,'06	....	....	....
Wabash R.R. Co., 1st gold 5's	1939	33,011,000	M & N	114½	July 30,'06	114⅞	113¾	95,000
" 2d mortgage gold 5's	1939	14,000,000	F & A	107¼	July 31,'06	107¼	106	77,000
" deben. mtg series A	1939	3,500,000	J & J	97¾	June11,'06	....	....	....
" series B	1939	26,500,000	J & J	81	July 31,'06	82⅛	77¼	2,624,000
" first lien eqpt. fd.g. 5's	1921	2,500,000	M & S	102	Dec. 28,'05	....	....	....
" 1st lien 50 yr.g.term 4's	1954	2,508,000	J & J	93	Mar. 24,'06	....	....	....
" 1st g.5's Det.& Chi.ex	1940	3,349,000	J & J	110	June 7,'06	....	...	....
" Des Moines div.1st g.4s	1939	1,600,000	J & J	97	Nov.16,'04	....	...	....
" Omaha div. 1st g. 3½s	1941	3,173,000	A & O	85½	May 1,'06	....	....	....
" Tol. &Chic.div.1st g.4's	1941	3,000,000	M & S	95½	July 23,'06	95½	92	11,000
St. L., K.C.& N.St.Chas.B.1st 6's	1908	463,000	A & O	109½	Mar. 13,'03	....	....	....
Wabash Pitts Terml Ry 1st g.4's	1954	29,000,000	J & D	83	July 30,'06	84½	83	46,000
" 2d g. 4's	1954	20,000,000	J & D	37½	July 31,'06	38	35½	995,000
Western Maryland 1st 4's	1952	33,194,000	A & O	83¾	July 31,'06	86	83½	166,000
West. M'land. g.lien& con.g.4's	1952	10,000,000	A & O	72	July 30,'06	71¼	72	21,000
Western N.Y. & Penn. 1st g. 5's	1937	9,990,000	J & J	116⅞	May 11,'06	....	....	....
" gen g. 3-4's	1943	9,789,000	A & O	95	May 29,'06	....	....	....
" Inc. 5's	1943	10,000,000	Nov.	30	May 3,'06	....	....	....
West Va.Cent'l & Pitts.1st g. 6's	1911	3,250,000	J & J	109	June13,'06	....	....	....
Wheeling & Lake Erie 1st g. 5's	1926	2,000,000	A & O	112	June22,'06	....	....	....
" Wheeling div. 1st g. 5's	1928	894,000	J & J	112½	Feb. 9,'06	....	....	....
" exten. and imp. g. 5's	1930	343,000	F & A	114	June23,'05	....	....	....
" 20 year eqptmt s.f.g.5's	1922	2,152,000	J & J	102⅝	Nov.28,'05	....	....	....
Wheel. & L. E. RR. 1st con. g. 4's	1949	11,697,000	M & S	89¼	July 24,'06	89¼	88¾	33,000
" 20 year equip.s.l.d.g.5's	1922	2,152,000	J & J	112¾	July 27,'06	112¾	112¾	1,000
Wisconsin Cen. R'y 1st gen. g. 4s	1949	23,743,000	J & J	90	July 30,'06	90	89	87,000
Mil. & L. Winnebago 1st 6's	1912	1,430,000	J & J	....		....	....	....
STREET RAILWAY BONDS.								
Brooklyn Rapid Transit g. 5's	1945	6,625,000	A & O	105	July 28,'06	105	105	6,000
" 1st ref. conv. g. 4's	2002	22,042,000	J & J	95½	July 31,'06	95½	92	695,000
" " registered			J & J	....		....	....	....
" City R. R. 1st c. 5's 1916	1941	4,378,000	J & J	107	June14,'06	....	....	....
" Qu. Co. & S. c. gd. g. 5's	1941	2,255,000	M & N	100	June 5,'06	....	....	....
" Union Elev. 1st. g. 4-5s	1950	16,000,000	F & A	109	July 31,'06	109	108	108,000
" stamped guaranteed			......	110	Feb. 6,'06	....	....	....
Kings Co. Elev. R. R. 1st g. 4's	1949	7,000,000	F & A	91	May 26,'06	....	....	....
" stamped guaranteed			......	93	July 31,'06	93½	92	68,000
Nassau Electric R. R. gtd. g. 4's	1951	10,474,000	J & J	86	July 26,'06	86	86	2,000
City & Sub. R'y, Balt. 1st g. 5's	1922	2,430,000	J & D	105⅝	Apr. 17,'95	....	....	....
Conn.Ry.& Light g 1st&rfg.g4½'s	1951	10,913,000	J & J	102	Mar. 29,'06	....	....	....
" stamped guaranteed			......	102½	Apr. 2,'06	....	....	....
Denver Con. T'way Co. 1st g. 5's	1933	730,000	A & O	97½	June 13,19'	....	....	....
Denver T'way Co. con. g. 6's	1910	1,219,000	J & J	....		....	....	....
Metropol'n Ry Co. 1st g. g. 6's	1911	913,000	J & J	....		....	....	....
Detroit United Ry 1st c. g. 4½'s	1932	11,367,000	J & J	94¼	July 25,'06	94½	93¼	30,000
Grand Rapids Ry 1st g. 5's	1916	2,750,000	J & D	....		....	...	....
Havana Elec. Ry. con. g. 5s	1952	6,957,000	F & A	94	July 31,'06	94	92⅞	57,000
Interborough Met. clt. tr. g. 4½s	1956	67,406,000	A & O	85¾	July 31,'06	85¾	80¾	3,152,000
" registered			A & O	....		....	....	....

BOND QUOTATIONS.—Last sale, price and date: highest and lowest prices and total sales for the month.

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NAME. *Principal Due.*	*Amount.*	*Int'st Paid.*	LAST SALE. *Price.*	LAST SALE. *Date.*	JULY SALES. *High.*	JULY SALES. *Low.*	JULY SALES. *Total.*
Internat Tract'n 50-yr. clt. tst.4s.1949	17,940,000	J & J	80	July 31,'06	81	79	85,000
Louisville Railw'y Co. lst c. g. 5's. 1930	4,600,000	J & J	109	Mar. 19,'03	....	....	....
Manila E'tric lst l'n & cl.tst sf 5's.1953	4,635,000	M S	....	....	....	....	....
Market St. Cable Railway lst 6's, 1913	3,000,000	J & J	....	....	....	....	....
Metro. St. Ry N.Y.g. col. tr.g.5's.1997	12,500,000	F & A	110	July 30,'06	111	110	48,000
• refunding 4's..........2002	16,418,000	A & O	84	July 31,'06	85	83¾	86,000
{ B'way & 7th ave. lst con. g. 5's, 1943	7,660,000	J & D	111½	July 26,'06	111½	110	8,000
• registered		J & D	119½	Dec. 3,19'	....	....	....
Columb.& 9th ave. lst gtd g 5's, 1993	3,000,000	M & S	118	July 19,'06	118	118	1,000
• registered..........		M & S	....	....	....	....	....
Lex ave & Pav Fer lst gtd g 5's, 1993	5,000,000	M & S	112½	July 24,'06	112½	112½	6,000
• registered..........		M & S	....	....	....	....	....
Third Ave. R.R. lst c.gtd.g.4's..2000	36,943,000	J & J	91½	July 30,'06	92	91	50,000
• registered..........		J & J	....	....	....	....	....
Third Ave. R'y N.Y. lst g 5's...1937	5,000,000	J & J	115¼	July 27,'06	115¼	115¼	24,000
Met. West Side Elev. Chic. lstg.4's.1938	9,808,000	F & A	93½	July 3,'06	93½	93½	5,000
• registered..........		F & A	....	....	....	....	....
Mil. Elec. R.& Light con.30yr.g.5's.1926	6,500,000	F & A	109	July 18,'06	109	109	2,000
Minn. St. R'y (M. L. & M.) lst con. g. 5's..........1919	4,050,000	J & J	107½	Feb. 14,'06	....	....	....
New Orl. Ry.& Lgt. g. mtge 4½'s.1935	13,643,000	J & J	89¾	July 24,'06	89¾	89⅝	26,000
St.Jos. Ry. Lig't, Heat&P.lstg.5's.1937	3,763,000	M & N	....	....	....	....	....
St. Paul City Ry. Cable con.g.5's.1937	2,480,000	J&J15	114½	Nov.18,'05	....	....	....
• gtd. gold 5's..........1937	1,138,000	J & J	112	Nov.28,'99	....	....	....
Salt Lake City lst g. sk. fd 6's ..1913	297,000	J & J	....	....	....	....	....
Undergr'd Elec. Rys. of London Ltd.	16,550,000	J & J	95	July 31,'06	95⅛	93½	82,500
5% profit haring notes 1908 series A		J & D	....	....	....	....	....
• series B		J & D	....	....	....	....	....
• series C		J & D	....	....	....	....	....
• series D		J & D	....	....	....	....	....
Union Elevated (Chic.) lst g.5's.1945	4,387,000	A & O	106½	July 13,'05	....	....	....
United Railways of St.L.lst g.4's.1934	28,292,000	A & O	85⅝	July 27,'06	85¾	85⅝	7,000
• St.L.T.Co.gtd.imp.20yr 5's.1924	10,000,000	A & O	96½	Apr. 12,'06	....	....	....
United R. R. of San Fr. s. fd. 4's...1927	20,000,000	A & O	84	July 31,'06	84½	79½	563,000
West Chic. St. 40 yr. lst cur. 5's. 1928	3,969,000	M & N	87	Sept. 9,'05	....	....	....
• 40 years con. g. 5's......1936	6,061,000	M & N	99	Dec. 28,'97	....	....	....
MISCELLANEOUS BONDS.							
Adams Express Co. col. tr. g. 4's.1948	12,000,000	M & S	103¼	July 16,'06	103¼	102½	24,500
Am.Steamship Co.of W.Va.g.5's 1920	5,062,000	M & N	100¾	June 4,'02	....	....	....
Bklyn.Ferry Co.of N.Y.lstc.g.5's.1948	6,500,000	F & A	47	June25,'06	....	....	....
Chic. Junc. & St'k Y'ds col. g. 5's.1915	10,000,000	J & J	108	July 3,'05	....	....	....
Der. Mac.&Ma.ld.gt.3½'s sem.an.1911	1,432,000	A & O	70	May 29,'06	....	....	....
Hackensack Water Co. lst 4's....1952	3,000,000	J & J	....	....	....	....	....
Hoboken Land & Imp. g. 5's.....1910	1,440,000	M & N	102	Jan. 19,'94	....	....	....
Madison Sq. Garden lst g.5's....1916	1,250,000	M & N	102	July 8,'97	....	....	....
Manh. Bch H. & L. lim.gen. g. 4's.1940	1,300,000	M & N	50	Feb. 21,'02	....	....	....
Newport News Shipbuilding & Dry Dock 5's..........1890-1990	2,000,000	J & J	94	May 21,'94	....	....	....
N. Y. Dock Co. 50 yrs. lst g. 4's...1951	11,580,000	F & A	95	July 25,'06	95	93¾	27,000
• registered..........		F & A	....	....	....	....	....
Provident L. Soc. of N.Y. g. 4's .1921	2,000,000	M & S	99	May 10,'06	....	....	....
St.Joseph Stock Yards lst g. 4½'s 1930	1,250,000	J & J	100½	Sept.15,'05	....	....	....
St. Louis Terml. Cupples Station & Property Co. lst g 4½'s 5-20..1917	3,000,000	J & D	....	....	....	....	....
So. Y. Water Co. N. Y. con. g 6's..1923	478,000	J & J	112	July 27,'04	....	....	....
Spring Valley W. Wks. lst 6's....1906	3,897,000	M & S	113½	Dec. 18,19'	....	....	....
U. S. Mortgage and Trust Co. Real Estate lst g col tr. bonds.							
{ Series E 4's..........1907-1917	1,000,000	J & D	....	....	....	....	....
• F 4's..........1908-1918	1,000,000	M & S	100	Mar. 15,19'	....	....	....
• G 4's..........1903-1918	1,000,000	F & A	....	....	....	....	....
• H 4's..........1903-1918	1,000,000	M & N	....	....	....	....	....
• I 4's..........1904-1919	1,000,000	F & A	....	....	....	....	....
• J 4's..........1904-1919	1,000,000	M & N	....	....	....	....	....
• K 4's..........1905-1920	1,000,000	J & J	....	....	....	....	....
Small bonds..........	....	......	....	....	....	....	....
INDUSTRIAL AND MFG. BONDS.							
Am. Cotton Oil deb. ext. 4½'s...1915	5,000,000	......	96	June15,'06	....	....	....
Am. Hide & Lea. Co. lst s. f. 6's...1919	7,863,000	M & S	91	July 28,'06	91	90	82,000
Am. Ice Securities Co. deb. g 6's.1925	2,655,000	A & O	89	July 25,'06	90¼	86¾	58,000
• small bonds......		A & O	....	....	....	....	....
Am. Spirit Mfg. Co. lst g. 6's....1915	1,521,000	M & S	103	July 12,'06	103	103	2,000
Am.Thread Co..lst coll.trust 4's.1919	6,000,000	J & J	88½	July 24,'06	88½	88½	3,000
Am. Tobacco Co. 40 yrs g, 6's....1944	54,864,750	A & O	113	July 31,'06	113	110	372,000
• registered..........		A & O	112	July 10,'06	112	112	1,000
• g. 4's..........1951	58,168,000	F & A	78½	July 31,'06	79½	77	607,000
• • registered..........		F & A	77½	July 24,'06	77½	77½	4,500

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MISCELLANEOUS BONDS—*Continued.*

Name.	Principal Due.	Amount.	Int't paid.	Last Sale. Price.	Last Sale. Date.	July Sales. High.	July Sales. Low.	July Sales. Total.
Bethlehem Steel 1st ext. g. sf. 5's.	1926	3,500,000	J & J	....	....	....	....	....
Central Leather Co. 20 yr. g. 5's.	1925	33,882,000	A & O	99⅛	July 31,'06	99¾	98⅛	225,000
Consol. Tobacco Co. 50 year g. 4's.	1951	5,810,500	F & A	78⅛	July 26,'06	78½	77⅛	32,000
" registered	....		F & A	78¼	Mar. 16,'06	....	....	....
Dis. Secur. Cor. con. 1st g. 5's.	1927	13,609,000	A & O	86½	July 31,'06	86⅛	85	171,000
Ill. Steel Co. deb. 5's stpd. non con.	1910	2,922,090	J & J	99	Jan. 17,'99	....	....	....
" non. conv. deb. 5's.	1910	7,000,000	A & O	92	Feb. 23,'04	....	....	....
Internat'l Paper Co. 1st con. g 6's.	1918	9,724,000	F & A	109⅛	July 25,'06	109⅝	109	32,000
" con. conv. sinkg fund g 5s	1935	5,000,000	J & J	94⅛	July 27,'06	95	94⅛	99,000
Int. Steam Pump 10 year deb. 6's.	1913	3,500,000	J & J	104⅝	June 22,'06	....	....	....
Knick'r'ker Ice Co. (Chic) 1st g 5's.	1926	1,937,000	A & O	97⅛	Oct. 20,'05	....	....	....
Lack. Steel Co., 1st con. g. 5's.	1923	15,000,000	A & O	103⅞	July 30,'06	104⅛	103⅝	76,000
Nat. Starch Mfg. Co., 1st g 6's.	1920	2,843,000	J & J	90	May 31,'06	....	....	....
Nat. Starch. Co's fd. deb. g. 5's.	1925	3,920,000	J & J	75	July 19,'06	75	75	2,000
Rep. Ir. & St. 1st m. & clt. 1st sf. 5's	1934	8,625,000	A & O	....	....	....	....	....
United Fruit Co., con. 5's.	1911	2,063,000	M & S	....	....	....	....	....
U. S. Env. Co. 1st sk. fd. g. 6's.	1918	1,624,000	J & J	....	....	....	....	....
U. S. Leather Co. 6% g s. fd deb.	1915	5,280,000	M & N	109⅛	July 9,'06	109⅛	109⅛	20,000
U. S. Reduction & Refin. Co. 6's.	1931	....	......	99⅛	July 26,'06	99¼	99⅛	26,000
U.S. Realty & Imp. con. deb. g. 5's.	1924	18,284,000	......	92¾	July 31,'06	93	92	54,000
U.S. Steel Corp. 10-60 yr. g. sk. fd 5's	1963	....	M & N	98⅝	July 31,'06	98⅝	96⅜	2,625,000
" " " reg.	1963	170,000,000	M & N	98⅝	July 31,'06	98⅝	96¾	87,500
Va. Carol Chem. col. tr. s. fd. g. 5's.	1912	6,000,000	A & O	100	July 30,'06	100	100	9,000
BONDS OF COAL AND IRON COS.								
Buff & Susq Iron Co. 1st skg fd 5s.	1932	3,000,000	J & D	....	....	....	....	....
Col. Fuel & Iron Co. g. s. fd. g 5's.	1943	5,855,000	F & A	102⅛	June 28,'06	....	....	....
" conv. deb. g. 5's.	1911	1,638,000	F & A	88	July 24,'06	88	88	15,000
" " registered	....		F & A	....	....	....	....	....
Col. C'l & I'n Dev. Co. gtd g. 5's.	1909	700,000	J & J	55	Nov. 2,19	....	....	....
" Coupons off	....	....	......	....	....	....	....	....
Colo. Fuel Co. gen. g. 6's.	1919	560,000	M & N	107⅛	Oct. 7,'04	....	....	....
Grand Riv. C'l & C'ke 1st g. 6's.	1919	949,000	A & O	102⅝	Apr. 25,'06	....	....	....
Col. Inds. 1st cv g & col tr gt 5s ser A	1934	13,030,000	F & A	77⅞	July 31,'06	77¾	75	304,000
" registered	....	....	F & A	....	....	....	....	....
" 1st g & col tr gt 5s ser B.	1934	12,537,000	F & A	77	July 31,'06	77⅛	75	156,000
" " registered	....	....	F & A	....	....	....	....	....
Con. Ind. Coal Co. 1st 30 yr. sf. 5's	1935	2,500,000	J & D	....	....	....	....	....
Continental Coal 1st s. f. gtd. 5's.	1952	2,899,000	F & A	107⅝	Dec. 12,'04	....	....	....
Jeff. & Clearf. Coal & Ir. 1st g. 5's	1926	1,588,000	J & D	105⅛	Oct. 10,'98	....	....	....
" 2d g. 5's	1926	1,000,000	J & D	102½	Oct. 27,'03	....	....	....
Kan. & Hoc. Coal & Coke 1st g. 5's	1951	2,909,000	J & J	105½	Oct. 7,'05	....	....	....
Pleasant Valley Coal 1st g. s. f. 5s.	1928	1,110,000	J & J	106¼	Feb. 27,'02	....	....	....
Roch & Pitts. Cl & Ir. Co. pur my 5's.	1946	1,044,000	M & N	....	....	....	....	....
Sun. Creek Coal 1st sk. fund 6's.	1912	317,000	J & D	105	Aug. 10,'05	....	....	....
Sun. Creek Co. 39 yr. clt. tst. s. f. 5s.	1944	3,865,000	J & J	....	....	....	....	....
Tenn. Coal, Iron & R.R. gen. 5's.	1951	4,424,000	J & J	97⅛	June 30,'06	97¾	97¼	14,000
" Tenn. div. 1st g. 6's.	1917	1,160,000	A & O	109	June 29,'06	....	....	....
" Birmingh. div. 1st con. 6's	1917	3,603,000	J & J	106¼	July 18,'06	108	106¼	9,000
Cahaba Coal M. Co., 1st gtd. g. 6's	1922	854,000	J & D	102	Dec. 28,'03	....	....	....
De Bardeleben C&I Co. gtd. g. 6's	1910	2,716,500	F & A	103⅛	Feb. 20,'06	....	....	....
Utah Fuel Co. 1st s. f. g. 5's.	1931	810,000	M & S	....	....	....	....	....
Va. Iron, Coal & Coke, 1st g. 5's.	1949	5,891,000	M & S	97	July 30,'06	97	95	29,000
GAS & ELECTRIC LIGHT CO. BONDS.								
Atlanta Gas Light Co. 1st g. 5's.	1947	1,150,000	J & D	....	....	....	....	....
B'klyn Union Gas Co. 1st cong. 5's.	1945	14,498,000	M & N	107¾	July 31,'06	109	107¾	22,000
Buffalo Gas Co. 1st g. 5's.	1947	5,900,000	A & O	70½	July, 30'06	71	70½	7,000
Columbus Gas Co., 1st g. 5's.	1932	1,215,000	J & J	104⅛	Jan. 28,'98	....	....	....
Consolidated Gas Co., con. deb. 6's.	1909	19,857,500	J & J	140	July 31,'06	142	137¼	132,500
Detroit City Gas Co. g. 5's.	1923	5,603,000	J & J	104	June 28,'06	....	....	....
Detroit Gas Co. 1st con. g. 5's.	1918	381,000	F & A	105	Sept. 28,'05	....	....	....
Eq. G. L. Co. of N.Y. 1st con. g. 5's.	1932	3,500,000	M & S	102½	Nov. 5,'04	....	....	....
Gas. & Elec. of Bergen Co, c. g. 5s.	1949	1,146,000	J & D	67	Oct. 2,'01	....	....	....
Gen. Elec. Co. del. g. 3½'s	1942	2,047,000	F & A	89⅛	July 20,'06	89⅛	89⅛	5,000
Grand Rapids G. L. Co. 1st g. 5's.	1915	1,225,000	F & A	107¾	Dec. 17,'04	....	....	....
Hudson Co. Gas Co. 1st g. 5's.	1949	10,290,000	M & N	105	June 28,'06	....	....	....
Kansas City Mo. Gas Co. 1st g 5's.	1922	3,750,000	A & O	98	July 24,'06	98	98	1,000
Kings Co. Elec. L. & Power g. 5's.	1937	2,500,000	A & O	....	....	....	....	....
" purchase money 6's.	1997	5,010,000	J & J	121	Feb. 23,'06	....	....	....
Edison El. Ill. Bkln 1st con. g. 4's.	1939	4,275,000	J & J	93⅛	Mar. 13,'06	....	....	....
Lac. Gas L't Co. of St. L. 1st g. 5's.	1919	10,000,000	Q F	105⅛	July 26,'06	105⅛	105¼	9,000
" small bonds	....							
" refdg. & enten 1st g. 5s.	1934	5,000,000	A & O	103⅛	July 26,'06	104¾	103½	5,000
Milwaukee Gas Light Co. 1st 4's.	1927	7,000,000	M & N	93¼	June 12,'06	....	....	....
Newark Cons. Gas, con. g. 5's.	1948	5,274,000	J & D	90¼	July 30,'04	....	....	....

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MISCELLANEOUS BONDS—*Continued.*

NAME. Principal Due.	Amount.	Int't paid.	Last Sale. Price.	Last Sale. Date.	July Sales. High	July Sales. Low.	Total.
N.Y.GasEL.H&PColstool tr g 5's.1948	15,000,000	J & D	105¼	July 18,'06	105¾	105	15,000
• registered....................		J & D	110¼	Dec. 30,'04	....	....	....
• purchase mny col tr g 4's.1949	20,927,000	F & A	87	July 27,'06	88	87	25,000
Edison El. Illu. 1st conv. g. 5's.1910	4,312,000	M & S	102¼	Apr. 9,'06	....	....	....
• 1st con. g. 5's...........1995	2,156,000	J & J	113¼	June20,'06	....	....	....
N.Y.&Qus.Elec.Lg.&P.1st.c.g.5's1930	2,272,000	F & A	101	July 23,'06	101	101	1,000
N.Y.& RichmondGasCo.1stg.5's.1921	1,225,000	M & N	....		....	....	....
Paterson&Pas. G.&E. con.g.5's..1949	8,317,000	M & S	104¾	Nov.18,'05	....	....	....
Peo. Gas & C.C.1st con. g 6's...1943	4,900,000	A & O	120	June20,'06	....	....	....
• refunding g. 5's.........1947	2,500,000	M & S	105⅝	June18,'06	....	....	....
• refuding registered....		M & S	....		....	....	....
Chic.Gas Lt&Coke 1st gtd g.5's.1937	10,000,000	J & J	107	June 1,'06	....	....	....
Con. Gas Co.Chic. 1st gtd.g.5's.1936	4,346,000	J & D	105	June 1,'06	....	....	....
MutualFuelGasCo.1stgtd.g.5's.1947	5,000,000	M & N	103½	Dec. 18,'05	....	....	....
• registered..	....	......	... .		....	....	....
Syracuse Lighting Co. 1st g. 5's..1951	2,000,000	J & D	....		....	....	....
Trenton Gas & Electric 1st g. 5's.1949	1,500,000	M & S	110	May 13,'05	....	....	....
Union Elec.Lgt.& Pwr.Co.1st 5s.1932	6,202,000	M & S	....		....	....	....
Utica Elec. L. & P. 1st s. f'd g.5's.1950	1,000,000	J & J	....		...	....	....
Westchester Lighting Co. g. 5's.1950	5,916,000	J & D	106½	Apr. 3,'06	....	....	....
TELEGRAPH AND TELEPHONE CO. BONDS.							
Am.Teleph.&Teleg.coll.trust.4's.1929	53,000,000	J & J	90⅝	July 16,'06	90⅝	90⅝	3,000
Commercial Cable Co. 1st g. 4's.2397.	8,877,800	Q & J	96½	June15,'06	....	....	....
• registered..................		Q & J	100½	Oct. 3,19'	....	....	....
Total amount of lien, $20,000,000.							
Keystone Telephone Co. 1st 5's..1935	4,000,000	J & J	....		....	....	....
• registered		J & J	....		....	....	....
Metrop. Tel & Tel. 1st s'k f'd g.5's.1918	1,749,000	M & N	....		....	....	....
• registered..................		M & N	109½	May 18,'05	....	....	....
Mich. State Tel. Co. 1st 20-yr. 5s..1924	5,656,000	F & A	101½	July 3,'06	101½	101½	5,000
N. Y. & N. J. Tel. gen. g 5's.......1920	1,261,000	M & N	105¾	July 2,'03	....	....	....
Western Union col. tr. cur. 5's...1938	8,615,000	J & J	105¼	July 17,'06	106¼	106¼	21,000
• fundg & real estate g.4½'s.1950	20,000,000	M & N	103¾	July 27,'06	103¾	102⅝	72,000
Mutual Union Tel. s. fd. 6's....1911	1,957,000	M & N	108¼	Mar. 15,'06	....	....	....
Northwn Tel. Co. gtd fd. 4½'s..1934	1,500,000	J & J	103	July 26,'04	....	....	....

UNITED STATES, STATE AND FOREIGN GOVERNMENT SECURITIES.

NAME Principal Due.	Amount.	Int'st Paid.	Year 1906. High.	Year 1906. Low.	July Sales. High.	July Sales. Low.	Total.
United States con. 2's registered...1930	542,909,950	Q J	104½	103⅛	104⅛	103⅝	32,000
• con. 2's coupon............1930		Q J	104⅛	103	....	....	......
• con. 2's reg. small bonds..1930		Q J	....	....	....	....	......
• con. 2's coupon small bds.1930		Q J	....	....	....	....	......
• 3's registered...........1908-18	77,135,300	Q F	103⅞	102¾	....	....	......
• 3's coupon..............1908-18		Q F	104¾	102⅝	102⅝	102⅝	12,500
• 3's small bonds reg......1908-18		Q F	....	....	....	....	......
• 3's small bonds coupon.1908-18		Q F	104¼	102¼	....	....	......
• 4's registered..............1907	156,591,500	J A J&O	104⅛	102¾	102¾	102¾	1,000
• 4's coupon..................1907		J A J&O	104⅞	102¾	102⅞	102¾	34,000
• 4's registered..............1925	118,489,900	Q F	129⅞	129	....	....	......
• 4's coupon. 1925		Q F	132¼	129⅛	129¾	129¾	3,000
District of Columbia 3-65's...........1924	14,224,100	F & A	....	....	....	....	......
• small bonds....................		F & A	....	....	....	....	......
• registered......................		F & A	....	....	....	....	......
Philippine Islands land pur. 4's...1914-34	7,000,000	Q F	111	109¼	....	....	
• public works & imp. reg.4's.1935	2,500,000	Q MCH.	108¾	108¾	....	....	.....
Philippine Islands 4% public works & imp ten-thirty-yr reg bonds......1936	1,000,000	Q FEB	....	..	....	....	......
STATE SECURITIES.							
Alabama currency funding 4's......1920	954,000	J & J	....	....	....	....	......
District of Columbia. See U. S. Gov.							
Louisiana new con. 4's.................1914	10,752,800	J & J	....	....	....	....	......
• small bonds..........							

UNITED STATES, STATE AND FOREIGN GOVERNMENT SECURITIES—*Continued.*

NAME.	*Principal Due.*	*Amount.*	*Int'st paid.*	YEAR 1906. *High.*	YEAR 1906. *Low.*	JULY SALES. *High.*	JULY SALES. *Low.*	JULY SALES. *Total.*
North Carolina con. 4's	1910	3,397,350	J & J	102¾	101	101	101	2,000
" small			J & J	....	....	....	....	......
" 6's	1919	2,720,000	A & O	122	122	....	....	......
N. Carolina fundg. act bds	1866 1900	556,500	J & J	....	....	....	....	......
" "	1868–1898		A & O	....	....	....	....	......
" new bonds	1892–1898	624,000	J & J	....	....	....	....	......
" "			A & O	....	....	....	....	......
" Chatham R. R.		1,200,000	A & O	....	....	....	....	......
" special tax Class 1		....	A & O	....	....	....	....	......
" " Class 2		....	A & O	....	....	....	....	......
" " to Western N. C. R.		....	A & O	....	....	....	...	......
" " Western R. R.		....	A & O	....	....	....	....	......
" " Wil. C. & Ru. R.		....	A & O	....	....	....	....	......
" " Western & Tar. R.		....	A & O	....	....	....	....	......
South Carolina 4½'s 20-40	1933	4,392,500	J & J	....	....	....	....	......
So. Carl. 6's act. Mch. 23, 1869, non-fde.	1888	5,965,000	....	....	....	....	....	......
Tennessee new settlement 3's	1913	6,681,000	J & J	96¼	95¼	95¾	95¼	3,000
" registered		6,079,000	J & J	....	....	....	....	......
" small bond		362,200	J & J	....	....	....	....	......
" redemption 4's	1907	469,000	A & O	....	....	....	....	......
" 4½s	1913	1,000,000	A & O	....	....	....	....	......
" penitentiary 4½'s	1912	600,000	A & O	....	....	....	....	......
Virginia fund debt 2–3's of	1991	17,089,000	J & J	96¾	94¾	....	....	......
" registered			J & J	....	....	....	....	......
" 6's deferred cts. Issue of 1871		1,824,966	....	....	....	....	....	......
" " Brown Bros. & Co. ctfs.		10,866,565	....	30	20	24½	22	177,000
FOREIGN GOVERNMENT SECURITIES.								
Frankfort-on the-Main, Germany, bond loan 3½'s series 1	1901	13,802,000 (Marks.)	M & S	....	....	....	....	......
Four marks are equal to one dollar.								
Imperial Japanese Gov. 6% ster loan.	1911	£10,000,000	A & O	101½	96¾	100	99¼	600,000
" " second series	....	£12,000,000	A & O	101¼	97¼	99⅞	98⅝	492,000
$5 shall be considered equiv. £1 sterling								
Imper. Japan. Gov. 4½% ster. loan.	1925	£30,000,000	F & A15	95½	90½	94½	94	854,000
" " second series		£30,000,000	J & J	93⅝	89½	93⅝	90⅝	919,000
One pound sterling equals five dollars								
Regular delivery £100 and £200								
Large bonds £500. Small bonds £20								
Imperial Russian Gov. State 4% Rente		2,310,000,000 (Rubles.)	Q M	....	....	....	....	......
Two rubles are equal to one dollar.								
Quebec 5's	1908	3,000,000	M & N	....	....	....	....	......
Republic of Cuba g. 5's extern debt.	1904	35,000,000	M & S	108	103¼	106	105¼	125,000
" registered			M & S	...	....	....	....	......
U. S. of Mexico External Gold Loan of 1899 sinking fund 5's		....	Q J	....	....	....	....	......
Regular delivery in denominations of £100 and £200		£21,710,640	......	101½	98¾	100½	98¾	4,500
Small bonds denominations of £20		....	......	....	....	....	....	......
Large bonds den'tions of £500 and £1,000.		....	......	....	....	...	....	......
U. S. of Mex. 4'5 gold debt 1904 ser. A.	1954	39,602,000	J & D	96	92⅝	94⅝	94⅝	81,000
" " " ser. B.	1954		J & D	....	....	....	....	......

BANKING AND FINANCIAL NOTES

THE BANKERS' ASSOCIATIONS.

WISCONSIN.

Milwaukee entertained the twelfth annual convention of the Wisconsin Bankers' Association on July 13 and 14, Wm. B. Banks of Superior, presiding. Secretary Puelicher reported a membership of 366, compared with 313 at last year's convention.

F. J. Carr, cashier of the Bank of Hudson, made an interesting address on bank taxation, and showed that the present method of assessing banks in Wisconsin was inequitable.

Lucius Teter, cashier of the Chicago Savings Bank and chairman of the Savings Bank Section of the American Bankers' Association, made an address relating to the growing importance of savings deposits, which he illustrated as follows:

"The rapidity with which these deposits have grown in recent years can more readily be illustrated by actual figures. In your State of Wisconsin, the savings deposits in 1900 were ten million dollars; in 1906, nineteen million dollars. While it has been impossible for me to get the figures for all the banks in the city of Milwaukee, I find that the deposits of one of the savings institutions have grown from $3,400,000 in 1892 to $7,000.000 in 1906.

"In my own State of Illinois, the savings deposits in 1892 were $22,000.000; in 1906, $178,000,000, the city of Chicago having in 1892 a total of $19,000,000 and at the time of the Auditor's last call a total of $154,000,000. I visited the city of Davenport, Iowa, a few days ago and found the total savings deposits there $14,000,000 in a city of forty thousand population. The city of Detroit with 300.000 people has approximately $70,000,000 savings deposits. These figures would indicate of course that a great part of this development has been in the large cities. While that has been true to a certain extent in the past, it is also true that the small cities and towns are beginning to take a very active interest in savings business."

Resolutions were adopted providing for the appointment of a delegate to confer with the New York Chamber of Commerce committee and the American Bankers' Association legislative committee on the subject of currency reform, also in favor of adopting the American Bankers' Association form of bank money order.

The following officers were elected: President, F. J. Carr, cashier Bank of Hudson; vice-president, J. J. Sherman, cashier Citizens' National, Appleton; secretary, J. H. Puelicher, assistant cashier Marshall & Isley Bank, Milwaukee; treasurer, E. F. Williams, cashier Citizens' Bank, Delavan.

NORTH DAKOTA.

Among the topics discussed at the fourth annual convention of the North Dakota Bankers' Association, held at Fargo, July 16, were:

"Grain Inspection and Trading," by George B. Hudnall, Superior, Wis.: "The Torrens Title System," by James E. Metcalf, Winnipeg, and "North Dakota Securities," A. C. Bohrnstedt, Fargo Here are some of the facts which he gave as affording a solid basis for real estate loans:

"The farmer has gone into mixed farming and stock raising to such an extent that in the year just passed North Dakota farm products averaged more per capita than any state in the Union; each man, woman and child has a ratio of $350 each. It took first place in the United States in the production of wheat with 75,623,044 bushels; first place in oats with 46,594,281 bushels, and first place in flax with 15,743,184 bushels, or in other words, North Dakota raised more than 50 per cent. of the total amount of flax raised in the United States. It took third place with barley by raising 19,326,244 bushels. It also produced 2,458,638 bushels of corn, 2,000,000 bushels of potatoes, 1,300.000 tons of hay, $60,000,000 worth of live stock, $5,000.000 of dairy products and $500,000 worth of poultry and eggs, making a grand total for all farm products of $150,000,000 from 50,000 farms, an average of $3,000 each, from field and garden crops alone.

"Potatoes are yielding as high as 270 bushels to the acre and other root crops in proportion. A state with sixty-one per cent. of its population engaged in farming, eighty-two creameries, and eight cheese factories in operation, over 2,000 grain elevators, with a capacity of over 30,000,000 bushels, ready to receive the grain; three trans-continental besides two of the great railroad systems enter it, which furnish transportation for its products to the farthest ends of the earth; its schools numbering 4,000, endowed wih lands worth over $50,000,000; its population taking fifth place in intelligence, leading forty other states in the proportion of people able to read and write; a church-going, law-abiding, temperate people in it, who can doubt the soundness of the real estate mortgage security?"

The new officers of the association are: President, J. L. Cashel, cashier First National, Grafton; vice-president, E. Olmstead, cashier Union National, Minot; secretary, W. C. MacFadden, president Commercial Bank, Fargo; treasurer, C. E. Batcheller, cashier First National, Fingal.

MICHIGAN.

The bankers of Michigan held their eighteenth annual convention at Grand Rapids and Ottawa Beach, June 26-30, and after discussing a number of subjects of practical interest to the bankers of the state, elected these officers: President, H. C. Potter, Jr., vice-president State Savings Bank, Detroit; first vice-president, L. G. Kaufman, vice-president First National, Marquette; second vice-president, Leon Chichester, president First State Bank, Petoskey; treasurer, C. Ver Schure, cashier Holland City State Bank; secretary, F. E. Farnsworth, Detroit.

IOWA.

This state has a larger membership in its association than any other, partly due to the large number of banks in the state, but due chiefly to the excellent organization and to the untiring efforts of J. M. Dinwiddie, the veteran secretary of the Iowa Bankers' Association. The annual convention this year was held at Cedar Rapids, June 13 and 14, and the following officers were chosen: President, John J. Large, cashier First National, Rock Valley; vice-president, J. T. Brooks, cashier First National, Hedrick; secretary (re-elected), J. M. Dinwiddie, cashier Cedar Rapids Savings Bank; treasurer, J. D. Easton, president Iowa State Bank, Waterloo.

FINANCIAL NOTES.

NEW YORK CITY.

—The Trust Co. of America, which is putting up a twenty-five story building at 37-41 Wall street, has sold its office building at 135 Broadway to the Title Insurance Co. of New York.

The convention of the American Institute of Bank Clerks will be held September 6, 7 and 8 at Atlantic City. Nineteen banks, trust companies, and banking houses in New York and vicinity will be represented by delegates from the New York Chapter.

—An excellent record has been made by the Columbia Trust Co., which began business last December. **It has over** $5,000,000 of deposits to show for its six months' business. The company is not controlled by any interest, and is in a position to render the best service to its patrons. Its capital is $1,000,000, surplus $1,000,000, and undivided profits $66,879.

—Messrs. Mackay & Co. and N. W. Halsey & Co. have mailed checks for the profits to the members of the Tri-City Railway & Light Co. Syndicate ($6,000,000 Collateral Trust first lien five per cent. bonds). The syndicate was organized April 29, and closed June 30, all bonds having been sold. In view of the dullness of the bond market, the success of this issue is a good illustration of the fact that there is always plenty of money in the country for the right security at the right price.

—The Hudson Trust Co. of New York city has been authorized to do business by the State Banking Department. The capital is $1,000,000, and the incorporators are: O. F. Thomas, E. R. Thomas, E. R. Chapman, W. L. Moyer, T. J. Lewis, John Gerken, H. C. Strahmann, C. F. Bode, C. F. Gennerich, W. Von Twistern, F. B. McDonald, Clifford

Thorson, F. W. Saltzseeder, W. P. Rinckkoff, and C. F. Holm of New York City. The institution is to occupy the former quarters of the United National Bank.

—A new bank is to be started in the City of Mexico, by Speyer & Co. and the Deutsche Bank of Berlin. It is to be known as the Mexican Bank of Commerce and Industry, and will take over the Banco Aelman Transatlantico, until now the Mexican Agency of the Deutsche Bank, and will have a capital of $10,000,000 Mexican, the equivalent of $5,000,000 in American gold. This capital will be contributed by the American, German and Mexican interests.

The new bank will be the first institution of its kind in Mexico organized with the co-operation of American interests. All of the other banks there have drawn their capital from Europe save for the money put up by the Mexicans themselves. One of the most prominent Mexican shareholders in the new bank will be the Banco Nacional, the government bank of Mexico, which will be represented in the directorate by Pablo Macedo, its vice-president. The New York directors will be James Speyer, Henry Clay Pierce, president of the Mexican Central, and Jacob Langeloth, president of the American Metal Company. There will be three resident directors in Berlin.

—The $1,000,000 State of New York three per cent. bonds of 1956 recently purchased by Fisk & Robinson have been sold. It is understood the selling price was 103 to 103½ and accrued interest.

—Capital of the State Bank is to be increased from $100,000 to $1,000,000, by declaring a stock dividend of $900,000 out of undivided profits. Surplus will be $500,000. This bank was recently admitted to the clearing house.

—On the Monday following the convention of the American Institute of Bank Clerks, which meets at Atlantic City, September 6-8, New York Chapter will entertain the delegates by a sight-seeing tour of New York, including a trip to Luna Park and Dreamland.

MIDDLE STATES.

—On July 30, Superintendent F. D. Kilburn of the State Banking Department issued a statement showing the condition of the savings banks of the State of New York for the year ending June 30, including the expenses for six months. The statement follows:

Total resources July 1, 1906	$1,444,444,492.30
Total resources July 1, 1905	1,367,692,595.41
Gain for year 1906	76,751,896.89
Gain for year 1905	92,503,427.44
Amount due depositors July 1, 1906	1,335,093,053.62
Amount due depositors July 1, 1905	1,252,928,299.82
Gain in deposits for 1906	82,164,753.80
Gain in deposits for 1905	86,838,855.59
Surplus on market values July 1, 1906	108,671,735.94
Surplus on market values July 1, 1905	114,139,526.08
Decrease in market value surplus in 1906	5,467,790.14
Increase in market value surplus in 1905	5,555,428.66
Surplus on par values July 1, 1906	88,172,898.63
Surplus on par values July 1, 1905	83,266,700.29
Increase in par value surplus in 1906	4,906,198.34
Increase in par value surplus in 1905	3,972,407.67
Number of open accounts July 1, 1906	2,637,235
Number of open accounts July 1, 1905	2,513,570
Gain in open accounts in 1906	123,665
Gain in open accounts in 1905	106,910
Amount deposited during year ending June 30, 1906	394,356,106.60
Amount deposited during year ending June 30, 1905	363,213,466.34
Gain in 1906	31,142,640.26
Gain in 1905	40,133,173.64
Amount withdrawn during year ending June 30, 1906	356,910,221.01
Amount withdrawn during year ending June 30, 1905	297,467,858.46
Increase in 1906	59,442,362.55
Increase in 1905	20,243,614.27
Interest credited during year 1906	44,725,760.45
Interest credited during year 1905	41,748,444.74

Gain in 1906	2,977,316.71
Gain in 1905	3,672,276.55
Current expenses for six months ending June 30, 1906	1,838,368.51
Current expenses for six months ending June 30, 1905	1,817,804.54
Increase in 1906.........	20,563.97
Increase in 1905..........	109,119.37

SOUTHERN STATES.

—The volume of lumber shipped from Gulfport, Miss., the southern terminal of the Gulf & Ship Island Railroad, seems limited only by the capacity of the docking facilities for handling it. Every improvement or extension is immediately followed by increased shipments. During the first six months of 1906 over 150,000,000 feet of lumber was handled. This would indicate an increase for the full year over last year of 100,000,000 feet.

—The Georgia House recently passed a bill forbidding all marginal speculation in futures by a vote of 132 to 15. A substitute distinguishing between bucket shops and legitimates was defeated by an overwhelming majority.

Memphis, Tenn.—By its statement of June 30, the City Bank, which opened for business in February last, shows a paid in capital of $90,000, and deposits amounting to $344,488. On July 2 a dividend at the rate of six per cent. was declared. Officers of the bank are: President, Robert L. Brown; vice-president, K. R. Armstead; cashier, Wm. H. Kyle.

Chattanooga, Tenn.—The condensed statement of the American National Bank, made to the Comptroller on June 18, makes the following showing:

Resources.

Loans and discounts	$884,625.31
United States bonds.........	250,000.00
Premium on U. S. bonds.....	7,301.25
Furniture and fixtures.......	6,472.50
Cash and due from banks....	323,604.30
Redemption fund	6,725.00
Total	$1,478,628.86

Liabilities.

Capital stock	$250,000.00
Surplus and profits............	64,208.27
Circulating notes	100,000.00
Deposits	1,064,420.59
Total	$1,478,628.86

—The National Bank of Commerce of Hattiesburg, Miss., reports an increase of $25,000 in surplus since January 1, with sufficient funds in hand to provide an additional $25,000 for that account. This bank now ranks second in the state as to capital, surplus and profits, and among the first as to deposits. Its capital is $250,000, surplus $125,000 and undivided profits $27,295.41, the three items, representing the capital equipment aggregating $402,295.41. Deposits have grown from $332,736 on June 30, 1901, to $1,160,758 on June 30, 1906.

WESTERN STATES.

—At a recent meeting of the directors of the First National Bank, Winona, Minn., it was decided to increase the surplus fund $25,000 from the undivided profits. This makes the surplus $225,000, all earned, which equals the capital. This bank was organized in 1861, and is one of the oldest banks in Southern Minnesota.

—Trying to live up to its motto of "Get strong, keep strong," the American National Bank of Indianapolis, Ind., increased its surplus and profits from $58,402 on April 6 to $64,208 on June 18, and the deposits from $1,051,491 to $1,064,420.

—The Peoples' Savings Bank of Des Moines, Iowa, which started in 1890, has met with more than ordinary success, having now a surplus and undivided profits of upwards of $75,000, with a paid-up capital of $100,000, which was originally $50,000, and was raised to the present amount from earnings. The bank is now engaged in extensive improvements, both in the exterior architecturally as well as in the enlargement of its quarters, which, owing to the growth of the business, have become entirely inadequate. New fixtures are being installed and furniture of solid mahogany and marble trimmings, also modern vaults.

—The Farmers' National Bank of Longmont, Colo., was established in 1881 as a private bank. It secured a charter for a national bank in 1891. The bank has a paid-up capital of $50,000, surplus of $25,000 and deposits of upwards of $500,000. It has just installed new fixtures, tile floor and is newly decorated, giving the bank one of the best appearing banking rooms in the state. The officers are all local business men of prominence.

—The German-American Trust Co. of Denver, Colo., which began business in May, 1905, with a paid-up capital of $300,000, has made a creditable record for its first year, having declared a dividend of five per cent., placed $10,000 in the surplus acount and accumulated deposits amounting to $650,000.

—Besides returning large dividends to shareholders, the Citizens' State Bank of Sterling, Kansas, has paid over $20,000 in interest to depositors. Mr. Brown, the president, and Mr. Atkinson, the cashier, have served in these capacities for the past twenty-five years.

—W. R. Fallis, former president of the National Bank of Commerce, Garnett, Kas., and president of the Humboldt (Kan.) National Bank, has recently been elected vice-president of the First National Bank, Ottawa, Kas., and will take an active part in the management having purchased a block of stock of President Estabrook whom he will relieve of much of the detail work. This bank has $100,000 capital, $31,617 surplus and profits, and $614,581 deposits.

—The First National Bank of Loveland, Colo., which opened for business in May, 1905, with $50,000 capital, is fast coming to the front, and is daily gaining friends at home and recognition in financial circles abroad as a progressive but safe and conservative institution. The deposits now aggregate $175,000, which is very creditable considering the competition of two older banks. The officers are Adolph Donath, president; John A. Cross, vice-president; E. J. Bender, vice-president; I. J. Meade, cashier. They are well known and substantial business men, and Mr. Meade, the cashier, has had several years experience in banking, having been formerly located at Lathrop, Mo.

—The Columbus Savings and Trust Co. of Columbus, Ohio, reports on June 30: Capital, $610,000; surplus and profits, $85,458; deposits, $1,677,955. Since October 16—when the company moved into its new home—there has been a gain of $446,347 in the deposits.

—An increase of the capital of the Marine National Bank of Milwaukee, from $300,000 to $500,000 is reported, the new stock being sold at 175, the premium being added to surplus and profits accounts, which is now $385,000.

—On July 12 the Iowa National Bank and the Iowa Savings Bank, of Ottawa, moved into their new modern banking rooms in the Ennis building, occupying the whole of the first floor.

The furnishings of the new banking establishment are entirely of steel and marble. Black, maroon and green are used to advantage in the color scheme of the decorations. The room is well lighted by large plate glass windows along the side and across the entire front. Separate cages are provided for the employes and each man, from the assistant cashier to the collector, has his work all within his own cage, a department complete in itself. These cages face the west and in the rear of them is a general desk on which are the books used by all the bank employes and not a part of any one department. At the front of the room are the desks for the president and cashier and in the rear is a directors' room, a private office.

All of the articles of furniture, including even the roll-top desks, are constructed of steel. The counters on which money is handled are of marble and the customer's desks are metal with glass tops.

The three vaults with which the bank is equipped go to the extreme in the matter of security. Made entirely of steel they are both fire-proof and burglar-proof, and it is stated that not more than six banks in Iowa are as well equipped as is the Iowa National.

PACIFIC SLOPE.

—Spokane, Wash.—Secretary Shaw's appeal to national banks to issue as much as possible of their currency in notes of small denomination to assist in supplying the pressing demand will have little or no effect in Spokane. "We have no demand for small bills, and almost none for bills of any denomination," said D. W. Twohy, president of the Old National Bank. "People in this portion of the west prefer silver and gold to paper money. We have tried to get local business firms to use paper money instead of gold and silver, because we can get currency by registered mail, while we have to pay express charges on gold and silver, but we have not succeeded."

—L. W. Lewis of Clarinda, Iowa, has been in Spokane attempting to invest $50,000 or more in Spokane bank stocks. He found all Spokane bank stock practically off the market. Finally, however, bankers have been attempting to induce some of their stockholders to part with enough Spokane stock to supply Mr. Lewis with what he wants, in the hope of inducing him to locate here, or at least become interested in Spokane affairs.

—Superintendent J. A. Tormey of the Spokane public schools reports that 2,024 school children carry savings accounts in this school department, which is maintained in Spokane for the purpose. This is an increase of 24 per cent. over the number carried last year. The total deposits amount to $26,650.77 or an average of $10.03 for each pupil each year. These deposits are carried in the Spokane and Eastern Trust Company.

—A per capita deposit of $250 is reported by the Spokane banks. The total deposit amounted to nearly $20,000,000, according to statements made at the time the comptroller called for his last report.

—Thomas Brewer, assistant cashier of the Fidelity National Bank of Spokane has returned from Troy, Idaho, where he made an inspection of the affairs of the Bank of Troy, of which he is president. A dividend of ten per cent. was declared, the present reserve was increased and all officers of the bank were re-elected.

—J. S. Morrison of Lincoln, Neb., and John Everson of Alma, Neb., have been in Spokane and have gone to Springdale, 50 miles north of this city, where they are considering the establishment of a bank. Mr. Morrison says that if they decide to locate at that point they will establish a State bank with a capital of $15,000 to $20,000.

—F. W. Kettenbach of Lewiston, Idaho, who was in Spokane recently, reports that he has purchased the entire stock of the Bank of Stites, at Stites, Idaho, buying from H. E. Horton. Mr. Kettenbach will be president of the bank.

—The Inland Investment & Trust Co. of Lewiston, Idaho, has been incorporated to do a general trust business and will have a capitalization of $100,000. The incorporators are E. W. Eaves and wife of Lewiston, and D. W. Eaves of Nez Perce, Idaho.

—The Vollmer Bank of Culdesac, Idaho, will erect a brick building for its own use.

—Spokane men will open up a bank at Kiona, Washington. Among the Spokane men interested are: J. H. Ehlers, Dr. G. S. Allison, Warren W. Tolman, Dr. George A. Gray and M. B. Watkins.

BANKS BUYING ADDING MACHINES

THE BANKERS DIRECTORY.

"THE CONFIDENTIAL BANKER."

The business of buying and selling banks is a comparatively new development in the world of trade and finance. Yet it has already attained recognition among banks and bankers, and like other and older branches of business, it has its trade journal to conserve and promote its interests.

"The Confidential Banker" is a unique publication, now over a year old, which comes to us monthly from the publisher, Charles E. Walters, of Council Bluffs, Iowa. Its mission is "to quietly bring the man who wants to sell his bank in touch with the man who wants to buy, without publicity; to lead the man who is in search of a position in a bank, to the opening; to point out desirable locations for the organization of new banks, and assist in organizing them; to act as confidential adviser in all banking matters, and to advocate up-to-date, energetic, honest banking."

This after all is a pretty broad field of effort. And it is easily seen that the degree of its success is likely to be measured by the character and capacity of the personality behind it. "The Confidential Banker," however, seems to have passed the experimental stage, and its proprietor, Mr. Walters, has established a system and built up an organization whose transactions extend over a wide range of territory.

Charles E. Walters started in the banking business when 17 years old, and was a director and cashier of a national bank before he was 21. Subsequently he took a position with a larger bank, the Citizens' State Bank (now the First National), of Council Bluffs, Iowa, in which he became assistant cashier. For three years he served as State Bank Examiner of Iowa. He assisted in organizing the Commercial National Bank of Council Bluffs, and acted as assistant cashier until he resigned to embark in his present business. Mr. Walters is an expert accountant, and enjoys the distinction of being the only exclusive dealer in bank stocks in the United States.

C. E. WALTERS.

THE NEW GOVERNMENT BOND ISSUES.

Messrs. Fisk & Robinson, who got most of the recent issue of the New Panama two per cent. Government bonds, have the following to say about these securities in their "Monthly Bulletin of Investments:"

"The sale by the Government of $30.-000,000 two per cent. thirty year Panama Canal bonds was the feature of the month. Probably there has never been a national bond offering which received such careful personal attention from the Secretary of the Treasury, and every proper resource of that department was utilized to secure the best possible prices.

"To avoid a money stringency incident to payment for the bonds, the Secretary announced that all purchasing banks would be permitted to retain one-third of the purchase money as Government deposits. This also had a stimulating effect on the prices bid for the bonds. The average price realized was approximately 104, while the subscriptions of the 2.970 bidders aggregated about $445,000.000, or nearly fifteen times greater than the offering—a splendid tribute to the Government's financial strength.

"The success of the Panama bond sale was such as to call forth a special letter of congratulation from the President to the Secretary of the Treasury.

"The bidding presented some unusual features. There was not only a wide range in the bids, but among the successful bidders national banks were very sparsely represented. This was largely due to a misconception of the real character of the bond. From the fact that the Government has the privilege of redeeming these bonds in ten years, it was considered by many bankers to be a ten-year bond, and they bid on that basis. Such reasoning would have been sound had it been a high interest bearing bond which it would be desirable to refund, but as it would be practically impossible to redeem these bonds at a lower rate than two per cent., and as it is entirely probable that the Government for years to come will have other uses for its surplus revenue than investing it in two per cent. bonds, there is no tenable ground for considering this security as other than a thirty-year bond. Even if the much-needed currency legislation is secured, it could hardly be of a character which would affect the value of two per cent. bonds as a basis for circulation.

"The largest bidders were Fisk & Robinson, who secured $15.000,000 of the bonds. Later this firm obtained through purchase some $7,500,000 additional bonds awarded other bidders.

"A novel feature of the transaction was the agreement entered into between the Secretary of the Treasury and Fisk & Robinson to market the bonds at 104.40. The justice of this has been recognized generally by bankers, who rightly feel that if the Government is to aid in furnishing a market for the bonds, the purchasers should be protected against any undue advance in prices.

"The Treasury Department has at its disposal some $50,000,000. Arrangements have been perfected already to place $25.000,000 of this amount in national banks. Judging from the past there is every reason to believe that the Secretary would not hesitate to place additional amounts with the depositories, in order to meet any marked stringency in the money market during the coming fall. The effect of such action on the price of Panama 2s is self-evident.

"The following table shows the advantage, at current prices, of Panama 2s used to secure circulation or public deposits, as compared with other Government issues:

"Profit over loaning cost of bonds at five per cent. based on $100,000, par value.

	Cir. Per Annum.	Pub. Dep. Per Annum.
U. S. Registered 4s of 1907 at 104 flat......	$ **	$ **
U. S. Registered 3s of 1908—18 at 104 flat.	**	849
U. S. Registered 4s of 1925 at 130 flat......	377	1,477
U. S. Registered 2s of 1930 at 105½ flat....	1,029	1,629
U. S. Registered Panama 2s at 104.40 flat, assuming maturity August 1, 1936......	1,114	1,714

**Would result in loss.

"It will readily be seen form the foregoing that these bonds at 104.40 can be profitably utilized by national banks."

NEW BANKS, CHANGES IN OFFICERS, ETC.

NEW NATIONAL BANKS.

The Comptroller of the Currency furnishes the following statement of new National banks organized since our last report.

Applications to Organize National Banks Approved.

The following notices of intention to organize National banks have been approved by the Comptroller of the Currency since last advice.

Lawton National Bank, Lawton, Okla.; by T. H. Dunn, et al.

Farmers' National Bank, Exchange, Pa.; by R. Scott Ammerman, et al.

First National Bank, Mount Holly Springs,, Pa.; by D. A. Dunlevy, et al.

Security National Bank, Harper, Kans.; by John G. Parker, Jr., et al.

Citizens' National Bank, Williston, N. D.; by Henry C. DeLaney, et al.

National Bank of Harper, Harper, Kans.; by Marcel Duphorne, et al.

Texico National Bank, Texico, N. M.; by W. N. Oldham, et al.

Everett National Bank, Everett, Mass., by John A. Gale, et al.

First National Bank, Sidell, Ill.; by D. A. Richardson, et al.

Scandia American National Bank, Ada, Minn.; by G. R. Jacobi, et al.

First National Bank, Edgewater, N. J.; by Daniel A. Higgins, et al.

Gary National Bank, Gary, W. Va.; by F. D. Clifford, et al.

First National Bank, Ocilla, Ga.; by Wm. Henderson, et al.

First National Bank, Arlington, Ga.; by W. E. Saunders, et al.

First National Bank, Junction City, Ark.; by J. D. Proctor, et al.

Fairland National Bank, Fairland, Ind.; by F. A. Whitted, et al.

Watonga National Bank, Watonga, Okla.; by S. T. Goltry, et al.

Citizens' National Bank, Waterloo, Iowa; by F. F. McElhinney, et al.

First National Bank, Coatesville, Ind.; by W. T. Beck, et al.

First National Bank, Salisbury, Mo.; by Geo. W. Welker, et al.

Farmers' National Bank, Grape Vine, Texas; by B. H. Starrt, et al.

Citizens' National Bank, Clintwood, Va.; by A. A. Skeen, et al.

First National Bank, Cypress, Ill.; by J. C. Carter, et al.

Citizens' National Bank, Olustee, Okla.; by E. J. Jenkins, et al.

German National Bank, Columbus, Neb.; by G. W. Phillips, et al.

Citizens' National Bank, Portales, N. M.; by J. P. Stone, et al.

Closter National Bank, Closter, N. J.; by David D. Ackerman, et al.

First National Bank, Porum, I. T.; by Charles J. O'Keefe, et al.

First National Bank, Greenwood, Ind.; by J. Albert Johnson, et al.

First National Bank, Allen, Neb.; by Ed. F. Gallagher, et al.

First National Bank, Scott, Kans.; by R. B. Christy, et al.

First National Bank, Toyah, Texas; by W. F. Youngblood, et al.

First National Bank, Nampa, Idaho; by Walter E. Miller, et al.

National Bank of Commerce, Wellington, Kans.; by Geo. W. Robinson, et al.

First National Bank, Abercrombie, N. D.; by Ingal Johnson, et al.

Farmers' National Bank, Fulton, Mo.; by Sparrel McCall, et al.

First National Bank, Albion, Ill.; by Charles Emmerson, et al.

First National Bank, Williamsbridge, N. Y.; by Daniel S. Decker, et al.

First National Bank, Bridgeport, Ill.; by J. D. Madding, et al.

First National Bank, Eads, Colo.; by J. H. Slater, et al.

New London National Bank, New London, Iowa; by W. W. Lee, et al.

First National Bank, Mentone, Ind.; by Carlin Myers, et al.

American National Bank, Cincinnati, Ohio; by Frank Caldwell, et al.

National Banks Organized.

8276—Citizens' National Bank, Kirksville, Mo.; capital, $100,000; Cashier, W. G. Fout.

8277—First National Bank, Humboldt, Iowa; capital, $25,000; Pres., E. A. Wilder; Vice-Pres., H. E. Passig; Cashier, E. O. Nervig.

8278—Farmers' National Bank, Marietta, I. T.; capital, $40,000; Pres., John D. Batson; Vice-Pres., Sam Strauss; Cashier, John G. Butler.

8279—First National Bank, Oroville, Wash.; capital, $50,000; Pres., Leroy L. Work; Vice-Pres., Monroe Harmon; Cashier, A. B. Jacoby.

8280—First National Bank, Milnor, N. D.; capital, $25,000; Pres., H. H. Berg; Vive-Pres., O. B. Jorgenson and H. C. Johnson; Cashier, A. W. Eastman.

8281—Union National Bank, Eau Claire, Wis.; capital, $200,000; Pres., Wm. P. Bartlett; Vice-Pres., James T. Joyce; Cashier, Geo. T. Thompson; Asst. Cashier, Marshall Cousins.

8282—First National Bank, Cedar Rapids, Neb.; capital, $25,000: Pres., James Squair; Vice-Pres., Samuel J. Coffman; Cashier, Lon A. Tuttle.

8283—Lehigh National Bank, Catasauqua, Pa.; capital, $125,000; Pres., Wm. H. Glace; Vice-Pres., James C. Beitel; Cashier, J. F. Moyer.

8284—Exchange National Bank, Montgomery, Ala.; capital, $300,000; Pres., Michael Cody; Vice-Pres., Jos. Norwood; Cashier, Sylvian Baum.

8285—First National Bank, Hampton, Neb.; capital, $30,000; Pres., A. B. Houghton; Cashier, S. C. Houghton.

8286—First National Bank, Stromsburg, Neb.; capital, $50,000; Pres., J. W. Wilson; Vice-Pres., V. E. Wilson; Cashier, Nathan Wilson; Asst. Cashier, E. Olson.

8287—Exchange National Bank, North Fort Worth, Texas; capital, $50,000; Pres., W. H. Grove; Vice-Pres., V. S. Wardlow; Cashier, D. W. Deupree.

8288—National City Bank, Houston, Texas; capital, $250,000; Pres., J. M. West; Vice-Pres., Edgar Watkins and Jeff N. Miller; Cashier, Carey Shaw; Asst. Cashier, J. J. Scholl, Jr.

8289—First National Bank, Ransom, Ill.; capital, $25,000; Pres., W. H. Conard; Vice-Pres., Al F. Schoch and Geo. H. Smith; Cashier, W. C. Flick.

8290—First National Bank, Norcatur, Kans.; capital, $25,000; Pres., Frank E. Sayles; Cashier, Jay Daugherty; Asst. Cashier, John C. Sayles.

8291—First National Bank, White Lake, S. D.; capital, $25,000; Pres., H. W. Hinrichs; Vice-Pres., John Goeres; Cashier, John P. Baker.

8292—Citizens' National Bank, Dickson, Tenn.; capital, $25,000; Pres., W. E. Cullum; Vice-Pres., W. I. Choat; Cashier, W. R. Boyte; Asst. Cashier, J. S. Johnson.

8293—First National Bank, Allendale, Ill.; capital, $25,000; Pres., James W. Price; Vice-Pres., William F. Courter; Cashier, Wm. M. Price; Asst. Cashier, Hiram A. Fox.

8294—First National Bank, Maud, Okla.; capital, $25,000; Pres., P. H. Cooper; Cashier, E. H. Bond; Asst. Cashier, A. L. Rippy.

8295—First National Bank, Imogene, Iowa; capital, $25,000; Pres., T. H. Read; Vice-Pres., J. L. Gwynn; Cashier, Elbert A. Read; Asst. Cashier, L. S. McCracken.

8296—First National Bank of Windsor (P. O. New Windsor), Colo.; capital, $30,000; Pres., John E. Law; Vice-Pres., Lewis Kern; Cashier, Frank N. Briggs; Asst. Cashier, John N. Akey.

8297—Commercial National Bank, Sandy Hill, N. Y.; capital, $50,000; Pres., Russel C. Paris; Vice-Pres., Maurice W. Sheehan; Cashier, Emanuel Pawel.

8298—First National Bank, Litchville, N. D.; capital, $25,000; Pres., Lewis C. Bordwell; Vice-Pres., John R. Gamin; Cashier, Alfred P. Hanson.

8299—First National Bank, Woodbridge, N. J.; capital, $25,000; Pres., Wm. T. Ames; Vice-Pres., T. F. Dunigan and B. W. Hoagland; Cashier, Wm. L. Harned.

8300—First National Bank, Camden, Ohio; capital, $50,000; Pres., O. M. Bake; Vice-Pres., J. S. Ferguson; Cashier, Azel Pierce.

8301—First National Bank, Horseheads, N. Y.; capital, $50,000; Pres., John Bennett; Vice-Pres., Elizur C. Day; Cashier, Rho L. Bush.

8302—First National Bank, Kitzmillerville, Md.; capital, $25,000; Pres., Rufus A. Smith; Vice-Pres., Charles E. Hilleary; Cashier, E. J. Hamill.

8303—First National Bank, Dickens, Texas; capital, $25,000; Pres., R. D. Shields; Vice-Pres. and Cashier, W. A. Wilkinson.

8304—State National Bank, Wanette, Okla.; capital, $25,000; Pres., S. R. Miller; Vice-Pres., J. H. Royster; Cashier, S. J. Weaver.

8305—Americus National Bank, Americus, Ga.; capital, $100,000; Pres., L. A. Lowrey; Vice-Pres., Crawford Wheatley; Cashier, R. M. Lowrey; Asst. Cashier, R. E. McNulty.

8306—First National Bank, Paint Rock, Texas; capital, $50,000; Pres., W. A. Norman; Vice-Pres., James E. Howze; Cashier, Gerard Huston.

8307—National Bank of Harper, Harper, Kans.; capital, $25,000; Pres., F. R. Zacharias; Vice-Pres., R. B. Wahlquist; Cashier, Marcel Duphorne; Asst. Cashier, J. H. Clendenin.

8308—Security National Bank, Harper, Kans.; capital, $25,000; Pres., John Baumstark; Vice-Pres., C. Q. Chandler; Cashier, John G. Parker, Jr.

NEW STATE BANKS, BANKERS, ETC.

ARKANSAS.

Bates—First Bank; capital, $2,000; Vice-Pres., D. H. Blair; Cashier, W. T. Atkins.

Paragould—Security Bank & Trust Co.; capital, $60,000; Pres., I. C. Leggitt; Vice-Pres., A. A. Knox; Cashier, R. J. Kibler.

CALIFORNIA.

Corcoran—State Bank; capital, $50,000; Pres., Alan Gardiner; Vice-Pres., H. J. Whitley; Cashier, R. V. Milner; Asst. Cashier, C. H. Little.

Covina—United States Savings Bank; capital, $12,500; Pres., J. B. Coulston; Vice-Pres., J. D. Reed; Sec. and Treas., V. O. English.

Fullerton—Fullerton Savings Bank; capital, $12,500; Pres., P. G. Balcom; Vice-Pres., Wm. Besser; Cashier, E. E. Balcom.

COLORADO.

Deuel—Weldon Valley Bank; capital, $10,000; Pres., R. M. Handy; Vice-Pres., J. B. McGara; Cashier, Burton Williams.

Idaho Springs—Clear Creek & Gilpin Trust Co.; capital, $50,000; Pres., Erwin L. Regennitter.

Swink—First Bank; capital, $5,000; Pres., C. A. Reynolds; Cashier, F. P. Morris; Asst. Cashier, W. E. Gaines.

Timnath—Farmers' Bank; capital, $10,-000; Pres., John A. Cross; Vice-Pres., I. J. Meade; Asst. Cashier, Ernest W. Thayer.

FLORIDA.

Laurel Hill—Farmers' Mercantile Co.; capital, $10,000.

Williston—Bank of Williston; capital, $15,000; Pres., L. O. Benton; Vice-Pres., J. B. Epperson; Cashier, M. H. DeLand.

GEORGIA.

Pitts—Pitts Banking Co.; capital, $15,-000; Pres., L. O. Benton; Vice-Pres., W. B. Greeson; Cashier, J. Render Anthony.

IDAHO.

McCammon—McCammon State Bank; capital, $25,000; Pres., T. M. Edwards; Vice-Pres., H. O. Harkness; Cashier, G. F. Girard.

Potlatch—Potlatch State Bank; capital, $10,000; Cashier, M. D. McPherson.

ILLINOIS.

Chicago—North Avenue State Bank; capital, $200,000; surplus, $50,000; Pres., A. W. Underwood; Vice-Pres., L. C. Rose; Cashier, Charles E. Schick.

Hull—State Bank (successor to First International Bank); capital, $25,000; Pres., W. F. Chamberlain; Vice-Pres., J. W. Sherry; Cashier, J. F. Lacey.

Lowpoint—Banta Bros. & Co.; capital, $75,000; Pres., Frank D. Banta; Vice-Pres., A. L. Banta; Cashier, P. V. Lau.

Martinsville—Martinsville State Bank (successor to Exchange Bank); capital, $50,000; Pres., Clark Hammond; Vice-Pres., T. M. Sallee; Cashier, Fred H. Sinclair; Asst. Cashier, E. L. Shinkle.

Melrose Park—Citizens' State Bank; capital, $25,000; Pres., Charles J. Wolf; Vice-Pres., G. A. Hart; Cashier, A. J. Busscher.

Wheaton—Du Page County Bank; capital, $25,000; Pres., J. S. Peironnet; Cashier, M. Secker.

INDIANA.

Howell—Farmers' & Citizens' Bank; capital, $12,500; Pres., D. A. Cox; Vice-Pres., E. J. Young; Cashier, E. M. Roland.

Monon—State Bank; capital, $25,000; Pres., W. S. Baugh; Vice-Pres., Fred Thomas; Cashier, F. C. Cassel.

Rensselaer—Jasper Savings & Trust Co.; capital, $25,000; Pres., C. G. Spitler; Vice-Pres., J. N. Leatherman; Secretary, Judson J. Hunt.

Valparaiso—First Trust Co.; capital, $25,000; Pres., Wm. Johnston; Vice-Pres., C. W. Benton; Sec., A. J. Louderback; Treas., M. L. Dickover.

INDIAN TERRITORY.

Byars—Byars State Bank; capital, $25,-000; Pres., W. J. Thompson; Vice-Pres., H. M. Wampler; Cashier, B. B. Boylan.

Centralia—Farmers' & Merchants' Bank; capital, $25,000; Cashier, E. E. Conkright.

Nowato—State Bank & Trust Co. (successor to Farmers' State Bank); capital, $25,000; Pres., L. A. Keys; Vice-Pres., R. S. Litchfield; Cashier, Hugh Branson; Asst. Cashier, F. A. Hitchens.

Olney—Ash Flat Valley Bank (successor to First State Bank); capital, $10,000; Pres., C. B. Burrows; Vice-Pres., J. B. Wright; Cashier, U. J. Burrows; Asst. Cashier, Jno. D. Baldwin.

IOWA.

Belle Plaine—Corn Belt Savings Bank; capital, $35,000; Pres., W. J. Guinn; Vice-Pres., J. A. Williams; Cashier, I. W. Van Nice.

Hillsboro—Farmers' & Traders' Bank; Pres., James Kennedy; Vice-Pres., W. A. Tade; Cashier, A. B. Hixson.

Huxley—Farmers' Savings Bank; capital, $10,000; Pres., O. J. Kalsem; Vice-Pres., O. M. Johnson; Cashier, Ralph H. Aldrich.

Jefferson—Greene County Savings Bank (successor to Greene County State Bank); capital, $25,000; Pres., M. M. Head; Vice-Pres., Albert Head; Cashier, C. E. Marquis.

Larchwood—Farmers' Savings Bank; capital, $10,000; Pres., Charles A. Wiley; Vice-Pres., L. E. McGilvra; Cashier, O. E. Holly.

Morrison—Farmers' Savings Bank; capital, $10,000; Pres., James Porter; Vice-Pres., J. F. Richmond; Cashier, E. H. Reimers.

Red Oak—Red Oak Trust & Savings Bank; capital, $50,000; Pres., B. B. Clark; Vice-Pres., H. C. Binns; Cashier, John C. Bryant.

Sac City—Farmers' Savings Bank; capital, $20,000; Pres., Reuben Lewis; Vice-Pres., J. H. Denman; Cashier, Chas. E. Barkl.

Stockport—Farmers' Savings Bank; capital, $10,000; Pres., James Beswick; Vice-Pres., I. Harlan; Cashier, H. E. Ely.

Story City—First Savings Bank; capital, $10,000; Pres., H. T. Henryson; Vice-Pres., E. M. Larson; Cashier, E. E. Sevareid.

KANSAS.

Almena—Almena State Bank; capital, $10,000; Pres., A. Bennie; Vice-Pres., E. E. Keckley; Cashier, C. V. Shields.

Anthony—Anthony State Bank; capital, $10,000; Pres., Dean Foster; Cashier, Hugh M. Foster.

Chanute—People's State Bank; capital, $15,000; Pres., F. E. Bodley; Vice-Pres., G. W. Grebe; Cashier, John F. Roe.

Collyer—Collyer State Bank; capital, $10,000; Pres., R. C. Wilson; Vice-Pres., A. W. Barnes; Cashier, John J. Harrison.

Gardner—Gardner State Bank; capital, $10,000; Pres., J. C. F. Ayres; Vice-Pres., Henry Rhoades; Cashier, H. O. Craig; Asst. Cashier, J. P. Williams.

Healy—First State Bank; capital, $10,000; Pres., Caleb Dagg; Vice-Pres., H. A. Coombs; Cashier, H. S. Jennison.

Kanorado—Kanorado State Bank capital, $10,000; Pres., B. F. Brown; Vice-Pres., J. B. Boothroy; Cashier, A. D. Stewart.

Leoti—Leoti State Bank; capital, $10,000; Pres., J. Grant Wikoff; Vice-Pres., Geo. Wagner; Cashier, Hugh Rees; Asst. Cashier, Clyde Allphin.

Oak Hill—Oak Hill State Bank; capital, $10,000; Pres., J. C. Gafford; Vice-Pres., J. Geo. Dieter; Cashier, E. R. Gafford.

Oberlin—Citizens' State Bank; capital, $15,000; Pres., G. H. Hoadley; Vice-Pres., W. S. Fleming and J. A. Quinn; Cashier, I. W. Zimmerman.

Plains—Plains State Bank; capital, $10,000; Pres., J. A. Collingwood; Vice-Pres., D. F. Collingwood; Cashier, J. H. Collingwood.

Wichita—Wichita State Bank, capital, $10,000; Pres., Geo. W. Robinson; Vice-Pres., Charles F. Weber; Cashier, Geo. W. Robinson.—Merchants' State Bank, capital, $40,000; Pres., Geo. W. Robinson; Vice-Pres., Daniel Heaton; Cashier, John A. Murphy.

Winona—Winona State Bank; capital, $10,000; Pres., J. R. Jackson; Vice-Pres., John Stover; Cashier, F. M. Hartley; Asst. Cashier, H. J. Stover.

KENTUCKY.

Science Hill—People's Bank; capital, $15,000; Pres., Tyler Jasper; Vice-Pres., H. D. Barnett; Cashier, A. Y. Hays.

LOUISIANA.

New Orleans—City Bank & Trust Co.; capital, $400,000; Pres., M. J. Sanders; Vice-Pres., P. Balker; Cashier, F. P. Breckinridge.

MASSACHUSETTS.

Worcester—Geo. A. Fernald & Co.; Harry A. Adams, Mgr.

MICHIGAN.

Central Lake—First State Bank (successor to Antrim County Bank); capital, $20,000; Pres., C. W. McPhail;

Vice-Pres., John Smallegan; Cashier, W. S. Richardson; Asst. Cashier, Harry Olmstead.

Elsie—State Savings Bank (successor to Campbell & Steadman); capital, $25.-000; Pres., O. B. Campbell; Vice-Pres., S. G. Bates; Cashier, T. P. Steadman.

Homer—D. H. Power & Co.; capital. $10,000; Pres., D. H. Power; Cashier, J. L. Barker.

Johannesburg—Bank of Johannesburg; Axel Becker, Cashier.

Marlette—State Savings Bank; capital, $25,000; Pres., James Foster; Vice-Pres., A. J. Graham; Cashier, James N. Simmons.

Pigeon—Pigeon State Bank; capital, $20,000; Pres., Ira Arnot; Vice-Pres., John Blower; Cashier, Silas Mark; Asst. Cashier, Ella Dickinson.

MINNESOTA.

Chicago City—Farmers' State Bank; capital, $10,000; Pres., J. A. Mattson; Vice-Pres., J. A. Bloom; Cashier; C, W. Dixon.

Mankato — German-American State Bank; capital, $25,000; Pres., L. Henlein; Vice-Pres., W. J. Morehart; Cashier, W. C. Henlein.

MISSOURI.

Belgrade—Belgrade State Bank; capital, $10,000; Pres., Wm. Crommer; Vice-Pres., F. M. Adams; Cashier, Geo. C. Loomis.

Billings—Farmers' Bank; capital, $10,000; Pres., Joseph Meyer; Vice-Pres., J. B. McHenry; Cashier, R. J. Mitchell.

Chaffee—Chaffee State Bank; capital, $10.000; Pres., F. W. Loy; Vice-Pres., M. Whybark; Cashier, John Rothenheber.

Chula—Farmers & Merchants' Bank; capital, $15,000; Pres., C. A. Hunt; Vice-Pres., J. H. Elmore; Cashier, D. B. Shiflet.

Lucerne—Bank of Lucerne; capital, $8.-260; Pres., G. A. Steele; Vice-Pres., John Lowry; Cashier, A. B. Lowry.

Purcell—Bank of Purcell; capital, $15,-000; Pres., R. E. Frey; Vice-Pres., J. C. Ross; Cashier, W. R. Letton.

NEBRASKA.

Archer—Citizens' State Bank; capital, $5,000; Pres., G. H. Gray; Vice-Pres., F. E. Slusser; Cashier, William O'Connor.

Brainard—Farmers' State Bank; capital, $20,000; Pres., F. W. Ruzicka; Vice-Pres., F. C. Horacek; Cashier, J. G. Dobry.

Indianola—Farmers & Merchants' State Bank; capital, $12,500; Pres.. C. A. Hedges; Vice-Pres., John Broomfield; Cashier, Homer McAnulty; Asst. Cashier, Clark Hedges.

Madison—Home Savings Bank; capital, $12,000; Pres., Peter Rubendall; Vice-Pres., Ed. O'Shea; Cashier, Ed. Fricke.

Morrill—Morrill State Bank; capital; $5,000; Pres., H. S. Clarke, Jr.; Vice-Pres., Milton Byal; Cashier, L. M. Eastman.

Prague—Bank of Prague; capital, $10,-000; Pres., E. E. Placek; Vice-Pres., Jos. Vlasak; Cashier, John J. Vlasak.

Touhy—State Bank; capital, $5,000; Pres., Ju. Petermichel; Vice-Pres., F. J. Kirchenow; Cashier, Joseph Petermichel.

NEW JERSEY.

Nutley—Bank of Nutley; capital, $50,-000; Pres., B. W. Spencer; Vice-Pres., R. J. Scoles; Cashier, J. Edward Weeks.

NEW YORK.

Brooklyn—Sumner Savings Bank; Pres., Nathan S. Jonas; Vice-Pres., Edward Johnson and James E. O'Donohue; Sec., Wallace L. Conner.

New York—Panama Banking Company; capital, $100,000; Pres., E. C. Bataille; Vice-Pres., Pablo Arosemena; Treas., Charles H. Ely; Asst. Treas., P. L. Fellinger.

Schnectady—W. N. Coler & Co.

NORTH CAROLINA.

Brevard—People's Bank; capital, $5,000; Pres., T. T. Patton; Vice-Pres., K. G. Morris; Cashier, W. P. Whitmire; Asst. Cashier, L. S. Sutliff.

Dover—Bank of Dover; capital, $5,000; Pres., G .V. Richardson; Vice-Pres., A. J. Maxwell; Cashier, R. L. Fitsgerald.

Kernersville—Forsyth Bank & Trust Co.; capital, $6,500; Pres., J. Van Lindley; Vice-Pres., D. W. Harmon; Cashier, J. M. Guyer; Asst. Cashier, D. W. Harmon.

Yanceyville—Bank of Yanceyville; capital. $5,000; Pres., B. S. Graves; Vice-Pres., R. L. Mitchell; Cashier, W. B. Lasley.

NORTH DAKOTA.

Haley—Grand River State Bank; capital, $9,000; Pres., A. H. Arnett; Vice-Pres., W. A. Shaw; Cashier, Wm. S. Hamilton.

Jessie—State Bank; capital, $12,000; Pres., Charles Burseth; Vice-Pres., N. O. Haugen; Cashier, H. St. John.

Lisbon—Citizens' Bank; capital; $20,000; Pres., H. H. Berg; Vice-Pres., C. G. Klenzing; Cashier, Geo. J. Jacobson; Asst. Cashier, H. L. Jones.

Rugby—Citizens' State Bank; capital, $10,000; Pres., J. H. Lockwood; Vice-Pres., A. M. Iverson; Cashier, Oscar Iverson.

Westhope—Trimble State Bank; capital, $10,000; Pres., G. S. Trimble; Vice-Pres., W. B. Parker; Cashier, C. C. Nelson.

OHIO.

Caledonia—Farmers' Savings Bank Co.; capital, $15,000; Pres., A. M. Dilts; Vice-Pres., W. J. Weir; Cashier, J. D. Harrison; Asst. Cashier, S. E. Irey.

Cincinnati—People's Bank & Savings Co.; capital, $200,000; Pres., Alfred M. Cohen; Vice-Pres., Theo. Kotzin and S. V. Marks; Cashier, Robert W. Bosse.

Clyde—Clyde Savings Bank Co. (successor to First National Bank); capital, $60,000; Pres., G. P. Huntley; Vice-Pres., W. A. Mugg; Cashier, G. D. Tiffany; Asst. Cashier, I. R. Clapp.

Mount Vernon—Guaranty Savings Bank & Trust Co.; capital, $25,000; Pres., J. B. Morton; Vice-Pres., Wm. Welch; Cashier, Geo. E. MacCulley; Asst. Cashier, E. E. Byrns.

New Berlin—New Berlin Banking Co.; capital, $12,500; Pres., J. H. Bair; Vice-Pres., Frank J. Bordner; Cashier, Mac Johnson; Asst. Cashier, Elmer D. Johnson.

Oxford—Farmers' State & Savings Bank; capital, $25,000; Pres., S. E. Fye; Vice-Pres., John H. Hays and H. M. Moore; Cashier, W. H. Stewart; Asst. Cashier, J. G. Welsh.

Reading—Reading Bank; capital, $15,000; Pres., F. H. Vorjohan; Vice-Pres., John B. Varelmann; Cashier, E. J. Fagley.

Woodstock—People's Bank; capital, $10,000; Pres., D. R. Kimball; Vice-Pres., W. C. Fullington; Cashier, S. F. Burnham.

Xenia—Commercial & Savings Bank Co.; capital, $50,000; Pres., H. H. Conklin; Vice-Pres., Ed. S. Foust; Cashier, C. L. Babb.

OKLAHOMA.

Bigheart—Bank of Bigheart; capital, $10,000; Pres., H. H. Brenner; Vice-Pres., A. N. Ruble; Cashier, T. E. Gibson.

Blair—Citizens' State Bank; capital, $10,000; Pres., J. D. Tinsley; Vice-Pres., John W. Reid; Cashier, H. Hancock.

Goodnight—Goodnight State Bank; capital, $10,000; Pres., C. S. Fowler; Vice-Pres., Ezra Clark; Cashier, J. M. Graves.

Shawnee—Union Savings Bank; capital, $25,000; Pres., F. W. Christner; Vice-Pres., G. M. Christner; Cashier, Chas. H. Nash.

Vinson—Bank of Vinson; capital, $10,000; Pres., G. T. Bray; Vice-Pres., James Duffy; Cashier, I. D. Moore.

OREGON.

Grass Valley—Bank of Grass Valley; capital, $20,000;; Pres., Geo. B. Boushill; Vice-Pres., W. A. Gordon; Cashier, I. C. Boushill.

Merrill — Merrill Branch Klamath County Bank.

Newport—Leese & Scarth; Cashier, G. T. Holmden.

Seaside—Bank of Seaside; capital, $25,000; Pres., F. A. Henninger; Vice-Pres., L. L. Henninger; Cashier, W. S. Henninger.

PENNSYLVANIA.

Philadelphia—Chelton Trust Co.; capital, $200,000; surplus, $100,000; Pres., James W. Ritter; Sec. and Treas., Geo. W. Cliffe.—Federal Trust Co.; capital, $200,000; surplus, $50,000; Pres., Oliver Waldron; Vice-Pres., James Walker; Treas., Wilson T. Berger.

Wilkes-Barre—South Side Bank; Pres., Fred J. Stegmaier; Vice-Pres., Geo. T. Dickover; Cashier, F. Jos. Freiler.

SOUTH CAROLINA.

Reevesville—Bank of Reevesville; capital, $7,500; Pres., A. R. Johnston; Vice-Pres., I. B. Kiser; Cashier, J. Moore Mars.

SOUTH DAKOTA.

Altamont—Altamont State Bank; capital, $5,000; Pres., A. J. Lockhart; Vice-Pres., H. H. Guernsey; Cashier, M. A. Adams.

Ashton—Ashton State Bank; capital, $10,000; Pres., J. S. Perriton; Vice-Pres., R. T. Lee; Cashier, E. N. Graves.

Bradley—People's State Bank; capital, $10,000; Pres., H. I. Olston; Vice-Pres., J. G. Ostroot; Cashier, A. A. Setbacken; Asst. Cashier, A. Kopperud.

Florence—State Bank; capital, $5,000; Pres., D. M. Clives; Cashier, L. E. Clives.

Kennebec—Kennebec State Bank; capital, $5,000; Pres., Peter B. Dirks; Vice-Pres., Alexander Boyd; Cashier, David M. Wolf.

TENNESSEE.

Cowan—Bank of Cowan; capital, $10,000; Pres., J. M. Stewart; Vice-Pres., R. E. Donnell and T. M. Grizzard; Cashier, J. H. Davis.

Memphis—Solvent Savings Bank & Trust Co.; capital, $5,000; Pres., R. R. Church; Vice-Pres., M. L. Clay; Cashier, R. Warsaw Ware.

TEXAS.

Alice—Alice State Bank (successor to Presnall & Mosser); capital, $75,000; Pres., P. A. Presnall; Vice-Pres., S. B. Mosser; Cashier, Thomas H. Clark.

Bandera—Bandera County Bank; Pres., Alonzo Rees; Vice-Pres., G. T. Lincoln; Cashier, W. T. Casen.

Dallas—Commercial Bank & Trust Co.; capital, $150,000; Pres., Royal A. Ferris; Vice-Pres., Henry C. Coke and Geo. N. Aldredge; Cashier, F. H. Blankenship.

Kenedy—State Bank; capital, $30,000; Pres., J. A. Martin; Vice-Pres., Albert Rine; Cashier, J. W. Nichols.

La Mesa—First State Bank; capital, $15,000; Pres., M. C. Lindsey; Vice-Pres., W. V. P. Baker; Cashier, R. E. Simpson.

Mullin—First State Bank; capital, $10,000; Pres., T. A. Lovelace; Vice-Pres., R. F. Williams; Cashier, W. C. Dew.

Palacios—Palacios State Bank; capital, $10,000; Pres., C. J. Wildman; Vice-Pres., C. Doss; Cashier, P. A. Elder.

Pampa—First State Bank; capital, $10,000; Pres., J. R. P. Sewell; Vice-Pres., T. D. Hobart; Cashier, Joe W. Cole.

Riesel—First State Bank; capital, $10,000; Pres., Otto Rau; Vice-Pres., E. W. Punchard; Cashier, H. F. Meyer.

Silsbee—Silsbee State Bank; capital, $15,000; Pres., W. H. Turner; Vice-Pres., James L. Kirby; Cashier, Floyd Singleton.

Skidmore—First Exchange Bank; capital, $10,000; Pres., Louis Walter.

Stratford—First State Bank; capital, $10,000; Pres., T. J. Noland; Cashier, John Houser.

Wellington—Wellington State Bank; capital, $25,000; Pres., R. L. Ellison; Vice-Pres., L. H. Staer; Cashier, H. C. Wells.

UTAH.

Bountiful—Bountiful State Bank; capital, $5,600; Pres., Jos. A. Eldredge; Vice-Pres., N. T. Porter; Cashier, Charles R. Mabey.

Randolph—Bank of Randolph; capital, $2,500; Pres., Wesley K. Walton; Vice-Pres., W. W. Writer; Cashier, Geo. Spencer.

St. George—Bank of St. George; capital, $5,412; Pres., Edward H. Snow; Vice-Pres., James Andrus; Cashier, Arthur F. Miles.

VIRGINIA.

Fredericksburg—Farmers & Merchants' State Bank; capital, $50,000; Pres., M. G. Willis; Vice-Pres., L. J. Graves and E. D. Cole; Cashier, Jno. F. Gouldman, Jr.; Asst. Cashier, D. G. Gouldman.

McKenney—Bank of Dinwiddie; capital, $10,000; Pres., Eugene C. Powell; Vice-Pres., John R. Doyle; Cashier, J. Henry Ligon; Asst. Cashier, John R. Beck.

Tinkling—Bank of Lunenburg; capital, $30,000; Pres., Geo. E. Smith; Vice-Pres., Jos. M. Hurt; Cashier, W. S. Irby.

WASHINGTON.

North Bend—Sylvester's Bank; capital, $5,000; Pres. W. W. Sylvester; Cashier, James R. Carroll.

Pogue—Okanogan Valley Bank; capital, $15,000; Pres., J. A. Rickert; Vice-Pres., Howard Babcock; Cashier, Harry J. Kerr; Asst. Cashier, E. A. Kerr.

Puyallup—Puyallup State Bank; capital, $15,000; Pres., G. M. Smith; Vice-Pres., A. F. Prudden; Cashier, J. W. Holeman; Asst. Cashier, A. J. Prudden.

Seattle—Northern Securities & Banking Co.; capital, $60,000; Pres., J. G. Price; Vice-Pres., Carl M. Johnson; Cashier, S. J. Rice; Sec., Wm. Sheffield.

Spokane — Spokane County Savings Bank; capital, $50,000; Pres., J. H. Ehlers; Vice-Pres., R. W. Heaton; Treas., Rush Shority.

Tacoma—Scandinavian American Bank (Branch of Seattle); Geo. H. Tarbell, Mgr.

WEST VIRGINIA.

Beckley—Citizens' Bank; capital, $50,000; Pres., John Lilly; Vice-Pres., Milton Curtus; Cashier, E. P. Stroman.

Follansbee—Citizens' Bank; capital, 25,000; Pres., H. C. Meyer; Vice-Pres., H. B. Mahan; Cashier, C. B. Crawford.

Rowlesburg—Bank of Rowlesburg; capital, $10,000; Pres., E. M. Carver; Cashier, J. A. Leggett.

WISCONSIN.

Dorchester—Dorchester State Bank; capital, $10,000; Pres., H. M. Nedry; Vice-Pres., G. N. Schultz; Cashier, Wm. F. Briemann.

Mattoon—Mattoon State Bank; capital, $10,000; Pres., Nick Lorrig; Vice-Pres., Otto P. Walsh; Cashier, W. B. Kramar.

Milwaukee—Merchants & Manufacturers' Bank; capital, $100,000; Pres., L. M. Alexander; Vice-Pres., W. 3. Paddock; Cashier, M. A. Graettinger; Asst. Cashier, E. C. Knoernschild.

CANADA.

ONTARIO.

Almonte—Sterling Bank of Canada; E. R. Crombie, Mgr.

Bayfield—Sterling Bank of Canada.

Brownsville—Home Bank of Canada; A. E. Marks, Mgr.

Consecon—Standard Bank of Canada; W. G. Neill, Mgr.

Cookstown—Sterling Bank of Canada; Wm. Griffith, Actg. Mgr.

Cornwall—Sterling Bánk of Canada; G. F. Ellis, Mgr.

Courtright—Sterling Bank of Canada; P. H. Frayne, Mgr.

Dungannon—Sterling Bank of Canada; R. E. Manning, Actg. Mgr.

Fort Erie—Sterling Bank of Canada; R. G. Baxter, Mgr.

Goderich—Sterling Bank of Canada; A. G. Gamble, Mgr.

Huntsville—Sovereign Bank of Canada; T. H. Pringle, Mgr.

Jordan—Sterling Bank of Canada.

Kearney—Sterling Bank of Canada; T. E. Fletcher, Mgr.

Kirkfield—Sterling Bnk of Canada; J. A. Walker, Mgr.

Lefroy—Sterling Bank of Canada; J. D. Willoughby, Actg. Mgr.

Maple—Sterling Bank of Canada; James Oliver, Mgr.

Mille Roches—Sterling Bank of Canada; F. W. Doherty, Mgr.

L'Original—Sterling Bank of Canada; A. W. Cochrane, Mgr.

Mountain—Sterling Bank of Canada; H. J. Thompson, Mgr.

Newington—Sterling Bank of Canada.

Orangeville—Sterling Bank of Canada; A. L. C. Kirkwood, Mgr.

Parkdale—Sterling Bank of Canada; G. B. Brown, Mgr.

Pefferlaw—Sovereign Bank of Canada; W. J. Stark, Mgr.

Port Dalhousie—Sterling Bank of Canada; B. S. Walker, Mgr.

St. Catharines—Sterling Bank of Canada; E. D. Voisard, Mgr.

Sebringville—Sterling Bank of Canada; E. E. Kastner, Mgr.

Shedden—Sterling Bank of Canada; J. W. Brown, Mgr.

Stevensville—Sterling Bank of Canada; P. T. Allbutt, Mgr.

Tamworth—Sterling Bank of Canada; C. R. Jones, Mgr.

Thornhill—Sterling Bank of Canada; C. E. Millar, Mgr.

Toronto—Sterling Bank of Canada; capital, $500,000; Pres., G. T. Somers; General Manager, F. W. Broughall.

Uxbridge—Sterling Bank of Canada; C. Urquhart, Mgr.

Varna—Sterling Bank of Canada; Wm. Beatty, Mgr.

Watford—Sterling Bank of Canada; J. B. Wynne, Mgr.

Wellandport—Sterling Bank of Canada; James A. Ross, Mgr.

ALBERTA.

Edmonton—Molsons Bank; G. W. Swaisland, Mgr.

SASKATCHEWAN.

Strassburg—Union Bank of Canada; C. D. Simpson.

CHANGES IN OFFICERS, CAPITAL, ETC.

ALABAMA.

Montgomery—First National Bank; M. P. Le Grand, Vice-Pres.; H. T. Bartlett and R. E. Seibel, Asst. Cashiers.

ARKANSAS.

Argenta—Twin City Bank; J. M. Griffin, Pres. in place of W. C. Faucette; H. C. Moore, Cashier.

ARIZONA.

Bisbee—First National Bank; W. M. Hoover, Asst. Cashier in place of J. J. Kelly.

CALIFORNIA.

Redondo—Farmers & Merchants' National Bank; F. H. Seymour, Vice-Pres.

Turlock—First National Bank; C. H. Schiveley, Pres. in place of D. F. Lane; no Vice-Pres. in place of Garrison Turner.

COLORADO.

Elizabeth—First National Bank; Geo. L. Hames, Vice-Pres.

Gunnison—First National Bank; no Asst. Cashier in place of H. C. Lawrence.

CONNECTICUT.

Bridgeport—City Savings Bank; Benjamin Fletcher, Pres. in place of David F. Hollister, deceased.

Canaan—Canaan Savings Bank; Geo. S. Fuller, Pres.

Hartford—Hartford National Bank; Wm. S. Bridgman, Vice-Pres., deceased.

South Manchester—Manchester Trust & S. D. Co.; R. La Motte Russell, Sec. and Treas. in place of Frank G. Vibberts.—Savings Bank of Manchester; R. La Motte Russell, Sec. and Treas.

South Norwalk—City National Bank; Frederick H. Rowan, Cashier in place of J. M. Layton; Wilfred Bodwell, Asst. Cashier.

FLORIDA.

Gainesville—H. F. Dutton & Co.; E. D. Turner, Cashier in place of Benjamin P. Richards, deceased; Harold B. Arnold, Asst. Cashier.

GEORGIA.

Montezuma—First National Bank; C. J. Lewis, Vice-Pres. in place of W. M. Lewis; Thomas A. Dixon, Cashier in place of Charles B. Lewis.

Newnan—First National Bank; N. E. Powel, Cashier in place of H. H. North; no Asst. Cashier in place of N. E. Powel.

IDAHO.

Boise City—Boise City National Bank; Frank R. Coffin, Pres. in place of H. B. Eastman; J. C. Clinton, Jr., Cashier in place of Alfred Eoff.

Payette—First National Bank; no Vice-Pres. in place of J. J. Toole; G. D. Snell, Jr., Cashier in place of P. A. Devers.

ILLINOIS.

Benld—National Bank of Benld; C. R. Eagle, Cashier in place of C. L. Hamilton.

Decatur—Citizens' National Bank; Milton Johnson, Pres. in place of R. I. Hunt; Geo. S. Connard, Cashier in place of Milton Johnson.

Freeburg—First National Bank; L. E. Baird, Cashier in place of J. C. Becker.

Gibson City—First National Bank; W. H. Simms, Vice-Pres.; Bryson Strauss, Asst. Cashier.

Neoga—Neoga National Bank; A. W. Lindley, Pres. in place of W. H. Hancock.

Paris—Edgar County National Bank; R. P. Logan, Asst. Cashier.

Rockford—Third National Bank; G. C. Spafford, Pres. in place of J. H. Sherratt; B. J. Chaney, Cashier in place of G. C. Spafford; H. L. Winter, Asst. Cashier in place of B. J. Chaney.

Witt—Oland National Bank; H. F. Hoehn, Asst. Cashier.

INDIANA.

Bloomington — First National Bank; Charles S. Small, Cashier in place of W. E. Woodburn, deceased; no Asst. Cashier in place of Charles S. Small.

Indianapolis—Capital National Bank; Frank D. Stalnaker, Pres. in place of F. L. Powell; E. I. Fisher and John J. Appel, Vice-Pres.—People's Deposit Bank; capital increased to $50,000.

INDIAN TERRITORY.

Antlers—Citizens' National Bank; L. Silverman, Cashier in place of Tom Tuck.

Atoka—Citizens' National Bank; J. R. Ray, Cashier in place of J. W. McClendon.

Calvin—Citizens' National Bank; J. J. McAlester, Pres. in place of C. C. Atwood; C. C. Atwood, Vice-Pres. in place of J. R. P. Sewell; E. C. Million, Asst. Cashier.

Claremore — First National Bank; Charles H. Collins, Asst. Cashier in place of J. L. Comer.

Durant—Durant National Bank; B. A. McKinney, Cashier in place of T. E. Pendleton.—First National Bank; O. R. Nicholson, Cashier in place of O. W. Goolsbee.

Eufaula—Eufaula National Bank; J. A. Sterrett, Pres. in place of J. J. McAlester.

Fort Gibson—Farmers' National Bank; Connell Rogers, Vice-Pres. in place of I. H. Nakdimen.

Okmulgee—First National Bank; W. A. Saunders, Vice-Pres.; T. R. H. Smith, Cashier in place of W. A. Saunders.

Tishomingo—First National Bank; A. G. Summerfield, Asst. Cashier in place of Glenn M. Johnson.

Tulsa—City National Bank; J. H. Simmons, Vice-Pres.; A. E. Bradshaw, Cashier in place of J. D. Hagler; no Asst. Cashier in place of A. E. Bradshaw.—First National Bank; C. W. Brown, Vice-Pres.; J. D. Hagler, Cashier in place of C. W. Brown.

IOWA.

Ainsworth—Ainsworth Savings Bank; R. S. Dix, Asst. Cashier.

Crystal Lake—First National Bank; John C. Preston, Cashier in place of H. S. Hegnes.

Des Moines—People's Savings Bank; Martin Flynn, Pres., deceased.

Lone Tree—Farmers & Merchants' Savings Bank; Charles A. Fernstrom, Cashier, deceased.

Manilla—Manilla National Bank; M. F. Strauser, Asst. Cashier.

Stanton—First National Bank; no Asst. Cashier in place of Peter Ostrom.

Waterloo—Leavitt & Johnson National Bank; John H. Leavitt, Pres., deceased.

Wiota—Wiota Savings Bank; capital increased to $70,000; R. H. Bell, Cashier in place of R. S. Fudge.

KENTUCKY.

Beattyville—National Bank of Beattyville; Julia Beach, Asst. Cashier in place of Logan Thomas.

Louisville—Bank of Commerce; H. H. Holeman, Cashier.—First National Bank; J. B. Brown, Cashier in place of J. B. Brown.

Midway—Citizens' Bank and Farmers' Bank; consolidated under former title.

Paducah—Globe Bank & Trust Co.; Edmund Pearson Noble, Pres., deceased.

LOUISIANA.

Leesville—First National Bank (in hands of Receiver November 24. 1905; authorized by the Comptroller to resume business July 17); M. L. Fleishel, Pres.; J. J. Hicks and Thomas J. Davis, Vice-Presidents; J. E. Duff, Cashier.

Monroe — Ouachita National Bank; Travis Oliver, Asst. Cashier in place of Byron Breard.

New Iberia—State National Bank; Ed. L. Estorge, Second Vice-Pres.; J. R. Perry, Cashier in place of H. E. Suberbielle; no Asst. Cashier in place of J. R. Perry.

Winnfield—Winn Parish Bank; P. C. Mosley, Cashier.

MAINE.

Bar Harbor—First National Bank; Harold F. Carter, Asst. Cashier.

Presque Isle—Presque Isle National Bank; W. M. Seely, Cashier in place of A. H. Jenks.

MARYLAND.

Pocomoke City — Citizens' National Bank; Colmore E. Byrd, Cashier in place of L. P. Ewell.

MASSACHUSETTS.

Boston—Emery & Tucker succeeded by Tucker, Hayes & Co.

Chelsea—Winnisimmet National Bank; Geo. W. Moses, Pres. in place of Augustus L. Thorndike.

Franklin—Franklin National Bank; Edward H. Rathbun, Pres. in place of E. K. Ray, deceased; Adelbert D. Thayer, Vice-Pres. in place of Edward H. Rathbun.

Haydenville—Haydenville Savings Bank; Byron Loomis, Pres. in place of Charles D. Waite, deceased; Horatio Bisbee, Vice-Pres.

Hingham—Hingham National Bank; Edward Jones, Cashier.

Lowell—Wamesit National Bank; F. H. Haynes, Pres. in place of G. W. Knowlton.

Malden—First National Bank; Everett J. Stevens, Pres. in place of A. H. Davenport.

Millbury—Millbury Savings Bank; I. B. Sayles, Treas. in place of Amos Armsby, deceased.

Spencer—Spencer Savings Bank; A. W. Curtis, Pres.; F. M. Prouty and C. H. Allen, Vice-Presidents.

MICHIGAN.

Coopersville—Coopersville State Bank; C. M. Moore, Cashier, deceased.

Detroit—German-American Bank; John S. Gray, Pres., deceased.

Flushing—First State & Savings Bank; Geo. Packard, Cashier deceased.

Grand Rapids—Grand Rapids Savings Bank; F. A. Hall, Cashier, deceased.

Ludington—First National Bank; James Foley, Vice-Pres. in place of Amos Breinig, deceased.

Muskegon—Union National Bank; W. H. Wilson, Asst. Cashier.

Rockland—First National Bank; L. Stannard, Jr., Asst. Cashier.

MINNESOTA.

Caledonia—First National Bank; O. E. Burtness, Pres. in place of Walter Goergen; no Vice-Pres. in place of O. E. Burtness.

Litchfield—First National Bank; A. W. Kron, Cashier in place of E. O. Hammer; Harry A. Hanson, Asst. Cashier.

Madison—First National Bank; M. A. Stemsrud, Cashier in place of P. G. Jacobson.

Stewartville—First National Bank; J. P. Myers, Pres. in place of A. L. Brush.

MISSISSIPPI.

Oxford—Merchants & Farmers' Bank; W. D. Porter, Pres. in place of B. T. Kimbrough, deceased; J. F. Matthews, Cashier.

Poplarville—Bank of Poplarville; M. N. McCoy, Asst. Cashier in place of J. J. Scarborough, Jr.

MISSOURI.

Carterville—First National Bank; J. A. Daugherty, Pres. in place of W. A. Daugherty.
King City—Citizens' National Bank; A. G. Bonham, Pres. in place of David Bonham, deceased; J. F. McKenny, Cashier in place of A. G. Bonham; no Asst. Cashier in place of J. F. McKenny.
Lamonte— La Monte Bank; C. E. Terry, Cashier in place of Thomas Terry, resigned; W. C. Terry, Asst. Cashier.
Memphis—Citizens' Bank; Milo Cowan, Cashier, deceased.

MONTANA.

Boulder—Bank of Boulder; S. T. Tuttle, Cashier in place of F. C. Berendes.

NEBRASKA.

Crofton—First National Bank; Frans Nelson, Vice-Pres. in place of H. J. Oswald; L. J. Holle, Cashier in place of Frans Nelson.
David City—City National Bank; C. O. Crosthwaite, Cashier in place of E. Williams; E. K. Crow and A. H. Elting, Asst. Cashiers.
Humphrey—First National Bank; John E. Hugg, Cashier; M. C. Hugg, Asst. Cashier in place of John E. Hugg.
Shelby—First National Bank; C. Oscar Olson, Asst. Cashier.
South Omaha—Union Stock Yards National Bank; F. R. Hedrick, Cashier.

NEW JERSEY.

Dover—National Union Bank; T. H. Hoagland, Vice-Pres. in place of E. H. Baldwin, deceased.
Flemington—Flemington National Bank; William Richards, Pres., deceased.
New Egypt—First National Bank; William C. Jones, Vice-Pres.; Geo. F. Compton, Cashier in place of G. C. Lower; William N. Nash, Asst. Cashier.
Somerville—Second National Bank; C. L. Voorhees, Pres. in place of Geo. V. Vanderveer; Charles Schwed, Vice-Pres. in place of C. L. Voorhees.

NEW MEXICO.

Tucumcari—First National Bank; M. F. Buchanan, Pres. in place of Frank P. Harman; Earl George, Cashier.

NEW YORK.

Downsville—First National Bank; J. M. Humphrey, Cashier in place of E. B. Guild.
Glen Cove—Glen Cove Bank; D. N. Gay, Vice-Pres.; Charles P. Valentine, Cashier in place of D. N. Gay; John C. Small, Asst. Cashier.
Hunter—Greene County National Bank; I. C. Mosher, Vice-Pres. in place of J. D. Ireland; E. F. Goodrich, Cashier in place of E. A. Ham.
Middleport—Lewis S. Freeman, banker, deceased.
New York—Tobey & Kirk; Salathiel H. Tobey, deceased.—United States Trust Co.; William M. Kingsley, Vice-Pres. —Windsor Trust Co.; J. A. Young, Pres. in place of Charles H. Van Brunt, deceased.
Norwich — Chenango National Bank; Andrew J. Beebe, Pres., deceased.
Olean—Citizens' National Bank; absorbed by Exchange National Bank.
Rochester—Mechanics' Savings Bank; John J. Bausch, Pres. in place of C. M. Everest; Wm. R. Seward, Vice-Pres.
Tupper Lake—Tupper Lake National Bank; F. D. Barry, Cashier in place of James L. Jacobs.
Walton—First National Bank; C. E. Hulbut, Pres. in place of Geo. O. Mead; John Olmstead, Second Vice-Pres.; E. B. Guild, Cashier in place of John Olmstead.
Westfield—National Bank of Westfield; F. W. Crandall, Vice-Pres.; G. S. Flagler, Cashier in place of F. W. Crandall; E. D. Reagan, Asst. Cashier in place of G. S. Flagler.
Yonkers — Yonkers Savings Bank; Charles P. Marsden, Cashier in place of Rafaelle Cobb.

NORTH CAROLINA.

Elizabeth City—Savings Bank & Trust Co.; Geo. B. Pendleton, Cashier, resigned.
Fayetteville—National Bank of Fayetteville; R. G. Harrison, Vice-Pres.; Ralph Jessup, Cashier in place of C. J. Cooper; A. B. McMillan, Asst. Cashier.
Lillington—National Bank of Lillington; A. P. McPherson, Second Vice-Pres.; Flora M. Long, Asst. Cashier.
Statesville—First National Bank; W. M. Cooper, Vice-Pres.; John W. Guy, Asst. Cashier.

NORTH DAKOTA.

Hampden—First National Bank; C. D. Lord, Pres. in place of J. Rosholt; J. L. McRae, Asst. Cashier in place of J. L. Rosholt.
Hope—First National Bank; no Vice-Pres. in place of E. D. Wallace, resigned.

OHIO.

Coolville—Coolville National Bank; John E. Bailey, Cashier in place of H. V. Speer; no Asst. Cashier in place of John E. Bailey.
Girard—First National Bank; F. W. Stillwagon, Pres. in place of A. W. Kennedy; J. C. Krehl, Vice-Pres. in place of F. W. Stillwagon.
Milford—Milford National Bank; Geo. H. Eveland, Pres. in place of J. M. Pattison.
Mount Vernon—Farmers & Merchants' National Bank; A. L. Byrnes, Cashier in place of F. W. Severns.
Pemberville—Citizens' Savings Bank; capital increased to $25,000; John S. Hoyman, Pres.; H. F. Bowlus, Vice-Pres.; F. P. Spitzer, Cashier.
Toledo—Toledo Savings Bank & Trust Co.; C. L. Reynolds, Pres. in place of John J. Barker, resigned.—Ohio Savings Bank & Trust Co.; Geo. A. Weber, Cashier, resigned.
Wellsville—People's National Bank; Thomas A. Scheets, Asst. Cashier.

OKLAHOMA.

Hobart—First National Bank; N. E. Medlock, Vice-Pres. in place of H. A. Lamberson.
Kingfisher—First National Bank; J. G. Condit, Cashier in place of Geo. Newer; P. W. Vitt, Asst. Cashier in place of J. G. Condit.
Norman—National Bank of Norman; A. W. Lauer, Cashier in place of R. V. Downing; no Asst. Cashier in place of A. W. Lauer.
Taloga—First National Bank; A. H. Keith, Pres. in place of M. Shultise; Jerome Harrington, Vice-Pres.; E. D. Foster, Cashier in place of F. L. Black.

PENNSYLVANIA.

Beaver—First National Bank; William R. Hurst, Asst. Cashier in place of R. F. Patterson.—Fort McIntosh National Bank; Robert F. Patterson, Cashier in place of F. S. Mitchell.
Beaver Falls—First National Bank; Frank S. Mitchell, Asst. Cashier.
Ebensburg—First National Bank; M. D. Kittell, Pres. in place of Alvin Evans; Webster Griffith, Vice-Pres. in place of M. D. Kittell.
Galeton—First National Bank; James T. Hurd, Pres. in place of W. C. Park.
Garrett—First National Bank; L. A. Beabes, Cashier in place of D. B. Alter.
Hanover—Hanover Savings Fund Society; Jacob N. Slagle, Asst. Cashier, deceased.
Houston—First National Bank; John A. Berry, Vice-Pres. in place of John Morrison.
Jersey Shore—National Bank of Jersey Shore; John T. Hyatt, Vice-Pres.; H. G. Rorabaugh, Asst. Cashier.
New Castle—National Bank of Lawrence County; no Vice-Pres. in place of D. B. Kurtz.
Newville—First National Bank; J. S. Gracey, Cashier in place of J. B. Davidson, deceased.
Philadelphia—Sixth National Bank; Geo. May, Vice-Pres., deceased.
Pittsburg—Washington National Bank; Max Perlman, Asst. Cashier.
Tamaqua—First National Bank; D. F. B. Shepp, Cashier in place of F. J. Freller.
Titusville—Second National Bank; W. J. Stephens, Vice-Pres. in place of J. C. McKinney.
Tunkhannock — Wyoming National Bank; S. W. Eysenbach, Cashier in place of E. N. Stone.

SOUTH CAROLINA.

Charleston—Germania Savings Bank; A. F. C. Cramer, Pres. in place of Charles Litschgi, deceased.
Greenwood — Farmers & Merchants' Bank; J. B. Wharton, Vice-Pres.; J. P. Abney, Cashier in place of J. B. Wharton.

SOUTH DAKOTA.

Spearfish—American National Bank; J. S. Denman, Asst. Cashier.
Wauby—First National Bank; H. S. Guernsey, Asst. Cashier in place of J. A. Schultz.

TENNESSEE.

Jellico—National Bank of Jellico; Frank L. Smith, Asst. Cashier.
Sparta—First National Bank; C. D. Erwin, Asst. Cashier.

TEXAS.

Arlington—Arlington National Bank; A. E. Sweeney, Asst. Cashier in place of B. F. Elkin.
Celina—First National Bank; W. A. Mixon, Asst. Cashier in place of M. F. Smith.
Center Point—First National Bank; E. McElroy, Asst. Cashier.
Fort Worth—Stock Yards National Bank; Geo. W. Armstrong, Pres. in place of F. R. Hedrick.
McKinney — Collin County National Bank; W. B. Newsome, Pres. in place of Jesse Shain.

Mesquite—First National Bank; Frank Ellis, Cashier in place of Joe Kimbrough.

Orange—First National Bank; J. O. Sims, Jr., Cashier in place of W. W. Reid; E. E. McFarland, Asst. Cashier in place of J. O. Sims, Jr.; C. T. Seargent, Asst. Cashier.

San Marcos—Wood National Bank; T. C. Johnson, Pres. in place of W. D. Wood.

Stamford—Citizens' National Bank; F. E. Morrow, Asst. Cashier in place of M. E. Manning.

Stratford—Stratford National Bank; T. M. McCrory, Pres. in place of R. G. Dye.

Tioga—First National Bank; Z. L. Wright, Cashier in place of R. E. Chambers.

VIRGINIA.

Graham—First National Bank; John Walters, Pres. in place of W. B. Morton.

Purcellville—Purcellville National Bank; J. T. McGavack, Vice-Pres. in place of James Macdaniel.

Scottsville—Scottsville National Bank; D. H. Pitts, Pres. in place of Wm. Dorrier, deceased.

WASHINGTON.

Seattle—National Bank of Commerce; M. F. Backus, Pres. in place of H. C. Henry; R. R. Spencer, First Vice-Pres.; Ralph S. Stacy, Second Vice-Pres.; J. W. Maxwell, Cashier in place of R. R. Spencer; R. S. Walker, Second Asst. Cashier.

WEST VIRGINIA.

Williamson—Mingo County Bank; R. Bernard Parrish, Asst. Cashier, resigned.

WISCONSIN.

Cedarburg — Farmers & Merchants' Bank; W. F. Freund, Pres., deceased.

Fond du Lac—Fond du Lac National Bank; no Vice-Pres. in place of Frederick Rueping.

Green Bay—Citizens' National Bank; Henry Klaus, Cashier in place of W. P. Wagner.

Janesville — Merchants & Mechanics' Savings Bank; Wm. Bladon, Vice-Pres.; S. M. Smith, Cashier in place of Wm. Bladon.

Marshfield—First National Bank; H. G. Hambright, Cashier in place of E. L. Reese.

Milwaukee—Germania National Bank; no Asst. Cashier in place of M. A. Graettinger, resigned.

Mondovi—First National Bank; S. G. Gilman, Pres. in place of J. W. Whelan; D. A. Whelan, Vice-Pres. in place of S. G. Gilman.

WYOMING.

Casper—Casper National Bank; M. C. Clarkson, Asst. Cashier in place of Maud Schulz.

BANKS REPORTED CLOSED OR IN LIQUIDATION.

MARYLAND.

Kitzmillerville—Blaine National Bank; in voluntary liquidation July 9.

OHIO.

Clyde—First National Bank; in voluntary liquidation July 2.

TEXAS.

Caldwell—First National Bank; in voluntary liquidation July 6.

WASHINGTON.

Seattle—Washington National Bank; in voluntary liquidation June 25.

THE MAN WHO DOES IT.

IT is the man behind the bank," says E. W. Lane, president of the Florida Bankers' Association, "who directs the missives of commerce and furnishes the sinews of trade."

BANKERS' OBITUARY RECORD.

Freeman.—L. S. Freeman, a private banker doing business at Middleport, N. Y., died July 9, aged sixty-six years.

Hall.—Ferdinand A. Hall, for twenty-one years cashier of the Grand Rapids (Mich.), Savings Bank, died July 19. Mr. Hall was born at Rochester, N. Y., in 1846, and after engaging in railroad work and banking in the South and West, he located at Grand Rapids, at first becoming connected with an agricultural implement house, and later entering the bank which he was to serve so long.

May.—George May, vice-president of the Sixth National Bank, Philadelphia, was killed by a trolley car on July 16.

Moore.—Charles M. Moore, cashier of the Coopersville (Mich.), State Bank, died July 7.

Noble.—Edmond Pearson Noblé, president of the Globe Bank & Trust Co., Paducah, Ky., died July 10, aged sixty years.

Tobey.—Salathiel H. Tobey, a member of the banking firm of Tobey & Kirk, New York City, died July 9. He was born at Monson, Mass., in 1829, and graduated at Yale in 1853. After graduation he went to Tennessee, where he was engaged in the banking business for about twenty years before coming to New York. In 1873 he established the firm of Tobey & Kirk, with which he has since been connected.

BIDS FOR THE PANAMA BONDS.

MUCH surprise has been manifested at the wide differences in the prices bid for the recent issue of Panama bonds of 1936 by prominent houses well versed in the technicalities of bond trading. An experienced dealer in Government bonds gives the following reason for this: "The explanation of the low bids is found in the fact that many bidders were misled by considering this security as practically a ten-year bond, owing to the Government's ten-year redemption privilege. But the fact is the Treasury Department considers them thirty-year bonds and for a number of very substantial reasons.

In the first place the insertion of the ten-year clause in the bill was doubtless merely a concession to Congressional sentiment. These bonds can not be refunded at a lower rate than two per cent., and it would be futile therefore for the Government to redeem them in ten years. Again, the Government is now engaged and will be for years in extensive and necessary internal improvements which will take care of its available ready money.

If currency legislation is taken up in the immediate future it is quite certain to be on a basis which will not compete with the efficiency of two per cent. bonds. In brief, there is no tenable ground upon which to regard the bonds as having anything short of a thirty-year maturity."

THE

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AMERICAN BANKERS' ASSOCIATION.

SAINT LOUIS will have the honor of entertaining the convention of the American Bankers' Association on October 16, 17, 18 and 19 next. As the meeting-place is central and favorable in other respects, a large attendance may be looked for; and since currency reform and other questions of practical concern to the banking community will be prominently discussed, the proceedings will be of an interesting character.

An opportunity is now offered to the American Bankers' Association to show to the bankers of the country the value of organized effort in behalf of an elastic bank-note currency. It ought to be a reasonable expectation that whatever recommendations are put forth by the association will measure up to the highest standard of scientific knowledge of the subject, while at the same time being of a sufficiently practical and popular nature to command the support of Congress and the people. Anything short of this will not be worthy of the great prestige of the American Bankers' Association.

An assembly of several thousand of the bankers of the United States is bound to present many interesting features, and these will be fully described and illustrated in the November issue of THE BANKERS' MAGAZINE. The Editor will give his personal impressions of the convention, and these will be supplemented by reports and photographs of entertaining incidents and striking scenes—furnished by special representatives and artists—the whole forming a record of the convention of unusual interest and value.

The American Bankers' Association, from a very small beginning, has grown to be a vast organization, representing a large percentage of the members and strength of the banks of the country. It has done and is doing work of great benefit to the banks and the general business interests of the United States. The convention this year ought to be, and doubtless will be, the best ever held. If one may judge from a long acquaintance with the climate of the neighboring country, the weather of mid-October at St. Louis will be perfect.

EDITORIAL COMMENT

MERCANTILE houses are beginning to compete with banks for deposits to an extent that is not relished by the banking institutions of the country. The practice is for the mail order houses to bid for deposits by offering interest running as high as six per cent. on time certificates of deposit, and permitting depositors to buy goods and have the amount deducted from their deposits. This not only diverts business from the banks by offering a higher rate of interest than they can afford to pay, but it also deprives the banks of the profits they would gain in the sale of exchange to country merchants to be remitted to the jobbers in the cities.

A bank in seeking to attract deposits by the payment of interest can manifestly afford to pay only such rate as it can earn in lending out the deposits, less the expense of handling them. If a bank is getting only an average of six per cent. on its loans, it can not pay anything like that rate on deposits, for it must pay expenses, meet losses, and make a reasonable profit. But the large city mercantile house is in a different position. It is, most likely, a persistent borrower of the banks, and no doubt in most cases pays a rate approximating six per cent. on what it borrows. The money, or credit, thus obtained is used in its mercantile operations at a snug profit. The borrowings, however, must be carefully restricted and frequent payment or renewal of loans is necessary. If these same houses could obtain their money in the shape of deposits, they would have command of practically an unlimited supply on long time, with a considerable margin that could be permanently employed in carrying on their business.

The laws of most of the states do not interpose any serious obstacles to the carrying on of "banking" of this character; and in the absence of legal prohibition, the great mercantile firms can hardly be criticised for borrowing from the public instead of from the banks, if it is to their advantage to do so. On the other hand, it is not believed that the use of deposits in the manner indicated conforms to those principles of safety that should govern the employment of funds belonging to the public. It is putting too many eggs into one basket. Objection is often made to private banking, but the private banker, as a rule, does not put all his deposits or any large proportion of them, into his own business. He lends money and discounts paper exactly as do incorporated banks. The mercantile "banker" simply borrows from the public money to use in carrying on his business, issuing his promissory notes, in the shape of time certificates, in exchange therefor.

Were this business confined to a few of the great and well-established mercantile firms, no more serious results might be entailed than the loss of some profit to the banks; but it is a practice liable to be widely imitated by weak concerns, and with very unfortunate consequences. It must not be forgotten that if mercantile establishments once get into this easy way of procuring loans, it will tempt an expansion of their business beyond prudent limits. In case of a run, these firms would have nothing to depend upon but their own individual resources, instead of the widely-distributed loans on which a bank relies in such emergencies.

The competition of the mercantile houses for deposits will in the end not benefit them, will impair the earning power of the banks, and is fraught with grave danger to the public. In view of these facts, the matter is worthy of attention by the bankers and the state legislatures.

INSURANCE of bank deposits has become a matter of practical importance, owing to the recent announcement of the Fidelity and Casualty Company, of New York, that it will hereafter issue surety bonds guaranteeing the payment of deposits of failed banks. After referring to statistics relating to bank failures, the "Monthly Bulletin" of the company says: "To give depositors absolute security, we are issuing bonds wherein we guarantee to pay depositors the amount of their deposit promptly after the bank closes its doors." The bond is described as embodying a simple, clear-cut obligation to pay the depositor if the bank does not. The American Bonding Company, of Baltimore, and the National Surety Company, of New York, also announce that they are prepared to undertake the insuring of bank deposits.

In discussing the subject of insuring bank deposits in the September, 1905, issue of the MAGAZINE, it was suggested that the experiment of providing such insurance might be tried by a surety company. In principle it would seem to be better to make the insurance of deposits a voluntary matter, either with the bank or the depositor, rather than to compel all the banks to contribute to a common fund out of which the deposit obligations of failed banks would be paid in case the assets were not sufficient to meet outstanding liabilities of this character.

Perhaps the average bank depositor would not take very kindly to the suggestion that he pay a premium to insure the safety of his deposit, though he would probably have no objection to having the bank pay the premium. If one bank in a town should decide to give a surety bond to every depositor, paying the cost thereof, other banks could hardly fail to do the same thing.

Despite the increasing strength of the banking institutions of the country, and the comparative rarity of failures, there are still a considerable number of weak banks, and great hardship is caused all too frequently by bank insolvencies. One result of the surety companies taking up this business will be to improve the management of the banks whose deposits are insured, since it must be expected that the companies will limit their risks either by the exercise of great discretion as to the banks whose deposits are guaranteed, or that they will subject any doubtful banks to close and constant surveillance.

EDUCATION that will help one in the active affairs of life is inadequately provided for, either in the common schools or in the higher educational institutions, though a few of the latter are at last realizing that there is a demand for such training, and are trying to meet it.

The common schools are good so far as they go, but they stop short of the thorough specialized instruction that would be of incalculable benefit to every youth who intends to adopt a business career. Indeed, in the learned professions—in law especially—the need of practical business education is felt almost as strongly as in the counting-room. The great lawyers of to-day are not, as in former times, those whose oratorical powers can sway the minds of jurors or command the applause of listening senates, but those who can straighten out the tangled threads of business. Even the clergyman finds that he must be familiar with accounting and financial management so that the complex machinery of his parish shall be kept in smooth running order. His ecclesiastical superiors will condemn any laxity in the management of the business affairs of the church under his control as quickly as they would a lapse from the orthodox standard in his preaching.

In almost any walk of life the man who has not had a thorough grounding in commercial education lacks an element that would have contributed materially to his success. This education should be furnished to some extent by the common schools, but perhaps could be best supplied by a class of special institutions, like the commercial schools of

Germany. Excellent work in training young men for business is already being done by the University of Pennsylvania, the Peirce School, of Philadelphia, and the Amos Tuck School of Dartmouth College, and by other institutions.

This demand for education of a character that shall have some sensible practical relation to a man's means of earning his bread in nowise indicates a want of recognition of the value of the ordinary college course; and the latter need not be supplanted, but rather supplemented, by what is considered the more practical kind of training. While the usual college course may, and really does, afford but poor equipment for grappling with the problems of active business, on the other hand he who has only what is styled practical education is a machine and not an educated man. To know all the intricate details of the counting-room, and all the manifold influences that tend to promote or retard enterprise, is essential to the highest business success; and to know something of the history and destiny of the race, to have that broad culture which liberalizes the mind and humanizes the individual, is likewise essential to the making of a man of liberal education as distinguished from an automaton.

BANK examination under the auspices of clearing-house associations is coming to be relied on to remedy the imperfect system of examination exercised by state and national authority. This additional inspection will be made by experts, and is apt to be of a very searching character. It is becoming apparent that, for their own protection, the banks will be forced to find some means of providing for more careful inspection than any that now exists under State or Federal authority. It is quite common in these days to hear how much better everything can be done by government than by individuals or corporations. But so far as bank examinations are concerned, this principle does not appear to withstand a practical test. Not but what the examination of banks by the states and by the Federal Government has been of incalculable benefit, but it has failed to keep up with the needs of the times. It is inconceivable that any reputable firm of accountants would undertake to examine the national banks with the limited number of examiners which the Comptroller has at his command. It is equally unthinkable that a firm of reputable accountants would choose men to do the work on any other basis than that of proved efficiency. Political "pulls" could not avail, as they sometimes do in the selection of official examiners now.

It is doubtful if there are any better bank examiners than those who watch over the Canadian banks. They belong to the bank's staff, and it is their duty to inspect the affairs of the head office and the various branches. While we cannot copy the Canadian plan of inspection, owing to the difference in our banking system, we can utilize its substantial benefits by concerted action on the part of our banks, as is being done, to a certain extent, in Chicago, San Francisco, New York and other cities.

It is by no means improbable that a similar plan could be employed by the banks of a district or state. Banks that are properly managed do not resent intelligent and thorough inspection, but welcome it. They know that it is a safeguard for stockholders, that it increases public confidence and enhances profits. If all the banks belonging to a bankers' association of a particular state were known to be subject to frequent and thorough examinations by expert professional examiners, it would add immensely to the prestige of the banks of that state, and would probably be the best paying investment the banks could make. Of course, the bankers' associations could hardly exercise supervision over their members to the same extent as the clearing-house associations do, but they could at least insure effective examinations. Perhaps also, by united action, the banks could greatly reduce the cost of making expert examinations, as there would be sufficient work to keep a large body of examiners constantly employed.

INFORMATION of a valuable and timely character in regard to the paper currency of several of the leading nations of the world is given elsewhere in this issue of the MAGAZINE in an article by GEO. M. COFFIN, former Deputy Comptroller of the Currency.

The facts presented will afford an authentic standard of comparison in considering the readjustment of our own currency system to the great growth of the country's business. We can not maintain a permanent public debt for the purpose of furnishing a basis on which to issue bank notes. Such a policy is indefensible on economic grounds, and its political inexpediency will be made manifest if ever the ruling party should be confronted by a sane and vigorous opposition. At present it might be said without bias, that while the financial record of the Republican party is bad, that of the Democratic party is worse. The Republicans must be held responsible for much of the silver legislation and for failing to retire the greenbacks and improve the bank-note currency. These are serious sins of omission and commission. But the Democrats have favored free silver and increasing the greenbacks, so that honors are easy between the two parties on financial matters.

It is conceivable, however, that the importance of a better bank-note currency to the business interests of the country can be so pressed home upon Democrats and Republicans alike that reform can be effected without arousing any of the political rancor that characterized the free-silver movement. In fact, at the present time there is no sharp line of division between the two parties upon financial matters. It is believed, however, that the Democratic party might add to its popularity by coming out squarely in opposition to the Republican policy of perpetuating the debt, and favoring the issue of a bank-note currency based upon commercial paper and gold, and redeemable in the same manner as the New England bank notes were redeemed under the Suffolk system.

The party that would inaugurate such a system of bank notes would confer a benefit upon the business interests of the country—the farming community especially—that would redound greatly to the advantage of those responsible. The policy of building up and fostering the commercial, agricultural and industrial interests of the United States promises to yield quite as substantial political capital as the opposite policy of seeking to cripple the industries of the country. To make all the people prosperous is, in the long run, just as satisfactory as to worry unduly about the exceptional fortunes accumulated by the great captains of industry.

One of the most vital elements in the prosperity of a country is an adequate system of coin and paper currency; fulfilling not alone the prime requirement—safety—but having that rarer attribute of perfect adaptability to the varying demands of seasons and of communities widely scattered and of greatly differing conditions. This is a problem less easy of solution in the United States than any of the other great countries of the world. Our large population, vast area and enormous wealth; and more than all, the conglomerate banking system,—all these factors tend to differentiate our currency problem from that of Great Britain, France, Germany and Canada. But while there are vast differences, there are close analogies. The banking system here is unlike that of any of the countries named—perhaps like that of no other country on earth; though with its admitted faults it has many points of undoubted excellence. Moreover, it was not built in a day, and it will not be radically changed for a long time to come, if at all. Whatever changes are made in the existing method of issuing bank notes will have to be adapted to the banks as they now are. A Government bank or the branch banking system does not come within the realm of the practicable.

Great Britain, France and Germany are all seeking to develop their industries and their trade, just as the United States is doing. They are our leading competitors, and if their currency system is better than ours—more economical and more flexible—it will give their producers and traders an advantage over those of the United States. This advantage may not be very great apparently; but when the competition is so close as it now is in the effort to secure international trade, a slight difference in the facility with which loans may be procured, or in interest rates, may be sufficient to turn the scale in favor of our competitors. If there is indifference to this fact here, it is being carefully considered by our commercial rivals. Germany and Japan may be cited as two nations which have thoroughly studied the importance of an efficient system of paper currency; and France, with her marvellous institution, the Bank of France, is showing to the world what a powerful stimulus to national power and prosperity may be afforded by skillful management of the banking and monetary system. Even Great Britain has had her traditional conservatism disturbed, and there is a growing realization of the fact that the Bank of England is imperfectly adapted to meet the enormous demands of modern finance.

It might be very comforting if we could drift along in the old way—issuing more Government bonds, on one pretext or another, whenever more bank notes were needed—but that expedient is obsolete; and whether we like it or not, the question of a proper system of paper currency is one that must be dealt with in a practical manner before very long.

Mr. Coffin has collated information that will be most helpful when that time arrives—and it may be nearer at hand than is generally imagined. Trustworthy information about the currencies of other countries is not easily accessible, and inasmuch as a great deal of educational work must be carried on, both among bankers and the people at large, before currency reform becomes a practical question, the paper by Mr. Coffin should be carefully studied. He has shown that in Germany and in Canada especially, elasticity of the currency is possible and that it is not incompatible with safety.

AFTER a careful survey of the currency system of several of the principal commercial countries, Mr. Coffin suggests that our own paper circulation be modified in the following particulars: That the greenbacks be gradually retired; that gold certificates be made a legal tender, and national banks be permitted to issue notes on the following plan: Banks having fifty per cent. of their capital deposited with the Treasury in the shape of United States bonds to be permitted to issue circulating notes to the par of their capital; in other words, half of their circulation would be secured, as now, by United States bonds, and one-half by the general assets of the issuing bank, and by a safety fund. The first fifty per cent. of circulation to be taxed one-half of one per cent. per annum; the next thirty-five per cent. one per cent. per annum, and the final fifteen per cent. of the circulation to be taxed five per cent. per annum. As the tax on the first half of a bank's circulation under this plan would be the same as the tax now imposed on circulation secured by the two per cents of 1930, the banks would keep out permanently at least fifty per cent. of their capital in the form of circulating notes. There would be more of a tendency to limit the issue of the additional thirty-five per cent., which is to be taxed one per cent. per annum, to seasons when the demand for accommodation was somewhat brisk, although the tax of one per cent. would probably not greatly curtail the issue of circulation. If this were found to be true in practice, then the banks, in ordinary times, would keep out circulation to the extent of eighty-five per cent. of their capital, fifty per cent. of it being taxed one-half of one per cent. a year, and thirty-five per cent. at the rate of one per cent. The final issue to the extent of fifteen per cent. of capital, taxed five per cent., would constitute an emergency issue.

Mr. Coffin has made it clear that under the new plan the banks would make a greater direct profit from issuing circulation than they do now. They would also profit largely by the increase in their lending facilities and the better service they could render to the business community. He has also given careful attention to the matter of redemption—the fundamental consideration to insure elasticity of the bank-note currency. As a means to this end he suggests that bank notes be redeemed through the clearing-houses, the same as checks, and that the national bank-note redemption agents be restored. This would provide for redemption at the commercial centres of the country instead of having the notes redeemed at the political capital of the nation.

Were one devising a currency system *de novo* for the United States, having no greenbacks, bond-secured bank notes or depreciated silver to deal with, the problem would be comparatively easy. That is not the situation as it exists now. Mr. Coffin's suggestions, as he says, are partly in the nature of a compromise, and perhaps any practicable plan will have to be of that character. In time we may reach the ideal of a currency consisting of gold coin and certificates, subsidiary silver, minor coins of bronze and nickel, and bank notes secured by commercial paper and a strong gold reserve, the notes being subject to constant and rapid redemption in gold, but that time is somewhat distant. Meanwhile the practicable should not be disdained.

Mr. Coffin has had long experience as Deputy Comptroller of the Currency and as a bank officer. The facts he presents regarding the paper currencies of the important commercial countries are worthy of study by every banker and business man who wishes to have an intelligent understanding of the currency question. The suggestions which he makes are also worthy of careful consideration as affording a possible basis of union for those who wish to see the bank-note circulation of the United States made a thoroughly efficient instrument in promoting the commerce and productive industries of the country.

IN this issue of THE BANKERS' MAGAZINE we publish an article entitled "Cost of Handling Checking Accounts," from the pen of JOHN F. WILSON, who for several years was assistant national bank examiner stationed at Chicago.

Mr. WILSON explains succinctly his plan for figuring the cost of conducting checking accounts; to use his words: "A system which shall determine the expense of handling each depositor's account."

Briefly stated, it is a formula for prorating the operating expenses of a bank against its several customers' accounts on a scale established by counting the items; it also determines the measure of profit, or if the account is an unprofitable one, it shows the loss.

Unlike many other so-called "cost systems," this plan involves no expense; it can be applied to any bank from the smallest in the market town to the largest on Broadway. It calls for no special skill, change of methods or extra clerical force.

PREDATORY corporations, as Mr. Bryan calls them, are doubtless doing less for the prosperity of the country than they ought to, but they nevertheless have some redeeming qualities. A single example will suffice.

At the time of the great disaster at San Francisco, help was needed in getting the people away from the doomed city to places of safety. In this emergency the Southern Pacific Railway ran ferry steamers continuously, carriyng refugees from San Francisco to Oakland without charge. It also transported many persons free to distant points, carrying about 225,000 passengers altogether, representing a service valued at over $540,000.. The company also ordered by wire carloads of food supplies, and did effective work in finding accommodation for refugees in other cities. In fact, everything that money, organization and thought could do to aid in the relief work was done by this corporation, its expenditures of money and service exceeding $1,000,000. Of course, various railway and other corporations also made heavy contributions toward relieving the destitute.

There has been much serious criticism of corporations of late, most of it just, and some of it foolish. It is well to remember, however, that in trying emergencies the soulless corporation often acts pretty much as individuals would under like circumstances. Some of the managers of great corporations appear to perceive the truth that they do not lose anything by gaining a reputation for justice and humanity in their dealings with the public.

FOREIGN indignation over the moral obliquity of certain American financial operations will perhaps be mitigated slightly by the announced intention of one of the German insurance companies to deny liability for losses incurred in the San Francisco fire and earthquake. The ground on which the company proposes to escape is that "the losses arose from an overwhelming catastrophe, due to a visitation of Providence, for indemnity against the consequences of which the policy never was intended to provide, and does not provide."

This is very much like a debtor dismissing his creditor with, "Friend, you're troublesome." When the debt is a big one, it is much more comfortable for the debtor to shift the responsibility upon "Providence," though possibly the creditors do not find that this helps them much practically.

ONE of the questions that engaged the attention of the recent Pan-American Conference was the fluctuation in the rates of exchange in several of the South American countries. This fluctuation has, in some cases, become a serious menace to prosperity, and steps have been taken already by several of the countries to render the value of the currency more stable. These measures have not in every instance proved effectual, though marked improvement has taken place in the currencies of most of these countries within recent years.

As the result of a letter addressed to Secretary Root by Mr. Charles A. Conant and Professor Jenks, prior to his departure to attend the conference, that body adopted a resolution providing for an investigation of the history of the fluctuations of the rates of exchange and their effect on internal and foreign commerce.

Mexico has undoubtedly prospered directly as a result of adopting the gold standard, and a similar experience would doubtless follow if those South American countries which have not already done so would place their currencies on a footing with those of the great commercial nations of the world, either by adopting the gold standard outright or maintaining a fixed relation between gold and silver.

GREAT bodies, we are told, move slowly. Perhaps this may explain why some of the leading daily newspapers were so slow in realizing the absurdities of the Panama bond issue, although they were clearly pointed out by THE BANKERS' MAGAZINE long ago. This MAGAZINE was the first to declare that there was no real need of an issue of bonds for the purpose of building the canal, as it was first to criticise the present policy of perpetuating the public debt, solely for the reason that the dominant party lacks the political courage to meet the demand for a scientific reform of the bank-note currency. Should the Republicans persist in this course, they are liable to invite disaster. It is not impossible that the Democrats may yet evolve a statesman who will stop attacking the trust octopus long enough to pay attention to some of the mistakes of the party in power.

Not only have several of the prominent daily newspapers at last come over to the views advanced by the MAGAZINE a year ago or longer, but the staid and conservative "Chronicle" has also seen a light. In its issue of August 11, discussing the Panama bond deal, it says:

"What a strange disclosure these facts bring to light. They prove, in the first place, that the bond sale was not needed at all. The Panama Canal enterprise, we are left to assume, wants at present none of the proceeds of the loan. That leaves us with the only alternative that the money was taken out of bank reserves, already largely depleted, for no purpose, so far as we can see, except to devise a method for getting it back."

This describes a condition of affairs so little different from financial jugglery that we shall leave to others the making of the distinction, if any there be.

BILLS of lading continue to be a subject of controversy between the banks and the railroads. It is claimed by the banks that the railroads refuse to take precautions in issuing bills in a form that would practically assure their safety as collateral for bank loans. Not only is there great diversity in the form of the bills, and consequently in their value as security for loans, but the courts of some of the states have rendered decisions that make it very undesirable for banks to handle the bills. The supreme courts of Alabama, Mississippi and North Carolina have held that banks by purchasing drafts to which bills of lading are attached or by advancing money on them, place themselves in the position of the shipper, and are therefore guarantors of the quantity and quality of the goods represented by the bill of lading. Other dangers arise from the present method of handling these bills, and the effect is greatly to hinder the safe and speedy marketing of the country's products.

Under the intelligent and energetic direction of Mr. Lewis E. Pierson, president of the New York National Exchange Bank, and chairman of the American Bankers' Association committee on uniform bills of lading, much effective work is being done to enhance the safety of bills of lading as security for bank advances. This work is of intensely practical interest to the banks, and likewise of great moment to the country's commerce. Every lessening of the risk incident to banking transactions contributes to the security of banking capital and deposits and makes the banks more ready to grant accommodations for carrying on production and trade.

THE failure of the Real Estate Trust Company of Philadelphia seems to be only another instance of a lack of any adequate conception of their duties on the part of the directors of the looted institution. If stockholders are to be held in double liability in case of failure, there would appear to be good reason for making directors liable to an unlimited extent where there is such gross neglect as there seems to have been in this instance. It is hardly conceivable that things could have come to such a pass unless there had been stupidity and wanton neglect on the part of those whose sworn and sacred duty it was to protect the great trust committed to their keeping. The plausible excuse is frequently heard, that directors lack the experience to make a thorough examination of banks under their control; but since expert assistance is easily procurable, this excuse will no longer avail. The director who fails to make use of all reasonable precautions to safeguard his bank is but little less culpable than the dishonest officer who helps himself to its funds.

Bank defalcations and failures will sometimes occur despite every known practicable precaution, which is all the more reason for censuring those officers or directors who fail to take at least ordinary precautions to prevent such disasters. There does not seem to have been any adequate supervision of the Real Estate Trust Company by anybody. Conceding that the directors were honest, they must have been pitifully ignorant, and they accepted the bogus list of loans as guilelessly as the newest "come-on" from the agricultural districts would accept a gold brick or package of "green goods" in exchange for his hard-earned dollars. The Banking Department politely excuses itself on the ground that it was a physical impossibility for the department to make as close an examination of the institutions under its supervision as was desirable by the Commissioner. As there are 1600 institutions to be examined by fifteen examiners, this excuse is at least valid as showing the utter incapacity of the state examination to meet present requirements. There has been talk in this case about examinations by an auditor, and it has even been asserted, incorrectly, we think, that examinations were made by a firm of accountants, whose names are not stated. It is the opinion of reputable professional accountants that had there been such an examination, Mr. HIPPLE's financial career would have been checked long ago.

The great majority of bank officers are honest and do not need watching, and they will therefore welcome the most rigid scrutiny of their acts. Occasionally a thief gets into the bank by the front door; and for the protection of shareholders and depositors directors should keep a sharp watch to see that no one answering this description is allowed to carry on his operations very long without the certainty of being discovered.

MR. BRYAN'S return to the United States from his foreign tour was signalized by an elaborate presentation of his latest political views. Inasmuch as he is likely to be the Democratic candidate for President, and may be elected to that office, what he had to say in his New York speech must be regarded as of considerable inmportance.

It would probably be a mere expression of political prejudice to declare that Mr. BRYAN has made no advancement in his attitude toward public questions since his memorable and stirring campaigns for the Presidency. Time, travel and study have added weight to his opinions. For his political opponents not to realize this would be to underestimate the strength of their antagonist. It must be admitted that even when speaking of the corporations, Mr. BRYAN uses more moderate language than might have been expected, considering some of his past utterances. He acknowledges that most of the corporations are engaged in legitimate business, and having nothing to fear from partisan attack, there is no reason why they should be coerced into making political contributions.

Mr. BRYAN's plea for international peace was impressive. He very justly declared that it was making a bad use of navies to employ them in collecting debts for individuals.

His views on national questions have not changed much, though he concedes that free silver coinage is no longer an issue. The unprecedented and unexpected production of gold, he says, has satisfied the bimetallists by furnishing a larger volume of metallic money.

Mr. BRYAN opposes socialism, but comes out in favor of government ownership of railroads. As the control of all lines would probably lead to centralization, he would have the Federal Government acquire and operate only the trunk lines, leaving to the states those lines that did not traverse more than a single state.

Although many people are claiming that Mr. BRYAN is less radical in his views than formerly, this is certainly a most radical proposal. It is indisputable that vast numbers of his party will follow their leader in declaring for government ownership of the principal lines of railways.

That serious abuses have developed under the present system of railway ownership and management cannot be gainsaid. But these abuses are in a fair way of being lessened or removed altogether, by government regulation, and it is not improbable that the present method of control may prove so satisfactory that the people will be reluctant to make a change so radical as government ownership would be. Besides, even were government ownership an accomplished fact, greater abuses might spring up than any which now exist.

Mr. BRYAN did not state just how the Government is to acquire the railroads under his plan. To carry out the scheme would involve an expenditure of some $5,000,000,000 or $10,000,000,000—perhaps more. This is a very large sum, even for so rich a country as the United States. To add such a stupendous sum to the public debt, either in the shape of interest-bearing bonds or Treasury notes, would be rather a large undertaking; and though the people seem to be gradually adopting the view that a public debt is a public blessing, they would probably balk at so large a dose of this form of bliss. Seeing that the Government would have to buy the railroads, and pay for them, the problem raised by Mr. BRYAN's proposal is found to be a difficult one. Confiscation or "benevolent assimilation" cannot be resorted to in this case. Considering the matter in all its aspects, we must conclude that the railways of the country will continue to be owned and operated for some time as they now are, subject to government regulation.

Mr. BRYAN still believes in the beneficence of an income tax and the iniquity of the trusts. The fact that he was wrong on the silver question does not chill the ardor of his denunciation of "monopolists and plutocrats." Here he is on sure ground, for nobody, he says, will openly defend a monopoly. There can be no doubt that among his party antagonists will be found many who will rub their hands in glee every time he hits the trusts and monopolists.

As the leader of one of the great political parties of the country, and enjoying immense personal popularity, Mr. Bryan is destined to exercise an important influence in shaping public opinion on questions of the day. Unfortunately, some of his proposals are not of a character to reassure the legitimate business interests of the country.

INTERNATIONAL BANKING ARRANGEMENT.

IN a recent issue of "The Bankers' Magazine," of London, W. R. Lawson has the following to say regarding a new arrangement in regard to international banking:

"Quite recently a new international development has taken place, which calls for vigilant attention on the part of London bankers. A three-cornered combination has been formed by Mr. J. P. Morgan which will link New York, Berlin and Montreal together in a triangular chain. The Sovereign Bank of Canada, which recently came under Mr. Morgan's control, will be the Canadian end of the chain, Mr. Morgan himself will be at the New York end, and the Dresdner Bank will be the German end. Though Paris is not specially mentioned in the combination. the Morgan firm there will no doubt co-operate with it. As a machinery for the creation and distribution of international paper this will be one of the most remarkable fruits of Mr. Morgan's fertile brain. It is the more significant as it is certain to find a good many imitators. The Germans themselves are already working in the same field. As already mentioned, two Berlin banks have absorbed well known private banking firms in New York and conveyed them practically into American agencies."

LOSSES IN LONDON STOCK EXCHANGE VALUES.

IT was recently stated in the British Parliament that the depreciation in the aggregate value on the London Stock Exchange of trust securities, government stock, South African mining, railway and other shares, as compared with their value previous to the Boer war, was estimated to reach $3,893,200,000, and the government was asked to take some measures to protect bona fide owners and investors from the continuance of those forced liquidations alleged to be brought on by stock gambling. Mr. Asquith, chancellor of the exchequer, in replying, stated that there had been a large depreciation in the value of such securities, and that many different causes had contributed to bring them about, but that he would not like to commit himself to the opinion that it had been due in the main to international gambling. In any case, he knew of no means by which the government could control such transactions.

PAPER CURRENCY ISSUES OF GREAT BRITAIN, FRANCE, GERMANY, CANADA AND THE UNITED STATES.

SUGGESTIONS AS TO CURRENCY REFORM.

By GEO. M. COFFIN,

Formerly Deputy Comptroller of the Currency; Vice-President Phenix National Bank, New York City.

THE violent fluctuations in the interest rate on call loans in New York city in the closing months of 1905 started an agitation of the question of currency reform which has caused wide discussion of the matter. As the defects of our currency system are generally admitted by all thoughtful people, it is hoped that this agitation and discussion will result, sooner or later, in effective Congressional legislation.

No consideration of the subject will avail much which does not take into account the methods and experience of other commercial nations; so a brief synopsis and outline of the *paper* currency systems of Great Britain, France, Germany and Canada have been prepared for comparison with that of the United States. These countries have been selected because their location and mutual interests bring them into close business relations with each other, and their systems exhibit the contrasts necessary for comparison and study.

In order to present the matter in such compact form as to invite the attention of the busy banker or business man only such facts and figures are given as relate to the *safety* and *elasticity* of the various paper issues, as these are the two cardinal essentials of a good paper currency.

GREAT BRITAIN AND IRELAND.

All paper currency in the United Kingdom is issued by the Bank of England, and the joint stock and private banks of England, Wales, Scotland and Ireland. No paper currency is issued by the British Government. Prior to 1844 banks in the United Kingdom were not limited by law in their note issues, but in 1844 the English Bank Act was passed and its provisions were extended to Scotland in 1845. This act limited the volume of circulating notes *uncovered by coin* to be issued by the Bank of England and by the joint stock and private banks of the United Kingdom to certain amounts fixed by law, beyond which limit they could not be issued unless represented or "covered" by an equal amount of gold and silver coin held by the issuing bank, of which not over one-fifth part should be silver coin. The banks and bankers in England (except the Bank of England) were not allowed to exceed their fixed limits under any circumstances.

The following table from the London "Bankers' Magazine" shows at a glance the present "fixed" issues of all the banks in the United Kingdom:

AMOUNTS AUTHORIZED BY THE ACTS OF 1844 AND 1845.

England—Bank of England	£14,000,000	
Add increase in authorized amount of Bank of England	4,450,000	
		£18,450,000
England—207 private banks		5,153,417
72 joint stock banks		3,478,230
Scotland— 19 joint stock banks		3,087,209
Ireland— 6 joint stock banks		6,354,494
Total		£36,523,350
Deduct Lapsed Issues—		
England—189 private banks	£4,624,515	
54 joint stock banks	2,378,000	
Scotland— 2 joint stock banks	410,859	7,413,374
Total		£29,109,186

Deducting the increase of Bank of England issues against securities—£4,450,000—from the lapsed issues of other banks—£7,413,374—it is seen that there has been a decrease in volume of uncovered currency in the United Kingdom of some £2,964,000 since 1845.

The next table shows for the Scotch, Irish and English banks and bankers, the fixed or authorized circulation, actual average circulation, gold and silver coin held, etc., for four weeks ended June 30, 1906:

	Authorized Circulation.	—Actual Circulation— £5 and Upwards.	Under £5.	Totals.	Gold and Silver Coin Held.	Above or Below Fixed Issues*
Scotch banks	£2,676,350	2,345,847	5,270,867	7,616,714	6,212,389	+4,940,364
Irish banks	6,354,494	3,766,424	2,357,695	6,214,119	3,011,979	— 140,375
English banks	1,628,342	....	....	583,830	....	—1,044,512

The Bank of England was divided into two distinct departments, the Banking Department and the Issue Department, and all circulating notes were to be issued by the latter. In 1844 the Bank was allowed to issue notes to the amount of £14,000,000 against a debt of the British Government of some £11,000,000 and against other securities. And this £14,000,000 issue has been increased since 1844 by £4,450,000 issued against securities, and represents two-thirds of the issues of other banks and bankers which have lapsed since 1844 and under the law passed to the Bank.

Beyond this limit of £18,450,000 issued against securities, notes could be issued only against gold coin or bullion, pound for pound held by the Bank, which was required to issue notes for gold bullion at the rate of £3 17s. 9d. per ounce standard, when this was demanded.

Bank of England notes are legal tender for debts in England and Wales except at offices of the Bank. Its notes issued against securities are somewhat like our national bank notes except that the Bank, not the Government, holds the securities, and its issues against gold are equivalent to gold certificates. No note is issued for less than £5 by the Bank, though the Scotch and Irish banks issue notes as small as £1.

The following is a statement of the assets and liabilities of the Bank of England for the week ending July 18, 1906:

ISSUE DEPARTMENT.

Assets.		Liabilities.	
Government debt	£11,015,100	Notes issued	£54,366,185
Other securities	7,434,900		
Gold coin and bullion	35,916,185		
	£54,366,185		£54,366,185

BANKING DEPARTMENT.

Assets.		Liabilities.	
Government securities	£15,977,133	Capital paid in	£14,553,000
Other securities	28,796,208	Rest (Surplus)	3,478,485
Notes (Bank of England)	24,458,630	Public deposits	9,044,279
Gold and silver coin	1,415,807	Other deposits	43,498,242
		Seven day and other bills	73,772
	£70,647,778		£70,647,778

The banking department holds in its cash notes issued by the issue department against gold, so the amount of the bank's notes outstanding is the difference between the total issued and those held by the banking department in its cash.

The following table shows the assets and liabilities of all banks and bankers doing business in the United Kingdom on December 31, 1905, compiled from figures given in "The Economist," London:

Expressed in Thousands of Pounds Sterling. (000's Omitted.)	*England, Wales and Isle of Man.*	*Scotland.*	*Ireland.*	*Colonial and Foreign Banks with London Offices.*	*Totals.*
Number of Banks	74	11	9	59	153
Number of Branches	4,589	1,159	627	3,385	9,760
ASSETS—					
Cash, money at call and short notice	£215,484	£23,936	£10,396	£151,248	£401,064
Government securities	97,635	11,344	9,085	12,478	130,542
Other bonds, securities, etc.	75,996	20,052	9,875	54,004	159,927
Loans and discounts	456,431	68,713	41,567	634,556	1,201,267
Other assets	47,076	8,215	1,042	26,377	82,710
Totals	£892,622	£132,260	£71,965	£878,663	£1,975,510
LIABILITIES—					
Capital paid up	£67,209	£9,316	£7,309	£108,945	£192,779
Reserve (Surplus)	36,919	7,930	4,010	39,708	88,567
Undivided profits	4,134	1,144	479	10,603	16,360
Circulation	29,949	7,545	5,965	16,796	60,255
Deposits and current accounts	708,409	100,642	53,556	561,639	1,426,246
Other liabilities	46,002	5,683	646	140,972	193,303
Totals	£892,622	£132,260	£71,965	£878,663	£1,975,510

The elasticity of the British currency is entirely within the limits of the "fixed" issues of uncovered currency, for all notes issued beyond this limit must be covered by coin in bank, pound for pound. And this elasticity is confined chiefly to the Scotch and Irish banks, as will be seen by the following table furnished by the courtesy of Robt. Blyth, Esq., General Manager of the Union Bank of Scotland, Ltd., showing the movements of British note circulation monthly for fifteen months ending July 7, 1906:

MONTHLY STATISTICS, BRITISH NOTE CIRCULATION.

Date.	England.	Ireland.	Scotland.	Totals.
May 6, 1905	£29,537,621	£6,453,059	£7,005,585	£42,996,265
June 3, 1905	29,762,691	6,891,536	7,414,048	44,068,275
July 1, 1905	30,271,953	6,156,767	7,568,340	43,997,060
Aug. 5, 1905	30,554,400	6,051,051	7,434,260	44,039,711
Sept. 2, 1905	29,949,972	5,946,030	7,244,100	43,140,102
Oct. 7, 1905	29,889,494	6,038,774	7,450,592	43,378,860
Nov. 4, 1905	29,595,159	6,734,647	7,534,140	43,863,946
Dec. 2, 1905	29,274,707	6,943,961	7,972,327	44,190,995
Jan. 6, 1906	29,893,346	6,536,959	7,959,311	44,389,616
Feb. 3, 1906	28,895,008	6,193,339	7,462,835	42,551,182
Mar. 3, 1906	28,670,264	6,163,832	6,964,102	41,798,198
Apr. 7, 1906	29,317,878	6,170,337	6,906,103	42,394,318
May 5, 1906	29,447,524	6,279,175	7,052,983	42,779,682
June 2, 1906	29,390,255	6,310,243	8,091,692	43,792,190
July 7, 1906	30.208,797	6,124,119	7,616,714	43,949,630

It will be seen that with both the Scotch and Irish circulation the expansion and contraction represented about seventeen per cent. of the lowest amount, a ratio which if applied to national bank currency now would represent an expansion and contraction of nearly $90,000,000.

Benefits of an Elastic Currency.

All writers agree that the elasticity of the currency of Scotland and Ireland has been a most potent factor in building up the agricultural and manufacturing interests of these countries. In Ireland these interests are still well served within the limits of the fixed issues, for though the country has increased in wealth the population has greatly decreased by emigration in the past sixty years. In Scotland this elastic currency has been the chief factor for granting "cash credits." A Scotch farmer or manufacturer desiring a loan up to $1,000, upon giving his obligation to his bank, endorsed or guaranteed by two sureties or "cautioners," is allowed to draw upon the bank for this amount as he needs it, paying interest only on the amount actually used, with the privilege of reducing his indebtedness at any time by repayments or deposits on account. The payments on these credits are made chiefly in bank notes which find their way back to the bank afterwards in the form of deposits, or through the exchanges. Ireland being an agricultural country the note circulation is highest in December and January and lowest in August and September just before the harvesting of the crops and the marketing of cattle. Scotch circulation is usually lowest about March, higher in July, lower in September and highest in December and January following the quarterly and semi-annual movements of trade and the crops. English and Scotch bank notes are payable only at the issuing bank's head office, except Bank of England notes issued from its branches, which are payable either at the branch where issued or in London. Irish bank notes are payable at any place where issued.

How Elasticity is Secured.

The factor contributing most to the elasticity of Scotch bank notes is the practice of the banks to exchange their notes daily in the same way that checks are exchanged through a clearing-house, and this is done by no requirement of law but by the voluntary action of the banks. This is accomplished through what is known as a "note exchange" as distinguished from a clearing-house, which deals with checks in the same way. The chief exchanges are at Edinburgh and Glasgow with others of importance at other cities, but "country exchanges" are found wherever there are two or more banks.

The result of this is to make the notes easily redeemable by the issuing bank or one of its branches, and this movement is assisted by the provision of law that no Scotch bank must issue notes of another Scotch bank. This compels the return of notes through the note exchanges to the issuing bank, by whom alone it may be reissued.

On the other hand, the rigidity of the Bank of England's currency, covered either by securities or gold, has in the course of sixty years proved utterly unequal to the emergency of financial panics, and three times, in 1847, 1857 and 1866, the Bank has been saved from failure and financial stringency has been promptly relieved only by suspension of the law and the actual or proposed issue of uncovered currency, and the making of loans at rates as high as ten per cent., by use of the additional notes issued.

This shows very strikingly the efficiency of an *emergency* uncovered currency.

The Bank of England holds the reserve funds of all other banks in the United Kingdom, and to protect its own stock of gold resorts to the expedient of raising its rate of interest on loans when it is losing gold, and lowering the rate when its stock increases.

At times when the outside market rate for call loans is lower than the Bank rate the Bank becomes a borrower in the open market for considerable sums in order to absorb redundant funds.

The Bank rate of interest is the basis for the rate on loans by all the other banks and is also the basis for the rate of interest paid on deposits by these banks. For instance, the Scotch banks pay on deposits a rate of interest 1½ per cent. below the Bank rate, 2½ per cent. when the Bank rate is 4, 1½ when it is 3 and so on.

While the liability of the shareholders of all British banks to pay the general creditors in case of failure is limited to the amount of capital *subscribed* by them, their liability to the noteholders is limited only by the amount of notes outstanding, which must be paid in full and apart from any contribution the shareholders may be compelled to make towards payments of the general creditors. While the "capital paid up" of banks in the United Kingdom on December 31, 1905, amounted to £79,440,348 the "total capital liability" of shareholders "callable and reserved" in case of failure, amounted to the additional sum of £206,583,758. So that instead of an additional shareholders' liability equal to the capital paid in, as in the United States and Canada, the additional liability of British shareholders is on the average two and a half times the capital actually paid in.

As to taxation, while the Bank of England is not taxed on its note issue as such, it pays instead to the Government an annual tax of £180,000 for all its banking privileges. The other banks in England pay a tax annually on their notes of seven shillings per £100 (about thirty-five cents per $100) and the Scotch and Irish banks pay eight shillings four pence per £100 (about forty cents per $100). The per capita circulation of the United Kingdom in 1904 was $17.58, of which $12.26 was gold, $2.61 silver and $2.71 uncovered paper. This circulation is largely supplemented by checks and like instruments of credit, which are extensively used.

FRANCE.

In France all paper currency is issued by the Bank of France. No paper currency is issued by the Government or by any other bank. This exclusive privilege of issuing notes was granted the Bank in 1848, and in 1849 the limit of issue was fixed at 525,000,000 francs. But with the commercial growth of France and the increasing accumulation of the country's stock of gold, the bulk of which is held by the Bank, this limit has been advanced from time to time and this year (1906) was extended to 5,800,000,000 francs. As the Bank is the fiscal agent of the French Government, it assumes many functions performed by our United States Treasury.

The following is a statement of the assets and liabilities of the Bank of France on May 31, 1906, expressed in millions of francs:

THE BANK OF FRANCE.

Assets.			Liabilities.	
Gold	2,941		Capital paid in	183
Silver	1,063		Surplus and profits	42
		4,004	Circulation	4,772
Loans and discounts		1,626	Public deposits	216
Other securities		213	Other deposits	623
Banking houses and real estate		31	Sundries	176
Sundries		138		
Total		6,012	Total	6,012

It will be seen that the Bank's chief function is the issue of notes, which amounted to 4,772 million francs, while it held public and private deposits amounting to only 839 million francs. Against these liabilities it held 4,004 million francs in gold and silver, of which 2,941 millions were gold and 1,063 millions were silver coin. Only about 1,626 million francs were invested in loans and discounts, but one peculiarity of this branch of its business is the discounting of paper for very small amounts, the Bank since 1897 being required by law to discount bills as small in amount as five francs, or about one American dollar. In 1900 the Bank discounted 2,328,200 bills below two dollars.

The main profit of the Bank is derived from what is termed its "productive" circulation, consisting of the excess of notes issued over coin held *plus* the amount of its deposits.

For example on May 31, 1906:

Notes in circulation were	4,772	millions
Less cash on hand	4,004	"
Uncovered circulation	768	"
Deposit accounts	839	"
Productive circulation	1,607	"

On this "productive" circulation the Bank pays the Government an annual tax of one-half a franc (fifty centimes) per 1,000 francs, and on the remainder of the circulation one-fifth of a franc (twenty centimes) per 1,000 francs of circulation. In 1902 the tax averaged 27¼ centimes per 1,000 francs on the whole circulation.

Elasticity is all in the direction of expansion, for with the commercial growth of France the note issues have steadily increased with the increase of the stock of coin from 2,800 million francs in 1880 to nearly 4,800 millions in 1906.

The notes are redeemable in coin at the Bank or any of its branches, three-fourths of the coin held being gold. The coin on hand May 31, 1906, represented eighty-four per cent. of the circulation issued, or seventy-one per cent. of circulation and deposits taken together.

The per capita circulation of France in 1904 of all kinds of money was $37.13, of which $23.75 was gold, $10.54 was silver, and only $2.84 uncovered paper. As checks are not extensively used in France, a much larger percentage of gold, silver and bank notes for making exchanges is required than in some other countries.

GERMANY.

In Germany paper currency is issued both by the Government and by the banks. The paper currency issued by the Government is "Imperial paper money." It consists of notes to the amount of about 120,000,000 marks, issued against an equal amount of coin held in reserve by the Government. (A mark is about twenty-three cents.)

Each bank issuing currency is permitted to issue notes free of taxation to the amount of its cash on hand, *plus* a certain amount fixed by law in each case. Against all notes issued the issuing bank must hold a cash reserve of 33 1-3 per cent., consisting of gold in any form, current German coins, Imperial paper money, and notes of other German banks, and the remaining 66 2-3 per cent. must be represented by bills of exchange having not over three months to run.

The limits fixed for each issuing bank are as follows:

	Marks.
Reichsbank (Imperial Bank)	470,000,000
Bavarian Bank	32,000,000
Saxon Bank	16,771,000
Wurtemberg Bank	10,000,000
Baden Bank	10,000,000
Brunswick Bank	2,829,000
Total	541,660,000

Beyond this limit each bank is allowed to issue an unlimited amount covered by the required coin and bills of exchange, but subject to a tax of five per cent. per annum, which absorbs all the profits, as the rate of interest on loans (which can represent only two-thirds of these additional issues) rarely exceeds five per cent.

The bulk of paper currency is issued by the Imperial Bank of Germany, of which the following is a statement of assets and liabilities on December 31, 1905, expressed in thousands of pounds sterling (000s being omitted), twenty marks reckoned to the pound:

IMPERIAL BANK OF GERMANY.

Assets.		Liabilities.	
Cash in bank	£41,556	Capital stock	£9,000
Loans and discounts	71,648	Surplus (or reserve) and undivided profits	4,225
Securities	10,743	Circulating notes outstanding	83,694
Sundry assets	5,524	Deposits	31,843
		Sundry liabilities	709
Total	£129,471	Total	£129,471

Elasticity of the German Circulation.

The elasticity of the currency under the German Bank Act is shown by the following table, giving for the years 1901-'02-'03-'04, the highest and lowest amounts in each year of the circulation issued in excess of its fixed limits, and taxed at the rate of five per cent. per annum:

	Highest Excess. Marks.	Lowest Excess. Marks.
1901	108,600,000	16,300,000
1902	231,600,000	76,500,000
1903	274,900,000	27,000,000
1904	305,000,000	16,200,000

The excess in each year is greatest usually about January 1, July 1 and October 1, at which periods of the year it is customary to settle mercantile accounts, rents, dividends, salaries, interest on mortgages and the like.

The cash in bank held by the Imperial Bank represents seventy-seven per cent. of circulation outstanding on December 31, 1905, and fifty-four per cent. of circulation and deposits taken together.

The per capita money in circulation in Germany in 1904 was $22.46, of which $15.72 was gold, $3.73 silver and $3.01 uncovered paper.

CANADA.

In the Dominion of Canada paper currency is issued both by the Government and by the banks.

The Government notes are called "Dominion" notes and are represented chiefly by gold and partly by Government bonds held by the Government for their security and redemption. The law requires that against an issue of these notes up to the limit of $30,000,000 the Government must hold a reserve fund equal at least to twenty-five per cent. of the issue either in gold or securities guaranteed by the British Government, and against any notes issued beyond the $30,000,000 limit an amount in gold equal to the excess. The law requires each bank to hold not less than forty per cent. of its cash in Dominion notes. On June 30, 1906, the amount of these notes outstanding was $49,941,427, requiring a legal reserve in gold and securities of about $27,500,000, but the Government actually held $36,961,231, of which all was gold except $1,946,666 in securities. About $15,000,000 of these Dominion notes were of less denomination than $5, forming the money for small change in circulation, while about $35,000,000 were of large denominations, held chiefly by the banks and used by them in making clearing-house settlements.

The other paper currency consists of notes issued by thirty-four Canadian banks and their branches, and following is a table of their assets and liabilities on June 30, 1906:

CANADIAN BANKS.

Assets.			Liabilities.	
Specie	$20,108,117		Capital paid in	$91,074,505
Dominion notes	37,609,454	$57,717,571	Reserve funds	63,755,287
Bank circulation redemption fund		3,506,267	Notes in circulation	69,366,505
Notes of and checks of other banks		25,499,128	Deposits	598,567,880
Due from other banks and bankers in Canada, Great Britain and foreign countries		32,672,179	Due to other banks and bankers	14,784,294
Securities		70,999,998	Other liabilities	24,053,675
Loans and discounts		648,275,195		
Banking premises and real estate		13,740,307		
Other assets		9,191,501		
Total		$861,602,146	Total	$861,602,146

The notes of Canadian banks are of the denomination of $5 and multiples of $5. The limit of issue is the paid-up capital of the issuing bank, and the penalty for overissue is a heavy fine, ranging from $1,000 to $100,000. The notes are redeemable at any office, branch or agency of the isuing bank, and also at redemption agencies in the cities of Halifax, St. John, Charlottetown, Montreal, Toronto, Winnipeg, Victoria and such other places as may be designated by the Government. In case of failure the notes are a first lien upon the assets of the issuing bank (including shareholders' double liability), and the notes bear interest at five per cent. from the time of a bank's suspension until provision is made for their redemption. Each bank is required to contribute to "the bank circulation redemption fund" an amount equal to five per cent. of its annual average circulation, which fund is held by the Government and bears interest at three per cent. per annum. This fund is intended solely for the payment of the notes of any failed bank, with interest. In case the amount so used exceeds the amount (with interest) contributed by the failed bank, the other banks are required to reimburse the fund pro rata for such excess, but not for an amount exceeding one per cent. of each bank's circulation in one year. Any amount recovered from the failed bank's assets by the Government under the first lien is distributed pro rata to the banks making good the excess of the fund used. When a bank liquidates, or fails, if it pays its notes in full, with interest, the Government pays back to the agent of the liquidated or failed bank the amount contributed to the fund by such bank or so much as it thinks expedient.

This fund was established in 1891, but so far has never been resorted to for redeeming the notes of any failed bank.

Elasticity of the Canadian Bank-Note Circulation.

The following table shows the high and low amounts of Canadian bank currency outstanding at various month in the years 1903, '04 and '05.

	1903.	1904.	1905.
January	$55,040,987	$56,973,274	$57,759,897
March	58,283,484	59,760,119	58,693,519
May	56,949,119	57,857,174	58,116,272
October	70,480,613	72,226,306	76,888,440

With the lowest amount in each year as a basis it is seen that the annual expansion and contraction averages about thirty per cent. Applying this ratio to national bank currency outstanding—some $520,000,000—we would have an annual expansion and contraction of about $165,000,000.

The greatest expansion of Canadian bank currency is between July and October of each year, and the greatest contraction between October and January, and follows the movements of harvesting, moving and marketing the great grain crops and the needs of industries dependent on them.

This elasticity, which for years has followed such uniform cycles, is due chiefly to the ready redeemability of the notes, which, like the Scottish bank notes, are exchanged daily by the banks throughout Canada just as checks are exchanged through the clearing-houses. No law has required this, which is purely a voluntary arrangement on the part of the banks. The effort of each bank and each of its branches is to pay out and keep out its own notes and to send in the notes of its competitors for redemption, and the result achieved has been elasticity of the currency, as no bank will pay out its own notes when it knows they will immediately come back for redemption.

The per capita circulation of Canada at the end of 1904 was $21.43, of which $9.05 was gold, $1.16 silver and $11.22 uncovered paper.

The cash held by the Canadian banks on June 30, 1906, represented eighty-three per cent. of the circulation and nine per cent. of circulation and deposits taken together.

THE UNITED STATES.

In the United States paper currency is issued both by the Government and by the national banks. No bank created by authority of any State is allowed to issue currency. The Government paper currency consists of gold certificates, silver certificates, United States notes, or "greenbacks," and Treasury notes (Act July 14, 1890). The gold and silver certificates are issued against gold and silver coin respectively, dollar for dollar, held by the Government, and are redeemable in gold coin or silver dollars, respectively, on presentation at the United States Treasury.

On July 1, 1906, there had been issued $559,777,869 gold certificates representing an equal amount of gold coin, and $477,473,000 silver certificates representing an equal amount in silver dollar pieces, both held by the Government. The amount of United States notes outstanding is $346,681,016, fixed at that amount by law in 1878. These notes are redeemable in gold at the United States Treasury, which holds a gold reserve fund of $150,000,000 for this purpose. This leaves about $197,-000,000 of the notes uncovered by coin or securities.

There were also outstanding on July 1, 1906, notes to the amount of $7,386,000 known as Treasury notes, issued under the Act of July 14, 1890, for purchase of silver bullion. These notes had been issued up to the amount of $155,931,002 in November, 1893, when the act was repealed. The silver bullion has all been coined into silver dollars, represented now mostly by silver certificates, except $7,386,000 held against the Treasury notes still outstanding, the remainder of the notes having been cancelled and retired, silver certificates chiefly taking their place. The paper currency issued by the national banks is called national bank currency, the smallest denomination being $5.

Following is a condensed statement of the assets and liabilities of 6,053 national banks in existence on June 18, 1906:

NATIONAL BANKS OF THE UNITED STATES.

Assets.		Liabilities.	
Loans and discounts	$4,206,890,078	Capital stock paid in	$826,129,785
Overdrafts	30,034,557	Surplus fund (reserve)	448,858,491
U. S. bonds for circulation	516,871,650	Undivided profits	216,304,875
U. S. bonds for U. S. deposits	66,534,380	Circulating notes outstanding	510,860,726
Other bonds for deposits	27,455,331	Due to banks and bankers	1,545,267,481
U. S. bonds on hand	8,158,300	Individual deposits	4,055,873,636
Premium on U. S. bonds	13,172,695	U. S. deposits	89,909,994
Other securities	651,171,903	Bills payable and rediscounts	79,429,421
Banking houses and other real estate	163,096,618	Other liabilities	11,593,724
Bills of other national banks	38,283,223		
Due from banks and bankers	1,045,602,978		
Exchanges for clearing-house, checks and cash items	344,591,437		
Cash in bank	653,226,817		
Five per cent. redemption fund with United States Treasurer	25,247,288		
Due from United States Treasurer	3,890,858		
Total	$7,784,228,113	Total	$7,784,228,113

Each bank is allowed to issue currency up to the limit of its capital stock paid in, but before doing so must deposit United States bonds with the United States Treasury at Washington as security for the circulation, dollar for dollar. Each bank with a capital up to $150,000 must deposit bonds with par value equal to twenty-five per cent. of its capital paid in, and banks having more than $150,000 capital must deposit at least $50,000 bonds. The issue of circulation is not obligatory, but all except a few banks issue this.

In case a bank fails the Government redeems its notes from the proceeds of its bonds, which are sold, but in case the bonds should ever be deficient in value, the law gives the Government a paramount lien on the asests for the amount of any such deficiency, which so far has never occurred. This lien, of course, includes the double liability of shareholders provided by law. The notes are redeemable at the office of the issuing bank and also at the United States Treasury at Washington, where every bank is required to maintain a fund equal to five per cent. of its circulation for the current redemption of its notes. Whenever the fund is depleted the bank is called upon to reimburse the fund for the amount used in redemption.

The law provides that all national bank currency worn, defaced, mutilated or otherwise unfit for circulation, shall when received by any Assistant Treasurer of the United States or by any national bank which is a designated depository of the United States, be forwarded to the Treasury at Washington for redemption. When redeemed at the Treasury, such of the notes as are fit for further circulation are returned to the issuing bank usually by express, and those worn, mutilated or otherwise unfit are destroyed and replaced by new currency for an equal amount sent to the bank. All currency is printed and furnished by the Government, which keeps a reserve supply on hand to replace destructions. The cost of assorting, counting, destroying and transporting currency redeemed is assessed pro rata annually on the banks, and this cost for the year ended June 30, 1905, amounted to about eighty-one cents per $1,000.

The cost of redeeming the notes of State banks in New England by the Suffolk Bank of Boston, Mass., (which performed this service before the organization of the national bank system) was only ten cents per $1,000 in the year 1858, when it redeemed $400,000,000 at a cost of $40,000.

National bank notes are not exchanged through clearing houses, as are the Scotch and Canadian bank notes. In case a bank wishes to withdraw or retire a part or all of its circulation it deposits lawful money with the United States Treasury, which thereupon releases the bond security to the bank and assumes the liability for redemption when the notes are presented. The law does not permit the deposit of more than $3,000,000 of lawful money in any one month for withdrawing circulation, so with a present circulation of $520,000,000 outstanding against bonds, the utmost contraction possible in a year is but $36,000,000, or about seven per cent. Instead of contracting this currency has steadily expanded, especially since 1900, when the law provided for refunding United States bonds bearing interest at three per cent. and over into two per cent. bonds, with thirty years to run to maturity.

The tax on circulation prior to 1900 was one per cent. per annum, and the circulation was limited to ninety per cent. of the par of bonds deposited, but in 1900 banks were allowed circulation up to par of bonds, and the tax on that secured by two per cent. bonds was reduced from one per cent. to one-half of one per cent. per annum. As a result, out of some $520,000,000 bonds now held for circulation about $500,000,000 are two per cent. bonds.

The profit from issuing circulation against two per cent. bonds maturing in 1930, costing 104, with money worth five per cent., is about 1.151 per cent. more than if the cost of bonds were invested at five per cent., and is computed as follows on $100,000 circulation:

RECEIPTS.		
Interest on $100,000 2 per cent. 1930 bonds		$2,000
Interest on $100,000 circulation issued at 5 per cent.		5,000
Total receipts		$7,000
DEDUCTIONS.		
Tax on $100,000 circulation at one-half of one per cent.	$500	
Sinking fund to extinguish premium	86	
Expenses redemption, etc.	63	649
Net receipts		$6,351

Interest on $104,000 (cost of bonds) invested at five per cent.....	5,200
Profit in favor of circulation (1.151 per cent.)................	$1,151

The per capita circulation of the United States in 1904 was $31.41, of which $16.33 was gold, $8.30 silver and $6.78 uncovered paper.

As national bank circulation is covered dollar for dollar by bonds held as security, no percentage of cash held by the banks is figured on circulation alone, but on June 18, 1906, this cash was thirteen per cent. of deposits and circulation taken together.

Summary of Currency Conditions in Great Britain, Canada, Germany, the United States and France.

The foregoing brief synopses showing the kinds of paper currency issued by five leading commercial countries of the world, and the circumstances under which they are issued, ought to be helpful in suggesting what changes can be made in our own currency system to improve it and better adapt it to the legitimate business needs of the United States. They represent the experience of these nations, accumulated during periods of from thirty to 100 years, and as such ought to be most valuable, for it is the experience of countries most closely allied to ourselves in business methods and ideals, making due allowance for national habits and characteristics.

First, it will be well to make an examination of the stocks and kinds of money per capita used in these five countries, and this is shown by the following table:

NATION.	Gold.	Silver.	Uncovered Paper.	Total.
United Kingdom	$12.26	$2.61	$2.71	$17.58
Canada	9.05	1.16	11.22	21.43
Germany	15.72	3.73	3.01	22.46
United States	16.33	8.30	6.78	31.41
France	23.75	10.54	2.84	37.13

Great Britain heads the list with the smallest total per capita and the smallest per capita of "uncovered" paper currency. France shows the greatest total per capita and next to Great Britain the smallest per capita of uncovered paper. Canada, with next to the smallest total, has the most uncovered paper per capita, the United States having the next largest per capita of uncovered paper and next to France the largest total per capita.

The next table shows the percentage of cash in bank, chiefly gold, held by the leading banks of issue as a reserve against (1) circulation issued and (2) against circulation issued plus deposits held.

BANK OR BANKS.	Per cent. of Cash in bank to Circulation.	Per cent. of Cash in bank to Circulation and Deposits
Bank of England..............................	110	39
Bank of France...............................	84	71
Imperial Bank of Germany.....................	77	54
Banks of Canada..............................	83	9
National Banks of United States..............	*	13

* Entirely covered by U. S. bonds.

The Bank of England shows a cash reserve greater than the circulation issued, because a large proportion of the notes issued by the issue department of the Bank is held by the banking department as reserve against deposits. The Bank of France holds the largest percentages in both cases and the Imperial Bank of Germany the next largest in both, except Canada, in the matter of circulation, which appears greater. But while Canada's bank cash is a large percentage against circulation alone, it is the smallest against circulation and deposits. No percentage is given for circulation of the national banks of the United States, as this is covered dollar for dollar by Government bonds, but the percentage of cash to circulation and deposits is, next to Canada's, the smallest showing in these two cases the largest use of credits against the smallest amount of cash for the banks named in the table.

A third table shows the elasticity of the circulation issued by the Scotch banks, the Imperial Bank of Germany and the Canadian banks for the years 1903, '04, '05, and by the Irish banks for twelve months, 1905-06, expressed in millions of dollars (00,000 omitted):

	—Germany—			—Scotland—			—Canada—			—Ireland—	
	1903.	1904.	1905.	1903.	1904.	1905.	1903.	1904.	1905.	1905.	
Jan.	...308.7	310.0	320.9	42.2	40.6	39.5	55.0	56.9	57.7	June	34.5
Feb.	..284.2	295.5	302.7	38.9	37.5	36.8	55.7	57.7	58.8	July	30.7
Mar.	..362.4	374.2	385.8	36.6	35.2	34.5	58.2	59.7	58.7	Aug.	30.2
April	..315.0	328.3	337.2	36.3	34.4	34 3	55.9	58.6	59.9	Sept.	29.7
May	...299.8	302.4	318.2	36.9	35.5	35.0	56.9	57.8	58.1	Oct.	30.2
June	..358.6	369.4	388.7	39.0	38.2	37.0	58 9	60.0	61.6	Nov.	33.7
July	..304.0	317.5	330.0	42.0	37.8	37.8	57.6	59.9	61.3	Dec.	34.7
										—1906—	
Aug.	..299.3	312.7	326.8	39.4	36.3	37.1	60.4	60.2	62.5	Jan.	32.6
Sept.	..378.9	370.6	420.6	38.0	36.4	36.2	63.7	63.8	69.8	Feb.	30.9
Oct.	...340.0	344.9	360.5	38.4	36.9	37.2	70 5	72.2	76.9	Mar.	30.8
Nov.	..319.4	323.5	332.5	38.6	37.5	37.6	67.4	69.4	72.5	April	30.8
Dec.	..391.4	399.9	414.1	40.7	39.5	39.8	62 5	64.5	70.0	May	31.3

These four systems have been selected because they are the only ones showing any degree of elasticity worth considering. The Bank of England currency is issued, pound for pound, against gold or securities, while that of the Bank of France represents an increasing issue against that country's constantly increasing stock of gold, and the national bank currency shows only steady increase against Government bonded debt deposited dollar for dollar as security.

It is worthy of note that in Scotland, Ireland and Germany the ups and downs occur either half yearly or quarterly and are due to customs of periodical payments of salaries, wages, rents, dividends, interest on mortgages and the settlement of mercantile accounts.

In Canada circulation is lowest in January after the crops have been gathered, varying little in amount until June, after which it steadily increases till October, when it is highest, and then rapidly decreases, to reach a low point again in January. The great controlling influence with Canadian currency is the growing, harvesting and marketing of the large grain crops, and with the rotation of these the circulation has for years ebbed and flowed in complete harmony.

In the United States the same conditions exist as in Canada, for beyond question the disturbed conditions of our money market in the autumn months are almost entirely due to the perfectly legitimate demand for large amounts of currency to harvest and move to market our immense crops of wheat, corn, cotton and other products.

The difference in the periodical movements of currency in Scotland, Ireland and Germany, compared with Canada, is due to the fact that the former are all more fully developed and densely populated than Canada, which, like the United States, is still largely dependent upon agriculture for its continuing prosperity and growth.

But the elasticity of the Scotch and Irish currency is limited to a certain amount fixed by a law passed sixty years ago, and that of the German banks, beyond a certain limit, is taxed five per cent., besides having the 33 1-3 per cent. cash reserve required against all German bank notes.

Canadian currency is not subject to any tax, nor is any cash reserve required by law either against the circulation or deposits, except the five per cent. redemption fund held by the Government, which each bank counts in its assets, and which draws interest at three per cent.

The issues of the Canadian banks are limited to par of capital paid in, and within this limit the business needs of the country have been admirably well served, and the rates of interest are steady within narrow limits of fluctuation. To an impartial mind the Canadian system has without doubt proved itself the most elastic and most economical of all considered, and as at the end of thirty years' experience not a dollar has been lost on any Canadian bank note, it must be added that it has also been safe and good. Its elasticity in the direction of contraction is very largely due to its ready redeemability, like Scotch currency, through clearing houses, where the notes are exchanged daily like checks, all over Canada. The effort of each bank is to pay out and keep out its own notes and to send in those of its competitors, just as was successfully done under the Suffolk Bank system in Boston for the New England banks with state bank notes for over forty years, from 1819 to 1861.

Elasticity, therefore, can be attained only through ready redeemability, or by a heavy tax to drive the notes in by making their issue unprofitable, as in Germany; and any reform in our currency to achieve this result must be along either or both these lines. Here it is well to repeat that three times in its history—1847, '57, '66—the Bank of England was saved from failure and serious panic was stayed by the application of the *emergency* principle, viz., the issue of credit or uncovered currency to make loans at rates as high as nine and ten per cent.

In Canada contraction is accomplished regularly without any tax whatsoever, *simply through redeemability alone.*

CURRENCY REFORM IN THE UNITED STATES.

Currency reform in the United States, though greatly needed, is confronted by deeply rooted predilections, if not prejudices; first, in favor of the safety of bond-secured currency, and second, of the continued issue by the Government of United States notes, or "greenbacks," the retirement of which ought surely to be included in any plan for effective currency reform. Any reform possible, therefore, must follow the line of least resistance so as to satisfy both these objections in reasonable measure and still eliminate the defects which by general consent are serious and obstructive to legitimate commercial growth. This could be acomplished by a compromise which, to a large extent, would retain the bond security and add thereto certain features of the Canadian and German systems. For instance, as a tentative proposition, let every national bank which has on deposit bonds equal to fifty per cent. of its capital issue circulation up to par of its capital, subject to the following rate of taxation: On the first fifty per cent,, one-half of one per cent.; the next thirty-five per cent., one per cent., and on the final fifteen per cent. a tax of five per cent. If all existing national banks availed themselves of this privilege, the result would be as follows:

Capital stock of National banks now	$830,000,000
50 per cent. circulation taxed at one-half of one per cent.	$415,000,000
35 per cent. circulation taxed at one per cent.	290,500,000
	$705,500,000
15 per cent. circulation taxed at five per cent.	124,500,000
100 per cent. Total	$830,000,000

The security for this circulation would be $415,000,000 of United States bonds, a first or paramount lien upon all the assets of the issuing banks (as now provided by law) and a safety or guarantee fund created from the tax on circulation, to be used only for the prompt redemption of the notes of failed banks. These conditions would warrant the Government guaranteeing the ultimate payment of all national bank currency, for besides the bond security and a paramount lien on the assets, it would possess the taxing power requisite to reimburse itself for any deficiency.

The experience of forty years of the national banking system shows that an annual tax of only one-tenth of one per cent. on circulation would have been ample to pay all deficiency in the assets of failed banks. Against this necessary one-tenth of one per cent. would be the proposed rates of one-half, one and five per cent. The experience of Canada's currency, with no bond security, shows that no noteholder has lost a dollar in thirty years, and a safety-fund created fifteen years ago to redeem the notes of failed banks has never been resorted to.

As to the first lien on assets in favor of noteholders, objection might be made by depositors, but as they would share largely in the benefits of lower or more steady interest rates, this objection might be waived for the common good. Or if the notes were a *general* lien on the assets, and the safety or guarantee fund could be resorted to for any *deficiency* in assets, including shareholders' double liability, it would not be necessary to make them a first lien on the assets.

Increased Profits from Circulation.

The plan outlined would, of course, make the issue of circulation more profitable than now, and this feature should appeal strongly to the banks. At present the net profit on circulation issued against two per cent. 1930 United States bonds costing 104, with money worth five per cent., is about 1.151 per cent. per annum greater than if the cost of the bonds were invested at five per cent.

The profit on $100,000 circulation issued as proposed would be as follows:

RECEIPTS.

Interest on $50,000 two per cent. bonds deposited		$1,000
Interest on 100,000 circulation at five per cent.		5,000
Total receipts		$6,000

DEDUCTIONS.

Tax on $50,000 circulation at one-half per cent.	$250	
Tax on 35,000 circulation at one per cent.	350	
Tax on 15,000 circulation at five per cent.	750	
$100,000	$1,350	
Sinking fund to extinguish premium on $50,000 bonds	43	
Expenses redemption, plates, etc.	63	1,456
Net receipts		$4,544
Interest on $50,200 (cost of bonds) at five per cent.		2,510
Net profit on circulation		$2,034
Net profit on $100,000 bond-secured circulation		1,151
Difference in favor of proposed plan		$883

Applying this computation to the issue of $830,000,000 circulation, the amount of present capital stock of all national banks, the profit would be as follows:

RECEIPTS.

Interest on $415,000,000 two per cent. bonds		$8,300,000
Interest on S30,000,000 circulation at five per cent.		41,500,000
Total		$49,800,000

DEDUCTIONS.

Tax on $415,000,000 circulation at one-half per cent.	$2,075,000	
Tax on 290,500,000 circulation at one per cent.	2,905,000	
Tax on 124,500,000 circulation at five per cent.	6,225,000	
$830,000,000	$11,205,000	
Sinking fund to extinguish premium on $415,000,000 bonds	356,900	
Expenses redemption, plates, etc.	522,900	12,084,800
Net receipts		$37,715,200

Interest on $431,600,000 (cost $415,000,000 bonds) invested at five per cent.	21,580,000
Net profit on circulation	$16,135,200
Net profit on present $520,000,000 bond-secured circulation at 1.151 per cent.	5,985,200
Profit in favor proposed plan	$10,150,000

Under such an arrangement $415,000,000 of the $520,000,000 bonds now securing circulation would be provided for, leaving a balance of about $105,000,000. Undoubtedly the greater profit on circulation would operate first, to cause national banks to increase their capital stock from surplus profits or other sources, and second to bring state banking institutions into the national system, and this would absorb a good portion of the $105,000,000 bonds released. For any remainder not so taken new legislation should provide that two per cent. bonds when not held for circulation should bear two and one-half per cent. interest, to offset and equalize the added value given them when tax on circulation against them was reduced from one per cent. to one-half of one per cent.

National bank circulation now outstanding is		$560,000,000
Less lawful money deposited		40,000,000
Secured by bonds		$520,000,000
United States notes (greenbacks) outstanding	$347,000,000	
Less gold reserve fund held	150,000,000	197,000,000
Total of both		$717,000,000

National bank circulation equal to eighty-five per cent. capital stock, $705,000,000, would therefore about take the place of the "uncovered" greenback issue, which could then be retired, the reserve fund of $150,000,000 being used to retire an equal amount of greenbacks at the same time. This would leave our currency consisting of gold and silver coin, gold certificates (which should be made legal tender), silver certificates and national bank notes, made redeemable in gold coin or gold certificates. Within the range of $705,000,000 circulation plus a probable increase from increased bank capital, the legitimate needs of business would be well served, and at periods of the year the minimum would probably be less. Of course the restriction of $3,000,000 per month deposit of lawful money to withdraw or retire circulation should be repealed, as this allows a total annual contraction of only $36,000,000.

Should the eighty-five per cent. limit of issue be insufficient at crop-moving periods the additional fifteen per cent. taxed five per cent. would provide at least $125,000,000 more as an emergency issue like that of the Bank of Germany, except instead of a 33 1-3 cash reserve, only 5 per cent. would be required for the current redemption fund with the Treasury which should as now be maintained against all circulation issued.

The following table shows for the various sections of the United States (in millions of dollars) the capital stock of national banks and their authorized circulation on June 18, 1906, also amounts equal to fifty, thirty-five and fifteen per cent. respectively of capital stock to illustrate increase of circulation under the plan outlined for these sections and the expansion possible under it:

SECTIONS.	*50% of capital to be secured by bonds subject to ½% tax.*	*35% of capital without bond security subject to 1% tax.*	*15% of capital without bond security subject to 5% tax.*	*Capital stock limit of circulation.*	*Bonds deposited for circulation June 18, 1906.*	*Possible increase in circulation under plan.*
6 New England States	$54.4	$38.2	$16.3	$108.9	$59.4	$49.5
5 Eastern States and the District of Columbia	147.2	103.1	44.2	294.5	175.6	118.9
13 Southern States	56.	39.2	16.8	112.	76.	36.
8 Middle Western States	109.5	76.7	32.8	219.	142.4	76.6
10 Western States	26.5	18.6	7.9	53.	33.1	19.9
8 Pacific States	18.9	13.3	5.7	37.9	29.9	8.
Hawaii and Porto Rico	.3	.2	.1	.6	.4	.2
Totals	$412.8	$289.1	$123.8	$825.9	$516.8	$309.1

Expressed in millions of dollars (00,000's omitted).

As to redemption, national bank notes are now redeemable at the issuing bank's office and also at the United States Treasury in Washington where each bank must maintain a fund equal to five per cent. of its circulation for the current redemption of its notes. Besides this all notes unfit for circulation received by any Assistant Treasurer of the United States or by any national bank designated as a Government depositary of public funds must be forwarded to Washington for redemption. Before this arrangement was established in 1874 each bank in certain named "reserve cities" was required to select a national bank in New York at which it would redeem its notes and every bank outside the cities named was required to select a bank in any one of these cities for the same purpose. Were this feature restored and the notes exchanged like checks through all the clearing-houses in the United States (over 100) as are Canadian and Scotch bank notes, the ready redeemability of the notes would be assured and we would have a really elastic currency.

It has been through the elastic features of their bank notes that the waste places of Scotland and Ireland have been reclaimed and improved and that Canada has developed her great and growing agricultural and industrial interests.

Unless it can be maintained that bankers in the United States lack the honesty, intelligence and ability which have produced such satisfactory and beneficial results in Scotland, Ireland and Canada, there can be no reason to doubt that the same elastic features embodied in, or added to our National bank system would safely and amply provide for the further development of the agricultural and manufacturing interests of the United States now seriously hampered by defects in our currency system. We would be simply utilizing the well-tried experience of people, in many respects, very much like ourselves. The plan herein outlined is simply suggestive of a way out of our difficulties which makes ample concessions to various views in the nature of a compromise on the side of prudence and conservatism. The time will surely come when the United States will by paying off its indebtedness curtail the supply of bonds for circulation, and any new legislation should provide against this contingency by increasing the issue of the new currency pro rata with the decrease of the bond secured, otherwise contraction might result.

The taxation at the rates proposed would provide a fund for redemption of failed bank notes, which compounded at two and one-half or three per cent. interest would accumulate so rapidly as to warrant in the early future a reduction in the tax rate, for any tax on currency is really a tax on commerce, and this is recognized in the Canadian system.

The interest rate in Canada, Scotland and Germany fluctuates within very narrow limits, and a sensible and scientific reform of our own currency would certainly produce the same results in the United States, a consummation devoutly to be wished by every banker, broker, merchant, farmer and manufacturer.

As this goes to press the business world has another object lesson at the financial centre of the country—New York city. During the week ended Sept. 7, the banks there lost over $16,000,000 in cash reserves withdrawn for crop movements in spite of call money rates ranging from twenty to forty per cent., against six per cent. elsewhere in the United States and Canada. And towards replenishing this loss the banks have been absolutely helpless without the assistance of the U. S. Treasury which has been compelled to come to their aid.

Note.—It is believed that the general circulation of this paper as a separate document among banks and the general public would be of great practical advantage in promoting a better understanding of the bank currency problem, and thus aid in securing the adoption of well-considered improvements, to the substantial profit both of the banks and the people.

Estimates for furnishing the above paper in pamphlet form with the bank's card imprinted thereon, for distribution among correspondents, will be given on application to The Bankers' Magazine, 90 William street, New York.

COST OF HANDLING CHECKING ACCOUNTS.

BY JOHN F. WILSON.

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A COST system which would allot to each depositor the amount of expenses entailed in handling his account would undoubtedly be of great assistance to bankers. It is the endeavor of the writer to outline, in the following paragraphs, a workable and economical scheme whereby such a result may be obtained.

Sources of a Bank's Revenues and Expenditures.

The fund with which the ordinary bank does business is created and maintained by the contributions of its shareholders and its depositors. The former, once they are paid in, remain stationary, or are supplemented by the accumulations of undivided profits. The depositors' contributions, on the contrary, fluctuate daily, though the grand total of balances may be held practically at a normal level.

The accounts of shareholders, as such, entail very little labor or expense, and the apportionment of profits is simplicity itself, because all are treated ratably—share for share. But a cost system which shall determine the expense of handling each depositor's account is a problem of greater difficulty.

Analysis of a bank's expenses will show that they are caused in greater part by the daily inward and outward flow of deposits and withdrawals; and that it is the *number* of checks and items in and out, rather than their amounts, which requires the employment throughout the country of an army of tellers, bookkeepers and clerks to handle them. The payrolls of eight representative Chicago banks disclose the following facts: Four commercial banks with aggregate deposits of $242,400,000 employ 1,319 officers and clerks; four savings banks and trust companies with aggregate deposits of $168,000,000 employ only 300 officers and clerks. It thus appears that, equalizing deposits, the employees in the commercial banks outnumber those in the savings banks by more than two and one-half to one. It should be further noted that none of the four banks in the commercial group has either a savings or a trust department, while three in the savings' group receive commercial accounts and conduct trust departments, the volume of the latter not being included in the deposits as stated.

These facts and figures are significant, and clearly point out that commercial or checking accounts require much more labor and expense to handle than do savings or non-checking accounts. It follows that the more active an account is, that is to say, the more checks and items there are to be handled, the greater the cost.

If then, disregarding considerations of policy and indirect advantage, the value of a depositor's account depends so largely upon the number of transactions involved in conducting it, the procedure to compute the gain or loss is plainly indicated, and, briefly stated, is as follows:

Ascertain the total number of items handled, in and out, from all sources, for say twelve months, and at what total cost to the bank in salaries, rent and general expenses. The total cost divided by the total number of items gives the rate per item. The rate per item applied to the number of items handled for any depositor during any period, long or short, gives first cost. The difference between *first cost* and the *earning power* of the depositor's average balance for the same period determines the net gain or loss to the bank in the account under analysis.

Varying Character of Deposit Items.

Aside from the labor involved in the daily count of the multitude of items handled, the application of this rule would be simplified if all deposits were in currency or coin, or in any other one substitute or medium of exchange. But the items are of various kinds; they may be divided into three general classes:

(1) Currency or coin.
(2) Local checks, including those drawn on the receiving bank.
(3) Out-of-town checks.

Each of these requires different treatment according to its class, and the amount of labor and expense varies likewise. Then there is the labor and expense of handling the checks drawn by the depositor, some of which are paid over the counter in currency, and others through the clearing-house.

It will be seen that the varying character of the items interposes complications at the very outset, and that a mere item-for-item enumeration will not serve. Nor is an exhaustive tabulation of costs by classification and sub-classification of labor and expense necessary. A simpler and much more economical solution of the difficulty is found in the use of a table or scale by which the variations which attach to the different classes of items are adjusted *in the count*. It is suggested therefore that in making up the total number of all items handled during the year, or those handled for any depositor for the period his account is under analysis, the method of procedure shall be to count:

Each deposit ticket, credit ticket and debit ticket..as one item.
Each check paid..............................as one item.
Each local check deposited or cashed...............as one item.
Each out-of-town check deposited or cashed........as two items.

Each deposit of currency or coin of $200 or less......as one item.
Each deposit of currency or coin of $200 to $400....as two items.
(Larger amounts in proportion.)

These comparative estimates are based upon the time and labor required to care for and finally dispose of the items according to their class. The figures are arbitrary, but may be said to fairly represent the consensus of expert opinion in half a dozen or more large banks. Some modifications of the rule in this and other directions will doubtless be necessary to fit the varying conditions which prevail in different banks, but it is evident that the use of a scale of some sort in the count will save much of the time and minutiæ of analysis which otherwise must be expended if the cost of items is computed separately.

Apportioning the Bank's Expenses.

Having thus laid down the proposition that the number of items of all kinds deposited, plus the number of all checks paid or cashed during a given period, is the true basis for a calculation of cost, and having suggested a scale by which the several kinds of items may be brought to a parity, it is next in order to consider what portion of the bank's expenditures is properly chargeable to the maintenance of the deposit line, and what portion to other branches of the business.

For the purposes of this discussion, the bank's business may be divided between two main departments, namely:

Department A.—Making loans and investments.

Department B.—Handling deposits and paying checks.

To Department A should be charged salaries and expenses of the discount and credit departments, taxes (because they are levied on capital and surplus, not on deposits), and a proportion of rent, officers' salaries, postage, light, heat, and items of general expense. The total of these expenses deducted from the gross income gives the net income in Department A and determines the percentage of net profit derived from the average amount in the loan and investment fund during the period under analysis. "The loan and investment fund," as before indicated, is on any day the aggregate of the capital, surplus, undivided profits, and deposits. A portion of this fund is loaned or otherwise invested; a portion is on hand in actual cash; a portion is on deposit with correspondents; and a portion is outstanding in transit or in process of collection. The fact that a bank's earning power is curtailed by legal restrictions as to reserve, limit as to loans to any one borrower, cash items outstanding in transit, a slack demand for money, or poor management in securing desirable paper, does not directly operate either to diminish or increase the deposit balance or the expenses chargeable to same. Hence it appears proper to base the calculation of income and expense in Department A upon the total average amount of capital, undivided profits, and deposits, rather than upon the average amount actually employed at interest.

As exchange received is presumed to provide for exchange paid, neither need be considered a factor in computing income and expense in Department A, nor in cost of conducting Department B.

A separate analysis is required to determine if a loss or a gain in exchange is being made in any particular account.

Semi-annual duty and other expenses on circulating notes, together with the income on the bonds which secure them, should also be eliminated and treated apart from the subject here discussed.

Interest paid, since it applies only to special cases, must also be considered by itself and not as an inevitable expense in handling general deposits in Department B nor as chargeable to Department A by spreading it over the entire loan fund. In other words, the amounts paid for interest should be charged in analysis to particular accounts and not to all the accounts.

The expenses in Department A having been computed as above and the same having been deducted from the total general expenditures for the year (with the exceptions as noted), it is obvious that the residue is the cost of handling deposits (Department B), and that this latter amount, divided by the total number of items handled (compiled according to the scale), gives the cost per item. But a deduction or allowance should be made for "general administration" and to equalize expenses between active accounts and those which change infrequently or not at all during long periods. It is therefore suggested that, say one-tenth of one per cent. of the average deposits be deducted from the "residue" before finally computing the cost per item.

The cost per item applied to any depositor's transactions, together with the equalization charge of one-tenth of one per cent. per annum on his average balance, determines the cost of handling his account for any period. Having ascertained the cost of handling, it only remains to apply Department A's rate of net profit (which once computed is always known) to the depositor's average balance to determine the gross earnings in his account. And the difference between the cost of handling and the gross earnings is the net gain or loss to the bank in the account. If interest is paid, the amount thereof must of course be added to the cost and so deducted from the gross profit.

Demonstration of the Rule.

Let us suppose a bank in the national system, located in a central reserve city and doing business as "The Twelfth National Bank."

We will also suppose that the general balance-sheet as submitted shows the results of a full year's business, and that the various balances as they appear therein, with the exception of the income and expense accounts, are approximately as they have averaged for the twelve months ending December 31.

THE TWELFTH NATIONAL BANK.

GENERAL BALANCE-SHEET AS AT CLOSE OF BUSINESS DECEMBER 31.

RESOURCES.		LIABILITIES.	
Loans and discounts....	$7,300,000	Capital..................	$1,000,000
United States bonds to secure circulation.....	100,000	Surplus..................	500,000
Other bonds............	300,000	Undivided profits.......	50,000
Due from banks......... ($1,100,000 balances (600,000 cash items in transit	1,700,000	Deposits.................	10,000,000
		Circulating notes.........	100,000
		Profit on circulation(net)	1,000
		Exchange received — 12 months................	25,000
Cash and clearing-house checks.................	2,400,000	Interest and discount—12 months................	401,000
Five per cent. fund.....	5,000		
Taxes paid—12 months.	18,000		
Exchange paid — 12 months................	24,000		
Interest paid—12 months	120,000		
General expenses — 12 months................	110,000		
Total..................	$12,077,000	Total..................	$12,077,000

Upon the above general balance-sheet is based the following statement of income and expenses in Departments A and B:

STATEMENT OF INCOME AND EXPENSES IN DEPARTMENTS A AND B FOR TWELVE MONTHS ENDING DEC. 31.

DEPARTMENT A (Loans and Investments).

Income:			
Interest on other bonds......................		$10,500	rate 3½ per cent.
Interest on balances with correspondents..		20,000	rate 2 per cent.
Interest on loans and discounts............		370,500	rate 5 per cent.
		$401,000	
Deduct:			
Expenses, discount and credit departments, and proportion of officers' salaries, rent, postage, etc...	$20,000		
Taxes	18,000	38,000	
		$363,000	Estimated net profit in Dept. A (excluding interest-paid and exchange).

As the average amount in the loan and investment fund during the year was $11,600,000, the profit in Department A as above was 3⅛ per cent. on that amount.

DEPARTMENT B (Handling Deposits).

Expense:		
General expense account.....................	$110,000	
Deduct Dept. A proportion..................	20,000	
	$90,000	Estimated cost of handling deposits (excluding interest-paid and exchange).
Deduct 1-10 of 1% of average deposits, to equalize expenses of inactive accounts......	10,000	
	$80,000	Equalized cost of handling "items."

If the total number of items handled during the year (compiled according to the scale) was 3,200,000, the cost per item was 2½ cents.

Application of the Rule to an Individual Account.

The above estimates of income and expense applied to an individual depositor's account make the following showing:

Analysis of John Doe's Account for Sixty Days.

Deposits and credits	20
Local checks deposited	30
Out-of-town checks deposited, 5x2	10
Currency deposited (10 amounts all under $200)	10
Checks paid	40
Total items 60 days	110
or 660 per year.	

Yearly Expense:	
660 items at 2½ cents each	$16.50
Equalization charge of 1-10 of 1 per cent. on his average balance of $500	.50
Cost per annum	$17.00
Yearly Income:	
3⅛ per cent. on his average balance of $500 (gross profit per annum)	15.62
Net loss per annum	$1.38

The loss to the bank on Mr. Doe's small and moderately active account appears to be $1.38 per year.

In the absence of any compensating advantage peculiar to his case, there could be no impropriety in requiring him to maintain a larger balance or to pay for the service rendered. No reasonable depositor would ask his bank to care for his account at a loss; indeed, he would expect and prefer that the bank should receive a fair return in exchange for the expense and risks incurred.

If the foregoing rule for computing cost is correct in theory, the expense of handling deposits, under the conditions supposed to exist in "The Twelfth National Bank," is 2½ cents per item plus one-tenth of one per cent. on each depositor's average balance; and, exclusive of interest paid, the net earnings of the loan fund are 3⅛ per cent. on the average amount in that fund (employed and unemployed) during the year.

It is not claimed that the same results will follow the application of the rule in any existing bank. All the figures used in the illustrations are merely estimates, but they are well within the bounds of probability, and it is believed that the suggested method of procedure lays down a workable basis for a reasonably approximate computation of the cost of handling checking accounts.

NEW COUNTERFEIT $5 SILVER CERTIFICATE.

A COUNTERFEIT $5 silver certificate "Indian head" bearing No. A 17850130 has been discovered. The bill is so lacking in detail that it is impossible to give it any accurate description. It has somewhat the appearance of a washed note. The check letter can not be determined, nor can any of the fine lines or lathe work be seen. Only one note of this character has thus far been reported.

A PRACTICAL TREATISE ON BANKING AND COMMERCE.*

OVERDRAFTS IN CANADA, AND CASH CREDITS IN SCOTLAND.

THERE is perhaps no more important matter to which the attention of directors and general managers of banks should be directed than *overdrafts*. For some of the most dangerous departures from sound banking principles that have transpired in Canada have occurred in connection with them. For this reason it has been desirable to devote a chapter to a careful consideration of the subject.

The question of overdrafts is entirely a different one in England and Scotland from what it is in Canada and the United States; and for this reason: In Scotland, advances to customers, as distinguished from the discounting of trade bills, are made by allowing the current account of the party to be in debt. The extent to which this shall be the case is fixed by the board of directors; and for this amount security, as a rule, is held. This system of advancing by secured debit balances, is the well-known *cash credit* system of Scotland, the same system, however, being common all over the north of England, at least. This system consists simply in fixing the amount to which the *debit balance* of a customer shall be allowed to run. And in Scotland, and in many parts of England too, it is only when this authorized amount is *exceeded* that the account is said to be overdrawn. The excess only, in that case, is called an overdraft. If a merchant obtains a credit of a thousand pounds, from a Scotch or English bank, the amount is notified to the manager, whose business it is to keep the current account debit within that sum. Occasions, however, do arise when the merchant may draw a check which oversteps the limit. Sometimes this may be from inadvertence, sometimes from monetary pressure. If the manager takes the responsibility of allowing the check to be paid, the account is then overdrawn by so much, and the customer will be requested to put it in order. Or a customer (and this is the proper course) may interview the manager, explain that some expected remittance has not come to hand, and ask to be allowed to overdraw his account, let us say, for a week or two, to the extent of a hundred pounds. The manager may, or may not consent. If he consents, the debit balance will be a hundred pounds more than it ought to be. Under this system of business all the debit balances of current accounts are constantly under the view of the manager of a branch; and if a prudent man, he will take care that they are all in order, and as authorized. For he is held responsible for any overdrawing. If he finds that a teller or cashier has paid the checks of

* Continued from August number, page 228.

a customer to an amount beyond the sum authorized, he will call him sharply to account, and insist upon his getting the overdrawn amount paid in.

Similarly, the debit balances of customers at all points are constantly under review at headquarters; and for this good reason, that the loans or advances of the bank are all to be found there. Overdrafts, therefore, cannot fail to be noticed. If the returns from a certain branch show that certain accounts are overdrawn, the manager will be called to account, asked for explanations, possibly sharply reproved, and may even be suspended from his functions, unless he can show that he was authorized to allow them by correspondence. But this is not all. It is perfectly easy for a board of directors to examine such statements of debit balances, and as all credits in this shape have been authorized by them, it is easy for them to see whether any accounts are overdrawn. If any of them are, they will no doubt ask the reason why. And if a general manager (or officer acting as such) cannot give good reasons, he is liable to displeasure in his turn.

Thus the whole system of the bank works harmoniously. Everything is clearly apparent. All advances are regularly reported, considered, and dealt with by the branch manager, and the general manager, up to the final authority, the board itself.*

Overdrafts in Canadian Banks.

But overdrafts in a Canadian bank are on a different footing from the outset. The rule is that current accounts are all expected to be in credit. A general manager, therefore, does not look for advances in lists of deposit balances. Such lists are generally sent at much longer intervals than the statements of loans and discounts, and this for an obvious reason. Whilst it is of the first importance for a manager to keep an eye on the total amount of deposits, so as to keep proper reserves, it is of only secondary importance whose particular money it is that is deposited with him. Mr. Thomas Johnson, let us say, keeps a current account with one of the branches of the bank. It matters little whether the balance at his credit is $500 or $5,000. And what he puts in and draws out week by week is not a matter of particular interest to the management.†

But if Mr. Johnson owes the bank money, the amount he owes is a matter of the first consequence. If he owes $5,000 he may be abundantly good for it. The board may have authorized that amount; security for

*This is, of course, the system in theory. Whether it is properly worked out in practice will depend on the care and attention the directors bestow on the business of the bank. The best system may be badly administered, and produce poor results. But there can be no doubt that the system of advances prevailing in Scotland and the north of England is a much safer one to work, and that under it the directors find it much easier to keep track of advances made at various points.

†If Mr. Johnson has discounts or advances, it is, of course, desirable to keep an eye upon the working of his current balances as bearing on the profitableness of his account, or otherwise. But whatis now being discussed is its safety.

that sum may be held. But let us suppose, and such things have really happened, that whilst $5,000 is the sum which Mr. Johnson has been authorized to borrow, a weak manager has been prevailed on to advance him double or treble that amount. This is a state of things to create serious concern. For the general management may be well aware that the latter sums were not only entirely unauthorized, but beyond his ability to pay. Underneath, then, what may be a single line of a statement, there may loom up the horrid figures of a bad debt. It is apparent then that statements of loans and advances are of vastly more importance than statements of credit balances, and that they should be sent much more frequently, and in such a form that they will be naturally looked for, readily comprehended by directors, and attract the attention they deserve.

Yet persons on this side the Atlantic may draw checks which turn a current account to a debit; and here, as in England, a manager may think the amount desired to be perfectly good, and take the responsibility of allowing it. *He must take the responsibility;* and, at times, a very serious responsibility it is. For even perfectly good customers are not all considerate, neither are they all attentive. A responsible firm, considering themselves to be perfectly good, may at times take liberties with their account, and overdraw to a considerable amount. The manager has now to consider whether he shall refuse the check, and thereby offend and alienate a firm whose account is valuable, or whether he shall pay the check and so make an unsecured advance without authority, to a firm whose position may possibly turn out not to be so good as he supposes.

But now, supposing the check has been paid and the advance made, is a manager to allow it to appear as a simple item in a list of deposit balances, every one of which is presumed to be a credit, and therefore returnable only at considerable intervals to head office? Such a course is obviously dangerous; all which leads up to this conclusion, that *any overdrafts in the deposit ledger,* if such there be, *should be reported in the same statement which contains the loans of the branch.*

It should be the business of a general manager to see that this is done. But the directors may very properly take the matter up also; first seeing to it that statements of overdrafts are regularly laid before them, and then taking care to examine them, conferring with the general manager, and giving through him such directions as may be needful. The board will of course not care to have lists of trifling sums brought to their attention; they would do well therefore to fix a minimum below which no report need to be made to them. The general manager will, however, take cognizance of them all.

Dangers of Making Unsecured Advances.

The making of advances by allowing debit balances of a current account, when it is not provided for as part of an established system like that of Scotland, has been proved to be dangerous. The advances that brought ruin to the Commercial Bank in the early years of banking in Canada could never have assumed the disastrous shape they did if they had been made in the customary manner, viz., by promissory notes. For it was not simply that advances were allowed to grow to enormous dimensions, but the fact that the bank was unable to prove that the debt was contracted by the corporation that was supposed to owe it. There were two corporations in the case, very intimately connected, but legally distinct. One of them was sound and solvent, the other practically insolvent. The same officers, however, governed both. The loans were negotiated by these officers. The bank supposed they were advancing money to the sound and solvent company, to be used by it in furthering the business of the weak and crippled one of which they had control. But the solvent company, when called upon to pay, declared that they never borrowed the money at all; that their officers, being also officers of the weaker company, borrowed the money on its behalf. When issue was joined in court, the bank was utterly unable to prove that the solvent company was its debtor, and on books and pass-books being produced it was found that both in the ledger and in the pass-books, the headings had repeatedly been in the name of the weaker company. Thus issues of hundreds of thousands of dollars hung upon the entries of subordinate officers. The case was decided against the bank, which decision was the beginning of its downfall.

Now, had the advances been made by promissory notes, which notes must in the nature of things have been drawn in a clear and unmistakable manner, the officers must have signed them, either in the name of the one company or the other. The liability, in that case, could never have been disputed, and the bank would have been saved a protracted and costly lawsuit, with an enormous loss at the end of it, which loss proved its ruin.

This instance may be said to prove that the Canadian system is better than the Scotch. But the advances of the Commercial Bank were not made on the Scotch system at all. They were made on a deplorably bad imitation of it, in which its most essential feature was lost sight of. Under the Scotch system, the amount of the credit is strictly defined, and a bond of security taken, duly signed, sealed, and delivered, for the whole amount. If these advances had been made on the Scotch system, the solvent company would have been required, at the outset, to give a bond of guarantee, which bond would have been drawn by the legal advisers of the bank, making the solvent company liable beyond doubt. Then further, that guarantee would have fixed the amount to be advanced, an invaluable safeguard against advances being allowed to run on indefinitely as they did. As it was, the advances were allowed to run to nearly ten times the amount verbally agreed upon at the outset. They were made, in fact, neither on the Scotch system nor the Canadian.‡

‡In another instance known to the writer, one of the heaviest bad debts ever made by a Canadian bank arose through advances to a certain firm being allowed to be carried on in the shape of continual overdrawings of a very active current account.

It is at this time of day vain to think of making a fundamental change in the mode of making bank advances in Canada, or the United States, but it is certainly worth while to consider the points in which the Scotch system has the advantage. In speaking of Scotland, let it be understood that a considerable part of England is included too, and specially that wherein the writer's English experience was gained.

Advantages and Disadvantages of the Scotch System.

The advantages of the Scotch system are the following:

(1) Advances can never be confounded with trade bills. Every banker knows, and every merchant knows, too, that there are fundamental differences between these two: first, in the risk; next, in the availability; and, last and most important of all, in the amount of attention they require. The risk of trade bills (provided only they are bona fide and genuine) is immensely less than the risk of loans. Their availability to bring in money when due is immensely greater. And as to the amount of attention that loans require, it would be to speak within bounds to say, that they require as a rule ten times as much as trade bills. To this, there may, of course be exceptions. In all bank statements, therefore, it is of vital importance to keep advances and trade bills separate. This is most effectually done under the Scotch system, for loans are entered in an altogether different set of books from those which contain trade bills, and they are reported to head office on different statements. But in Canadian practice they are apt to be confounded, for the reason that both are made by promissory notes exactly similar in form, both are entered, commonly, in the same register and ledgers, and both are included in statements under the one generic term, liabilities. They are apt, in fact, to get so inextricably mixed in a badly-managed office that it has taken weeks of the time of a superior officer to disentangle the accounts in which they are entered, and to fix the primary and secondary liability on the proper parties.

(2) The second advantage of the Scotch system is that all advances are initiated in the first place and authorized by the board of directors. No matter in what branch advances are made, authorization must come from headquarters. This has so long been the established custom all over Scotland that every person understands it and conforms to it, both branch managers and customers alike.

It is quite true that in Canada all advances on credits of importance and those which are to be spread over a whole season, are, as a rule, applied for to the board, and not entered on until sanctioned by them. But it is also a part of the Canadian system that discounts of promissory notes, known to be loans, are constantly made in a majority of offices, that have never been submitted to the board at all. The first that a general manager knows of them is when they come before him in a list of bills discounted.

(3) The third advantage of the Scotch system is that all such ad-

vances are accompanied by, not mere endorsements, but by bonds of guarantee, drawn up in legal form, and duly signed, sealed, and delivered. This has prevailed in Scotland for generations, and it is now an ingrained habit of the whole people, rooted by long continuance, that when they want to borrow money from a bank, they give security for it by a bond. There is the further advantage in giving security by legal documents, that the guarantors cannot but feel the legal responsibility that attaches to them, when instead of merely writing their names across the back of a promissory note, often in a very perfunctory way, thinking little about it (and it is undeniable that they do), they sign and seal a legal document in the presence of one or more witnesses. The importance of having endorsers alive to their responsibilities has been enlarged on already. Every banker is well aware of it. There is under this system the further important advantage to the banker himself, that such a document of guarantee can scarcely ever be forged. A branch manager can never be certain that the endorsement on a promissory note is genuine, unless the endorser comes in person and signs in his presence. He has been authorized to lend John Smith up to $5,000 on the endorsement of Thomas Malcolm. When, then, the customer brings promissory notes, apparently endorsed by Thomas Malcolm, the manager is apt to be satisfied. Yet Malcolm may never have signed at all. What is, perhaps, more dangerous still, although Malcolm may have signed the original note, he may not have signed the renewal of it. But a bond of guarantee is not only signed, generally by more than one person, but witnessed in the office of the bank. This renders forgery practically impossible.§

There are undoubtedly some disadvantages in the practical working of the system. One of these is that in case of an account becoming unsatisfactory, it is more difficult to deal with than if it was expressed by one or more promissory notes, coming due on definite days. If renewal is desired, as it almost certainly will be in such a case, the opportunity arises of insisting upon payment or reduction. It is generally stipulated that a cash credit shall be paid up at least once a year, but until the time for retirement comes, the tacit understanding is that advances shall be continued without criticism, unless often overdrawn. But when a promissory note comes due the opportunity for criticism arises naturally, and must be met.

Another point of disadvantage is that if a customer is called upon to pay the balance against him, and the amount is disputed, it is sometimes difficult to establish it. If a single voucher is missing, it cannot be done. The writer has a vivid recollection of a case of this kind occurring when he was a young clerk, and of the weary time he had, day after day, in the intervals of business, and after bank hours, in laborious

§A rule has been sometimes adopted by a bank that every endorser on a loan note must sign his name in the presence of the manager. But it has been found very difficult to carry it out in practice.

searching for documents that had been filed away months and even years before. Payment on his bond was being demanded from a guarantor, but it was necessary, of course, to establish the amount of the debt before a definite sum could be demanded of him.

These, however, are trifling drawbacks, compared with the great advantages attending the system; and the writer has had practical experience of the working of both.

We have in Canada, in various spheres of action, improved upon the methods of other countries, by adopting all their good points, and leaving out or modifying what seemed to be defective. And, in this matter, we could undoubtedly accomplish it. For example, the promissory notes representing advances should be kept in entirely different registers, and posted into entirely different liability ledgers from those relating to trade bills. Advances should be entered in different statements, when accounts are placed before the board. Overdrafts should be forbidden until security is held, but when allowed, under exceptional circumstances, an accurate account should be taken of them and entered along with other advances to the same party if any exist.

It might be well to consider whether the Scotch system of security by guarantee in the case of established credits might not be substituted for the prevalent practice of security by endorsement.||

It must not be imagined from the foregoing that the trade bills offered to a banker, either in England or Canada, require no examination or supervision. A striking instance given under the head of forgeries—which occurred in Scotland—will prove that they do so. But the examination and criticism of these is conducted on entirely different principles from those required in judging advances, and it is far less laborious.

G. H.

Former General Manager Merchants' Bank of Canada.

HONESTY HAS NOTHING TO FEAR.

GOVERNOR FOLK, in an address to the convention of the retail merchants of Missouri, held at Jefferson City July 17, said:

"Do not be afraid that business is going to be hurt by the recent exposures of wrongdoing in the commercial world. No man who is doing an honest business can be injured by the light. All business will be better for the cleansing process it is going through, and for the stamping out of evil."

||In fact, the law of bills of exchange and promissory notes might well be revised so as to place the practice of endorsement by way of guarantee on an entirely different footing from the endorsement of the owner of a bill. It might be enacted that an endorsement as guarantee should always be so expressed; as, for example, in the following form, or something to the same purport: "For valid consideration I hereby guarantee payment of the within promissory note at maturity. As witness my hand and seal, at .... this day of ......190.."

This understanding should be witnessed in the office of the bank. It used to be held by some English judges that a promissory note was not a negotiable instrument. They doubtless were thinking of a promissory note given to represent money borrowed, and not of a note given in settlement of a mercantile account.

TRUST COMPANIES—THEIR ORGANIZATION, GROWTH AND MANAGEMENT.*

BY CLAY HERRICK.

FORMS AND RECORDS FOR THE BANKING DEPARTMENT.—*Continued.*

THE LOAN DEPARTMENT.

THERE is considerable difference among trust companies, as among banks, in the manner of handling the details connected with the making of loans. The methods vary with the size of the company, the character of the business and the preferences of the officers. In some companies all the details, including the keeping of the records, are attended to by the loan clerk and his assistants; while in others much of the detail, as to records especially, is handed over to other workers. Often the loan clerk keeps no journal, all the loan items being detailed in the general journal from debit and credit slips which the loan clerk hands to the general bookkeeper. In some companies the loan clerk keeps a cash drawer and issues official checks, paying out the proceeds of loans directly; while in others cash payments are made by the paying teller, and checks are issued by the draft teller or other employee. The records here described are such as are used in cases where all the details connected with loans are attended to in the loan department.

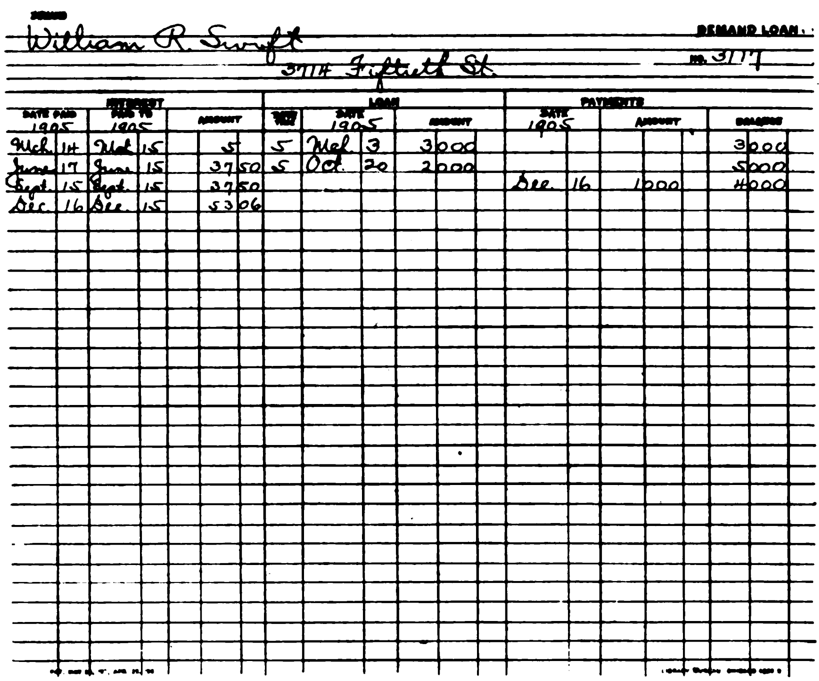
The loan teller's proof, being arranged according to the same principle as that of the proofs already described, need not be reproduced here.

A number of styles of loan journal are in use, probably the most common style being one having several columns for the different classes of loans handled, and one or more columns for interest items. Figure 163 shows a form of such a journal. In this form the interest on the different classes of loans is shown separately. Other forms have only one column for interest. The columns headed "Accrued Interest" are for the entry of interest items accruing at the regular interest periods; it being the practice of some companies to charge the total interest accruing at such periods to an account in the general ledger entitled "Ac-

* Publication of this series of articles was begun in the January, 1904, issue of the MAGAZINE, page 31.

crued Interest," and to credit it at once to earnings. Payments of such interest are then credited to accrued interest as received; and the balance against this account at any time shows the amount of past-due interest. This plan insures that interest shall be placed to the credit of earnings during the period in which it is earned, and it also serves as a safeguard against overlooking any past-due items of interest. The totals of the different columns in this journal are handed to the general bookkeeper on debit and credit slips at the close of each day's business.

Cards are quite generally used for loan ledgers. Figure 164 shows


DEMAND LOAN

William R. Swift No. 3177

3714 Fiftieth St.

Interest Date Paid 1905		Paid To 1905		Amount		Loan Time	Date 1905		Amount		Payments Date 1905		Amount		Balance	
Mch.	14	Mch.	15	5		5	Mch.	3	30	00					30	00
June	17	June	15	37	50	5	Oct.	20	20	00					50	00
Sept.	15	Sept.	15	37	50						Dec.	16	10	00	40	00
Dec.	16	Dec.	15	53	06											

FIG. 164.—FACE OF CARD LEDGER FOR DEMAND LOANS.

the face, and Figure 165 the back, of such a card ledger for demand loans. As a study of the figures will show, the loan account and the interest record are kept on the face of the card, the back being devoted to a description of the collateral, and to the receipt which is taken when collateral is delivered. The receipt on the card is more convenient than a separate receipt, as it insures that everything in the way of record of closed-out loans shall be filed together. With some loans, however, and particularly with those of brokers, the changes of collateral are so many that there is not room on the loan card for the various receipts. For such cases it is convenient to have a separate form for the substitution of collateral, such as is shown in Figure 166. The separate receipt is useful also in the numerous cases where the owner of the collateral does not come for it in person, but sends a messenger.

Figure 167 shows the face, and Figure 168 the back, of a card ledger for time loans. In this form the loan account and the description of collateral are given on the face of the card, the interest record and the receipt being on the back. These ledger forms may easily be adapted to tight-bound or loose-leaf books if desired.

It is important to know at all times the amount of loans carried on each kind of collateral, to avoid loaning too heavily on any securities, and for reference in case loans must be called because of decline of

NOTE NO.	DESCRIPTION OF COLLATERAL		
1	$2000. Chesapeake & Ohio Ry. 1st Mtge. 6% bonds #2173, 2174, @ 107	2140	
	30 sh. N. Y. Chicago & St. Louis Ry. Ctf. #1213 @ 65	1950	
2	10 sh. Pullman Palace Car Co. " #2416 @ 230	2300	
	Received from THE CITIZENS SAVINGS AND TRUST CO., all of the above described collateral.		
	Date		

165

FIG. 165.—BACK OF CARD LEDGER FOR DEMAND LOANS.

collateral. For this purpose a collateral line ledger is used, of which a loose-leaf form is shown in Figure 169, and a card form in Figure 170. The figures are self-explanatory. Figure 171 shows a card used for a collateral line ledger on a different plan. An index card is provided for each kind of collateral, and behind each index card are filed the cards like that shown in Figure 171, a separate card being used for each loan. When a loan is paid, or other collateral substituted, the old card is removed from the file and destroyed. To get the total of any given collateral held, or the amount of loans on same, it is necessary to add the amounts on the several cards that may be filed after the index card.

Figure 172 shows a form of collateral note used in New York city.

A shorter form, used in a large city in the Central States, reads as follows:

$.............. CINCINNATI, O.............190....

On demand after date......promise to pay to the order of THE BLANK TRUST COMPANY at its office........................ ....DOLLARS, for value received, with interest at the rate of......per cent. per annum, payable quarterly on the 15th days of March, June, September and December of each year, unpaid installments of interest to draw interest at the same rate as the principal, having deposited with said Company as collateral security for payment of this or any other liability or liabilities of......to said Company, due or to become due, or that may be hereafter contracted, the following property, viz.:

....

....

....

The market value of which is now $........; with the right to call for additional security should the same decline; and on failure to respond, this obligation shall be deemed to be due and payable on demand, with full power and authority to sell and assign and deliver the whole of said property, or any part thereof, or any substitutes therefor, or any additions thereto, at public or private sale, at the option of said Company, or its assigns, and with the right to be purchasers themselves at public sale, on the non-performance of this promise or the non-payment of any of the liabilities above mentioned, or at any time or times thereafter, without advertisement or notice, and after deducting all legal and other costs and expenses for collection, sale and delivery, to apply the residue of the proceeds of such sale or sales so to be made, to pay any, either or all of said liabilities, as said Company, or its president or treasurer shall deem proper, returning the overplus to the undersigned.

No......... ....

Address..........................

This form, providing as it does for quarterly payments of interest on a demand note, illustrates the custom in some localities of carrying demand loans for several months or even years, so long as the collateral does not decline in value to a point which makes the margin too small. It is evident that this is quite different from the "call" loan as usually carried in New York city.

A power of attorney for the transfer of stock is printed on the back of each stock certificate; a customary form of such a power being as follows:

For value received........hereby sell, assign and transfer unto...... ......shares of the capital stock represented by the within certificate, and do hereby irrevocably constitute and appoint........ ......attorney to transfer the said stock on the books of the within-named company, with full power of substitution in the premises.

Dated........190....

....

In presence of

....

For various reasons, however, borrowers often prefer to sign a separate power of attorney, and a form for same is shown in Figure 173.

In cases where loans are made to corporations, it is necessary to have evidence of the authority of the officers of the corporation to hypothecate its securities. For this purpose a copy of the resolution of the board of directors of the corporation authorizing such hypothecation is required, a form for which is as follows:

COPY OF RESOLUTION.

At a regular meeting of the Board of Directors of the............ Company of....................held on the........................... day of..........A. D., 190.......... the following resolutions were unanimously adopted:

RESOLVED, that the president, vice-president, secretary or treasurer of this company are, and each of them is hereby authorized and empowered to borrow on behalf of this company from the Blank Trust Company from time to time, such sums of money as such officers or either of them may deem expedient, not exceeding in the aggregate at any one time the sum of...........dollars, on such terms and conditions as such officer so acting hereunder may approve, and to pledge as security for the re-payment of each of such loans such securities or assets of this company as may be required, and agreed upon between such officers and the Blank Trust Company, and to give this company's obligation or obligations in evidence thereof, and from time to time when any obligation evidencing any of such loans matures, to renew the loan in whole or in part until the same is paid in full; and that each of such officers is also authorized to borrow money from the Blank Trust Company on behalf of this company, from time to time by rediscounting with said Blank Trust Company any of the bills receivable held by this company, not exceeding in the aggregate at any one time the sum of..........dollars, on such terms as such officer may approve; and the Blank Trust Company may, at any time, apply any money or property in its hands belonging to this company to the payment of any indebtedness of this company to it, whether due or not.

RESOLVED FURTHER, that a certified copy of these resolutions be sent to said the Blank Trust Company, and that they shall remain in full force until written notice of their repeal shall have been given to the Blank Trust Company, and until all indebtedness which may have been incurred as aforesaid shall have been fully paid and satisfied.

THIS IS TO CERTIFY, that the foregoing is a correct copy of the record of a meeting of the Board of Directors of the..........Company, of..........held in said city on the........day of........A. D., 190....

....

(Affix seal of company here.)

....

The officer certifying the copy of resolutions should be other than the officer on whom the resolution confers power to borrow the money.

It sometimes happens that a person wishes to get a loan on securities which are in his possession, but which are not his personal property. In such cases, it is best to have from the owner of the securities a certificate showing that the other person has authority to pledge them as collateral. A form used for this purpose is as follows:

AUTHORITY TO HYPOTHECATE SECURITIES.

Buffalo, N. Y., Aug. 5, 1906.

To the Blank Trust Company.

THIS IS TO CERTIFY, That John Jones is hereby authorized to hypothecate for his own account or otherwise, 100 shares of The Lake Shore and Michigan Southern Ry. Co. stock standing in my name, as security for any loan or loans made by the Blank Trust Company to him or for any other indebtedness of his to said Trust Company, and to receive said security upon payment of such loan or indebtedness. This authority is good until revoked by me in writing.

MARY R. JONES.

Witness: Wm. Smith.

For the safe-keeping of the notes and collateral, loan envelopes are provided, made of manila paper or of strong paper re-enforced with cloth, and having printed on the face memoranda regarding the contents. Figure 174 shows the face of such an envelope. These envelopes are filed alphabetically in the drawers of a cabinet which is kept in the vault. A convenient arrangement is to have this cabinet made of metal and mounted on trucks, so that it may be placed in the loan cage during business hours. On each envelope, as the figure shows, are recorded the

LOAN AND INCOME JOURNAL

DEBIT										CREDIT							
DATE	DEM. LOANS	TIME LOANS	R. E. LOANS	ACC'D INT.	DEM. LOAN INTEREST	TIME LOAN INTEREST	R. E. LOAN INTEREST	TOTAL INTEREST	NAME	DEM. LOANS	TIME LOANS	R. E. LOANS	ACC'D INT	DEM. LOAN INTEREST	TIME LOAN INTEREST	R. E. LOAN INTEREST	TOTAL INTEREST
7 5 06	5000								James Brown 2173								
		2500							Smith and Doe 1136								
			3500						William Rosco 2216								
									Brown and White 1987	5075				48 54			
									A. B. Smart 1025		1200				6 15		
									John & Mary Jones 2976			1800				45	
									[illegible] et 2016	500							
									Arthur Smith				61 95				
									Jackson and Burr				176 40				
	10000								Rose and Company 2174								
	5765								Ralph P. Peters 2175								
			2000						J. J. Ruskall 2219								
			5500						Kettle Wann 2220								
									Peter A. Pratt et 975	1500							
									John R. Peterson 3451			3000				85 74	
	15765	2500	[illegible]							7075	1200	6500	238 35	48 54	6 15	130 74	185 43

FIG. 163.—LOAN JOURNAL.

NAME John Smith

DATE			PAR OR SHARES	AT		AMOUNT
1	7	06	50	120	D3147	6000

New York Central & H.R.R. stock

LINE CARD | 8 ca. | 6-4-6 OFFICE [illegible] CO.

FIG. 171.—COLLATERAL LINE LEDGER CARD.

TRANSFER OF STOCK.

Know all Men by these Presents, That ______ for value received, ______ have bargained, sold, assigned and transferred, and by these presents do bargain, sell, assign and transfer unto ______ 100 SHARES of the Pfd. capital stock of the Chicago, Milwaukee and St. Paul Ry. Co. standing in my name on the books of said Company represented by Certificate No. A4963 Herewith, and ______ do hereby constitute and appoint ______ true and lawful attorney, irrevocable for me and in my name and stead. But to my use, to sell, assign, transfer and set over, all or any part of said stock, and for that purpose to make and execute all necessary acts of assignment and transfer, and one or more persons to substitute with like full power, hereby ratifying and confirming all that my said attorney, or his substitutes shall lawfully do by virtue hereof

Date Sept. 12 1905

Signed and acknowledged in presence of M. J. Doe

William R. Swift

B 13646

FIG. 173.—POWER OF ATTORNEY FOR TRANSFER OF STOCK.

Substitution of Collateral.

Pittsburg, Pa., July 7 1906

The undersigned acknowledges that he has this day received from The Blank Trust Company the following securities held as collateral to loans:—

$4000.00 Ches and Ohio 6 % bonds, series A.
$5000.00 Chicago & E. Ill. 1st gen. 4% bonds.

And that he has deposited in lieu therof, subject to the same conditions as the collateral originally pledged,

$9000. Chic. Mil. St. Paul g. 5% bonds.

John Johnson

FIG. 166.—FORM FOR SUBSTITUTION OF COLLATERAL.

name of the borrower, the date, number and amount of the loan, and a list of the collateral; the plan involving the use of a separate envelope for each loan, even when there are several loans to one person. Some companies, however, keep the collateral of all the loans of each customer in one package, using expansible wallets which will contain a considerable number of papers. In cases where the collateral consists of a number

TIME LOAN No. 3215

TO Charles M. Ward ADDRESS 2743 Seventh St.

MEMO. RATE 6 %

Par or Shares	Description	Rate	Date	Time	Due	Date	Debit	Credit	Balance
~~5000~~	Norfolk & Western Ry 1st Con. 5's	85	3/5/06	90 da.	6/3/06	3 5 06	4250		4250
3000	Nos. 1346, 1347, 1348, ~~1463, 1529~~	80	6/3/06	60 da.	8/3/06	6 3 06	2400	4250	2400

FIG. 167.—FACE OF CARD LEDGER FOR TIME LOANS.

of bonds too large to be placed in an envelope or wallet, the bonds are kept in a specially prepared place in the vault, and a memorandum of same is placed in the loan envelope.

INTEREST RECORD

TO			AMOUNT			PAID				TO			AMOUNT			PAID		
6	3	06		63	75	3	5	06										
8	2	06		36		6	3	06										

COLLATERAL SURRENDERED

THE UNDERSIGNED ACKNOWLEDGE'S RECEIPT ON THE DATES MENTIONED, OF THE SECURITIES DESCRIBED BELOW.

6	3	06	2 M Norfolk & W. Ry. 1st 5's.	Chas. M. Ward

RECEIVED FROM THE CLEVELAND TRUST COMPANY, ALL SECURITIES AND OTHER PAPERS DUE IN CONNECTION WITH THE WITHIN DESCRIBED LOAN.

SIGN BELOW

CLEVELAND, O.

This form should be of the same size as No. 167 on the preceding page. It is the back of the same card.

FIG. 168.—BACK OF CARD LEDGER FOR TIME LOANS.

BONDS LINE LEDGER

STOCK The New York Central & Hudson River R.R. Co.

BONDS $ PREF STOCK $ COMMON STOCK $ LIMIT $

DATE			BORROWER	LOAN RATE	LOANS MADE No.	LOANS MADE AMOUNT	LOANS PAID No	LOANS PAID AMOUNT	BALANCE No.	BALANCE AMOUNT
4	5	05	James Smith	120	25	3000			25	3000
4	10		Arthur Brown	120	50	6000			75	9000
5	15		Box and Rox	100	50	5000			125	14000
5	15		Arthur Brown				50	6000	75	8000

FIG. 170.—COLLATERAL LINE LEDGER.

Some companies do not file the notes with the collateral, but keep all notes together in a wallet, for greater convenience in endorsing interest and payments.

[redacted] $3000.00 New York, March 14 1905.

Ninety days after date, for value received, the undersigned promises to pay the COLUMBIA TRUST COMPANY, or order, at the office of said Company, 26 Nassau Street, City of New York, Three thousand Dollars ($3000.00) with interest at the rate of five per centum (5%) per annum, having deposited with said Trust Company as collateral security for the payment of this, and for all other present and future demands of the holder hereof against the undersigned, due or not due

$2000 Chesapeake & Ohio Ry. 1st. Mtge. 6% gold bonds
30 sh. N.Y., Chicago and St. Louis Ry.

and hereby empower the holder hereof, on non-performance of any obligations herein contained to sell, without notice and without demand of payment, the whole or any part of said securities and substitutes therefor and additions thereto, at any brokers' board or at public or private sale, within or without the City of New York, at the option of the holder hereof, and after deducting all legal charges, expenses of said sale and collection of this note, to apply the proceeds to the payment of the principal and interest of this note, and other demands against the undersigned aforesaid, accounting to the undersigned for the surplus, if any. In case of deficiency after sale and application of proceeds, the undersigned agree to pay the amount thereof, with legal interest

In case of depreciation in the market value of the property held as collateral to this loan, or in case any of the collateral securing this loan shall be unsatisfactory in amount or otherwise to the holder, the undersigned will forthwith make such payment of principal and interest, or deposit such additional securities as collateral hereto, as may be required and approved by the holder hereof. In case such payment shall not be made, or securities deposited as aforesaid, this note shall, at the option of the holder, become immediately due and payable, and the collateral deposited, as aforesaid, may be forthwith sold and the proceeds thereof applied as hereinbefore provided, the undersigned contracting and agreeing forthwith to pay the holder any deficiency, with legal interest thereon. On sale of any of said collateral the holder may purchase and hold the same, free from any claim of the undersigned, applying the amount of the purchase price in the liquidating or reducing the indebtedness. The collateral herein mentioned, and any securities which shall be either added to or substituted therefor and the proceeds thereof, shall also be held and treated as collateral security for any and all other debts or claims (absolute or contingent, due or to grow due), held against the undersigned by said Trust Company at any time, and shall be subject to sale upon non-performance of any obligation thereby imposed and to all the conditions and agreements herein contained.

Any delay on the part of the holder hereof in exercising any rights hereunder shall not operate as a waiver of said rights.

If the undersigned shall become insolvent, make a general assignment for the benefit of creditors or file a voluntary petition in bankruptcy, or if a petition in bankruptcy be filed against the undersigned, then this note shall be forthwith due and payable, and in any such event all property of the undersigned in the possession or under the control of the Trust Company shall be collateral security hereunder.

William R Swift.

FIG. 172.—COLLATERAL NOTE.

Instead of, or in addition to, keeping a record of loans and collateral on the same cards or sheets, as indicated on the records above described, some companies keep a record of the collateral in a separate book known as the collateral register, a form of which is shown in Figure 175. Of

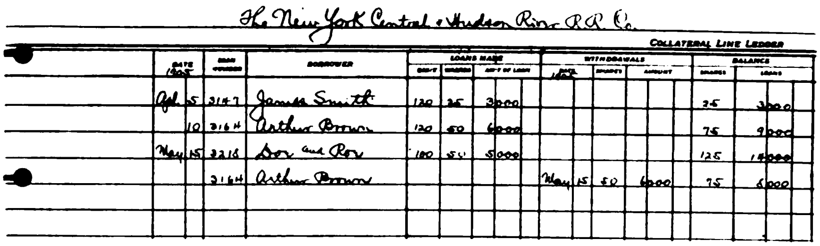


FIG. 169.—COLLATERAL LINE LEDGER.

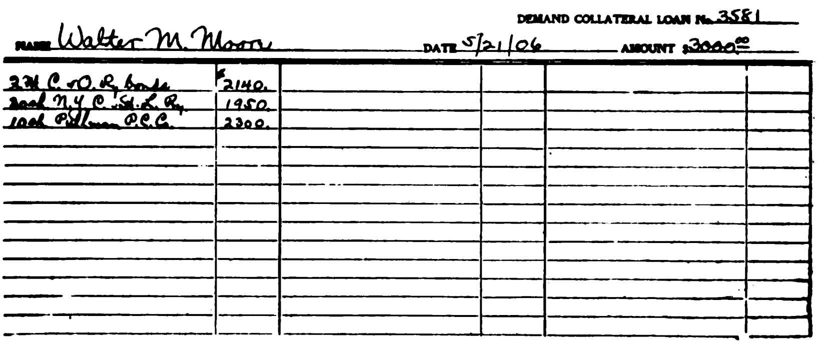


FIG. 174.—FACE OF COLLATERAL LOAN ENVELOPE.

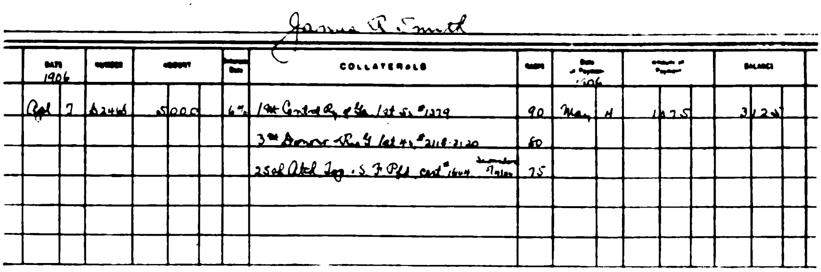


FIG. 175.—COLLATERAL REGISTER.

this record one page (or more if needed) is used for each borrower. Another form of this record is shown in Figure 176. A third form contains space for the record of collateral of loans to different customers in consecutive order as the loans are made. Space is left after the list of collateral of each loan for possible changes in collateral; but on this

James R. Smith

DATE	LOAN	COLLATERAL	VALUE	DEPOSITOR'S RECEIPT
1906 Sept. 7	5000	1 M Central Ry. of Ga. 1st 5s #1379	1180	James R. Smith 9/12/06
		3 M Denver & R. G. 1st 4s, #2118-2120	3000	
		25 sh. Atch., Topeka & S. F. Pfd., cert. 1604	2525	

FIG. 176.—COLLATERAL REGISTER.

form it is not possible to group together all the collaterals of each customer.

Some companies keep a "Loan Accession Book," which is a register of collateral loans in the order in which they are received, being similar in principle to a register of bills discounted, a form of which will be shown later. Spaces are provided for the date, name of borrower, due-date, rate, amount and list of collateral.

(To be continued.)

AMERICAN BANK IN EGYPT.

As a means of promoting American trade in Egypt, Lewis M. Iddings, consul-general at Cairo, suggests that a bank be organized under American auspices. He says:

"It has been suggested that the lack of an American banking establishment in Egypt has something to do with the unsatisfactory state of American trade relations. I am assured that there is not only room for such a bank, but that a wide business range for it exists. At present all transactions with America have to take place through Paris and London, and this does not lower prices or facilitate trade. The maximum legal rate for bank loans is nine per cent. The banks ask this in ordinary cases, then take a commission, and compound the interest due every three months, thus netting twelve per cent.

While other countries have been investing huge sums in Egyptian securities no American capital has been invested here, not even in the hotels, of which sixty per cent. of the patronage comes from America. The nominal capital of the company hotels in Egypt is $12,000,000. Visitors annually number between 10,000 and 11,000. The average duration of their stay is sixty days, and the expenditure per head is $10 per day. It therefore appears that American visitors spend annually in Egypt no less than $3,780,000, and a reference to the table of imports and exports in the second part of this report will show that the balance of trade against America is a like sum, viz., $3,813,805. The sums paid for passage money, railway fares, etc., are not considered in the above figures."

WRECK OF THE REAL ESTATE TRUST COMPANY.

BY GEORGE WILKINSON.

ANOTHER bank disaster has resulted from the failure of the directors to perform their most obvious duty. The Real Estate Trust Company of Philadelphia, long reputed to be one of the most stable finacial institutions of that city, has come to grief as the direct result of the long-continued negligence of the board of directors.

In some respects very similar, and in other respects far worse than the Milwaukee Avenue State Bank of Chicago, the Philadelphia trust company has been wrecked through the direct and culpable rascality of its president.

On the afternoon of Tuesday, August 28, the doors of the bank were closed. Early the same morning there had been a meeting of the Philadelphia Clearing House Association, largely attended by the bankers of Philadelphia. The association was asked by the directors of the trust company to subscribe the considerable sum of $7,000,000 to save the company from failure.

A few pertinent questions, by some members of the clearing-house association, revealed a most shameful story of laxity on the part of the governing body of the trust company. As the result of a few pointed questions, it was admitted that no regular meeting of the board of directors had been held for two and a half years. The directors had only the most superficial knowledge of how the trust company stood, and were unable to give even an approximate estimate of the value of its assets and the extent of its liabilities.

The directors shamefacedly admitted that the affairs of the trust company and the loaning of its deposits had been left entirely to the late president, and they seemed both surprised and hurt that the Clearing House Association should decline to guarantee the much-needed $7,000,000 in face of their own refusal to pledge their personal fortunes to make good the losses of the trust company.

Although the directors were free to admit their ignorance of the trust company's embarrassment, it transpires that this was no secret to many of the best-informed bankers of Philadelphia, who had noted for some time past that paper, bearing the endorsement of the late president, had been discounted at enormous rates by other banks in the city.

Unknown to the directors, the defunct president, looked up to by all as a tower of moral and financial strength, had loaned more than half of the company's deposits to one man. The securities offered were varied in the extreme, but bore one striking similarity—they were all unproductive of income. A sugar refining plant, a townsite, a lead reduction works, a steel mill, an apartment hotel—all failures. But of these the men who had been chosen by the shareholders to direct the financial life of their institution knew nothing.

Each new development calls for harsher criticism of the directors; even the clerks in the bank were informed that all was not well. This is plainly shown, as employees going on their vacation left checks with their fellow clerks to be cashed on the first outward sign of trouble.

The fact that Banker Hipple had killed himself to make his personal escape from disgrace, although withheld from the public for a week by a county coroner, was pretty generally known to the directors of the trust company, and must have proved a bitter awakening to them.

When asked further as to how recently the company had been examined by the state authorities, it was learned that not for three years had this been done. What means (if any) had been used to defer the official examination, could not be learned.

When interviewed at Harrisburg recently, Banking Commissioner J. A. Berkey admitted that the Real Estate Trust Company had not been officially examined for "more than two and a half years." It is true that the company had filed its statement at Harrisburg, as late as May 26 last, and that the statement had been signed by the treasurer of the company and three of the directors, including the president. Whether this sworn statement was true remains yet to be shown.

The Banking Commissioner complains that the fifteen examiners allowed him under the recent amendment of the Pennsylvania banking law are insufficient to examine the 1,650 state banks and trust companies domiciled in the State of Pennsylvania. The law does not specify how frequently these examinations should be made, but leaves it entirely to the discretion of the Commissioner. In this case it appears that the Real Estate Trust Co. and its deceased president were held in such high esteem that no uneasiness was felt by the Harrisburg officials in regard to the company's affairs. Its examinations could be conducted when there was more time.

The Pennsylvania banking law of 1874 seems to provide for double liability of the shareholders; that is to say, that after the surplus and undivided profits of the trust company have been wiped out, the receiver can call upon the shareholders for the payment of an assessment equal to the par value of each share of stock held by them, to meet the demands of the creditors. The shareholders elected twelve directors to administer their corporate affairs, and these directors, in turn, delegated their responsibility to one man, with the sad result told.

It now transpires that the repeated allusion in the daily press to a certain mystic "auditor" or "certified accountant" had reference to a salaried employee named Hill, who was engaged by President Hipple, and whose duties included furnishing upon request a certificate that he had examined the loans and found them correct, which certificate President Hipple applied to a list of fictitious, but apparently good loans, prepared by himself for the deception of the board.

It was inconceivable that a reputable firm of certified public accountants could have been employed for any such purpose.

THE BANKERS' MAGAZINE has repeatedly pointed out to its readers the necessity for all banks and trust companies to have their books of account regularly audited by reputable firms of public accountants, whose standing in the community would be a guarantee that their work was thoroughly done and the service faithfully rendered. It is most essential that these accountants should be retained by the board of directors and their report should be made in writing to the board.

Such examinations will undoubtedly lessen the number of disastrous bank failures like those of the Real Estate Trust Company of Philadelphia and the Milwaukee Avenue State Bank of Chicago, and perhaps prevent them altogether.

BANKING IN TURKEY.

VICE CONSUL-GENERAL WILLIAM SMITH LYTE makes the following report concerning banks and banking in Constantinople:

"Banks in this city do a general depositing and checking business, such as is in vogue in the United States. No charges are made for bookkeeping or for checking such accounts of patrons beyond a charge for check book to cover the cost of Ottoman revenue stamps. Until quite recently no interest was allowed on balances of such accounts, an exception being made in the case of accounts of charitable institutions. Lately with the establishment of foreign banks in Constantinople, competition has become very keen and certain banks are allowing three per cent. interest on balances of current accounts. On deposits for fixed periods of six and twelve months interest at the rate of two to three per cent. is credited. Such deposits cannot be withdrawn in the interim, the banks giving in return for the deposit a bill on themselves at six or twelve months date plus interest for the whole period. Banks negotiate sight bills of other banks and bankers and sight drafts and checks on other cities at the market rate of exchange for the day, giving immediate credit for the same. Banks discount paper for patrons and also buy from note brokers.

The State bank alone enjoys the privilege of issuing bank notes, but under the restrictions of a balance in gold in proportion to the notes in circulation. Notes are for $22 in value only and no multiples. Owing to the Turkish agreements with foreign countries banks are not taxed for state and municipal purposes and are under no obligation to publish balance sheets; hence it is difficuult to estimate dividends or profits earned, which, however, it is supposed are not less than ten per cent. on the share capital."

BANKING AND COMMERCIAL LAW

IMPORTANT LEGAL DECISIONS OF INTEREST TO BANKERS.

All the latest decisions affecting bankers rendered by the United States courts and State courts of last resort will be found in the MAGAZINE'S Law Department as early as obtainable.

Attention is also directed to the "Replies to Law and Banking Questions," included in this Department.

BILLS AND NOTES—CONSIDERATION—MORAL OBLIGATION—PRE-EXISTING DEBT—HUSBAND AND WIFE.

Supreme Court of Massachusetts, January 3, 1906.

Feeling morally obligated to a creditor, Isaac E. Baxter, though discharged in bankruptcy, began to pay off a debt of $2,000, his wife signing eight notes to cover the amount. Two were paid and two others were then given to take up the remaining six. Suit was afterwards brought by John R. Widger, holder of the notes, against the husband and wife, and the Supreme Court of Massachusetts decided in favor of the defendants, holding that a note given by a married woman for the amount of an unsecured debt of her husband, the same having been discharged in bankruptcy, is without consideration, not having been received in payment of the debt, but as security for the discharge of the husband's moral obligation to pay the debt. If the notes were given in payment of a debt of her husband the consideration would have been valid. Following is the opinion of the court in regard to the liability on the notes signed by Mrs. Baxter:

KNOWLTON, *C. J.:* There is no indication that there was anything of benefit to her in the transaction, nor does it appear that McMahon (the creditor) gave up anything of value as a consideration for the notes. He had at the time an unsecured, unenforceable debt, against her husband, which had been discharged in insolvency, and was worthless, except as it might furnish a consideration for a promise that would bind the husband if he should choose to waive the benefit of his discharge, and make an unequivocal new promise to pay the debt.

It does not appear that the parties treated it as anything more than a mere moral obligation of Baxter. It is plain that such an obligation is not a sufficient consideration to support a promise of a third person to discharge it. If it was treated as a debt, the evidence does not show that the notes were received in payment of it. The conduct of the parties is quite as consistent with a finding that the notes were received as a kind of security to strengthen the purpose of the husband to meet his moral obligation. He had previously made payments which he was under no legal obligation to make, and for nearly six years afterwards he continued to pay, as if the matter were his and not his wife's, while she paid nothing. We must assume that the judge did not find that the debt was paid by the notes, so that it could not afterwards be made a foundation for a valid new promise by the insolvent, if he chose to make one. The first request for instructions was rightly refused.

The second request was that a wife's note, given in payment or as security for her husband's debt, is no valid consideration. This was too broad. A wife's note, given to a third person in payment of her husband's debt, is for a valuable consideration; but a note given as security for such a debt, previously existing, is not. To make a note of the latter kind valid, there must be a new consideration. But in the case supposed, the wife obtains nothing, and the husband's creditor gives up nothing, and there is no consideration moving from either party to the other. The finding of the judge that there was no consideration for the original eight notes, and that the note in suit was given in renewal of them, makes it unnecessary to consider other exceptions taken by the plaintiff.

Exceptions overruled.

TAXATION—CORPORATE PROPERTY—UNPAID DIVIDENDS.

GRENADA BANK VS. ADAMS.

Supreme Court of Mississippi, February 19, 1906.

In a decision by the Supreme Court of Mississippi in the case of the Grenada Bank vs. Wirt Adams, state revenue agent, it is held that a dividend, declared by a bank and paid by issuing to its stockholders time checks payable at future date, is, before the time for the presentation of the checks, an asset of the bank, and subject to taxation.

CALHOON, *J.:* The record, as corrected by the agreement of counsel, shows that at the instance of the state revenue agent the bank was assessed for $60,000 of values of "solvent credits, money loaned, money on hand," etc.; that it paid taxes on its capital stock of $60,000, but not on its "dividends unpaid" of $60,150. The bank declared a dividend to its stockholders of 115 per cent., of which it paid them fifteen per cent. in cash, and it disposed of the remaining 100 per cent. by giving them signed time checks payable at four different future dates, each for twenty-five per cent. of the total. The main question is whether this money was the property of the bank and taxable to it before the time checks were properly presentable for payment. We think it was. The bank held it with the perfect right to use it as any other of its funds, and this was agreed to by the stockholders, who gave the time by taking the checks, which they knew they could not legally demand the cash for until the day they fell due, with three days of grace added, as on any other class of bills of exchange; a time check being merely a bill of exchange and entitled to three days of grace. The money was as much bank assets, in the shape of unpaid dividends, as it was, before the declaration of dividend, in the shape of surplus. Otherwise it would be an easy device for a bank to escape taxation altogether on its surplus or undivided profits by declarations of dividend and long-time checks.

The board of supervisors, in its judgment, which gives rise to this appeal, recites as follows: "The board, having heretofore, in August, 1900, specially passed upon the assessment of the Grenada Bank, and this particular item herein referred to, and having accepted the said assessment as full, equitable, and just," proceeds to adjudge that the assessment at the instance of the revenue agent is dismissed. The bank now, here, relies on the recital as res judicata. There is no plea of res judicata in the record, no former judgment is produced in evidence, and we, of course, cannot hold the recital as supplying them.

Affirmed.

CHATTEL MORTGAGES—VALIDITY—FUTURE CROP—FUTURE ADVANCES — PRINCIPAL AND SURETY — RIGHTS OF LATTER.

WINSTON VS. FARROW.

Supreme Court of Alabama, May 18, 1906.

The Supreme Court of Alabama, in the suit of John C. Winston vs. Thomas L. Farrow, upholds the validity of a mortgage on crops to be raised on mortgagor's land during a specified year and each succeeding year, duly recorded in the county where the mortgagor resides. It further holds that where a mortgage of crops is given primarily to secure a certain sum, recited that it was to "secure this debt and all other sums due (the mortgagee) prior to the payment hereof" sums due the mortgage at any time before the payment of the particular debt mentioned would be construed as within the terms and protection of the mortgage; but debts accruing to the mortgagee after the payment of the particular debt were not within the provisions of the mortgage.

A surety on a note has no claim against his principal for the liability incurred by reasons of his suretyship until after the payment of the debt by him.

"DENSON, *J.:* On July 1, 1899, F. M. Kirby, being indebted to John G. Winston, the plaintiff in this case, in the sum of $100, executed to him a mortgage to secure the debt on his entire crops of cotton and corn for the year 1899 and each succeeding year. The mortgage was made due December 1, 1899, and was duly recorded in the office of the judge of probate of Marshall county, the county in which the mortgagor resided and where the crops were to be raised on lands then owned by the mortgagor. The validity of such a mortgage has been upheld in the case of Truss vs. Harvey, 120 Ala. 636.

It was shown that the mortgagor, Kirby, raised three bales of cotton on his lands in Marshall county during the year 1901, and that he owned the lands on which the cotton was raised at the time he executed plaintiff's mortgage. It was further shown that on January 17, 1902, the mortgagor, Kirby, sold the three bales of cotton that he raised in 1901 to the defendant, Thomas L. Farrow, and that Farrow converted them to his own use, whereby the lien of plaintiff under his mortgage was destroyed. It was further shown that the mortgagor was justly indebted to the plaintiff in the sum named in said mortgage when it was given but that a payment of one bale of cotton, valued at $40.64, was made to the plaintiff on the mortgage on October 17, 1902. It was further shown that the three bales of cotton received by the defendant from the mortgagor were reasonably worth $109.83. Thus a prima facie case was made for the plaintiff. The defendant, after proving its execution, offered in evidence a mortgage which was executed to him by F. M. Kirby (the same person who executed the mortgage to plaintiff) on January 21, 1899, due and payable October 1, 1899.

The contention of the plaintiff is that the proper construction of this mortgage must limit it as security only for the particular debt named, $138.38. This contention rests upon the principle that a mortgage is security only for such demands as are in the contemplation of the parties at the time. This is a well-recognized rule in the construction of mortgages. (Wilkerson vs. Tillman, 66 Ala. 533.) Difficulty, however, sometimes arises in determining under the rule what demands were within the contemplation of the parties, and this difficulty is increased when the rights of subsequent purchasers or of junior incumbrancers are involved. The intention of the mortgagor and mortgagee governs, but the intention must be that expressed in the mortgage according to the meaning of the words used; and the whole of the mortgage must be considered, not simply parts of it. It is true that to get at this intention, when the language used is ambiguous, attending circumstances, such as the situation of the parties at the time of the execution of the mortgage and the nature and purpose thereof, may be taken into consideration.

In a mortgage given to secure future advances it is the law that it is not necessary for it to specify any particular or definite sum which it is to secure. "It is not necessary for it to be so completely certain as to preclude the necessity of all extraneous inquiry. If it contain enough to show a contract that it is to stand as a security to the mortgagee for such indebtedness as may arise from future dealings between the parties, it is sufficient to put a purchaser or incumbrancer on inquiry; and if he fails to make it in the proper quarter he cannot claim protection as a bona fide purchaser."

Coming to the mortgage in hand, considering all the clauses of it as a whole, we think the true interpretation of it is that it was intended by the parties that it should stand as security, in addition to the debt expressly mentioned in the mortgage, for such sums or debts as was due the mortgagee at any time before the payment of the particular debt, $138.38, which the mortgage was given to secure, but that it was not intended that it should extend as security to debts which accrued to or became due to the mortgagee, Farrow, after the payment of the particular debt.

Under the construction we have put upon the mortgage which was executed by Kirby to the defendant on January 21, 1899, and due October 1, 1899, items of indebtedness which were contracted before the payment of the debt of $138.38 were properly allowed in proof. The amount paid by defendant to the Bank of Guntersville on the Leathers & Moderal mortgage ($92.75) should not have been allowed as an item secured by the mortgage. Granting that Kirby was principal and defendant was his surety on that note and mortgage, it was executed January 21, 1899, due November 1, 1899, and, until after payment of the debt by the surety, the surety (defendant) had no claim on the principal (Kirby). So there was not only no debt due on account of this mortgage to defendant from Kirby on October 1, 1899, but no liability existed on account of the suretyship on that date, nor until it had been paid by Farrow.

The mortgage executed by F. M. Kirby to defendant (Farrow) on March 24, 1897, in connection with the parol proof offered with respect to it, was competent as evidence in support of the consideration expressed in the mortgage we have been considering, and we understand from the bill of exceptions that it was offered only for that purpose. The objection to the mortgage as evidence was properly overruled.

As the law makes the application, the court committed no error in not allowing proof that Kirby gave directions as to the application of the amounts allowed for the mules. A partial payment made on an account, no particular application being directed or made at the time, is applied by law to the oldest items of the account.

Reversed and remanded.

BANKS AND BANKING—INSOLVENCY—PREFERENCES—CONSTITUTIONAL LAW—SELF-EXECUTING PROVISIONS.

TAYLOR VS. HUTCHINSON.

Supreme Court of Alabama, January 30, 1906.

In an action by C. P. D. Taylor to establish a claim against the Shepard Bank, an insolvent bank which had assigned for the benefit of creditors, the Supreme Court of Alabama held that a constitutional provision giving holders of bank notes and depositors who have not stipulated for interest a preference in the event of the bank's insolvency, is complete and self-executing and needs no legislation to put it into operation; also that a holder of a bank's certificates of deposit, payable on a fixed date with interest, is a creditor of the bank on the loan made to it for a fixed period on which interest is stipulated for, and is not a depositor within the aforesaid constitutional clause.

Taylor filed a claim for $9,000. Objection to it was made by J. N. Hutchinson and others. The lower court allowed the claim as non-preferred and an appeal was taken by the claimant.

DOWDELL, *J.*: It is insisted in argument of counsel for appellant that the constitutional provision which gives to "holders of bank notes and depositors who have not stipulated for interest" a preference over all other creditors is not self-executing, and that there has never been any legislative enactment putting this provision in force. There has been no direct adjudication of this precise question, so far as we have seen, in this state, where the provision was first introduced into the Constitution of 1868, and amplified in that of 1875, or in either of the several other states of the Union where the same provision in substance is found.

Our Constitution contains many instances of non-self executing provisions. In these cases there is always some indication that something is left for the Legislature to do, or there is something in the nature of the provision that renders such legislation necessary. This is not true of the provision now under consideration. The fact that other sections relating to banks and banking may not be self-executing furnishes no good and sufficient reason for holding this independent section not to be so. Here the constitutional provision under consideration clearly expressing the will of the sovereignty is declarative of the rights of parties and fixes their status. It is, in itself, a complete enactment, leaving nothing to be done by way of legislation to put it in operation. It is not, in form or substance, a command or direction to the Legislature. It is manifestly intended to create a preference in favor of the creditors preferred thereby as an accomplished fact, not to instruct the Legislature how it should be done. Moreover, it may be said arguendo that this constitutional provision, which has always heretofore remained unchallenged, has doubtless become a basis of the credit of banks and to which depositors have looked as their protection in case of insolvency. Our conclusion is that the provision is and was intended to be self-executing. Another question presented by the record is whether Taylor, the appellant, is a preferred or non-preferred creditor. The constitutional provision under consideration gives to "holders of bank notes and depositors who have not stipulated for interest" a preference of payment over "all other creditors"; the term "all other creditors" in this connection meaning and including, among others, depositors who have stipulated for interest and also persons who have loaned money to the bank on promissory notes. It is admitted in the agreed statement of facts that Taylor held the bank's certificate of deposit, payable on a fixed date, and that interest on said deposit was stipulated for and paid by the bank. It is clear that Taylor was not a common or ordinary depositor of the bank within the meaning of the constitutional provision. His deposit was not subject to check at any time and could not have been demanded before the day of the maturity of his certificate of deposit. He was a creditor of the bank on a loan made to the bank for a fixed period and on which interest was stipulated for. He accepted as evidence of the bank's indebtedness to him its certificate of deposit, which the law declares to be, in legal effect, a promissory note. (Renfro vs. Bank, 83 Ala. 425, 3 South. 776; 1 Morse on Banking, sections 298, 302; 5 Am. & Eng. Enc. Law [2d Ed.] 803; note to Hillsinger vs. Georgia R. Bank, 75 Am. St. Rep. 46.)

If Taylor had accepted the bank's promissory note for the deposit so made by him, stipulating for interest and payable on a fixed date, it would not for a moment, we apprehend, be contended that he was a depositor within the meaning of the constitutional provision and included in that preferred class. Yet, on the agreed statement of facts, this is his legal status in the case.

The register and chancellor both so ruled, and we are clearly of opinion that they were correct in such ruling. We find no error in the record, and the decree appealed from will be affirmed.

Affirmed.

BILLS AND NOTES—PROMISSORY NOTE—PRINCIPAL AND SURETY—PRIMARY LIABILITY.

EAST BRIDGEWATER SAVINGS BANK VS. BATES.

Supreme Court of Massachusetts, March 5, 1906.

In the suit of the East Bridgewater Savings Bank vs. Bates, a married woman, the Supreme Court of Massachusetts holds that as the defendant and others signed as sureties promissory notes, promising jointly and severally to pay the amount stated, they became individually and severally, as well as jointly, liable for the payment. Such signing by her did not affect her joint and several primary liability to the holder of the notes, but only showed the relation of the makers to one another.

KNOWLTON, *C. J.:* The promissory notes declared on were signed by the Hampshire & Worcester Street Railway Company as principal, and by the defendant and two other persons as sureties. In each of them the signers "jointly and severally promised to pay" the amount stated. The defendant therefore became individually and severally, as well as jointly, liable for the payment. (Hunt vs. Adams, 5 Mass. 358; Same vs. Same, 6 Mass. 522; Bank of Weymouth vs. Willis, 8 Metc. 504-510.) In this particular the fact that she signed as a surety does not affect her primary liability to the holder of the notes, but only shows the relations of the makers to one another.

The notes were payable at the Fourth National Bank, Boston, and, from a time about three months after the delivery of them, they were at this bank for nearly five months, awaiting payment. Copies of letters written by the plaintiff to the defendant were put in evidence, which well warranted a finding by the jury that the defendant was notified of a demand for payment of the notes at the place where they were payable. Without intimating that any formal demand was necessary, this was ample to justify the verdict, against the defendant for the amount remaining unpaid. The oral testimony of the plaintiff's treasurer was competent to explain an ambiguity in the letter of November 19, written to the defendant. Without explanation, the language of the letter might suggest a possibility of an arrangement with the principal to extend the time of payment without the consent of the defendant, which might discharge her as a surety. The testimony tended to show that the proposition referred to was made by the defendant's husband in her behalf.

The case was rightly submitted to the jury.

Exceptions overruled.

BUCKET-SHOP—GAMING—RELEASE OF RIGHT—INTERESTS OF CREDITORS—DEATH OF PAYOR—SURVIVAL OF ACTION.

ANDERSON VS. METROPOLITAN STOCK EXCHANGE.

Supreme Court of Massachusetts, March 5, 1906.

Rights of creditors of an insolvent under a law aimed primarily at "bucket shops"— frequent cause of insolvency—are discussed by the Supreme Court of Massachusetts in the suit of George W. Anderson, administrator of the estate of Edwin M. Thayer, against the Metropolitan Stock Exchange. Thayer was a young man well known in insurance and financial circles. His creditors were crowding him and finally suits were filed against him. He was arrested on mesne process in connection with one action, on the ground that he intended to leave the state. Under charge of an officer he was allowed to stay in a hotel. He was there a day or two, and died under mysterious circumstances in the hotel. As a result of his death it transpired that he had been a forger and upon various representations had procured insurance policies on his life aggregating several hundred thousand dollars. Under a suicide clause several big companies contested the claim on policies on the theory that the insured had taken his own life. A settlement was effected in the matter of the claims on the policies.

He had operated in the stock market. His administrator sued to recover the moneys lost in the transactions with the defendant, basing the action on a statute relating to gaming contracts especially pertaining to stock dealings on a margin where no actual purchase or sale is made or intended to be made. The administrator won, and the exceptions of the defendant were overruled by the appellate court. The releases signed by Thayer are held not to affect his creditors, though they might have been personally binding upon him.

KNOWLTON, *C. J.:* It appears by the agreement of the parties that there were 1860 transactions between Thayer and the defendant, of the kind described in the auditor's report; that on 1107 of these transactions Thayer paid to the defendant $318,470, and received from the defendant $429,134.46, thus obtaining profits or winnings to the amount of $110,664.46; that on 512 of the transactions Thayer paid to the defendant $250,187.50, and received from the defendant $149,768.98, thus suffering losses to the amount of $100,418.52; that on eighty-eight of these transactions Thayer paid to the defendant $39,210 and received nothing from the defendant; and that on 153 of the transactions Thayer paid to the defendant $43,426.25 and received the same sum from the defendant on closing out the transactions. The result was thus a net loss to Thayer of $28,964.02. These transactions were conducted under contracts which were of only two kinds, one for agreements to buy and the other for agreements to sell. The following is a copy of one of them: "Boston, Mass., April 16, 1903. On three days notice, the Metropolitan Stock Exchange has promised to deliver to Mr. Thayer three hundred full shares of St. Paul, at 161¾, and the holder of this contract agrees to receive the same, or upon surrender by mutual consent of this contract, said corporation agrees to pay the holder of it a sum equal to the then advance in the market price of said commodity or stock. All deposits shall become the absolute property of said corporation, to the amount of the decline in the market value of said commodity or stock when this contract is closed, either by further order of the holder, or when the decline in the market value of said commodity or stock shall equal the sum of all deposits, whereupon this contract terminates. The holder of this contract agrees to the above terms. [Signed] Metropolitan Stock Exchange."

The form of contract for the sale by Thayer to the defendant is precisely like the other, except that the words "receive from" take the place of the words "deliver to," and the word "deliver" takes the place of the word "receive," and the word "advance" takes the place of the word "decline" in two places. The auditor found, as to all these transactions except one, which was of a different kind, that there was no actual purchase or sale by the defendant for Thayer's account, nor any delivery of stock between them, and that Thayer had no intention that there should be any actual purchase or sale, and that the defendant had reasonable cause to believe that Thayer had no intention that there should be any actual purchase or sale. He also found that it was intended and mutually understood by both parties, upon each and every transaction of this character, with said one exception, that there should be no actual purchase or sale, but that the transaction should be closed by a statement between them based on the rise or fall of the market.

These findings bring the case within the Revised Laws, chap. 99, sec. 4, which gives a right to recover for payments made upon such contracts. The first part of the findings as to the intention of Thayer follows, perhaps inadvertently, the terms of St. 1890, p. 479, chap. 437, sec. 2, before the enactment of St. 1901, p. 391, chap. 459, but the latter part of the finding, as to what was intended and mutually understood by both parties, plainly comes within the provisions of the amendments of 1901, embodied in the Revised Laws, chap. 99, sec. 4. It shows an affirmative intention on the part of Thayer that there should be no purchase or sale, and on the part of the defendant reasonable cause to believe that Thayer had this intention. It is therefore unnecessary to consider the counts of the declaration founded on the common law. There is nothing in any part of the auditor's report or in the other evidence which tends to diminish the force of these findings. The affirmative intention of Thayer, with reasonable cause to believe on the part of the defendant that the intention existed, gives a right to recover by the terms of the statute. The auditor's report, finding generally for the plaintiff, and finding specially these facts, is prima facie evidence which requires a verdict for the plaintiff, unless there is other evidence, either in the report or outside of it, to control the findings.

We come now to the objections raised by the defendant. Its first contention is that an action of this kind does not survive to an administrator. Although the Legislature, in enacting the statute, doubtless had a deterrent purpose in reference to such contracts, is has been decided that the act is remedial, and not penal. Its principal direct effect is to relieve one who wants to get back a payment made without a lawful consideration, upon an executed gambling contract, from the defense that he is barred by being in pari delicto. It also makes unenforceable a contract which includes almost, but not quite, all the objectionable features of a gambling contract at common law. It has been decided that a proper remedy, under the statute, is an action of contract for money had and received. This is upon the theory that the gist of the action is a right to recover money paid without a valid consideration. We are of opinion that the action survives to a legal representative of the estate of the payor.

The contention that the statute is unconstitutional has been passed upon adversely by a decision of this court.

The defendant argues that the releases signed by Thayer are a bar to the plaintiff's recovery. If no rights of creditors were involved, the releases would be an effectual defense to the action. But Thayer's right to recover these sums of money was valuable property, which he could not lawfully give away to the detriment of his creditors. The auditor has found that he was deeply insolvent at the time of making each of the releases and that his estate, represented by the present plaintiff, is insolvent to such a degree that the recovery of the whole amount due from the defendant will not be nearly enough to satisfy the demands of creditors. Under these circumstances these voluntary conveyances of property, in the form of leases, were fraudulent as against creditors. It follows that the plaintiff can recover as if they had not been made.

The evidence offered by the defendant as to the defendant's course of dealing with creditors other than the plaintiff was rightly excluded. Under the statute on which the verdict rests, the intention of Thayer was the first fact to be established. That intention was to be ascertained from what he said and did in connection with what was communicated to him. What his dealings with the defendant were, from first to last, was put in evidence. The defendant's dealings with others, of the particulars of which, so far as appears, Thayer had no knowledge, have no tendency to show Thayer's purpose in these transactions.

So, too, the testimony of the defendant's manager as to what his actual undisclosed intention was as to the delivery of the stocks was immaterial. The primary question was what was Thayer's intention, and, as to the defendant, the question was what it had reasonable cause to believe in regard to Thayer's intention.

The plaintiff's bill of exceptions is founded upon his contention that the defendant cannot recover, under the statute, for payments made to the plaintiff under these contracts, on the ground that it was not a party contracting "to buy or sell" upon credit or upon margin, as Thayer was. In Lyons vs. Coe, 177 Mass. 382, N. E. 59, it was held that a person who was employed by another to buy or sell for his account has no remedy, under this statute, to recover for payments made under such a contract, although the person who employs him has such a remedy. As to the defendant's claim under his declaration in set-off, the question is whether these were contracts on the part of the defendant with Thayer to buy or sell stocks from him or to him, or whether the defendant was merely employed as a broker by Thayer, "to buy or sell for his account." The plaintiff's request was for a ruling, as matter of law, that the defendant could not recover under the statute, which was equivalent to a ruling that it was a mere broker, and thus within the decision last cited. We are of opinion that the ruling was rightly refused. Even if there was evidence from which it might have been found, as a fact, that the defendant was merely employed as a broker, and was not contracting as a principal, and this we do not intimate, it could not be held, as matter of law, upon any facts admitted, that this was its relation to Thayer.

Upon both bills there must be the same entry: Exceptions overruled.

BANKS AND BANKING—CHECKS—PAYMENT TO WRONG PERSON—FORGERY—DUTY OF BANK AS TO IDENTITY OF PAYEE—NEGLIGENCE OF DEPOSITOR—FAILURE TO DISCOVER MISTAKE OR TO GIVE NOTICE TO BANK.

MURPHY VS. METROPOLITAN NATIONAL BANK.

Supreme Court of Massachusetts, March 5, 1906.

Through the wrong-doing of M. J. Moore, a lawyer, who absconded from Boston, Mass., in 1902, the Metropolitan National Bank of that city stands to lose $3,419.75 that it paid upon a forged indorsement. The court holds the burden is upon a bank paying a check to show that the payment was to the person named in the check or that the depositor was guilty of negligence precluding him from recovering for payment to the wrong person; also that the fact that the payee is dead does not entitle the drawee to pay it to any one other than the personal representative of the payee.

At his peril a banker on whom a check is drawn must identify the person named as payee and only when he is misled by negligence or the fault of the drawer can he raise the question of his own mistake in ascertaining such identity as against the drawer.

Purporting to represent James J. Brown, Moore negotiated a loan with the plaintiff, who gave him a check for $3,419.75—all he had on deposit at the defendant bank. Moore delivered to him a note and mortgage for $3,500 on Brown's real estate. Brown had been dead several years, and Moore was acting fraudulently. Moore forged the name of the deceased landowner to the check, and after having it certified by the bank, had it cashed at the Federal Trust Company, whose president was acquainted with him. Moore ran away, having been guilty of several other crimes. He was disbarred later and has not been heard from since.

The court holds the broker, who had examined the title to the land and accepted the securities, was not guilty of negligence so as to preclude his recovering the amount of the check; neither did his failure on the return of the check with his pass-book to inquire if the indorsement of the landowner was genuine estop him from such recovery.

Though he did not notify the bank immediately upon his discovering that the check had been paid to the wrong person, he is not prevented from recovering from the bank in the absence of evidence that the position of the bank was altered in any way by such omission.

KNOWLTON, *C. J.*: Upon the admitted facts that the defendant had this money belonging to the plaintiff, and paid it out upon this check, the burden is upon the defendant to show that the payment was to the person named in the check, or that the plaintiff was guilty of such negligence in regard to the payment as precludes him from recovery. The plaintiff did not participate in the acts or conversation attending the payment of the check. The uncontradicted testimony shows that from first to last he dealt with Moore, as the attorney of James J. Brown, and that Moore at no time represented the plaintiff in any way in the transaction. Moore received the check as the representative of Brown, and in procuring the payment at the trust company pretended to be acting in the interest of Brown, and not in the interest of the plaintiff. James J. Brown was represented to the plaintiff as the owner of the real estate proposed to be mortgaged, and the plaintiff caused the title to be examined, and found it standing in his name, and free from incumbrances. He also found that the property was of sufficient value to secure the payment of $3,500, for which, according to Moore's statement, Brown wished to mortgage it. He had no reason to doubt that Brown was living, and that the note and mortgage duly executed in his name were genuine securities. It is too plain for question that the James J. Brown named in the check was the person whom the record showed to be the owner of the real estate described in the mortgage, and that the only payment authorized by the drawer of the check was a payment to him. In that respect the facts are different from those in the cases relied on by the defendant, in which the dealings were with an impostor, who assumed a false name, and the check was intended for the person with whom the drawer was dealing, while the fraud was in the representation that he was another person whose name he assumed. It is true that the payee was not then living, and that it was impossible to make a payment to him in person; but the death of the payee of a check to whom the drawer has sent it, before it reaches its destination, does not enlarge the rights of the drawee in regard to payment. Nor does his death, unknown to the drawer, before the check is drawn, enlarge the drawee's rights. In such a case, the check is either payable to no one, or it may be collected by the executor or administrator, according to the circumstances attending the making and delivery of it. In this case there is nothing to warrant a finding of negligence on the part of the plaintiff in not seeking Brown in person, or verifying Moore's representation that he was living. Nor does it appear that Brown's death affected in any way the defendant or the trust company, to induce the payment of the check upon the forged indorsement. The fraud could have been perpetrated in exactly the same way if Brown had been living. The only difference would have been that the danger of early discovery would have been greater. The ordinary rule is well established that a banker on whom a check is drawn must ascertain at his peril the identity of the person named in it as payee. It is only when he is misled by some negligence or other fault of the drawer, that he can set up his own mistake in this particular against the drawer.

We are of opinion that the plaintiff was guilty of no negligence, in connection with the making or payment of the check, that affects his right to recover.

The next question is whether there was evidence of negligence in his failure to discover the forgery, or in his failure promptly to notify the defendant of his discovery of it, such as estops him from claiming his deposit. This check was returned to him with his pass-book, at the begnning of the next month after it was made, and its payment appeared to be regular. He did not know Brown's signature, and he had no responsibility as to the ascertainment of the identity of the person to whom the payment was made. It was the duty of the defendant to do that. He had every reason to suppose that the payment was to the James J. Brown for whom the check was intended. As the transaction was for a client to whom the note and mortgage belonged, he had no reason to consider the subject further. We understand that the interest was regularly paid until Moore absconded. Until then the mortgage was supposed to be good. We have no doubt that on the return of his passbook with his checks, it was his duty to do what a reasonable person would be expected to do, in the examination of his account to see whether it was correct. If there was anything to put him on inquiry as to the identity of the persons to whom payments had been made, it would be his duty to investigate the subject. But we have been referred to one case in which it is held that this duty requires a depositor, in a case like the present, in which there is no reason to suspect payments to wrong persons, to make an investigation to see whether the indorsements of the payees are forgeries. It has been held in some cases that his duty does not require it. We are of opinion that there was no such negligence of the plaintiff in failing to discover the forgery as to estop him from maintaining this action.

There remains the question whether his failure to inform the defendant of the forgery immediately after his discovery of it should bar him. According to the testimony of the defendant's president, the bank first received notice that the check was not properly indorsed, late in the autumn of 1902. The testimony, as to the discovery of the forgery by the plaintiff, was that he first heard of the death of James J. Brown about the first of October, 1902, and the plaintiff testified that he notified the defendant that the signature of Brown was not genuine, on the very day that he discovered it. There was no evidence tending to show that the defendant suffered any loss from the failure of the plaintiff to notify it earlier than he did. Moore had absconded a considerable time before the discovery of the forgery, and his whereabouts have not since been known. If there was any delay in giving information, after the plaintiff obtained such knowledge as to warrant him in making a claim on the defendant, there is no good ground for conjecture even that the defendant's position was changed on account of it. Without showing some injury by reason of the delay, the defendant cannot use it as an estoppel against the plaintiff. There was no evidence of such negligence of the plaintiff after the discovery of the forgery as to prevent his recovery. The views that we have expressed make it unnecessary to consider particularly the defendant's requests for rulings. Upon the law and the testimony there was no occasion to give any of them. The defendant introduced no evidence to relieve it from liability for making an unauthorized payment of the plaintiff's money.

The admission of the testimony that there is a custom, when money is to be lent to an individual, not to examine the records in the probate court or in registries of death, to see whether the person who is to receive the money is dead, did the defendant no harm. If there had been no testimony on the subject, there would have been no evidence of negligence in failing to make such an examination. If there had been a special reason to seek evidence that Brown was living, it would have been done better in other ways than by searching registries.

Judgment on the verdict.

INDORSEMENT OF NOTE BY WIFE—EFFECT.

MIDDLEBORO NATIONAL BANK VS. COLE.

Supreme Judicial Court of Massachusetts, March 5, 1906.

A married woman who indorses a promissory note payable to the order of her husband, is liable to subsequent holders, notwithstanding she indorsed for the accommodation of her husband.

This was an action on a promissory note given by the Old Homestead Brooder Co., a partnership composed of Lyman Brown and Alton B. Cole, the latter the husband of the defendant and manager of the partnership. The note was signed by the Brooder Co., "by A. B. Cole, treasurer," and was indorsed by the defendant and was given for another note held by the bank which canceled and returned the original note.

KNOWLTON, *C. J.:* The note in suit was made by a partnership, of which the defendant's husband was the business manager, and was payable to the order of her husband. He indorsed it while holding it for the corporation, and procured the indorsement of the defendant, his wife, under his own. He then negotiated it for the corporation to the plaintiff bank. The defendant thus became an accommodation indorser of the note, and by R. L. chap. 73, secs. 82, 83, she warranted to the plaintiff, as a holder in due course, that the instrument was genuine, and in all respects what it purported to be; that she had a good title to it; that all prior parties had capacity to contract, and that the instrument was, at the time of her indorsement, valid and subsisting. This contract between her and the plaintiff was not affected by the fact that she was a married woman, for she might contract with others than her husband as if she were sole.

Before the enactment of the Negotiable Instruments Act she would have been bound in the same way. As between her and a subsequent holder, it would have made no difference if the indorsement from her husband to her was void. A promissory note made by a husband to his wife is void, and cannot be enforced against the husband by any subsequent holder of it. (National Bank of the Republic vs. Delano, 185 Mass. 424, and cases there cited.) But if the wife indorses it to a holder in due course, she is bound by her contract of indorsement, and may be compelled to pay it. (Binney vs. Globe Nat. Bank, 150 Mass. 574, 578; Kenworthy vs. Sawyer, 125 Mass. 28; Foster vs. Leach, 160 Mass. 418.)

The case of National Bank of the Republic vs. Delano, above cited, contains nothing adverse to the plaintiff in this suit. In that case the action was upon a contract made by a wife with her husband, as the payee and owner of a note which she indorsed for his benefit, which contract was void. In the present case the action is upon a contract made by a married woman with a third person, which is binding upon her.

SURETY ON NOTE—NOTICE OF NON-PAYMENT—LIABILITY.

ROUSE VS. WOOTEN.

Supreme Court of North Carolina, March 26, 1906.

A surety on a note is not entitled to notice of non-payment; he is not an indorser and he is primarily liable, according to a decision handed down by the Supreme Court of North Carolina in the suit of N. J. Rouse, et al., vs. Shade Wooten, which was on a note payable to the plaintiff and signed by E. A. Hinson as principal and the defendant as surety.

Walker, *J.:* The defendant's contention is that he was discharged from liability on the note by reason of the fact that he was not given due notice of its dishonor, and he relies upon section 2239 of the Revisal of 1905 to sustain his position. It appears from the face of the paper that it is a note and not a bill, and that defendant was not either a drawer or indorser, who are alone mentioned in that section. The jury in their verdict find that he was simply a surety. His counsel in their brief refer to section 2218 to show that defendant is not primarily liable on the note, but he is not in any sense an indorser, as he is a party to the note, and that section therefore has no bearing on the case. We infer from the course of the argument that some reliance was placed on section 2219, dispensing with presentment for payment where it is sought to charge the person primarily liable on a negotiable instrument, the argument deduced therefrom being that presentment is necessary where the party is secondarily liable and that defendant's liability is of that character. While we do not think the question is distinctly presented, as there is nothing in the verdict concerning presentment for payment, it is a matter of general importance, and we will therefore consider it.

The Negotiable Instrument Law (chapter 54 of the Revisal of 1905), which is an admirable compilation of the principles relating to the subject, clearly points out the well-settled distinction between persons primarily liable and those secondarily liable on commercial paper. "The person primarily liable on an instrument is the person who by the terms of the instrument is absolutely required to pay the same. All other parties are secondarily liable." (Section 2342.) A surety comes squarely within the definition of a person whose liability is primary, for he is, by the terms of the instrument, absolutely required to pay the same.

In Shaw vs. McFarlane, 23 N. C. 216, it is held that if two persons are bound by a bond or judgment for the payment of a sum of money, the one is liable to the creditor in the same manner and to the same extent as the other, though, as between themselves, they may stand as principal and surety. "In respect to the creditor they are joint debtors fixed with the same obligations and what discharges one discharges the other and nothing less."

A surety's obligation is thus defined in Brandt on Suretyship and Guaranty (3d Ed.) s. 2: "A surety is usually bound with his principal by the same instrument, executed at the same time and on the same consideration. He is an original promisor and debtor from the beginning, and is held ordinarily to know every default of his principal." (Mfg. Co. vs. Kimmel, 87 Ind. 566.) It is there further said that he is not entitled to presentment or to notice of dishonor and that he is in the first instance answerable for the debt for which he makes himself responsible and is directly and equally bound with his principal and must take notice of his default.

The distinction between a primary and secondary liability is well stated and illustrated in Coleman vs. Fuller, 105 N. C. 328, 11 S. E. 175, where it is said that a surety is bound with his principal as an original promisor, but the contract of a grantor is his own separate contract and a warranty that what is promised by the principal shall be done and not merely an engagement jointly with the principal to do the thing. "The surety's promise is to pay a debt, which becomes his own when the principal fails to pay it."

The question we now have before us was directly involved in Kearnes vs. Montgomery, 4 W. Va. 29, and the court thus defined the relation of a surety to the creditor: "The contract of a guarantor is collateral and secondary. It differs in that respect from the contract of a surety, which is direct; and in general the guarantor contracts to pay if, by the use of due diligence, the debt cannot be made out of the principal debtor; while the surety undertakes for the payment, and so is responsible at once if the principal debtor makes default."

A surety is in law generally regarded as a maker of the note, and in Hunt vs. Johnson, 96 Ala. 135, 11 South. 387, it is held, in accordance with familiar and elementary principles, that the maker of a promissory note is "the primary debtor" and is not entitled to presentment or demand for payment before suit is brought. His obligation to pay is absolute and in no sense dependent upon a demand after maturity. The doctrine is succinctly stated in McIntosh vs. Reed (C. C.) 89 Fed. 466, where it is said that a surety undertakes to pay if the debtor does not, while in a collateral undertaking, like a guaranty, the undertaking is to pay if the debtor cannot. In the one case, there is a direct liability for the act to be performed, while in the other there is a liability for the ability only of another to perform the act. "Suretyship is a direct contract to pay the debt of another. It insures the particular claim." (Reigart vs. White, 52 Pa. 440.) A surety undertakes primarily to pay if the debtor does not. A guarantor undertakes secondarily to pay if the debtor cannot.

NOTE—CONSIDERATION—SUFFICIENCY—LACK OF BENEFICIAL INTEREST—RIGHT OF ACTION.

FAY VS. HUNT.

Supreme Court of Massachusetts, February 28, 1906.

In the suit of Fay vs. Hunt, et al., the Supreme Court of Massachusetts holds that a promise to end poor debtor proceedings was sufficient consideration for the execution of a note by the judgment debtor and surety of a note for the balance of the judgment. It is further held that a holder of a note, though he has no beneficial interest in it, may sue thereon. In the absence of fraud the law will presume the note was read by the parties signing it.

In an action brought against Hunt by one Hall for the benefit of the Boston & Maine Railroad Co., judgment for the plaintiff was obtained. On an appeal to the superior court from the Lowell police court, one Holt became surety on the appeal bond. Subsequently Fay, an attorney, who brought the suit for Hall, promised to terminate the poor debtor proceedings against Hunt if the latter would pay the costs to date in cash, and with the defendant Holt as surety give a note for the balance of the judgment. The note was made accordingly. It was discounted at a Lowell bank, and when it became due the defendants executed the note in suit in renewal with the consent of the plaintiff. The court briefly passed upon certain of the questions raised.

A verdict for the plaintiff is upheld, the court overruling the defendants' exceptions. In the opinion written by Mr. Justice Loring, the court says:

"The law presumes, in the absence of fraud, that the defendants read the note signed by them.

The holder of a promissory note, who has no beneficial interest in it, can maintain an action on it.

There was evidence of a consideration for the original note in the promise to end the poor debtor proceedings if the note was given. It further appears, if material, that this promise has been kept. 'No further proceedings in the poor debtor process were ever taken.' If the defendants had wished to have those proceedings dismissed of record, they could have had that done.

Holt, the surety, is liable if he gave the note in consideration of the promise to end the poor debtor proceedings. If authority were needed for this, it may be found in the case relied on by the defendants."

NOTE—MARRIED WOMAN—LIABILITY—PARTNERSHIP.

CITIZENS' NATIONAL BANK OF CRAWFORDSVILLE VS. ANDERSON.

Appellate Court of Indiana, Division No. 1, February 2, 1906.

Judgment for the Citizens' National Bank of Crawfordsville, Ind., against Rachel J. Anderson was affirmed by the Appellate Court of Indiana, Division No. 1, it being held that a married woman was liable to a bank for moneys loaned to her upon her representations that she was a partner with her husband and was borrowing money with him to be used in the partnership business.

Under a state statute (Burns' Ann. St. 1901, sec. 6960) all legal disabilities of a married woman to contract are abolished, except as provided in certain sections restraining her right to convey or mortgage property and prohibiting her from becoming a surety.

The defendant and her husband were engaged as partners in the cattle business. Upon the death of her husband she received one-half of the proceeds of cattle owned by them as partners. She gave the bank a note for the amount of an overdraft on her individual account. In defense to the action on the note, she set up coverture and suretyship. A jury returned a verdict for the bank, returning answers to interrogatories. Following are the principal parts of the decision:

Robinson, *P. J.:* There is nothing in the statute that prevents a married woman becoming a partner in business with her husband. A married woman may contract as a femme sole, except in such cases as the statute forbids.

The statute expressly provides that she shall be bound by an estoppel in pais like any other person. It has often been held that a married woman may borrow money to carry on her separate business, or to prevent the sacrifice of her property. And it has been held that the husband may maintain an action against the wife for money borrowed by her from him for use in her separate business and which she expressly promised to repay. The statute neither authorizes a married woman to enter into a business partnership with another person, nor does it prohibit her from doing so. And it is held in Burk vs. Platt, 88 Ind. 283, that by section 5122, Rev. St. 1881 (section 6967, Burns' Ann. St. 1901), coverture is no bar to a married woman contracting debts in carrying on any business on her separate account or as a partner with another, and that her separate real estate and personal property may be levied upon and sold to satisfy a judgment against her and her copartner for debts contracted in carrying on the partnership business. The Legislature evidently contemplated that a wife might form a business partnership, not only with a third person, but with her husband, as it is provided by section 6967, supra, that a husband shall not be liable for any debts contracted by his wife in carrying on any business on her separate account, "or when she is in partnership with any person other than himself." Appellant could become the business partner of her husband, and is bound by an estoppel in pais as any other person. Her representations to the bank that she was such partner, and was borrowing money with her husband to be used in the partnership business, were as binding upon her as if she were a femme sole.

If a part of the money borrowed by appellant and her husband was used to pay off a note or notes upon which the name of the husband alone appeared as maker, and the money procured on the old note or notes was borrowed for and used by the partnership, and under the issues this may have appeared from the evidence, it could not be said that appellant received no consideration for the new note. As against the general verdict, the interrogatories do not show that the antecedent debt was not a partnership debt, nor do they exclude the possibility of appellant ever having received any benefit in person or estate from the execution of the new note.

No argument is presented by counsel that the verdict of the jury is not supported by evidence, or that the amount of recovery is too large. The instructions were full, and correctly stated the law. Upon a careful consideration of the whole record, we find no error prejudicial to appellant's rights, but it appears that the case was fairly tried and correctly decided upon its merits.

Judgment affirmed.

REPLIES TO LAW AND BANKING QUESTIONS.

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department.

A reasonable charge is made for Special Replies asked for by correspondents—to be promptly sent by mail.

PROTEST OF DRAFT.

NEW YORK, Sept. 15, 1906.

Editor Bankers' Magazine:

SIR: (1) Would you consider it proper to protest a draft drawn on a firm whose name is not in the city directory and which has not been found by the bank to whom it was sent, and in consequence not presented to them by reason of the inability of the bank to find the firm?

(2) Also, if a draft drawn abroad in duplicate, the first of which has been properly accepted, where this bill (the first of exchange) falls

due and is held by one bank which refuses to release it to another bank presenting the properly endorsed second, by reason of not having received instructions from their correspondent to release it upon presentation of the properly endorsed second; has the bank holding the properly endorsed unaccepted second the right to protest their bill for non-payment, in view of the properly accepted first being paid to another bank, yet not completely endorsed? SUBSCRIBER.

Answer.—If the bank has exercised reasonable diligence to find the drawee, presentment for payment is dispensed with, and the draft may be treated as dishonored, and protested. (Negotiable Instruments Law, Secs. 142, 143, 189, N. Y. Act.) But bare reliance upon a directory in such a case is not deemed sufficient diligence. In Bacon vs. Hanna (137 N. Y. 379, 382) it was said: "Merely looking into a directory is not enough. The sources of error in that process are too many and too great. Such books are accurate enough in a general way, and convenient as an aid or assistance, but they are private ventures, created by irresponsible parties, and depending upon information gathered as cheaply as possible and by unknown agents. Their help may be invoked, but, as was said in Lawrence vs. Miller, 16 N. Y. 231, their error may excuse the notary, but will not charge the defendant. Merely consulting them should not be deemed 'the best information obtained by diligent inquiry.' (Greenwich Bank vs. DeGroot, 7 Hun, 210; Baer vs. Leppert, 12 Hun, 516.)"

(2) Where the drawee has accepted one of the set, he cannot be obliged to either accept or pay either of the other parts. (Byles on Bills, 389.) Hence, when he refuses to pay the second part of the bill it cannot be deemed dishonored, and it is only where the instrument has been dishonored that protest is proper.

THE INDORSEMENT OF CHECKS.

WALTHAM, MASS., Aug. 28, 1906.

Editor Bankers' Magazine:

SIR: We receive check for payment, made payable to the order of, say, the "Bay State Crusher Co.," and endorsed simply "Bay State Crusher Co." In your opinion should this endorsement be accepted as correct? Would it matter any whether endorsement be made with rubber stamp reading simply as above or with pen and ink? My opinion is that neither is absolutely correct and should consequently be returned for correct endorsement.

Another check is received, payable to, say, "The National Safe Deposit Vaults," and endorsed "George A. Wagner, Sub-manager." Is this correct or should it read "The National Safe Deposit Vaults by George A. Wagner, Sub-manager."

Although I consider a bank's guarantee of endorsement all right, yet it seems to me that the public at large is becoming rather careless in this respect, and as I believe in having matters "right" I am inclined to think it right to return such endorsements to the endorsee for correction. Your opinion will greatly oblige

WIILLARD S. BODGE,
Gen'l Ass't Waltham Trust Co.

Answer.—(1) If the indorsement in the form first given was placed upon the paper by the authority of the payee, it is legally sufficient—this whether it is made with pen and ink in the hand-writing of the person making it or by a rubber stamp. In practice, many checks drawn to the order of corporations and firms are indorsed in this way when deposited. As such deposits pass to the credit of the payee, the bank taking the checks as a deposit incurs no risk, and the drawee bank pays upon the assurances of the bank presenting it. Where, however, the check is not deposited to the credit of the payee, but is transferred before deposited in bank, the better form is to have the proper officer of the payee add his own signature, prefixed by the word "by," so that the whole indorsement would read thus: "Bay State Crusher Co. by John James, Treasurer."

(2) Checks drawn to the order of a corporation should be indorsed in the name of the corporation, and not in the individual name of an officer or agent. In the example given in the inquiry, the indorsement "George A. Wagner, Sub-manager" would not be sufficient, but the correct indorsement would be in the form indicated by our correspondent, viz., "The National Safe Deposit Vaults, by George A. Wagner, Sub-manager."

SAVINGS IN GREAT BRITAIN.

THE investors of small savings in Great Britain deposited in the post office savings bank in the year 1905 the sum of £42,300,616. When it is remembered that not more than £50 will be received from any depositor in the course of a year it will be seen that the amount indicates widespread thrift.

The balance due on December 31, 1905, to all depositors was £152,-111,139, an increase of £3,771,786 over the preceding year.

PANAMA BOND SALE CLOSED.

WHAT in many respects has been one of the most interesting bond issues ever made by the Government has been successfully closed in less than twenty days. Inquiry at the office of Fisk & Robinson developed the fact that on August 17 the last of the $24,000,-000 of the two per cent. Panama Canal bonds purchased by that firm had been disposed of at the price of 104.40, and accrued interest.

The bonds have been disposed of to national banks, who seem to have appreciated their advantages, and the manner in which the whole transaction has been handled reflects great credit upon the financial skill of the Secretary of the Treasury.

BUSINESS AND THE CROPS.

THE Commercial National Bank of Chicago, of which Former Comptroller Eckels is president, has recently issued its annual report on the crop conditions of the Mississippi Valley, together with a general summary of business conditions. As this report is made from direct sources of information, and is evidently compiled with great care, it will be found to contain not only a fair summary of existing business conditions, but in furnishing trustworthy information about the production of the agricultural staples it affords a basis for an accurate forecast of the future so far as it may depend upon crop production in the territory covered by the report.

GENERAL CROP SUMMARY.

The summaries we have published from year to year on the condition and estimated yields of crops invariably have been expressed in "percentages," compared with the "previous year," due allowances being made, of course, for increases or decreases of acreage. The theory has been that inasmuch as the data is gathered from a large number of independent sources, scattered throughout a wide territory, and collected by persons *"on the ground,"* known to be reliable and well informed, their composite opinions could not be far from correct. Over-estimates offset under-estimates; and more favorable conditions prevailing subsequent to the date of the report in one locality (thus producing relatively better yields) are counterbalanced by less favorable conditions in another locality. Thus individual errors of judgment are corrected. It is surprising to know how accurately this theory works out. Taking the percentages of increase in wheat and decrease in cotton crop indicated in last year's report, and applying them, by way of illustration, to the actual production as shown in the Year Book of The Department of Agriculture for 1905, we find that the estimates were correct within 2,485,000 bushels of wheat and within 100,000 bales of cotton. This proves the trustworthiness of the estimates and demonstrates the intelligent and painstaking manner in which correspondents make their returns.

Experience, therefore, gives us confidence to submit to the public these figures, which have been collected from an increased number of correspondents and compiled in the same manner as heretofore. It should be borne in mind, however, that "no crop is *made* until garnered;" and that all estimates are based upon present conditions. The figures constitute only an intelligent and reliable forecast of ultimate yields of crops, barring unforeseen, widespread, or unusual disasters.

Our inquiries concerning crops embraced as heretofore the whole agricultural region of the Mississippi Valley, including also a few of the more important states of the Pacific Coast.

WHEAT.

(1905 Production, 692,979,489 bushels. Average crop for ten years, 600,423,963 bushels.)

The wheat crop of 1906 will be among the largest and best ever produced. The yield not only will be great, but the weight and quality will be far beyond the ordinary. In these respects it may be considered nearly perfect. The period of uncertainty is closing rapidly and the crop may now be called practically "out of danger."

The yield of soft winter wheat is large, quality the finest, and movement free. Inasmuch as this movement has begun early and all grains now are nearly or quite on an export basis (with the tendency of prices downward), a large export business may be expected.

In Ohio, Illinois, Indiana, and Kentucky the crop is harvested, quality excellent, and yield from 14 to 25 per cent. greater than last year. Indiana will produce nearly fifty million bushels. Owing to unfavorable conditions throughout the season the crop in Michigan is short 13 per cent., and in the State of Washington about 12 per cent. short on account of drought. All other important wheat-producing states show increased yields; Oklahoma 35 per cent. and Indian Territory 8 per cent. (planting was late); average increase for the new state 25 per cent., which constitutes its "bumper" crop; Missouri and California 22 per cent. increase, Oregon and Minnesota 11 per cent., Nebraska 16 per cent., Kansas 13 per cent., Iowa 9 per cent., Dakotas 5 to 6 per cent.

In Minnesota the crop considered as a whole may be called fair to good. There is some complaint of red dust. In North and South Dakota, as well as in Minnesota, conditions are above the average, except in Red River Valley. That section has been unfortunate for several years. Heavy rains and spring floods prevented seeding of as much as 50 per cent. of cultivated land. The crop that will be produced is not only backward, but yields will be light.

In the Southern wheat belt, embracing Kansas, Missouri, Oklahoma, and Texas, conditions have favored the production of grain of much better quality than usual. In this region, however, some sections are spotted and crop has not turned out well on account of dry weather. Wherever rainfall has been sufficient the yield will be large and quality fine.

The fifteen wheat-growing states covered by this report produced last year 547,522,349 bushels. According to the foregoing estimates they should produce this year 607,205,000, and the total wheat crop for the United States should approximate 769,000,000. No effort has been made to report on the condition of wheat in the Canadian Northwest provinces, but it is certain that the crop will be large and of fine quality. It should be noted that the wheat crop in that fertile region is increasing with astonishing rapidity. Already it is becoming an important factor in the world's production, as well as in the export trade. The productive capacity of that section when fully developed seems limitless. Their crops will constitute with each succeeding year a stronger and increasing competition that we shall be called upon to meet.

Corn.

(*1905 Production, 2,707,993,540 bushels. Average crop for ten years, 2,176,009,380 bushels.*)

In what may be termed the Northern Zone of the corn belt, embracing the northern part of Indiana and Illinois, all of Iowa and Nebraska, northern Missouri and portions of Kansas, the corn crop is large and unusually promising, except in southern Iowa, where the condition is spotted and rain needed. In the southern zone of the same belt, embracing southern and central Indiana and Illinois, parts of Missouri and Kansas, the crop has been affected by dry weather and is backward; the prospect is quite discouraging unless rains come shortly, followed by continued favorable conditions and a late fall.

We estimate the total corn crop to be about 5 to 6 per cent. larger than last year. Twelve states in the Central West which produced last year 1,950,000,000 bushels, or about two-thirds of the entire crop, will produce this year, according to our estimates, 2,051,000,000 bushels. This is an average increase of about 5 per cent. over last year. The Southern group—eight states—which produced 486,000,000 bushels in 1905, we estimate this year will produce about 530,000,000 bushels— an increase of nearly 10 per cent. Reports on corn do not cover New England and some of the Eastern and Atlantic seaboard states, where corn is a less important crop. Assuming the conditions, however, in these states to be about normal (even considerable variations would not appreciably change the estimate), the total corn crop this year should reach 2,850,000,000 to 2,860,000,000 bushels.

Summarizing the local condition by states: In Iowa the condition as a whole has not been more promising in ten years and the yield will be about 10 per cent. better than last year; we estimate the crop in Indiana will be 11 per cent. less; Illinois 4 per cent. less; Kansas, Indian Territory, and Oklahoma 18 to 25 per cent. better; Ohio 14 per cent. better; Nebraska about the same as last year. In the South corn conditions are uniformly better than last year, except in Texas, where a decrease of 1 per cent. is noted; Arkansas shows 15 per cent. increase; Louisiana 24 per cent.; Kentucky 14 per cent.; Mississippi 12 per cent.; Tennessee 11 per cent.; Alabama 6 and Georgia 8 per cent. The crop of Texas being much larger than that of any other state in this group, the general average condition for the whole South is brought down to about 10 per cent. better than the previous crop, which was poor. As a rule the majority of the states in this group do not produce sufficient corn for their own consumption—their aggregate production being slightly more than one-sixth of the total crop.

Oats.

(*1905 Production, 953,216,197 bushels. Average crop for ten years, 809,888,197 bushels.*)

On the whole the crop will average fair to good, and the aggregate yield will be about 7 per cent. less than last year. In Kentucky, Ohio, Indiana, Wisconsin, Illinois, and Missouri (which states produce slightly more than one-third of the total oats crop), the grain is light in weight and the crop considerably short, on account of drought in some sections and alternate rains and drought in other sections. The yield by states is estimated 8 per cent. better in Wisconsin; 29 per cent. less in Indiana; 26 per cent. less in Illinois; 18 per cent. less in Ohio; 17 per cent. less in Kentucky than last year.

In the North, Middle and Southwestern states, comprising the Dakotas, Minnesota, Iowa, Nebraska, Kansas, and Oklahoma (which produce about one-half of the total crop of the United States, exclusive of New England and Eastern states), better average conditions prevail and the yield will be fairly good. In Iowa the crop will be about the same quantity as last year; the grain is heavy and of good quality. In Oklahoma and North Dakota conditions are about 11 per cent. better; in Minnesota 12 per cent. better and in South Dakota 4 per cent. better than last year; whilst in Nebraska and Indian Territory our estimates are 4 per cent. less than last year.

Barley.

(1905 Production, 136,651,000 bushels. Average crop for ten years, 97,762,831 bushels.)

California alone produces one-fifth of our barley crop; Wisconsin, Minnesota, Kansas, North and South Dakota, and Washington are the remaining important barley states; together they produce in the aggregate seven-eighths of the entire crop. These states produced last year 121,000,000 out of a total of 136,000,000 bushels, and this year we estimate they will produce 129,500,000 bushels. The average condition of the crop in the states mentioned is 5 per cent. better than last year. Conditions are especially good in five important states—California, Minnesota, Wisconsin, Iowa, and North Dakota. The total yield for the United States should be about 143,400,000 bushels.

Rye.

(1905 Production, 28,485,952 bushels. Average crop for ten years, 27,441,286 bushels.)

Only about 60 per cent. of the total rye crop of the United States is grown in the territory covered by this report. Within that territory the most important states are Wisconsin, where the crop is about the same as last year; Nebraska, where it is 10 per cent. better; Michigan, 2 per cent. less; Minnesota, 11 per cent. better; Kansas, 2 per cent. better; Illinois, 8 per cent. less; Iowa, 7 per cent. better; and California 20 per cent. better than last year. Average condition 3 per cent. better.

Hay.

Hay crop is quite short and its condition has been well summarized by a correspondent as follows: "Hay crop is about five-eighths of what it was last year, 75 per cent. of average crop of ten years. Kansas and Indian Territory estimated 80 per cent. of last year's crop, which was a good one and decidedly better than at any time for ten years. Missouri probably shortest on hay of any state. Illinois will be below the average, which also is true of Indiana and Ohio; Wisconsin about three-quarters of a crop; Minnesota and Dakotas excellent; Nebraska an average crop for past ten years; Iowa about 65 per cent."

Cotton.

(1905 Production, 10,575,017 bales. Average crop for seven years, 11,924,752 bales.)

Cotton in the Southeastern states, Georgia, Alabama, Mississippi, and Tennessee, has been damaged by too much rain, making it two or three weeks backward in some sections. Taken as a whole the yield will exceed last year's by a fair margin, Georgia excepted, which on account of excessive rains shows an average condition of 16 per cent. less than last year. In the Western and Southwestern cotton states, Arkansas, Louisiana, Oklahoma, Texas, and Indian Territory, the crop is in fine condition, and on account of somewhat increased acreage will yield at least 20 and probably 25 per cent. better than last year. The crop seems singularly free from insects, weevil or other pest, and the promise is fine. It is too early yet for reliable estimates.

BUSINESS SUMMARY.

Financial.

The letters from leading bankers in all ordinary and central reserve cities show without exception that the business and financial situation is simply excellent and all that could be desired; the outlook is encouraging and entirely satisfactory.

Indeed, it seems that we are entering upon a period where it is not unreasonable to expect realization of legitimate profits on the large amounts that have been expended in the betterment of railways and industrial enterprises during the past eight years; increased earnings inevitably must bring increased dividends.

With the exception of some of the smaller cities in the Middle West, banks throughout the whole country report a strong, active, and healthy demand for money at firm rates, and while there is no prospect of recession in interest rates, money is, and probably will continue to be, abundant for legitimate business needs. The expected stringency at crop-moving time has been largely discounted in the West by the fact that banks generally have husbanded their resources, maintained strong reserves (which has been made possible by interest rates), and are entering the fall not only with large cash resources, but with heavy maturities of purchased paper. This preparation has been widespread and is ample in the Central and Middle West; small interior banks, as well as those in many of the less important reserve cities, have notably been free and continuous buyers of commercial paper maturing in the fall. This gives them an element of strength they have not heretofore possessed and will provide them abundant means to meet the crop demands, with practically no borrowing, and with but slight reductions in their Eastern and Chicago balances.

This buying of commercial paper by so large a number of small banks is comparatively new in the West, and marks the beginning of an important epoch in the development of the Western methods of banking. The business of the note brokers has at times in a number of ways developed vexations; hurtful and even dangerous abuses, but these in time will correct themselves. In the meanwhile, the broker who confines himself to his legitimate field and restricts his credits within prudent limits does perform a useful and valuable service, not only to city and country banks, but to the commercial and mercantile interests as well. During much of the present year it is the country bank which has enjoyed and profited by that service.

Banks in Pacific Coast cities, outside of San Francisco, report deposits largely increased, prosperity unprecedented, and all industries flourishing. Banks in that section are entirely independent and are large lenders of money in the East. In San Francisco there is great activity, and the volume of business is satisfactory. Banks are full of money, deposits are larger than at the time of the fire, and clearings have enormously increased. Large numbers of persons who fled after the fire are returning. Traffic is normal or better. A large amount of temporary building has been done and more is under way, but permanent improvements are retarded by delays in adjustment of fire losses. Big demand for labor.

Banks in all Southern reserve cities report the same general conditions that prevail elsewhere, except that they are well loaned up, reserves are diminishing, and in many cases banks will be obliged to borrow largely for a short time. Strict enforcement of the new provision of the National Bank Act, governing the limitation of loans, will seriously handicap small Southern banks in handling cotton accounts, and may retard the cotton movement. Thus far no satisfactory solution of the problem has been suggested, and some banks whose business is largely in that line may be compelled to abandon national charters.

In the large Eastern cities of the Atlantic seaboard, outside of New York, the demand for money is active, merchants are large borrowers, banks are comfortably loaned up, and while there is little or no surplus money, no stringency is expected or feared, and there is no scarcity of money for legitimate business needs. Deposits are somewhat lower, rates are firm, and there is very little buying of commercial paper.

The same general situation prevails in the central reserve cities, New York, Chicago and St. Louis, where there is a well-defined feeling of conservatism and caution. Bankers are inclined to discourage further extensions of credit. Chicago and St. Louis banks are carrying strong reserves. Deposits are high and banks are fully prepared to meet all crop and legitimate business requirements. The situation could scarcely be better and no unusual stringency is likely. In New York certain local conditions require consideration and analysis. In the first place, large borrowers and speculative interests, fearing tight fall money, provided against it earlier in the summer, by paying the required rates and borrowing on time over the turn of the year, thus safely financing themselves. Not requiring the money now, they have loaned it on call through brokers from day to day, at what it would bring, and this has created a wide and, under ordinary conditions, an unreasonable difference between the value of time and call money, without, in fact, indicating at all the real money situation. New York banks are inclined to discourage the local real estate speculation, and in fact, all forms of speculation, but are taking good care of legitimate mercantile and manufacturing requirements, which as a matter of fact always are given first consideration. The tight money situation has to a certain extent been relieved by the accumulation in New York of funds paid in settlement of San Francisco fire losses, but the beneficial effect of this has been largely offset by the selling of securities by insurance companies to meet their losses.

The disquieting features are the possible seriousness of Russian internal complications, and the domestic political unrest, manifested in growing sentiments of socialism and fanatical antagonism to organized capital, as well as large individual and all forms of incorporated interests. One of the most serious and disturbing factors in the New York situation is the large amount of money loaned by out-of-town banks and by local trust companies "on call," against which no reserves are held. The amount of these loans in the aggregate is enormous and is estimated to be not less than two-thirds of the total amount of strictly call loans on the Stock Exchange. Local commercial banks are held responsible in the public mind for lending funds to "speculators," when, as a matter of fact, such lending is chiefly done by outside banks. Whenever these loans are called in large amounts, as ultimately they must be, sharp liquidation must follow. Stringent money and even conditions bordering upon panic thus may be created, not through any fault of local banks, and not by reason of a bad currency system, but for want of the necessary reserve which the local commercial banks could neither be asked nor expected to carry at their own cost against such loans. This fact constitutes a distinct menace and it would seem that some steps should be taken to correct it.

On account of the conditions as here outlined, the bond market has been kept stagnant and congested, and no sustained advances in the present level of stock values is probable.

Railways.

Business on all railways centering in Chicago is heavy, and shows gratifying increases in tonnage and revenues over last year. The situation is reported sound and healthy, and everywhere there is manifested a feeling of satisfaction, confidence, and even of optimism. No diminution in volume of business is expected before the end of 1907, and some officials are preparing for fifteen per cent. to twenty per cent. increase next year. Practically all the roads are making large outlays in additional equipment, improving roadways, as well as facilities at divisional points and terminals. They are increasing tonnage capacity to the fullest extent possible, buying cars of the best type and largest capacity. Some of the big systems are double-tracking and equipping with more speedy and powerful locomotives, to facilitate rapid and economical transportation, and to increase mileage movement, which is equivalent to increasing available equipment.

Temporary shortage of cars and some congestion may be expected during crop movement. But this is not all due to lack of sufficient equipment. Delays in handling elevators at steamers, deliveries through city terminals to connecting lines, are definitely limiting factors.

The rate bill is not feared, if properly administered, wholly apart from political and partisan considerations. Under fair and proper administration, as it is believed will be the case, the law will, it is conceded even by railroad men, correct abuses and result in good to the railroads, as well as to the public.

Iron and Steel.

The situation is stronger than at any time during the past two years, and conditions in all branches of the trade were never better. Volume is at high tide, and on orders already booked will continue well into next year. Production is aggregating 25,000,000 tons, consumption slightly more, and reserve stocks are being drawn upon. Large purchases of pig and coke, in many instances for delivery ten months ahead, have absorbed available production well into next year. Naturally, under such conditions, prices on all grades have advanced and are now considered high enough, though not excessive. Producers desire to prevent a "runaway" market. In the course of time there may come recessions from present level, but that time is not in sight. The cost of ore and coke, as well as the general conditions surrounding the trade, do not seem to warrant any expectation on the part of consumers for a return to the old cost basis.

Packing Industry.

Large exports of both meat and lard prove that no appreciable injury to this industry resulted from the public agitation, growing out of certain charges, which upon careful, non-partisan investigation were not sustained. Except in one or two isolated spots, home consumption remained unchecked, and in those places the causes were largely local and have corrected themselves. Volume of business is now somewhat above normal, and the industry appears never to have been upon a sounder or more prosperous basis. It is admitted that the foreign trade in tinned meats was injured, and that care as well as time will be required to restore it, but the volume of foreign trade in that line, even if it were wholly and permanently lost, would be of no consequence as compared with the total volume of business. Moreover, there is a large and legitimate field at home for these goods, where consumption is steady and dependable. There is no question but that under the new meat inspection law home consumption will be largely stimulated, the foreign trade ultimately recovered and probably greatly increased. Instead of working a hardship, the law is likely to prove in the end a blessing to the whole industry, and especially to the large companies now engaged in the business, by giving to their product an official warrant of wholesomeness.

Good Times.

It is unnecessary to further particularize trade conditions; every line of industry shows large volume, with increasing activity; prosperity is general, and nowhere are there any signs of its discontinuance. Evidence is not lacking, however, that the conservative element, particularly the leading bankers in the large cities, realize that such unprecedented prosperity cannot be expected to continue indefinitely; that further expansion of credits and volume of business, as well as personal extravagance, should be checked. As opposed to these views, one correspondent aptly says: "We have seen the prophets of disaster answered by increased business and increased wealth; we cannot but feel that the thrift of our farmers, the industry of our cities, and the energy of us all will, in the future, as in the past, discredit the pessimists with the results achieved."

It is generally agreed that the several successive years of bountiful harvest have had much to do with our national prosperity. This undoubtedly is true. The relation between the prosperity of the farmer and that of the whole country is self-evident; at the same time, the fact remains that there have been periods of several years duration when crops were bountiful enough and yet business was not only bad, but stagnant. It would, therefore, seem reasonable to conclude that there must be some fundamental industrial condition, not generally recognized and understood, which constitutes an important, if not indeed a dominant factor in sustaining and increasing our national prosperty. One correspondent draws attention to this fact, which has impressed us greatly, and we wish not only to indorse his theory, but to lay emphasis upon it. He says:

"The present business prosperity began in the year 1898, after five years of hard times. Under business conditions prior to 1898, the demand which always springs up after a period of depression and low prices would have lasted two or three years and then become checked by high prices. This would have been followed, as usual, by sharp decline and another period of depression. These variations in prices always existed until the past few years, and it caused uncertainty and great risk, invariably checked the demand, and shortened the number of years of good times. Since 1898 changes have taken place by which business interests have been organized and consolidated, and by which the demand has been supplied and fair prices maintained. This has fostered, encouraged and increased the demand, thereby prolonging the number of prosperous years. This applies especially to the iron and steel trade, which is in the hands of men of ability who have been rapidly educated by these changes in commerce. Under conditions prior to 1898 iron bars have sold as high as four cents a pound and steel bars have sold as low as nine-tenths of a cent a pound in Chicago. Fluctuations like this cause great uncertainty, bring about a speculative condition in the iron trade that is dangerous, prevent the carrying of sufficient stocks, thereby increasing the congestion at all mills and multiplying the difficulties of the situation, when the demand is great, increasing the trouble and diminishing the demand when business is dull. The backbone of the whole situation is stability of prices. The wisdom of thus regulating prices is seen in the unprecedented prosperity of the present, and the remarkable contnuance in demand for all classes of merchandise."

Confidence in the situation from a financial point of view is greatly enhanced by these strong organizations of capital, under capable management and properly financed. They create an industrial stability impossible under the old system of numerous small and independent plants, and to that extent they should be given due credit as important factors in prolonging and sustaining prosperity. It is not improbable that as the country approaches the presidential election there will be some unsettling of conditions, no matter how sound they may be nor how great the country's prosperity. This unsettling will come as the result of appeals to unreasoning prejudice and ignorance by demagogues, who seek political preferment and personal advancement at any cost, but the disturbance at worst will be slight and the effect of it restricted. The underlying conditions are inherently sound, the great majority of the people honest, and the country's prosperity well distributed.

FRENCH SAVINGS.

CONSUL JOHN C. COVERT, at Lyons, writes that Alfred Neymarck, a French statistician, has recently made a computation of the amount of the savings of the people of France that have been invested in different values in the shape of bonds.

He calculates that from 1885 to 1905 the deposits in the great banks of France increased from 912,000,000 francs, equal to $182,400,000, counting five francs to the dollar, to 2,897,000,000 francs, or $579,400,000. The deposits in the Bank of France during the same period increased from 358,000,000 francs, or $71,600,000, to 823,000,000 francs, or $164,600,000. The value of bonds deposited in the banks increased from 3,113,000,000 to 6,930,000,000 francs ($622,600,000 to $1,386,000,000). The six great railroad companies of France sold 9,482,465 francs ($1,896,493) of bonds out of a capital of 4,016,000,000 francs ($803,200,000) and canceled on their old and new loans 2,164,000,000 francs ($432,800,000).

From 1880 to 1905 the depositors in the savings banks have subscribed and paid for 4,200,000,000 francs ($840,000,000) government bonds. The limit that each person can deposit in the savings banks in France is $300. The interest on this sum, if not drawn, is invested by the bank in government bonds. From 1891 to 1903 the same class subscribed for and held 520,000,000 francs ($104,000,000) of bonds issued by the French colonies and protectorates, 948,000,000 francs ($189,600,000 of city of Paris bonds, and 925,000,000 francs ($185,000,000) of local communal and in mortgage and loan companies.

From 1885 to 1905 the deposits in the peoples' savings banks increased from 2,211,000,000 to 3,210,000,000 francs ($442,200,000 to $642,000,000), that is to say, an increase of one milliard ($200,000,000), counting five francs to the dollar. During the same period the number of the depositors increased from 4,900,000 to 7,000,000, and the possession of the mutual relief societies increased from 56,000,000 to 160,000,000 francs ($11,200,000 to $32,000,000). The aggregate value of the stocks, bonds and similar securities belonging to French capitalists is estimated by Mr. Neymarck to have been at the end of the year 1905 93,000,000,000 francs ($18,600,000,000), 87,000,000,000 francs ($17,400,000,000) in 1900, and 74,000,000,000 francs ($14,800,000,000) in 1890.

BANKING PUBLICITY

SCIENTIFIC PUBLICITY FOR BANKING INTERESTS.

BY ARTHUR BUMSTEAD.

THERE is evidence of a general awakening to the importance of correct publicity methods for banking interests as well as for other lines of commercial enterprise. A comparison of the bank advertisements now running in the public prints with those in vogue no longer than three or four years ago will show in many cases a tremendous improvement in style, appearance, and logic. The formation of bankers' advertising associations and the unusual attention accorded to publicity matters by bankers' associations over the United States alike go to indicate the new importance which this subject has lately assumed.

There seems still to exist an impression in some quarters that publicity cannot be a science, for the reason that its methods and results are uncertain, and since a complete knowledge of its practical bearings is yet to be attained. Yet anyone who will take the trouble to look into the matter will soon be able to collect a surprising amount of reliable data from which he can deduce principles of no uncertain value. Wherever this is possible we have a science; and a science of publicity is just as feasible as a science of biology. In neither case is this statement invalidated by the fact that there yet remain new truths to be discovered.

A prominent advertising man recently remarked: "Don't imagine that the announcement of your name and location is going to sell goods for you. Other dealers may have just as euphonious names and be located on the same street." The remark would seem to carry a special application to those banking interests which content themselves year after year with filling valuable white space with the bare announcement of their name and line of business, or possibly a list of their directors. It may be that the banker who still clings to this style of advertising thinks himself too busy to get up any more elaborate copy, or it may be that he regards any other style as lacking in dignity. Be that as it may, the adoption of different methods is becoming increasingly urgent for the reason that the style hitherto prevailing has ceased to produce results adequate with its cost. Competition in such cases sooner or later acts as judge and executioner.

The time is past when it was possible for a large commercial interest to maintain its standing and assure its future growth without any attention to the getting of new business through publicity. It is true that advertising has come to be a special department of the commercial system, requiring the time and attention of experts to grasp its problems in their entirety. No single mind can grapple with the mass of details involved in a comprehension of all the related interests. This consideration doubtless has often influenced men of affairs, and more especially bankers and capitalists, to leave the special study of advertising problems to their subordinates while they themselves confined their attention to matters apparently more pressing. None the less, in this age of scientific publicity no man of enterprise who expects to keep abreast of the times can afford to remain in entire ignorance of its methods and developments.

The much-occupied man of affairs will probably raise immediate objection to this view of the case, and say that he sees no necessity of going into matters which he can safely entrust to a reliable agency whose business it is to handle his advertising appropriation and produce results. Very good. But our busy friend will very soon find himself confronted with such questions as these: By what signs and credentials is the reliable agency to be recognized? Granted that one is found, might not a wider knowledge of advertising matters lead to acquaintance with other agencies that could product larger results at the same cost? What returns should be expected from a given appropriation, and how large an appropriation can be afforded on the basis of a given amount of capital? Does my agency keep in touch with the latest phases of advertising progress; and have I given them all the data requisite for their rendering me the largest service? These are questions which the man of affairs must be able to answer out of his own knowledge. No one can answer them for him; and the answers cannot but be unsatisfactory if he has not given at least some slight attention to the science of publicity.

No great amount of time or study is needed to place the inquirer in touch with modern advertising practice in some of its broader aspects. The method that might first suggest itself would be to take up a course of advertising study with one of the correspondence schools. This method has its advantages, all assertions to the contrary notwithstanding. The fact that some of the most prominent and successful advertising men in the country got their start in this way and now endorse the correspondence school method is sufficient guarantee that it is not always the farce which some of its critics represent it. Prominent men in almost every line of business activity have pursued these courses with benefit, not for the purpose of becoming ad. writers, but to place themselves in touch with expert publicity practice in the latest phase of its development.

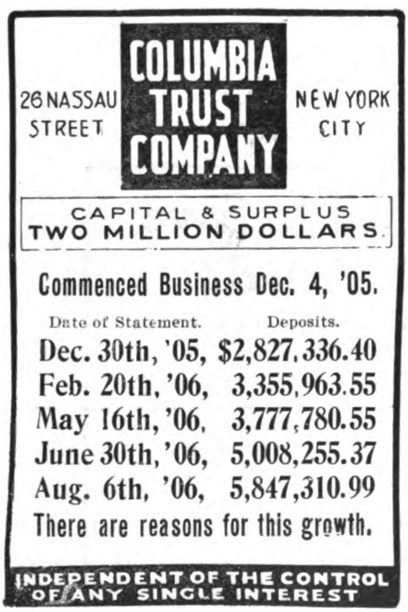
Another method of study, of smaller cost and perhaps fully as practicable for the man of affairs, if not more so, is the systematic reading of current advertising literature, both books and periodicals. While the body of this literature is not yet extensive, its quality is all that could be desired. The advertising journals are ably edited; and the books dealing with the technical details of the subject have generally been written by experts qualified by years of experience to speak with authority.

In combination with the last-named method the assistance of a reliable clipping bureau would be advisable. Such an agency would keep its client well supplied with helpful points and news items bearing upon the subject of banking publicity.

The formation of bankers' advertising associations will do much to bring about a better understanding of publicity problems. The coming together of a group of men for the interchange of ideas and the discussion of a subject of common interest cannot fail of being beneficial. The investigations and discoveries of each member contribute to the general fund of knowledge, and mutual benefit results.

A better knowledge among bankers of correct publicity methods is bound to accrue to the public welfare. A campaign of education needs to be waged in behalf of the people at large. The wildcat mining camps, the investment sharks, and the mushroom industrial enterprises have held the stage too long with their alluring promises paraded in the public prints. It is time for reputable banking interests to unite for a war of extermination and to fight the swindlers with their own weapon—printers' ink. Such a campaign will bring home the lessons of thrift and frugality; it will check the ravages of ignorant speculation, and popularize the banking idea in the imagination of the people. If this is ever to be accomplished it will be by means of scientific and persistent publicity, and not otherwise.

THE COLUMBIA TRUST COMPANY.



ONE of the vigorous young trust companies that is taking space in the New York newspapers to advertise its growth is the Columbia Trust Co., which commenced business December 4, 1905. One of these newspaper ads. is reproduced herewith. The phrase, "Independent of the Control of Any Single Interest," is featured in all the company's advertising and all copy is accompanied by the familiar black and white name plate.

A UNIQUE BANK REPORT FROM CALIFORNIA.

WE have recently received a printed report from the Fort Sutter National Bank of Sacramento, Cal., which is above the average merit of similar reports in several ways. While the printing is not expensive or elaborate, the pamphlet is neat and attractive. The front cover bears a cut of the bank's new modern six-story building, and "Ours the Spirit of Modern Progress;" on the back is a picture of old Fort Sutter, and "Ours the Spirit of Pioneer Pertinacity." The inside pages are taken up with the report, prefaced by the following:

Sacramento, Cal., July 10, 1906.

To Our Stockholders and Friends:

The enclosed report, originally intended for the board of directors alone, is "too good to keep." It is therefore published for your edification. You are interested in the bank and should use all the influence you have to increase the bank's business, for in so doing you will be helping yourselves.

The marble and bronze for our new banking rooms were destroyed in the San Francisco fire, but we hope to occupy the new quarters by December 1, and anticipate a more rapid growth from that time than heretofore. Ours will be one of the handsomest banks on the Pacific Coast.

Respectfully,
FORT SUTTER NATIONAL BANK.

Then follow full details of earnings and expenses and condensed statements from time to time showing the growth in deposits and assets. The stockholders are invited to investigate the items of expense and furniture and fixtures accounts and the report candidly states that the expenses in some ways can and will be reduced. From July 1, 1905, to June 30, 1906, the deposits increased from $108,799.63 to $405,-809.20, or 275 per cent. The report bears the signature of A. L. Darrow, cashier.

Have You Tried to Save Money and Failed?

You probably deposited it in your local bank, where you could draw upon it to gratify every passing whim.

By placing your savings out of town in a strong institution like the Slater Trust Company of Pawtucket, R. I., it is available when really needed, yet beyond your reach for petty, unnecessary indulgences.

It is a really remarkable aid to one who has the prudence to understand the advantage of a substantial savings account.

Write for our little booklet on Banking by Mail.

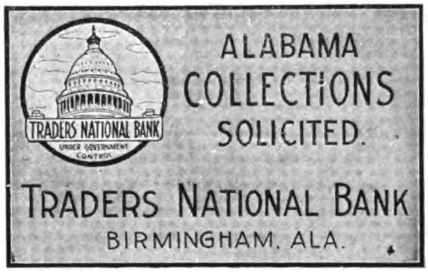
It's free and it's interesting.

Assets, - - $7,934,701.00

Deposits, - - $6,655,943.45

Slater Trust Company, Pawtucket, R. I.

A SPECIMEN AD. OF THE SLATER TRUST CO., PAWTUCKET, R. I.



A GOOD AD. FOR A SMALL SPACE.
(Copyright 1905 by John H. Frye.)

GOOD THINGS FROM CURRENT ADVERTISING.

WELCOMES and appreciates the accounts of banks and bankers, believing that its extensive clientele which has been gradually developed by more than forty years of consistent, considerate service, is splendid endorsement of the agreeable and satisfactory accommodations rendered to its customers.—First National Bank, Chicago.

We actually remit the day we collect.—Third National Bank, Columbus, Ga.

First State Bank in the United States in point of surplus to capital. —Farmers' Bank of Nansemond, Suffolk, Va.

A commercial bank in the heart of New York's great mercantile center.—New York National Exchange Bank.

For a growing bank our country items are voluminous. Send us your terms for quick returns and the balance you will keep with us at a fair rate of interest.—Northern National Bank of New York.

We know your wants and want your business.—Mechanics-American National Bank, St. Louis.

The interest paid on mercantile accounts offsets many business expenses, and represents an additional percentage of profit. Interest on daily balances.—Lincoln Trust Company, New York.

Progressive conservatism, the motto and aim of the Guardian Trust Co. of New York, simply means the policy of giving their depositors all that is possible, consistent with their protection—and we don't charge courtesy and consideration against your account.—Guardian Trust Company, New York.

BANKING PUBLICITY NOTES.

HAS Your Will Been Written?" is the suggestive title of a neat little booklet issued by the Mercantile Trust Company of St. Louis. The subject matter is well written and effectively printed, and is full of suggestions that can scarcely fail to appeal to the interest and impress the mind of the reader. It tells why so serious a duty should not be delayed, directs attention to the importance of having such an instrument properly drawn and of making your own selection of an executor; shows why no individual executor can possess so many desirable attributes as the trust company, and in closing, modestly remarks that the Mercantile Trust Company, if named as executor, will prepare your will without charge, and keep it safely in their vaults, subject to your right to inspect and change it at any time. In design and wording the booklet is an admirable conception.

In "Old and New Methods of Banking," a handsomely printed and illustrated booklet of sixteen pages, the Home Trust Company of New York briefly but strikingly contrasts the old methods with those now practiced by progressive banking institutions, and illustrates practically the system and labor and time-saving inventions used in the Home Trust offices—such as special telephone trunk lines with private switchboard and operator, the commercial phonograph, the adding machine or arithmometer, devices for reproducing facsimile letters, and the telautograph, which accurately reproduces at one receiving station the handwriting of an operator at another. The illustrated descriptions of these ingenious devices are sure to be read with interest by those into whose hands the booklet falls, and incidentally the Home Trust Company's paragraphic announcements which appear on the pages opposite the descriptive text are read also.

The American National Bank of San Francisco in sending out its September statement of condition, in the form of a condensed report to the Comptroller, very enterprisingly includes in its folder the striking announcement that the city's monthly bank clearings are now in excess of those of 1905. It says: "That the city has resumed her position as the commercial metropolis of the Pacific Coast is shown by the figures below, which give the clearings for four weeks, August 3 to August 30 inclusive:"

San Francisco		$166,953,595
Los Angeles	$40,850,991	
Seattle	34,855,484	
Portland	20,264,676	
Salt Lake City	18,904,980	
Spokane	15,990,980	
Tacoma	14,470,385	
		$145.336,874

These figures well indicate the solidity of San Francisco's financial institutions, as well as the wonderful recuperative power of the San Franciscans generally, and cannot fail to have an effective influence upon the city's present and future standing in the world of business and finance.

The American National statement shows total resources of about 9¼ millions, with nearly seven millions of deposits. The folder bears a cut illustrating the condition of the bank's vaults upon opening after the fire, with a statement that the combinations and timers worked as usual, and the contents of the vaults were entirely uninjured.

An illustrated historical booklet telling the story of New York's growth and development from the old Dutch settlement of New Amsterdam is one of the publicity ideas of the New Amsterdam National Bank, of New York city. Nearly all the existing pictures and maps of Manhattan Island under its forty years of Dutch rule have been reproduced by the compilers, making an exceedingly interesting collection, well worthy of preservation. The last page of the cover shows the bank's present home in the handsome Metropolitan Opera House building, Broadway and Thirty-ninth street, and on the preceding page is the announcement: "The New Amsterdam National Bank would perpetuate those principles which have been exemplified by descendants of the early Dutch settlers of New Amsterdam, who have made for the best that is on Manhattan Island today."

The First National Bank of Winona, Minnesota, sends out to its farmer customers a stock monthly paper of eight pages, prepared in one of the central Western cities, under the name of "The Winona Banknote," containing interesting anecdoes and miscellany touching banking and investment matters, interspersed with the bank's announcements. The bank has for nearly two years mailed the paper to about 2,500 people in Winona and vicinity, and while the officials cannot say they have seen any great direct results, they feel that on the whole it has been a paying proposition. This bank, which was organized in 1861, and is one of the oldest in Southern Minnesota, has lately increased its surplus fund $25,000 from the undivided profits. This makes the surplus $225,000, all earned, with a capital of like amount. The officers are: E. S. Youmans, president; Charles Horton and C. M. Youmans, vice-presidents; J. W. Booth, cashier; O. M. Green, assistant-cashier.

The Croghan Bank and Savings Company, Fremont, Ohio, perpetuates the name of George Croghan, the hero of Fort Stephenson, a youthful captain of twenty-one years, who against a vastly superior force, held the fort and won a victory that proved the turning-point in the war of 1812. Fort Stephenson Park in Fremont embraces the original fort and contains the remains of its defender, in whose memory the city annually celebrates the second day of August, the anniversary of the battle. In honor of him whose name it bears and whose memory it cherishes, the Croghan Bank has issued an illustrated eight-page folder containing a sketch of the Battle of Fort Stephenson and the life of its defender. The folder bears no advertising matter nor other reference to the banking institution beyond its name and imprint, but it is nevertheless an interesting and effective piece of publicity.

"Why not safeguard your valuables at the moderate cost of a box in our safe deposit vault and thereby eliminate all worry?" is the pertinent question asked by the Union Safe Deposit Company of Pittsburgh in a neatly printed and illustrated twelve-page booklet. Under the head of "Suggestions," a partial list is given of the various papers and other personal valuables that should be safeguarded beyond all question of fire, theft or unwarrantable investigation.

Anticipating the questions that will arise in the minds of persons expecting to open a bank account, the Real Estate Trust Company of Pittsburgh issues an attractive booklet entitled "The Right Answer," containing facts and suggestions relating to the commercial service of banking institutions, and pointing to the record and standing of this company in particular. In intelligent treatment and interest-awakening wording it is far in advance of the usual forms of financial advertising.

"Considerate Conservatism in Banking is to care for many interests while capitalizing none," is the axiom which in attractive type and colored ink embellishes a financial statement by the National Bank of the Republic, Chicago. With it is sent out an eight-page booklet setting forth the position and advantages of "Chicago As a Commercial Center," by John A. Lynch, the bank's president. The publications are models of typographical skill and effectiveness.

RIGID BANK EXAMINATION IN CHICAGO.

THERE will be a general overhauling of accounts in the fifty-seven banks affiliated with the Chicago Clearing-House. James B. McDougall, the Clearing-House expert, will have charge of a corps of examiners who will go through all the books of all the banks. The investigation will go deepest into loans and assets. Any banker who declines to permit the examination is to have his clearing privileges cut off without notice.

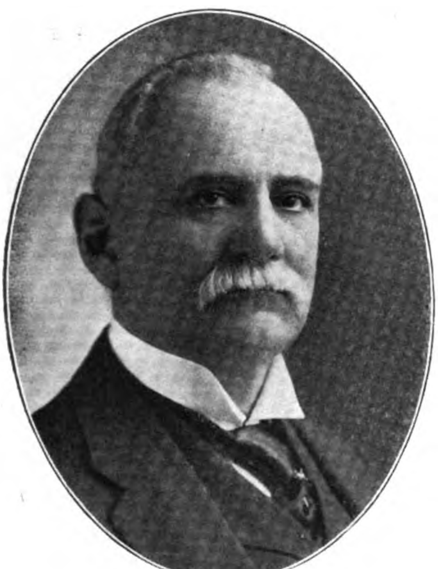
The investigation will include the members of the Clearing-House Association and the private banks that clear through them.

Chicago banks have generally maintained a high reputation, and they are determined that this reputation shall not be allowed to suffer by the failure of small outlying institutions. Some of the ablest bankers in the country are represented in the Chicago Clearing-House membership.

MODERN FINANCIAL INSTITUTIONS AND THEIR EQUIPMENT

MERCHANTS' NATIONAL BANK OF THE CITY OF NEW YORK.

TO the Merchants' National Bank of the City of New York is accorded the rare honor, well nigh unique among the financial institutions of America, of having weathered the financial storms of a full century. Organized 103 years ago last April, a bank founded and managed by merchants for merchants, as its name implies, through



ROBERT M. GALLAWAY,
President.

ELBERT A. BRINKERHOFF,
Vice-President.

periods of stress and calm, through seasons of ill-fortune and good-fortune, it has held its course steadfastly, ably and honorably, a conservative yet progressive institution, and with vigor and resources enhanced by age, has well entered with renewed youth upon the second century of its existence.

On the 7th of April, 1803, a company of New York merchants met at 25 Wall street to sign the articles of association of the Merchants' Bank, drawn up by Alexander Hamilton, who had already performed a similar service for the Bank of New York nearly twenty years earlier. These gentlemen were Oliver Wolcott, Richard Varick, Peter Jay Munro, Joshua Sands, William W. Woolsey, John Hone, John Kane, Isaac Bronson, James Roosevelt, Robert Gilchrist, Wynant Van Zandt, Jr., John Swartwout, Henry I. Wyckoff and Isaac Hicks.' The articles were signed by all these directors, and later by Thomas Storm and Joshua Jones. Oliver Wolcott, Secretary of the Treasury under Washington, was elected president, and Lynde Catlin cashier.

Thus came into existence the third bank of the city of New York; the others being the Bank of New York, founded in 1784, and the Manhattan Company, organized in 1799. There were then but thirty-eight banks in the United States, and some of these were merely experimental institutions. while many of them were looked upon with suspicion by

ZOHETH S. FREEMAN,
Cashier.

ALBERT S. COX,
Assistant Cashier.

the mercantile public. At that time, too, New York was a city of but 75,000 inhabitants. The bank was opened for business on the 2d of June, 1803, and in the following November declared a dividend of three per cent. from the earnings of the first six months. This was the first of a series of dividends that has been continued without interruption for more than a hundred years, during which time the Merchants' Bank has paid to its stockholders over $15,000,000, or more than ten times the average capital of the institution.

In 1804 the Merchants' Bank associates applied to the Legislature for an act of incorporation. The application for a charter was vigorously opposed, on political grounds, and by the friends of rival institutions, the chief opponents among the latter being the State Bank at Albany, and the Manhattan Company of New York city. The fight was

WALL STREET IN 1825, LOOKING WEST FROM WILLIAM STREET.

strenuous and long-drawn out, but the Merchants' Bank finally won, and three-quarters of a century later united with its old enemy, the Manhattan Bank, in erecting one of the finest banking buildings in America.

From 1803 for many years the Merchants' Bank removed nearly every summer to Greenwich, on account of the prevalence of yellow-fever and malaria in the city. In the cholera epidemic of 1832 the banking-house at Greenwich was utilized by the city as a hospital. The bank successfully withstood the depression of the embargo period and the war

WALL STREET IN 1863.

of 1812-15, and in the years immediately following 1820 its business underwent a rapid increase. The tide of its prosperity was further greatly enhanced in 1825 by the opening of the Erie Canal, an event which marked an important stride in the trade and commerce of New York. The great fire of 1835, which destroyed $20,000,000 worth of city property, incidentally brought much business to the bank in financing the large building operations that followed. But money was scarce, and the bank was obliged to borrow from Europe. The financial storm of 1837 found the Merchants' Bank in excellent condition, thanks to the conservative management of officers and directors, and when it had cleared, the institution speedily became so prosperous that a new banking-house was decided upon and erected, at a cost of $40,000, a very large sum for those days. The bank's charter expired on December 31, 1856, and in winding up the affairs of the institution a dividend of 26 per cent. was declared, as a financial distribution of the assets.

The first meeting of the Merchants' Bank under the new charter was held on January 2, 1857, when John I. Palmer was elected president, Samuel T. Carey vice-president, and Augustus E. Silliman cashier. The

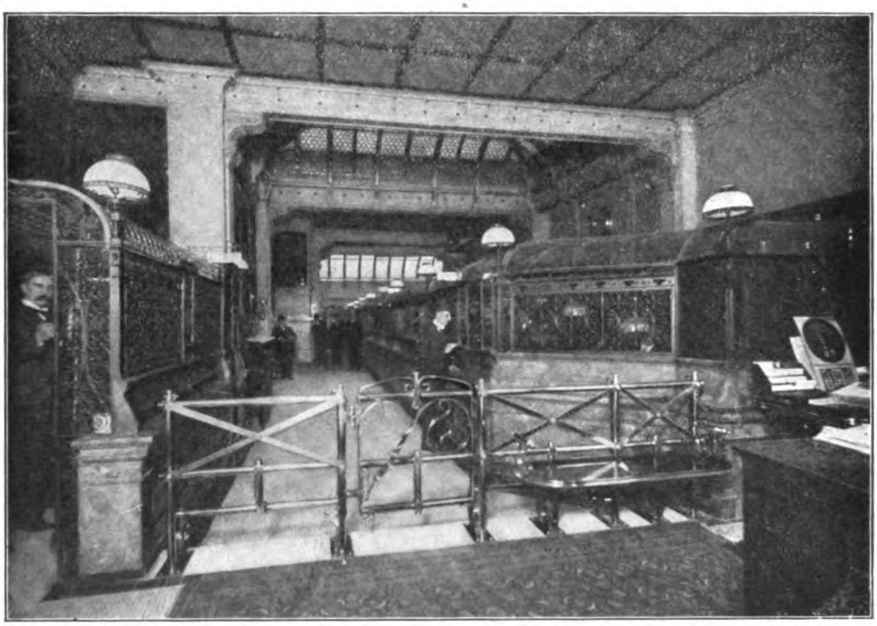
THE MERCHANTS' NATIONAL BANK BUILDING, ERECTED IN 1840 AND OCCUPIED UNTIL 1883.

capital was increased from $1,250,000 to $3,000,000, to be paid in instalments at the discretion of the board of directors. The bank passed through another national financial crisis in 1857, and soon after came the civil war, which brought many difficult questions to be solved by the banks of the country. The banks of New York stood together in upholding the Government to the best of their ability, and in August, 1861, co-operated with those of Boston and Philadelphia in a plan to loan the Government $50,000,000. The portion taken by the Merchants' Bank was $1,423,000. In the following October it was necessary to advance the Government fifty millions more, of which the bank contributed its share. In 1863 the bank subscribed for $50,000 of the bonds of the

THE MERCHANTS' NATIONAL BANK BUILDING.

County of New York to help along the soldiers' substitute and bounty fund, and also bought $25,000 of the Union Defence bonds of New York City.

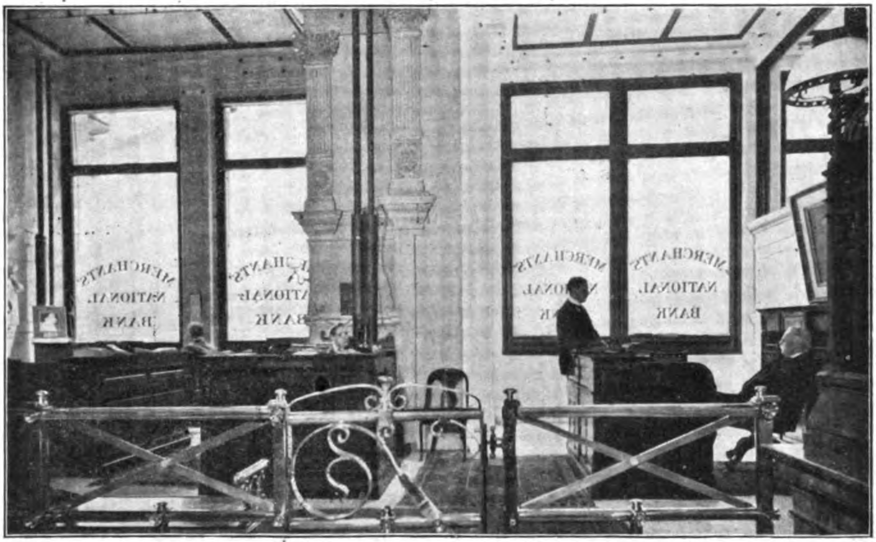
The bank reorganized under the National Bank Law in 1865, June 17, and as the Merchants' National Bank of the City of New York continued its prosperous career. In 1878 the capital stock was reduced from $3,000,000 to $2,000,000, the stockholders receiving their share in gold. In 1883 the Merchants' and the Manhattan banks jointly erected and occupied a splendid new banking building at 40-42 Wall street. Twelve years later, in 1895, the building was enlarged by the construction of three additional stories. This is the modern edifice which the bank has since made its home. Four banks have maintained continuous relations with the Merchants' Bank for more than a century. They are



MAIN BANKING ROOM, MERCHANTS' NATIONAL BANK.

the Philadelphia Bank, the New York State Bank at Albany, the Hartford Bank, and the Newark Banking and Insurance Company.

The present officers of the Merchants' National Bank are: Robert M. Gallaway, president; Elbert A. Brinckerhoff, vice-president; Zoheth S. Freeman, cashier; Albert S. Cox, assistant-cashier. The directors are: John A. Stewart, chairman board of trustees United States Trust Co.; Elbert A. Brinckerhoff, vice-president J. Spencer Turner Co. (cotton duck); Charles Stewart Smith, merchant; Gustav H. Schwab, Oelrichs & Company, agents North German Lloyd Steamship Co.; Donald Mackay, Mackay & Company, bankers; Robert M. Gallaway; Charles D. Dickey, Brown Brothers & Co., bankers; George Sherman, director Central Trust Co.; Edward Holbrook, president Gorham Manufacturing Co., and Joseph W. Harriman, Harriman & Co., bankers.



OFFICERS' QUARTERS, MERCHANTS' NATIONAL BANK.

The bank's capital is $2,000,000, with surplus of $1,000,000 and undivided profits of $500,000, and deposits aggregating $23,700,000.

TICONIC NATIONAL BANK, WATERVILLE, MAINE.

ONE of the up-to-date financial institutions of New England is the Ticonic National Bank of Waterville, Maine, whose banking rooms and facilities for transacting business are now equal to many of the pretentious establishments in much larger cities. This is indicative of the spirit of enterprise that pervades the cities of Maine, a section which although not so conspicuously before the business world as some other parts of the country, is yet undergoing a steady and substantial development.

The Ticonic Bank was chartered and began business as a state bank in 1814, and became a national bank in 1865. It has always had a sterling reputation, and has enjoyed a steadily prosperous career. Recently the bank, which owns its building, has made extensive alterations in its banking rooms which have placed its equipment on a par with the best of modern financial institutions.

The changes include a thorough remodeling of the quarters occupied by the bank and consist of handsome mahogany fixtures, bronze grillework, and a handsome Grueby tile floor in the main banking room, old brass electric light fixtures with holophane globes, and furnishings in keeping with the whole plan of artistic and dignified design.

The illustrations shown herewith will convey some idea of the fine new equipment. The directors' room especially is a unique feature, the design being similar to a library in a private residence. The room is lighted from above through a stained glass skylight, and in one end is a cozy ingle-nook with spacious fireplace. The furnishings of the room are in keeping, being of oak in mission style. The bank has also a thoroughly modern vault with safe deposit boxes for the convenience of its customers. The minor details of the equipment have also been given careful attention.

That these changes and improvements have been appreciated by the business public of Waterville is evidenced by the fact that since the alterations were completed over a hundred new customers have been added

BANKING ROOM, TICONIC NATIONAL BANK.

to the list of the bank's patrons and the average deposits have increased nearly $50,000. The aggregate of deposits on Jan. 1, 1906, was $156,-633.73; whereas on Aug. 1, 1906, they amounted to $243,275.55, an increase of nearly $90,000 in a period of seven months. The bank has a paid-in capital of $100,000, and a surplus and undivided profits of over $43,000.

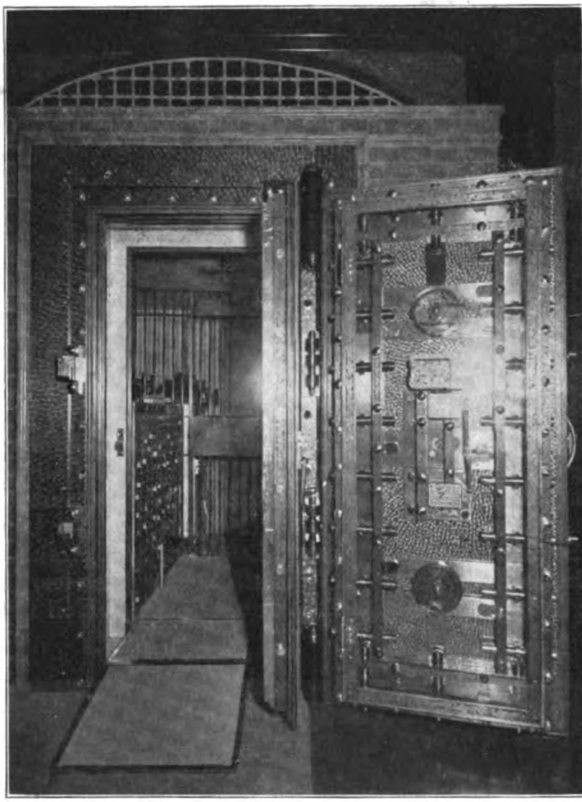
The officers of the Ticonic National Bank are: George K. Boutelle, president; Clarence A. Leighton, vice-president; Hascall S. Hall, cashier. These gentlemen with William T. Haines, Joseph Eaton and Charles Wentworth comprise the board of directors. Mr. Boutelle, who has filled the office of president for the past ten years, is a lawyer, a graduate

THE UNIQUE DIRECTORS' ROOM.

of Harvard Law School, and is prominent in business circles of central Maine, being president of the Waterville & Fairfield Railway & Light Co., president of the Union Gas & Electric Co., treasurer of Colby College, treasurer of the Kennebec Water District, and a trustee in the Waterville Savings Bank. Colonel Leighton, vice-president, is the head of a large and profitable manufacturing business, the C. F. Hathaway & Co.; his home is in Thomaston. Cashier Hall is a graduate

FIREPLACE IN DIRECTORS' ROOM.

of Colby, and came into the bank as a clerk, becoming cashier about ten years ago, when the deposits were only about $40,000. Hon. William T. Haines, lawyer and business man, largely interested in the lumber industry, is prominent politically, and is currently said to be slated for the governorship of the state. Mr. Eaton is a merchant in



THE VAULT.

Winslow, member of the firm of Basset & Eaton, and Mr. Wentworth is prominent in lumber and real estate interests. Charles McGann has been the bank's bookkeeper for four years, and H. D. Bates, formerly cashier of the Merchants' Bank, Waterville, has been the teller since February last.

NORTH ADAMS NATIONAL BANK, NORTH ADAMS, MASS.

"THE Story of a Successful National Bank and How It Grew," is the title of a handsome booklet issued by the North Adams National Bank of North Adams, Massachusetts. It sets forth in an interesting manner by descriptive text and illustrations the facilities provided by the bank, not only in its attractive and spacious banking-rooms, with special reference to the comfort and convenience of its patrons, but in its ample capital and surplus and the machinery for conducting all the legitimate business of the modern banking institution. It treats of the bank's origin and early history, and contains biographical sketches of four of its deceased presidents, whose combined periods of service covered nearly the whole term of the bank's existence.

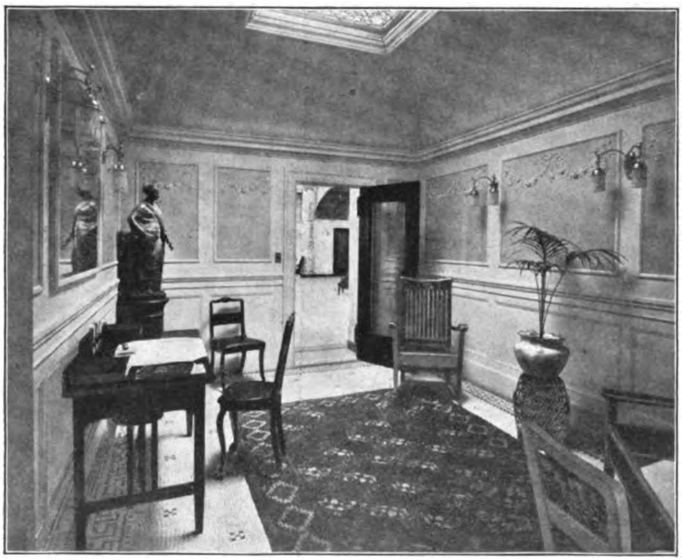
The North Adams bank has had an interesting and honorable career. Established in 1832, its chief founder was William E. Brayton, who was its cashier for twenty-five years and thereafter its president until his death in 1865. Mr. Brayton opened the bank for business in a room of a brick dwelling owned by him, the institution paying for its accommodation the modest sum of thirty-five dollars a year. He was his own teller,

THE BANKING ROOM, NORTH ADAMS NATIONAL BANK.

bookkeeper and office-force, and he opened his ledger account as a state bank with a capital stock of $100,000. The trade of the local manufacturers and merchants was all with Troy and New York city, and as money was scarce in those early days, the common mode of payment was by promissory notes, hemlock boards and green cordwood.

From the organization of the bank until his death Mr. Brayton was the mainstay of the institution, and to his financial ability, energy and skillful management much of its success during its early years is due. The bank under his direction weathered the financial storm of 1857, and was reorganized as a national bank in 1865. The capital stock, which had been increased to $200,000 prior to 1852, was made $300,000 in 1856 and further increased to $350,000 in 1857. As the first cashier Mr. Brayton began business with deposits of about $20,000. At his death the deposits were $146,724.54, and there were undivided profits of over $230,000.

Sanford Blackinton, a member of the first board of directors, was elected president in 1865, and served in that capacity until his death twenty years later. In 1870 the bank's capital was increased to $500,-000, and the present banking house was erected at a cost of $50,000. Mr. Blackinton was connected with the bank as director and president for fifty-three years, a longer period than any other official has served it. At the close of his administration the deposits had reached nearly $360,-000, and the surplus and undivided profits had increased to over $125,-000. He was succeeded as president by Shubael W. Brayton, a son of the founder, who served until his death in 1898, the bank's deposits in the meantime increasing to over $500,000, and its surplus and profits to

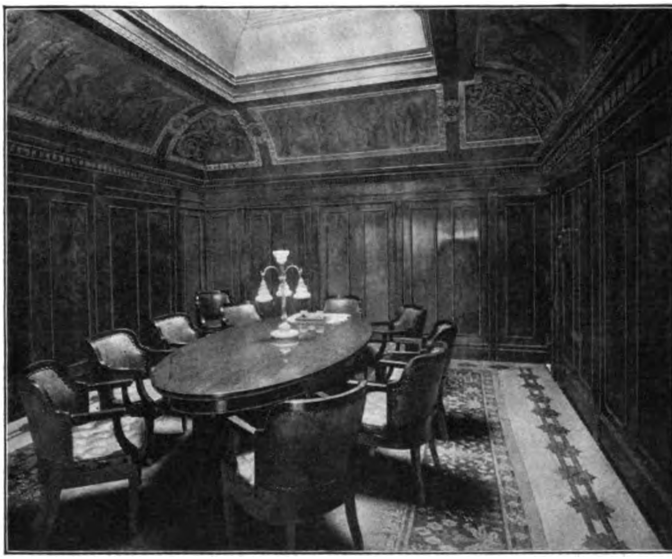


THE LADIES' ROOM.

$170,000. Mr. Brayton's successor was Edward S. Wilkinson, who had been for thirty-four years the bank's cashier. He died in 1902.

Since 1870 the North Adams National has owned the building which is its home, and early in the current year its establishment was extensively remodeled into what are today among the most modernly equipped and commodious banking rooms in the country. Indeed they are a marvel of elegance and completeness for a banking house in a city of 25,000 population. The unusually large public space, the rich marble paneling and wainscoting, the scheme of decoration with its classic figures of heroic size representing Agriculture, Industry, Art and Commerce, the customers' rooms, ladies' room and the unique directors' room, are features that have their counterpart in the institutions of few places outside of the largest cities.

The North Adams National Bank has a present capital of $500,000 and surplus of $200,000, with deposits of over $1,000,000. Its officers and directors are: President, William Arthur Gallup; vice-president,



THE DIRECTORS' ROOM.

Herbert W. Clark; cashier, William H. Pritchard; directors, Hon. A. C. Houghton, V. A. Whitaker, W. G. Cady, H. W. Clark, Hon. George P. Lawrence, Carlton T. Phelps, H. G. B. Fisher and Edward S. Wilkinson.

POSTAL SAVINGS BANKS IN THE PHILIPPINES.

A SYSTEM of postal savings banks has been established in the Philippines under regulations which appear to be well calculated to assure the safety of deposits, and a return of 2½ per cent. to depositors.

The investment of the funds is in charge of a designated board, which may consider as legitimate investments only United States bonds, insular government bonds, municipal bonds of Philippine cities to an amount not exceeding ten per cent. of the total deposits, interest-bearing bank deposits under proper security in the United States or the Philippine Islands, and stocks or shares of banks doing business in the Philippine Islands with a specified minimum of paid up capital. All expenses shall be paid from the profits arising from investments.

The earnings of any fiscal year in excess of expenses and interest payments shall constitute a reserve fund which shall be permitted to accumulate until equal to five per cent. of the interest-bearing deposits. This may be used only to meet deficits in those years wherein the earnings do not equal expenses plus interest payments. If these provisions should be insufficient for the latter the deficit shall be made good out of the insular treasury, not out of the interest guaranteed to depositors. The rate may be altered at the close of each fiscal year.

BANKING AND BUSINESS SYSTEM

ELECTRIC ADDOGRAPH.

ADDING AND TYPEWRITING BY ELECTRICITY.

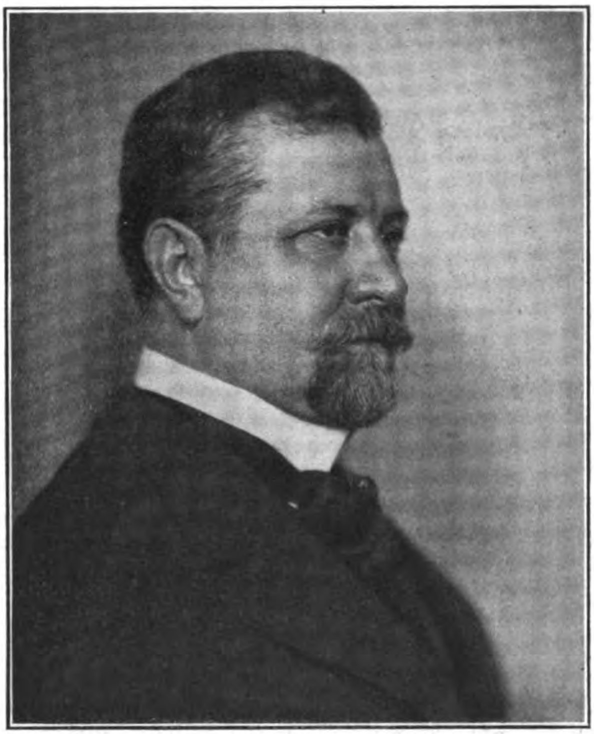
AN INVENTION WHICH IS DESTINED TO LIGHTEN THE LABOR AND INCREASE THE EFFICIENCY OF BANK CLERKS AND OTHERS.

AMONG the latest inventions designed to lighten the labor and increase the efficiency of bank clerks and commercial accountants, perhaps the most novel and interesting, not to say the most important, is the Electric Addograph, or combination adding machine and typewriter.

ELECTRIC ADDOGRAPH.
Adding Machine and Typewriter.

The history of adding and writing machines combined dates back, practically, about six years, when the first machines of this character were placed upon the market by the National Addograph Company of New York city. This company are the pioneers of this particular industry, and their original hand-operated machines are in use by many of the prominent banks and trust companies throughout the United States and Europe.

Their new electric combination, which we illustrate herewith, embodies every facility for rapid and accurate work, combining all the features of the typewriter, tabulator and adding machine by an exceedingly sim-

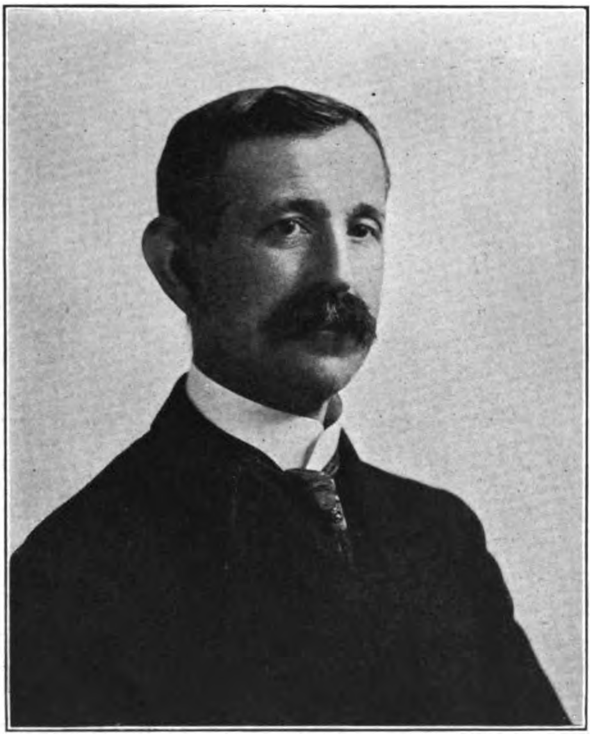


HERMAN KNUBEL,
President of the National Addograph Co.

ple method. Being a power-machine, it can be connected to any incandescent-light socket, and the motor is at all times under perfect control of the operator by means of a convenient switch. The visibility of the typewriter employed is a very strong and attractive feature, bringing in sight of the operator each item as it is listed on the machine. The value of this feature in preventing errors or transpositions cannot be overestimated.

The Addograph is not only a perfect combination of the typewriter and adding machine, but can be operated as an adding machine or typewriter separately, precisely as if they had no connection with each other.

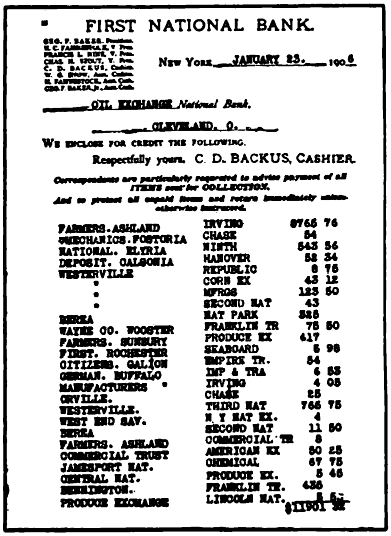
With this machine, remittances and cash-item letters, or any other record required to be added automatically, can be handled by the ordinary bank clerk in a speedy, systematical and accurate manner, with correct totals, and with perfect duplicate copies. One button controls the registering of all amounts, and moves the carriage of the typewriter automatically. This feature enables the operator to use both hands, one for handling his papers and the other to press the button, a radical improvement over the old hand-operated machines. The column correcting keys, one for each column, permits of restoring any particular key that may have been wrongly depressed, without the necessity of throwing out the entire item.



HOLMES MARSHALL,
General Manager National Addograph Company.

The Addograph not only adds a vertical column of figures, but in addition as many columns across page, horizontally, as the width of the typewriter carriage will permit. As the extensions are printed, the grand totals of all such items are secured instanter. The machine also permits of printing numerals that do not need to be added, wherever required, without interfering with the adding mechanism.

Holmes Marshall, the inventor of the Electric Addograph, and general manager of the National Addograph Company, has for ten years been perfecting the machine which the company is now offering. His earlier efforts resulted in the hand-power machine which they have been



FIRST NATIONAL BANK.

GEO. F. BAKER, President.
C. D. BACKUS, Cashier.

New York JANUARY 23. 1906

OIL EXCHANGE *National Bank.*

CLEVELAND, O.

We enclose for credit the following.

Respectfully yours, C. D. BACKUS, CASHIER.

Correspondents are particularly requested to advise payment of all ITEMS sent for COLLECTION.

And to protest all unpaid items and return immediately unless otherwise instructed.

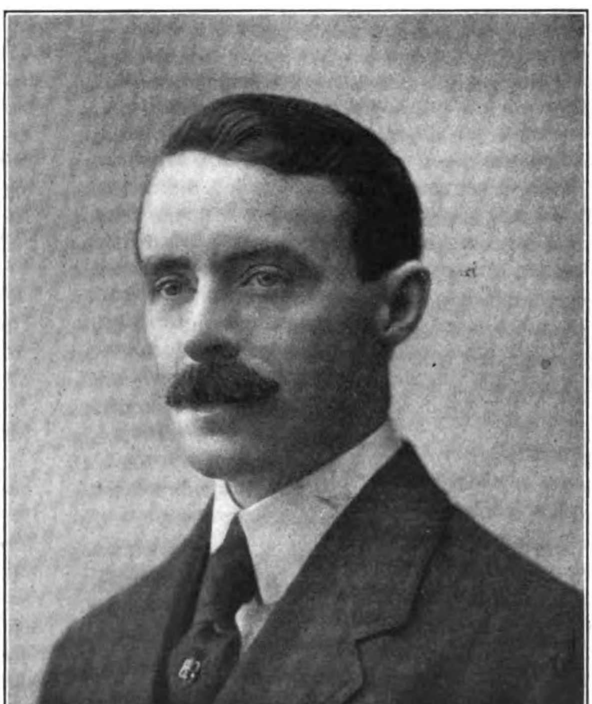
FARMERS. ASHLAND
MECHANICS. FOSTORIA
NATIONAL. ELYRIA
DEPOSIT. CALSONIA
WESTERVILLE
BEREA
WAYNE CO. WOOSTER
FARMERS. SUNBURY
FIRST. ROCHESTER
CITIZENS. GALION
GERMAN. BUFFALO
MANUFACTURERS
ORVILLE.
WESTERVILLE.
WEST END SAV.
BEREA
FARMERS. ASHLAND
COMMERCIAL TRUST
JAMESPORT NAT.
CENTRAL NAT.
BENNINGTON.
PRODUCE EXCHANGE

IRVING	8765	76
CHASE	54	
NINTH	543	56
HANOVER	52	34
REPUBLIC	8	75
CORN EX	43	12
MFRGS	125	50
SECOND NAT	43	
NAT PARK	325	
FRANKLIN TR	75	50
PRODUCE EX	417	
SEABOARD	5	98
EMPIRE TR.	54	
IMP & TRA	6	53
IRVING	4	05
CHASE	25	
THIRD NAT	765	75
N Y NAT EX.	4	
SECOND NAT	11	50
COMMERCIAL TR	8	
AMERICAN EX	50	25
CHEMICAL	67	75
PRODUCE EX.	5	46
FRANKLIN TR.	436	
LINCOLN NAT.	[illegible]	[illegible]
	$11901	[illegible]

Sample of Addograph Work.

sending out for the past six years, and which is in extensive use by banks and mercantile houses in this and foreign countries. Mr. Marshall was for a number of years a bank clerk in Cleveland, and while serving in this capacity he conceived the ideas that have gradually led to the perfection of the electric model which his company are now handling from their New York office in the Forty-Two Broadway Building.

John D. Hayes, sales agent for the Addograph Company, has been in charge of their sales department, with headquarters in New York, since the organization of the company some six years ago. Mr. Hayes has recently returned from abroad, where he has been investigating conditions for his company and taking orders for their new machines.



JOHN D. HAYES.
Sales Agent National Addograph Company.

MONEY, TRADE AND INVESTMENTS

New York, September 3, 1906.

INCREASED dividends, favorable crop prospects and an improved sentiment revolutionized Wall Street last month. An enthusiasm was created which carried daily transactions at the Stock Exchange up to nearly 3,000,000 shares, while prices of stocks moved up so rapidly that advances were made in a few hours which ordinarily require months of persistent manipulation.

Aside from the money situation, which has begun to develop stringency, the conditions have been favorable to an upward movement in the stock market. The usual monthly report on the crops was made by the government on August 10th. This gave the assurance of an enormous wheat crop this year and of a corn crop possibly exceeding the record crop of last year. The combined winter and spring wheat yield is estimated at 772,264,000 bushels, as compared with 693,000,000 bushels in 1905, and with 748,460,000 bushels in 1901, the year of the largest previous yield. The corn crop last year reached nearly 2,708,000,000 bushels, and was the largest ever recorded. Present conditions indicate a yield this year of 2,713,000,000 bushels, exceeding the big crop of 1905 by 5,000,000. So far as good crops are the foundation for prosperity, then, the outlook for good times is favorable. But there comes the money question again. The very wealth of crops means an active drain upon the reserves of the New York banks when the handling of the crops begins. The Treasury has already had a part in depleting the reserves, and methods of getting the money back into the channels of business are being discussed. One proposition is that the Secretary of the Treasury begin the redemption of the 4 per cent. bonds of 1907, of which there are $118,000,000 outstanding. Only a month ago the Secretary sold $30,000,000 Panama bonds, and there is the suggestion of incongruity in the government issuing bonds in order to borrow money, and almost contemporaneously redeeming its bonds in order to get rid of surplus funds in the Treasury.

Money became more stringent late in the month and loaned on call at 12 per cent. The low reserves of the banks and the activity in speculation fully accounted for the advance in loaning rates. There was some hope of gold imports, as rates for sterling exchange declined. But it is evident that every obstacle will be put in the way of gold shipments from the other side.

Nor are gold imports likely, except by the employment of artificial means, if the present course of our foreign trade is to continue. The fact is that our imports of merchandise are in a fair way to overtake our exports, large as the latter are. The excess of exports over imports in

July was only $3,928,000. The imports were $107,621,000, or nearly as much as the exports were in July last year. This year the exports in that month were $111,550,000, an increase of only about $3,600,000, while the imports have increased $23,000,000. July and August are usually the smallest exporting months, but imports have now been exceeding $100,000,000 a month for nearly twelve months, and there are circumstances which may cause their further increase even to the point of turning the balance of trade.

The effect of large imports will be felt in the money market, for they will increase the Treasury absorption of money, and the problem of relieving the money market will again confront our Washington officials.

For the present, however, there is a lively bull market. The upward movement got the inspiration from the unexpected increase in the dividend on Union Pacific stock. The company it was known had been making large earnings, and some increase in the dividend was looked for, but when the announcement was made that the rate had been jumped from 6 to 10 per cent. per annum, there was almost universal surprise. At the same time the Southern Pacific, which had been paying no dividends, declared a semi-annual dividend of 2½ per cent. It is generally conceded that the dividends in both cases are warranted by the earnings of the respective properties. But there is a wide diversity of opinion as to the wisdom or justice of making so sweeping an increase, while the manner in which the action was made known to the public has been criticized with some severity.

Another important event in the railroad financial world was the announcement that the St. Paul road would issue $24,802,809 of $25,000,000 treasury common stock to its stockholders at par. With the stock selling at about 190, the privilege was valuable and the "rights" have been quoted at around 17.

About the same time it was learned that the Chicago & Northwestern Railway had called a meeting of the stockholders to be held on October 18th, to authorize an issue of $100,000,000 common stock, practically doubling the capital, which is now about $77,600,000 common and $22,400,000 prefered stock. The purpose to which the new issue of stock is to be put has not been made known, but the company is understood to contemplate extensions of an important character.

Other railroads are also contemplating new issues of securities. The stockholders and debenture bondholders of the Wabash Railroad are to vote on October 22 on the proposition to issue $200,000,000 refunding 4 per cent. bonds, $16,500,000 preferred stock and $81,500,000 common stock. A part of these new issues will be used in retiring the debenture bonds. The Norfolk & Western also contemplates an issue of $34,000,000 convertible bonds, against which there will be an issue of an equal amount of stock to be held in the treasury of the company. The last five years have witnessed an extraordinary increase in the capital and bonded debt of the railroads, yet in the main the investments of new capital have become profitable. How long they will remain so should a general depression set in must be left for future solution.

Railroad earnings are undoubtedly at high water mark as regards the past. Never before were the earnings of the railroads as large as at the present time. From a table of gross earnings for the first half of each year since 1896, compiled by the "Financial Chronicle," we have taken the following:

GROSS EARNINGS OF THE RAILROADS.

JANUARY 1 TO JUNE 30.	*Miles.*	*Earnings.*	*Increase.*	[illegible]
1896	155,183	$458,249,197	$22,635,060	5.19
1897	158,295	473,084,924	*2,205,426	0.46
1898	158,775	536,375,776	59,340,294	12.44
1899	161,166	556,826,364	*3,095,153	6.82
1900	166,704	643,842,643	77,949,182	13.78
1901	175,371	704,538,792	62,217,278	9.69
1902	179,065	749,023,005	47,834,721	6.74
1903	173,655	847,034,818	101,946,842	13.68
1904	177,673	794,929,168	*15,202,815	1.87
1905	185,912	910,027,258	63,652,030	7.52
1906	182,611	941,429,882	117,543,761	14.27

* Decrease.

Except for a decrease of less than 2 per cent. in 1904, there has been an increase each year since 1897, while the percentage of gain this year is larger than in any previous year in the last ten years. It is of interest to note the intervals between the years of large gains. While there has been some increase in railroad mileage, in no year was it as much as 3 per cent., while this year it was only 1.67 per cent. The average earnings per mile have made a very great gain. In 1896 the gross earnings averaged only about $2,956 per mile and during the subsequent three years ran from $3,000 to $3,500 per mile. This year the average was $5,150 per mile, or at the rate of $10,300 a year.

By their earnings and their dividends the railroads give evidence of unparalleled prosperity. Turning to stock quotations, however, the inquiry suggests itself whether or not prices have outstripped values. The slightest familiarity with the prices which ruled for securities ten years ago or even later, must make the present figures for railroad stocks seem high. With no intention to pass judgment upon the intrinsic value of any stock, let us mention a few of the quotations made last month: Canadian Pacific, 179¼; Jersey Central, 229⅞; St. Paul, 198⅞; Northwest, 215; Delaware & Hudson, 226; Lackawanna, 530; Great Northern preferred, 329; Illinois Central, 178½; Louisville & Nashville, 154½; Union Pacific, 190½. What an array of big figures! Every one of the stocks named once sold for less than par and some of the roads represented were once in the hands of receivers. Times have changed wonderfully, whether permanently or not is the question.

A record of prices kept by "Dun's Review" shows the average quotations of sixty average active railway stocks for each year since 1872. The following table gives the highest and lowest down to August 25th.

AVERAGE QUOTATIONS OF SIXTY ACTIVE RAILWAY STOCKS.

	High.	*Low.*		*High.*	*Low.*		*High.*	*Low.*
1906	$120.99	$109.83	1894	$52.49	$47.37	1882	$94.85	$63.77
1905	117.90	106.15	1893	66.31	41.71	1881	101.54	69.98
1904	107.76	85.74	1892	68.49	62.32	1880	87.04	51 74
1903	109.10	82.62	1891	66.73	55.29	1879	67.86	33.85
1002	116.27	101.03	1890	69.93	53.61	1878	37.77	25.51
1901	103.98	84.36	1889	66.29	59.55	1877	36.33	20.58
1900	84.87	68.49	1888	65.09	55.71	1876	47.28	27.58
1899	76.29	66.72	1887	72.35	59.03	1875	53.50	36.14
1898	67.04	52.55	1886	71.99	55.28	1874	58.79	41.79
1897	59.99	45.64	1885	63.47	43.45	1873	69.61	40.83
1896	50.76	40.71	1884	66.28	38.68	1872	76.57	57.57
1895	56.07	44.49	1883	79.86	57.58			

Prices now are close to the highest recorded in 1906, which means the highest ever recorded. The lowest point reached during the period covered by the table was $20.58 in 1877. From that point there was an advance to $101.54 in 1881, and that was the highest for twenty years, the same altitude not being reached until 1901. From $101.54 in 1884 the market dropped to $38.68 in 1884, recovered to $72.35 in 1887, and then set in a long period of depression. The next low point was $40.71 in 1896, and from that point the market advanced practically without a break until 1902, when it touched $116.27. In the following year it fell to $82.62, and from that point has since advanced to $120.99, or nearly three times the figure from which the upward movement started in 1896. With the exception of the temporary setback in 1903 there has been a continuous upward movement for ten years.

Whatever caution is dictated by these known facts, it is nevertheless true that at no previous time in the last ten years have the factors of prosperity been more apparent or more demonstrative than now. This is true as to most lines of industry. Specifically it applies with exceptional force to the iron trade. Speaking of the production of pig iron, the "Iron Age" says: "Figures have been marshaled so frequently to express the astonishing performances of the American iron trade that it seems at times that they had lost their ability to impress upon the mind the real significance of what has been accomplished." The story of the great growth of iron production has been frequently told and still it is worth re-telling.

The output of pig iron in the first six months of 1906 amounted to 12,692,901 tons. This is at the rate of more than 25,000,000 tons a year. In 1896 the entire year's production was 8,623,127, so that in ten years the production of iron has increased nearly three fold. The product in the first half of this year exceeds the total for any full year prior to 1899. The output in each half year and for the entire year during the last ten years is shown as follows:

PRODUCTION OF PIG IRON.

	First 6 Months.	*Second 6 Months.*	*Year.*
1896	$4,976,236	$3,646,891	$8,623,127
1897	4,403,476	5,249,204	9,652,680
1898	5,869,703	5,904,231	11,773,934
1899	6,289,167	7,331,536	13,620,703
1900	7,642,569	6,146,673	13,789,242
1901	7,674,613	8,203,741	15,878,354
1902	8,808,574	9,012,733	17,821,307
1903	9,707,367	8,301,885	18,009,252
1904	8,173,438	8,323,595	16,497,033
1905	11,163,175	11,829,205	22,992,380
1906	12,602,901	....	....

There has been a constant increase in iron production for the last two years and with the exception of the falling off in the twelve months ended June 30, 1904, a growth for nearly six years. And with the expansion of production there has come a corresponding increase in consumption, which has left the market comparatively bare of supplies. At the same time it is reported that the blast furnaces are powerless materially to increase production.

Two events of the past month have tended to recall the financial history of ten years ago. On August 14 the Director of the Mint began purchasing silver bullion for coinage into subsidiary coin. The Director estimates that $5,000,000 of this coin should be minted annually to meet the currency needs of the country. This is the first purchase of silver for coinage made by the government since 1900. In fact, the purchase of silver bullion was stopped by an act of Congress passed November 1, 1893, after the government had purchased nearly 500,000,000 ounces at a cost exceeding $508,000,000. There is nearly $112,000,000 of small silver coin in circulation, or $52,000,000 more than there was ten years ago.

The other reminder of 1896 was the arrival of Mr. Bryan in New York and his enthusiastic reception. Ten years ago that gentleman was running for the presidency on a silver platform, and was hurling anathemas at the "cross of gold." He appears to be looming up again as a candidate for President and his views have been awaited with considerable interest. His speech in New York on August 30th indicates that he is willing to leave the money question alone and take up government ownership of the railroads and war upon the trusts.

As an advocate of inflation, Mr. Bryan has the opportunity, however, of calling attention to the fact that in the ten years since his first campaign was waged the currency has been expanded by $1,250,000,000, of which $700,000,000 was gold, $300,000,000 national bank notes, $100,000,000 silver and $100,000,000 legal tender notes.

THE MONEY MARKET.—Until the last week of the month the local money market was fairly easy, call money not getting above 6 per cent. The failure of a trust company in Philadelphia and the increased activity in the stock market finally caused a sharp advance, which put the rate to 12 per cent on August 31. At the close of the month call money ruled at 8@12 per cent., with the majority of loans at 10 per cent. Banks and trust companies loaned at 3½ per cent. as the minimum. Time money on Stock Exchange collateral is quoted at 6½ per cent. for ninety days to four months, 6½ per cent. for five months and 6 per cent. for six months, on good mixed collateral. For commercial paper the rates are 6@7 per cent. for sixty to ninety days' endorsed bills receivable, 6@7 per cent. for first-class four to six months' single names, and 7½ per cent. for good paper having the same length of time to run.

MONEY RATES IN NEW YORK CITY.

	April 1.	May 1.	June 1.	July 1.	Aug. 1.	Sept. 1.
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
Call loans, bankers' balances	4 —7¾	3½—4¾	2 —4½	2¾ 6	2 — ½	8 —12
Call loans, banks and trust companies	4 —	4 —	3 —	3 —	2 —	3½—
Brokers' loans on collateral, 30 to 60 days	4¾—5	5½ 6	4 — ½	4½ 5	3½—4	6½—
Brokers' loans on collateral, 90 days to 4 months	4¾—5	5½—6	4 — ½	4½—5	4¼—5	6½—
Brokers' loans on collateral, 5 to 7 months	4¾—5	5½-6	4½—5	5 — ¾	5 — ½	6 — ½
Commercial paper, endorsed bills receivable, 60 to 90 days	5¼ - ½	5½—6	5 — ½	5 — ½	5½— ¾	6 —7
Commercial paper, prime single names, 4 to 6 months	5¼— ½	5½—6	5 — ½	5 — ½	5½— ¾	6 — 7
Commercial paper, good single names, 4 to 6 months	6 —	6 —	5½—6	5½··· 6	6 —	7½—

New York Banks.—The changes in the condition of the local clearing-house banks in New York were such as to warrant the advance in rates for money. Deposits increased $16,000,000 in the week ended August 4, but decreased almost continuously during the succeeding four weeks. In that time there was a reduction of $34,000,000. The deposits now amount to $1,042,000,000, or $124,000,000 less than they were a year ago and $165,000,000 less than at this time in 1904. Loans, after increasing in one week $19,000,000, fell off $14,000,000 in the following four weeks, which leaves them at $5,000,000 less than at the end of July, as compared with a decrease in deposits of $18,000,000. Reserves were reduced more than $20,000,000 during the month, while the surplus reserve has declined from $18,892,000 to $2,869,000.

New York City Banks—Condition at Close of Each Week.

	Loans.	Specie.	Legal tenders.	Deposits.	Surplus Reserve.	Circulation.	Clearings.
Aug. 4...	$1,077,191,700	$195,547,200	$87,725,800	$1,076,599,300	$14,122,675	$46,516,600	$1,899,879,900
" 11...	1,072,468,200	188,939,000	85,058,600	1,062,904,800	8,271,525	46,054,500	1,638,231,300
" 18...	1,067,292,400	189,129,000	81,411,500	1,058,756,000	7,101,500	46,070,500	1,693,776,700
" 25...	1,071,132,800	186,032,800	81,720,200	1,053,851,700	4,290,075	46,107,500	2,351,389,500
Sept. 1...	1,066,739,600	181,745,600	81,638,100	1,042,057,200	2,869,400	46,038,700	2,175,188,900

DEPOSITS AND SURPLUS RESERVE ON OR ABOUT THE FIRST OF EACH MONTH.

Month.	1904.		1905.		1906.	
	Deposits.	Surplus Reserve.	Deposits.	Surplus Reserve.	Deposits.	Surplus Reserve.
January	$866,178,900	$9,541,850	$1,104,049,100	$18,683,425	$977,651,300	$4,292,575
February	1,023,943,800	25,129,050	1,189,828,600	26,979,550	1,061,403,100	11,127,625
March	1,027,920,400	32,150,200	1,179,824,900	14,646,075	1,029,545,000	5,008,755
April	1,069,369,400	27,755,050	1,138,661,300	8,664,575	1,004,290,500	5,131,270
May	1,114,367,800	33,144,250	1,146,528,600	16,665,250	1,028,683,200	10,367,400
June	1,098,953,500	29,692,325	1,136,477,700	6,050,275	1,036,751,100	6,816,025
July	1,152,988,800	36,105,300	1,166,088,900	11,658,875	1,049,617,000	12,055,750
August	1,204,965,600	55,969,600	1,190,744,900	15,305,975	1,060,116,900	18,892,475
September	1,207,302,800	57,375,400	1,166,587,200	5,496,785	1,042,057,200	2,869,400
October	1,212,977,100	19,913,425	1,080,465,100	7,440,025	....	....
November	1,204,434,200	16,793,650	1,042,092,300	12,430,925	....	....
December	1,127,878,100	8,539,075	1,023,882,300	2,565,375	....	....

Deposits reached the highest amount, $1,224,206,600, on September 17, 1904; loans, $1,146-163,700 on August 5, 1905, and the surplus reserve $111,623,000 on Feb. 3, 1894.

Non-Member Banks—New York Clearing-House.

Dates.	Loans and Investments.	Deposits.	Specie.	Legal tender and bank notes.	Deposit with Clearing-House agents.	Deposit in other N. Y. banks.	Surplus Reserve.
Aug. 4.....	$129,343,200	$143,859,900	$5,662,400	$7,213,900	$16,687,600	$6,200,400	* $200,675
" 11.....	130,632,200	142,908,500	5,584,400	7,418,300	14,436,300	6,524,200	* 1,763,925
" 18.....	131,468,900	141,104,400	5,421,900	7,471,100	13,185,500	6,200,200	* 2,997,400
" 25.....	131,439,100	140,735,000	5,496,800	7,445,400	12,952,200	6,146,100	* 3,143,250
Sept. 1.....	131,686,800	140,270,100	5,461,000	7,631,100	12,163,200	6,129,800	* 3,682,425

* Deficit.

Boston Banks.

Dates.	Loans.	Deposits.	Specie.	Legal Tenders.	Circulation.	Clearings.
Aug. 4	$185,502,000	$214,128,000	$16,232,000	$5,932,000	$7,909,000	$143,286,600
" 11	189,294,000	212,579,000	16,531,000	5,818,000	7,744,000	128,792,500
" 18	189,360,000	215,771,000	17,439,000	5,712,000	7,731,000	144,942,300
" 25	189,826,000	213,239,000	17,110,000	5,497,000	7,747,000	140,624,000
Sept. 1	185,828,000	209,129,000	15,423,000	5,664,000	7,699,000	....

Philadelphia Banks.

Dates.	Loans.	Deposits.	Lawful Money Reserve.	Circulation.	Clearings.
Aug. 4	$220,003,000	$252,201,000	$59,523,000	$14,059,000	$137,697,300
" 11	222,087,000	249,785,000	56,412,000	14,108,000	121,486,500
" 18	222,888,000	250,877,000	56,992,000	14,131,000	131,063,900
" 25	223,257,000	250,081,000	57,724,000	14,174,000	136,845,600
Sept. 1	222,351,000	248,163,000	56,018,000	14,262,000	146,859,700

Foreign Banks.—The Bank of England gained $7,000,000 gold in August and Russia $8,000,000. France and Germany each lost $1,000,000. The aggregate gold holdings of the principal banks are about the same as they were a year ago, but the individual holdings are changed. England has gained $10,000,000, while France and Russia each has lost an equal amount and Germany $7,000,000.

Gold and Silver in the European Banks.

	July 1, 1906.		August 1, 1906.		September 1, 1906.	
	Gold.	Silver.	Gold.	Silver.	Gold.	Silver.
England	£37,567,502	....	£37,189,724	....	£38,514,765	....
France	117,968,751	£42,720,585	116,923,487	£42,498,873	116,733,107	£42,076,811
Germany	38,239,000	12,746,000	35,827,000	11,976,000	35,633,000	11,878,000
Russia	108,455,000	5,901,000	109,267,000	6,006,000	110,880,000	5,942,000
Austria-Hungary	46,888,000	12,782,000	47,020,000	12,559,000	47,109,000	12,248,000
Spain	15,148,000	24,790,000	15,179,000	24,715,000	15,227,000	24,846,000
Italy	29,001,000	3,997,000	29,663,000	3,928,800	29,712,000	3,887,800
Netherlands	5,522,700	5,844,100	5,521,300	5,789,300	5,522,600	5,743,100
Nat. Belgium	3,287,333	1,643,667	3,224,000	1,612,000	3,322,000	1,661,000
Sweden	3,877,000	....	3,875,000	....	3,880,000	....
Totals	£405,951,286	£110,424,852	£403,789,511	£109,079,973	£406,533,472	£108,282,711

Foreign Exchange.—There was a sharp break in sterling exchange and rates were down to the gold-importing point at the close of the month. No engagements of gold for export from London were reported, however, and the price of bar gold was advanced to 77 shillings 10¾ pence.

Rates for Sterling at Close of Each Week.

Week ended.	Bankers' Sterling. 60 days.	Bankers' Sterling. Sight.	Cable transfers.	Prime commercial, Long.	Documentary Sterling, 60 days.
Aug. 4	4.8240 @ 4.8250	4.8515 @ 4.8525	4.8560 @ 4.8570	4.82⅛ @ 4.82¼	4.81⅝ @ 4.82⅛
" 11	4.8210 @ 4.8220	4.8485 @ 4.8490	4.8525 @ 4.8535	4.81⅞ @ 4.82	4.81 @ 4.82⅛
" 18	4.8200 @ 4.8210	4.8475 @ 4.8480	4.8520 @ 4.8525	4.81⅝ @ 4.81¾	4.81 @ 4.82⅛
" 25	4.8140 @ 4.8150	4.8440 @ 4.8445	4.8495 @ 4.8505	4.81 @ 4.81⅛	4.80½ @ 4.81⅝
Sept. 1	4.8030 @ 4.8040	4.8330 @ 4.8340	4.8390 @ 4.8400	4.79¾ @ 4.79⅞	4.79¼ @ 4.80⅛

FOREIGN EXCHANGE—ACTUAL RATES ON OR ABOUT THE FIRST OF EACH MONTH.

	May. 1.	June 1.	July. 1.	Aug. 1.	Sept. 1.
Sterling Bankers—60 days	4.81¼— ⅜	4.82⅛— ¼	4.81⅞— 2	4.82⅛— ¼	4.80¼— ⅜
" " Sight	4.84¼— ⅝	4.85⅛— ¼	4.84⅝— ¾	4.85 — ⅛	4.83¼— ⅜
" " Cables	4.84⅞—85	4.85⅝— ¾	4.85 — ⅛	4.85¼— ⅜	4.83⅞—84
" Commercial long	4.81 — ¼	4.81¾— ⅞	4.81⅝— ¾	4.81⅞— 2	4.79¾— ⅞
" Docu'tary for paym't.	4.80¾— 1¾	4.81½— 2⅛	4.81 — 2	4.81⅝— 2⅜	4.79¼—80⅛
Paris—Cable transfers	5.18¾— ⅛	5.18⅛—	5.18⅛—	5.18⅛—17⅛	5.20 1/16—20
" Bankers' 60 days	5.21⅞— ¾	5.21¼—20⅝	5.21¼—20⅝	5.20⅝—	5.22½—21⅞
" Bankers' sight	5.19⅝—18¾	5.18¾—	5.18¾—	5.18⅛—	5.20⅝— 7/16
Swiss—Bankers' sight	5.19⅝—	5.18¾— ⅛	5.18¾— ⅛	5.17½—	5.20 1/16—20
Berlin—Bankers' 60 days	94 — ⅛	94⅛— ¼	94⅛— ¼	94⅛— ¼	93¾— ⅞
" Bankers' sight	94½— 9/16	94 11/16— ¾	94 11/16— ¾	94 11/16— 13/16	94⅜— ½
Belgium—Bankers' sight	5.20⅝—20	5.20 —19⅜	5.20¼—19⅜	5.20 —19⅜	5.21⅞— ¼
Amsterdam—Bankers' sight	39⅞— 15/16	39 15/16—40	40 — 1/16	40 1/16— ⅛	40 — 1/16
Kronors—Bankers' sight	26⅝— ⅞	26¾—27	26¾— ⅞	26⅝— ⅞	26 9/16— 11/16
Italian lire—sight	5.19⅝—18¾	5.17½—16⅞	5.18⅛—17½	5.18⅛—17½	5.20 1/16—20

MONEY RATES ABROAD.—No change was made in the Bank of England rate of discount last month, which remains at 3½ per cent. Money is a little dearer in London and lower in Paris than it was a month ago. Discounts of sixty to ninety-day bills in London at the close of the month were 3½ per cent., against 3⅛@3¼ per cent. a month ago. The open market rate at Paris was 2¼ per cent. against 2½@2⅝ per cent. a month ago, and at Berlin and Frankfort 3⅝ per cent., against 3½@3⅝ per cent. a month ago.

BANK OF ENGLAND STATEMENT AND LONDON MARKETS.

	May 31, 1906.	June 30, 1906.	July 31, 1906	Aug. 31, 1906.
Circulation (exc. b'k post bills)	£28,946,000	£29,369,000	£30,577,000	£29,205,000
Public deposits	10,048,000	11,411,000	9,493,000	10,566,000
Other deposits	42,678,000	44,638,000	42,394,000	43,751,000
Government securities	15,977,000	15,977,000	15,977,000	15,972,000
Other securities	31,483,000	31,364,000	29,420,000	28,789,000
Reserve of notes and coin	23,176,000	26,648,000	24,629,000	27,758,000
Coin and bullion	33,672,322	37,567,502	36,757,012	38,514,765
Reserve to liabilities	43.90%	47.44%	47.41%	51.05%
Bank rate of discount	4%	3½%	3½%	3½%
Price of Consols (2½ per cents.)	89⅝	88	87 9/16	87½
Price of silver per ounce	31⅛d.	30 3/16d.	30 1/16d.	30⅞d.

SILVER.—The price of silver in London advanced to 30 15-16d. in August and the final sale for the month was 29⅞d., a net advance of 13-16d.

MONTHLY RANGE OF SILVER IN LONDON—1904, 1905, 1906.

MONTH.	1904. High	1904. Low.	1905. High	1905. Low.	1906. High	1906. Low.	MONTH.	1904. High	1904. Low.	1905. High	1905. Low.	1906. High	1906. Low.
January	27 3/16	25⅛	28⅜	27 9/16	30¼	29 11/16	July	27	26⅜	27 3/16	26⅞	30 7/16	29 13/16
February	27⅛	25⅝	28 3/16	27⅝	30 13/16	30⅛	August	27	26 3/16	28¾	27⅛	30 15/16	29⅞
March	26 13/16	25⅛	27 11/16	25 13/16	30 7/16	29	Septemb'r	26⅞	26	28¾	28	....	....
April	25½	24 7/16	26⅝	25 7/16	30 3/16	29⅝	October	26 13/16	26⅛	28 11/16	28⅜	....	....
May	25 11/16	25⅛	27 5/16	26⅛	31⅜	30 7/16	Novemb'r	27 3/16	26¾	30 3/16	28 13/16	....	....
June	26⅛	25 5/16	27⅛	26¾	31 1/16	29⅝	Decemb'r	28 9/16	27 3/16	30 1/16	29⅝	....	....

NATIONAL BANK CIRCULATION.—There was an increase of $8,371,258 in the circulation of national bank notes last month and the Government bonds deposited to secure circulation increased $6,500,000. The national banks have on deposit to secure circulation $8,843,560 of the new Panama bonds. Beside these there are $17,664,000 deposited to secure public deposits, making a total of $26,507,560 held by these banks out of the total of $26,974,200 reported by the Government as outstanding.

NATIONAL BANK CIRCULATION.

	May 31, 1906.	*June 30, 1906.*	*July 31, 1906.*	*Aug. 31, 1906.*
Total amount outstanding	$559,129,660	$561,112,360	$561,481,045	$569,852,308
Circulation based on U. S. bonds	516,036,146	517,847,749	516,573,399	524,439,160
Circulation secured by lawful money	43,093,514	43,264,611	44,907,646	45,413,143
U. S. bonds to secure circulation:				
Funded loan of 1907, 4 per cent	14,194,800	16,475,200	17,954,850	19,482,850
Four per cents. of 1925	4,399,500	4,456,500	4,719,000	3,544,200
Three per cents. of 1908-1918	2,421,380	2,550,160	2,681,660	2,505,120
Two per cents. of 1930	498,249,850	497,123,350	495,033,100	492,568,300
Panama Canal 2 per cents	....	....	....	8,843,560
Total	$519,265,530	$520,605,210	$520,388,610	$526,944,030

The National banks have also on deposit the following bonds to secure public deposits: 4 per cents. of 1907, $9,061,200; 4 per cents. of 1925, $7,606,200; 3 per cents. of 1908-1918, $5,-714,000; 2 per cents. of 1930, $54,027,400; Panama Canal 2 per cents. $17,664,000; District of Columbia 3.65's, 1924, $841,000; Hawaiian Islands bonds, $1,519,000; Philippine loan, $7,723,000; state, city and railroad bonds, $5,272,325; a total of $105,428,625.

FOREIGN AND DOMESTIC COIN AND BULLION—QUOTATIONS IN NEW YORK.

	Bid.	*Asked.*		*Bid.*	*Asked.*
Sovereigns	$4.85	$4.88	Mexican doubloons	$15.55	$15.65
Bank of England notes	4.83	4.86	Mexican 20 pesos	19.55	19.65
Twenty francs	3.86	3.89	Ten guilders	3.95	4.00
Twenty marks	4.74	4.77	Mexican dollars	.51¼	.53¾
Twenty-five pesetas	4.78	4.82	Peruvian soles	.46¾	.49½
Spanish doubloons	15.55	15.65	Chilian pesos	.46¾	.49½

Bar silver in London on the first of this month was quoted at 30⅞d. per ounce. New York market for large commercial silver bars, 66⅞ @ 68¾c. Fine silver (Government assay), 67 @ 69c. The official price was 66¾c.

GOVERNMENT REVENUES AND DISBURSEMENTS.—The Treasury reports a surplus for August of $8,000,000, as compared with a deficit of $13,-500,000 in July and of nearly $5,000,000 in August, 1905. The receipts were $8,500,000 more than a year ago and the disbursements $4,300,000 less. For the two months of the fiscal year there is a deficit of $5,000,-000, as against a deficit of $18,500,000 in 1905.

UNITED STATES TREASURY RECEIPTS AND EXPENDITURES.

RECEIPTS.

Source.	*Aug., 1906.*	*Since Aug. 1, 1906.*
Customs	$29,012,059	$55,188,804
Internal revenue	21,853,130	43,955,418
Miscellaneous	5,142,357	9,162,227
Total	$56,007,596	$108,306,449
Excess of receipts	$8,159,147	* $5,355,722

EXPENDITURES.

Source.	*Aug., 1906.*	*Since Aug. 1, 1906.*
Civil and mis	$7,687,884	$23,248,372
War	8,833,409	23,090,376
Navy	7,284,168	17,831,539
Indians	2,248,526	4,235,241
Pensions	13,111,982	25,073,109
Public works	7,136,952	14,596,791
Interest	1,545,528	5,586,748
Total	$47,848,449	$113,662,171

* Excess of expenditures.

UNITED STATES PUBLIC DEBT.—The Panama canal bonds appear for the first time in the public debt statement, and cause an increase of nearly $27,000,000 in the interest-bearing debt. Notwithstanding this the net debt, less cash in the Treasury, shows a decrease of about $3,500,000. The proceeds of the bonds have remained in the Treasury or have been deposited in bank depositories. The cash balance increased over $30,-000,000 and now amounts to $350,000,000.

UNITED STATES PUBLIC DEBT.

	June 1, 1906.	*July 1, 1906.*	*Aug. 1, 1906.*	*Sept. 1, 1906.*
Interest-bearing debt:				
Loan of March 14, 1900, 2 per cent	$595,942,350	$595,942,350	$595,942,350	$595,942,350
Funded loan of 1907, 4 per cent	116,755,150	116,755,150	116,755,150	116,755,350
Refunding certificates, 4 per cent	26,290	26,280	26,230	26,120
Loan of 1925, 4 per cent	118,489,900	118,489,900	118,489,900	118,489,900
Ten-Twenties of 1898, 3 per cent	63,945,460	63,945,460	63,945,460	63,945,460
Panama Canal Loan of 1916, 2 per cent	....	....	....	26,974,200
Total interest-bearing debt	$895,159,150	$895,159,140	$895,159,090	$922,183,380
Debt on which interest has ceased	1,135,045	1,128,135	1,126,585	1,126,375
Debt bearing no interest:				
Legal tender and old demand notes	346,734,298	346,734,298	346,734,298	346,734,298
National bank note redemption acct.	42,445,616	42,635,639	43,935,011	44,195,967
Fractional currency	6,865,959	6,865,757	6,865,757	6,865,237
Total non-interest bearing debt	$396,045,873	$396,235,694	$397,535,067	$397,795,503
Total interest and non-interest debt	1,292,340,068	1,292,522,970	1,293,820,742	1,321,055,258
Certificates and notes offset by cash in the Treasury:				
Gold certificates	557,599,869	559,779,869	563,984,869	569,739,869
Silver certificates	474,640,000	477,473,000	477,637,000	481,392,000
Treasury notes of 1890	7,504,000	7,386,000	7,232,000	7,129,000
Total certificates and notes	$1,039,743,869	$1,044,638,869	$1,048,853,869	$1,058,260,869
Aggregate debt	2,332,083,937	2,337,161,839	2,342,674,611	2,379,316,127
Cash in the Treasury:				
Total cash assets	1,453,270,606	1,471,358,119	1,473,768,231	1,516,178,999
Demand liabilities	1,142,885,230	1,143,270,836	1,153,799,289	1,165,492,124
Balance	$310,385,376	$328,087,283	$319,968,941	$350,686,875
Gold reserve	150,000,000	150,000,000	150,000,000	150,000,000
Net cash balance	160,385,376	178,087,283	169,968,941	200,686,875
Total	$310,385,376	$328,087,283	$319,968,941	$350,686,875
Total debt, less cash in the Treasury	981,954,692	964,435,687	973,856,801	970,368,383

FOREIGN TRADE OF THE UNITED STATES.—The exports of merchandise usually fall off in July, and this year they were $13,000,000 less than in June and the smallest for any month in the past twelve months. They were, however, the largest reported for July in any previous year. Imports were the largest for any month during the last twelve months, excepting in March last. They aggregated $107,621,000, while the exports were $111,550,000, the excess of exports being less than $4,000,000. For the seven months of the fiscal year the exports were $969,000,000, the largest ever recorded for that period, and the imports were $744,000,000, also a record figure. Gold to the amount of $8,525,000 was imported, making $39,462,000 for the seven months.

EXPORTS AND IMPORTS OF THE UNITED STATES.

MONTH OF JULY.	MERCHANDISE.			Gold Balance.	Silver Balance.
	Exports.	*Imports.*	*Balance.*		
1901	$109,452,510	$73,082,435	Exp., $36,370,075	Imp., $1,200,993	Exp., $1,276,674
1902	88,790,627	79,147,874	" 9,642,753	Exp., 6,289,918	" 1,395,334
1903	91,813,265	82,187,823	" 9,625,442	" 4,486,551	" 426,209
1904	85,223,479	71,193,943	" 14,029,536	Imp., 7,842,169	" 3,153,497
1905	107,930,421	84,512,606	" 23,417,815	" 3,813,967	" 1,308,704
1906	111,550,440	107,621,490	" 3,928,950	" 8,535,048	" 1,089,701
SEVEN MONTHS.					
1901	831,305,132	506,523,539	Exp., 324,781,593	Exp., 12,362,263	Exp., 14,575,410
1902	726,986,790	535,490,016	" 191,496,774	" 13,378,811	" 11,702,630
1903	789,465,174	594,932,332	" 194,532,842	" 21,846,738	" 7,950,954
1904	758,949,576	579,531,496	" 179,418,080	" 12,843,498	" 15,745,596
1905	848,899,444	674,454,040	" 174,445,404	" 19,408,170	" 11,216,547
1906	969,393,168	744,980,820	" 224,412,348	Imp., 39,462,112	" 10,850,100

Money in Circulation in the United States.—There was an increase in the money in circulation in August amounting to $9,000,000. The per capita was raised to $32.59, as compared with $32.52 on August 1, and is the largest ever reported.

MONEY IN CIRCULATION IN THE UNITED STATES.

	June 1, 1906.	*July 1, 1906.*	*Aug. 1, 1906.*	*Sept. 1, 1906.*
Gold coin	$683,426,878	$673,827,609	$675,979,661	$676,179,514
Silver dollars	78,602,135	77,073,327	77,115,655	78,938,609
Subsidiary silver	109,894,319	111,401,668	111,976,129	113,399,532
Gold certificates	513,803,789	518,092,969	529,313,879	519,965,889
Silver certificates	469,663,586	471,964,597	470,792,688	473,292,991
Treasury notes, Act July 14, 1890	7,477,218	7,338,598	7,214,996	7,112,252
United States notes	335,552,893	336,401,454	336,459,392	338,728,846
National bank notes	545,260,302	548,883,608	548,497,538	559,295,666
Total	$2,743,681,120	$2,744,483,830	$2,757,349,438	$2,766,913,299
Population of United States	84,545,000	84,662,000	84,779,000	84,897,000
Circulation per capita	$32.45	$32.42	$32.52	$32.59

Money in the United States Treasury.—The total amount of money in the United States Treasury on September 1 was $1,344,554,331, against which were $1,000,371,132 certificates outstanding, leaving the net cash $344,183,199, an increase of more than $11,000,000. The net gold increased $21,000,000.

MONEY IN THE UNITED STATES TREASURY.

	June 1, 1906.	*July. 1, 1906.*	*Aug. 1, 1906.*	*Sept. 1, 1906.*
Gold coin and bullion	$783,494,496	$802,514,212	$819,626,833	$831,824,335
Silver dollars	489,626,730	491,177,528	491,135,200	489,312,246
Subsidiary silver	7,045,873	6,596,920	5,826,842	5,408,943
United States notes	11,128,123	10,279,562	10,221,624	7,952,170
National bank notes	13,869,358	12,228,752	12,963,507	10,556,637
Total	$1,305,164,580	$1,322,796,974	$1,339,793,506	$1,344,554,331
Certificates and Treasury notes, 1890, outstanding	990,944,593	997,396,164	1,007,321,063	1,000,371,132
Net cash in Treasury	$314,219,987	$325,400,810	$332,472,443	$344,183,199

Supply of Money in the United States.—There was $21,000,000 added to the total stock of money in the country in August, of which $12,000,000 was gold, $1,000,000 subsidiary silver, and $8,000,000 national bank notes. For the first time in many years the amount of bank notes exceeds the amount of silver dollars.

SUPPLY OF MONEY IN THE UNITED STATES.

	June 1, 1906.	*July 1, 1906.*	*Aug. 1, 1906.*	*Sept. 1, 1906.*
Gold coin and bullion	$1,466,921,374	$1,475,841,821	$1,495,606,494	$1,507,503,849
Silver dollars	568,228,865	568,250,855	568,250,855	568,250,855
Subsidiary silver	116,940,192	117,998,588	117,802,471	118,808,475
United States notes	346,681,016	346,681,016	346,681,016	346,681,016
National bank notes	559,129,660	561,112,360	561,481,045	569,852,303
Total	$3,057,901,107	$3,069,884,640	$3,089,821,881	$3,111,096,498

STOCKS AND BONDS

ACTIVE STOCKS, COMPARATIVE PRICES AND QUOTATIONS.

The following table shows the highest, lowest and closing prices of the most active stocks at the New York Stock Exchange in the month of August and the highest and lowest during the year 1906, by dates, and also, for comparison, the range of prices in 1905:

	Year 1905.		Highest and Lowest in 1906.		August, 1906.		
	High.	*Low.*	*Highest.*	*Lowest.*	*High.*	*Low.*	*Closing.*
Atchison, Topeka & Santa Fe.	93⅜	77⅝	108⅝—Aug. 29	85⅝—May 2	108⅝	92¼	106⅜
" preferred	105⅝	99	106 —Jan. 3	98¼—July 3	101¾	100¼	101
Baltimore & Ohio	117	100⅛	122⅜—Aug. 14	105¾—May 2	122⅜	116	117¾
Baltimore & Ohio, pref	100	95¾	99½—Jan. 5	92 —June 27	93	92½	92¾
Brooklyn Rapid Transit	91⅝	56⅞	94⅛—Jan. 26	71 —July 12	81	74½	75½
Canadian Pacific	177⅛	130¾	179¼—Aug. 29	155⅜—May 2	179¼	164¾	173⅝
Canada Southern	74⅞	67	70⅞—Jan. 8	65⅛—June 30	68⅝	66	68
Central of New Jersey	235	190	239⅞—May 24	204 —May 2	229⅞	229	232
Ches. & Ohio	60⅛	45½	65⅝—Aug. 30	53⅛—Apr. 28	65⅝	58½	64½
Chicago & Alton	44½	30	38¼—Jan. 15	25 —May 5	....	....	....
" preferred	83¾	73	80⅝—Jan. 12	74 —May 3	....	....	....
Chicago, Great Western	25⅛	17½	23⅝—Jan. 20	16 —June 28	19½	17⅞	18
Chic., Milwaukee & St. Paul	187½	168⅛	198⅞—Aug. 28	155¼—May 2	198⅞	174¼	176¼
" preferred	192½	182½	218 —Aug. 27	177½—May 2	218	193	197
Chicago & Northwestern	249	190⅛	240 —Jan. 15	192 —Apr. 27	215	202	210
" preferred	265½	234	270 —Mar. 30	225 —Aug. 9	239	225	238
Chicago Terminal Transfer	20	7¾	18¼—Jan. 19	9¾—Apr. 19	13	13	13
" preferred	42½	17½	42¾—Jan. 22	27 —Apr. 27	33	29	32
Clev., Cin., Chic. & St. Louis	111	90	109⅞—Jan. 15	90¼—May 2	98½	92¾	95½
Col. Fuel & Iron Co	59	38	83⅝—Jan. 26	40⅛—May 2	61½	51¼	55
Colorado Southern	30⅛	22¼	38⅞ Aug. 7	29½—Jan. 4	38⅞	36¾	37⅞
" 1st preferred	69⅞	52	73⅛—Feb. 20	66½—Apr. 30	71⅞	68¾	69
" 2d preferred	55	32½	56¾—Jan. 12	43 —May 2	53⅞	50	50¾
Consolidated Gas Co	214	175	181¾—Jan. 23	130⅝—Apr. 27	142¾	135	140
Delaware & Hud. Canal Co	240¾	178½	231 —June 12	189 —May 2	226	216	217½
Delaware, Lack. & Western	498½	335	560 —May 24	437¾—May 2	530	500¼	530
Denver & Rio Grande	39¾	27¼	51⅞—Jan. 26	36⅝—May 2	45⅞	42	43⅝
" preferred	91¼	83¼	91½—Jan. 22	83⅛—July 3	87⅜	84	86
Duluth So. S. & Atl., pref	46¾	21	45 —Jan. 11	32 —Apr. 28	42½	37	40½
Erie	52¾	37½	5[illegible]⅞—Jan. 16	38⅛—May 2	47½	42⅝	45⅞
" 1st pref	85½	74⅞	83 —Jan. 15	75 —May 2	79⅞	77½	77¾
" 2d pref	78⅝	55½	76⅝—Jan. 16	62½—Apr. 27	72⅝	69¾	71⅝
Express Adams	250	236	300 —Aug. 27	240 June 14	300	255	300
" American	246	209½	272 —Aug. 30	215 Apr. 26	272	235	270
" United States	134	110	138½—Jan. 26	109 —May 1	133	124	133
" Wells, Fargo	260	227	301 —Aug. 22	233 —Mar. 19	301	295	295
Great Northern Pref	335	236	348 —Feb. 9	275 —May 2	334	293¼	327⅞
Hocking Valley	121½	86⅝	135 —Apr. 24	113⅛—Feb. 8	....	....	....
" preferred	97¼	90	99⅝—June 1	93 —May 2	98	96	96
Illinois Central	183	125¾	184½—June 7	164 —May 2	178½	173½	174
Iowa Central	32	24	34¾—Jan. 12	24 —July 12	31¼	26¾	29¾
" preferred	61	50	63¾—Jan. 13	48 —July 17	53½	51	52¼
Kansas City Southern	36¼	22⅛	37⅜—Jan. 5	22⅞—July 3	31¾	26⅝	28
" preferred	70	52	71 —Jan. 5	49 —July 12	60½	55	58¼
Kans. City Ft. S. & Mem. pref	87	81⅝	84½—Feb. 7	79½—July 26	80	80	80
Lake Erie & Western	47½	28¼	44⅞—Jan. 12	27½—July 3	35	32	32
Louisville & Nashville	157⅜	134½	156½—Jan. 19	136¼—May 2	154½	143½	148¾
Manhattan consol	175	161	162 —Jan. 26	147 —Aug. 30	150	147	147
Metropolitan securities	91	68⅝	75⅛—May 11	70⅛—May 2	....	....	....
Metropolitan Street	133	114	118¾—Apr. 4	103 —July 12	110	106	110
Mexican Central	26	18¼	26⅝ Jan. 19	18⅜—May 2	22	20⅝	21
Minneapolis & St. Louis	84¾	56½	84¼—Jan. 11	64 —July 6	73	63	72½
Minn., S. P. & S.S. Marie	145	89½	164 —Mar. 24	141½ Jan. 4	157¾	151½	156¾
" preferred	173	148	183¾—Jan. 11	163½—Apr. 30	173¾	172½	173¾

ACTIVE STOCKS, COMPARATIVE PRICES AND QUOTATIONS.—*Continued.*

	Year 1905.		Highest and Lowest in 1906.		August, 1906.		
	High.	*Low.*	*Highest.*	*Lowest.*	*High.*	*Low.*	*Closing.*
Missouri, Kan. & Tex.	39⅛	24	40⅝—Jan. 12	29 —May 2	37¼	33⅛	36
" preferred	73	56¼	74⅝—Jan. 18	64¼—Apr. 27	72⅝	68	70
Missouri Pacific	110⅞	94⅛	106¾—Jan. 20	85⅛—May 2	100½	93⅝	97
Natl. of Mexico, pref	45	33⅛	46¼—Aug. 30	36 —Apr. 27	46¼	38½	45
" 2d preferred	24⅛	17¾	22 —Aug. 25	18¼ —June 16	22	20	21¾
N. Y. Cent. & Hudson River	167¾	136¾	156¼—Jan. 8	127¾—July 2	146	137⅛	143¾
N. Y., Chicago & St. Louis	76¼	42	73½—Apr. 17	59 —Mar. 5	69½	66	68⅝
" 2d preferred	95	74	91¾—Jan. 9	80 —May 8	90	87	89½
N. Y., Ontario & Western	64	40⅝	57¼—Jan. 27	43¾—May 2	51⅛	46	50
Norfolk & Western	88⅛	76	94¼—Aug. 30	84 —Feb. 28	94¼	90⅝	93
" preferred	96	91⅛	96 —Jan. 6	89⅛—Apr. 12	....	....	....
North American Co.	107	95⅝	107 —Jan. 12	91⅛—July 14	97¼	93	93⅛
Northern Pacific	216⅛	165	232⅛—Feb. 14	179¼—May 2	219⅛	203¼	215
Pacific Mail	53¾	33	51½ Jan. 19	28¾—June 29	41¼	35	37¼
Pennsylvania R. R.	148	131½	147⅛—Jan. 23	122⅛ July 2	146¼	130⅝	141⅝
People's Gas & Coke of Chic.	115⅛	97¼	103 —Jan. 2	88 —July 13	98	90	91¼
Pullman Palace Car Co.	258	230	250 —Aug. 31	218 —July 9	250	235½	250
Reading	143¾	79	164 —Jan. 23	112 —May 2	144⅝	129⅝	136⅛
" 1st prefered	97	90	96 —Jan. 22	89⅛—Mar. 1	93	90½	90½
" 2d preferred	101	84	102 —Jan. 20	90 —Apr. 30	95	94	95
Rock Island	37⅞	21¾	29¼—Aug. 30	22⅛—July 13	29¼	25¼	27¼
" preferred	85	60½	69¾—Aug. 20	60 —July 2	69¾	62½	65¼
St. L. & San Fran. 2d pref	73½	45	51¼—Feb. 6	40½—July 17	48½	43	45½
St. Louis & Southwestern	27⅛	20	27⅞—Jan. 19	20⅛—May 2	25⅞	22⅛	25¼
" preferred	66⅝	55	61½—Jan. 24	48¾—May 2	61	52⅛	59¼
Southern Pacific Co.	72⅝	57¾	93⅛—Aug. 25	61 —May 2	93⅛	73⅝	90⅝
Southern Railway	38	28	42⅞—Jan. 26	35 —May 2	39⅝	36⅝	38
" preferred	102⅛	95	103 —Jan. 16	97⅛—July 16	100¾	99	100
Tennessee Coal & Iron Co.	148	68	165 —Jan. 12	129 —Jan. 2			
Texas & Pacific	41	29¾	39⅝—Jan. 24	28 —May 2	162½	154⅛	157
Toledo, St. Louis & Western	48¾	34⅛	40½—Jan. 19	25¼—July 2	36¼	32¼	34⅝
" preferred	65	51¾	59⅞—Jan. 19	43 —July 13	36	28	33
					55	47½	53
Union Pacific	151¼	113	191¾—Aug. 30	138½—May 2	191¾	153	191⅛
" preferred	101⅝	95⅛	99¼—Jan. 2	91⅛—May 2	95	94½	94½
Wabash R. R	24¼	17⅛	26⅛—Jan. 24	18⅞—July 12	21⅛	19¾	20
" preferred	48	37	53⅝—Feb. 27	40⅛—Jan. 3	48⅝	44¾	44⅝
Western Union	95⅛	92	94¼—Jan. 26	91 —Mar. 20	92¼	91¼	91¾
Wheeling & Lake Erie	19¾	15	21¾—Feb. 6	16 —Apr. 28	19⅝	17⅛	19
" second preferred	28⅛	20	29½—Feb. 6	22 —Apr. 27	25⅝	23½	24
Wisconsin Central	33⅛	20	33 —Jan. 17	23 —May 2	27	24½	25⅛
" preferred	64½	45	64 —Jan. 15	44 —July 2	53⅛	47½	51½
"INDUSTRIAL"							
Amalgamated Copper	111¾	70	118¼—Feb. 13	92⅜ July 13	111⅛	100¾	109⅛
American Car & Foundry	43⅝	31	47½—Jan. 24	32¾—July 13	41⅞	37¼	40
" pref	104½	91¾	105 —Jan. 24	98⅛—July 13	101	100⅝	101
American Co. Oil Co.	40⅛	27¾	44¼—Jan. 11	28 —May 2	33⅞	30⅛	32
American Ice	36	24¾	80 —Aug. 28	35¼—Jan. 2	80	65⅝	79¾
American Locomotive	76¼	33	78½—Jan. 3	53¾—May 2	72¾	68	71¾
" preferred	122¾	133¾	120¼—Jan. 16	110½—May 2	113⅞	112¾	113
Am. Smelting & Refining Co.	170⅜	79¾	174 —Jan. 18	138½—May 2	165¾	151	156⅝
" preferred	137	111¼	130 —Jan. 12	114 —June 28	119	116¼	116½
Am. Steel & Foundries	18⅝	6⅞	15¼—Jan. 17	10 —Apr. 30	12	10½	11⅛
" pref	67½	85⅛	53¼—Jan. 17	40 —May 2	47	43⅛	42½
American Sugar Ref. Co.	154⅝	130	157 —Jan. 8	127½—May 2	144½	135	136⅝
American Tobacco, pref	109⅜	91⅞	109 —Jan. 22	96 —July 3	101¾	99¾	100½
Anaconda Copper Mining	295	100⅛	300 —Feb. 13	223½—May 4	285	251	276⅞
Central Leather	47⅛	40	49⅞—Jan. 24	34½—July 3	41¼	38	38⅝
" preferred	105⅞	102½	107½—Jan. 24	100 —July 3	103¼	101⅛	102
Corn Products, Ref'g	22¾	8¾	28 —Apr. 4	18¼—July 3	20⅝	19¼	20
" preferred	79	40	85¾—Apr. 2	74½—May 2	78½	76	76⅛
Distillers Securities	54⅛	34⅞	65⅝—May 9	51 —Jan. 30	63⅞	59	61⅛
Federal Min'g & Smelt., pref.	110½	75	112⅞—Jan. 22	91 —July 3	97⅞	95⅛	96⅛
General Electric Co.	192	169	181¼—Jan. 9	160¼ July 13	171⅛	166⅛	168
International Paper Co.	25¼	18⅛	26¼—Jan. 15	17 —July 2	20¼	18⅛	19
" preferred	88¼	76	90 —Jan. 12	82½—Mar. 15	87	82¾	82¾
International Power	100	48	95 —Jan. 29	48 —June 30	53	50	51
International Steam Pump	40⅞	26	60 —May 8	27 —Jan. 2	52⅛	44	48⅛
National Biscuit	69½	52	71¼—Feb. 6	62 —May 2	69	66½	68
National Lead Co.	89½	24⅛	95⅜—Jan. 19	66 —May 2	82½	78	78⅛
Pressed Steel Car Co.	58⅞	34	64⅝—Jan. 24	43 —May 2	55¾	50½	53½
" preferred	101½	87	105 —Feb. 1	95 —May 2	99¾	97	97½
Republic Iron & Steel Co.	36⅛	15	39 —Jan. 12	22¼—May 2	31½	28⅛	29¾
" preferred	108	67	110½—Jan. 9	91 —May 2	101¾	98⅛	99½
U. S. Rubber Co.	58½	33¾	58½—Jan. 22	38 —July 13	48⅝	44	46
" 1st preferred	118½	98⅜	115 —Jan. 15	104¾—July 13	109⅝	107	108⅝
U. S. Steel	43¼	24⅞	47¾—Aug. 25	32⅝—July 13	47¾	39⅛	96⅛
" pref	107	90¾	113¼—Jan. 20	98¾—July 3	109¼	105	106⅞

RAILWAY, INDUSTRIAL AND GOVERNMENT BONDS.

LAST SALE, PRICE AND DATE AND HIGHEST AND LOWEST PRICES AND TOTAL SALES FOR THE MONTH.

NOTE.—The railroads enclosed in a brace are leased to Company first named.

NAME. Principal Due.	Amount.	Int'st Paid.	LAST SALE. Price.	Date.	AUGUST SALES. High.	Low.	Total.
Ann Arbor 1st g 4's...............1995	7,000,000	Q J	90½	Aug 28,'06	91	90½	6,000
Atch., Top. & S. F.							
Atch Top & Santa Fe gen g 4's.1995	148,155,000	A & O	102⅜	Aug.31,'06	103	101⅞	559,500
" registered..................	....	A & O	103⅜	July 26,'06	....	....	....
" adjustment, g. 4's.....1995	24,079,500	NOV	96½	Aug.31,'06	96½	94¾	61,500
" registered..................	....	NOV	95	Sep.11,'05	....	....	....
" stamped...............1995	27,648,500	M & N	93	Aug.31,'06	93¾	92½	342,000
" registered..................	....	M & N	90	Aug.31,'06	90	90	2,000
" fifty-yearconv. g.4's..1955	41,342,000	J & D	108¼	Aug.31,'06	109	102⅛	8,700,000
" registered..................	....	J & D	....		....	....	....
" serial debenture 4's—							
" series E...............1907	2,500,000	F & A	99⅝	May 2,'05	....	....	....
" registered..................	....	F & A	....		....	....	....
" series F...............1908	2,500,000	F & A	98¾	Apr. 10,'04	....	....	....
" registered..................	....	F & A	....		....	....	....
" series G...............1909	2,500,000	F & A	100½	Jan. 19,'06	....	....	....
" registered..................	....	F & A	....		....	....	....
" series H...............1910	2,500,000	F & A	99½	Jan. 10,'05	....	....	....
" registered..................	....	F & A	....		....	....	....
" series I...............1911	2,500,000	F & A	98½	Nov. 23,'04	....	....	....
" registered..................	....	F & A	....		....	....	....
" series J...............1912	2,500,000	F & A	....		....	....	....
" registered..................	....	F & A	....		....	....	....
" series K...............1913	2,500,000	F & A	97	Oct. 26,'04	....	....	....
" registered..................	....	F & A	....		....	....	....
" series L...............1914	2,500,000	F & A	92⅞	Nov. 10,'02	....	....	....
" registered..................	....	F & A	....		....	....	....
" East.Okla.div.1stg.4's.1928	6,128,000	M & S	95¾	Aug.17,'06	95¾	95¾	2,000
" " registered......	....	M & S	....		....	....	....
" Chic. & St. L. 1st 6's...1915	1,500,000	M & S	....		....	....	....
Atlan.Coast LineR.R.Co.1stg.4's.1952	43,141,000	M & S	101	Aug.31,'06	101⅜	100½	124,000
" registered..................		M & S	102	Nov.27,'05	....	....	....
Charleston& Savannah 1st g.7's.1936	1,500,000	J & J	108¾	Dec. 13,'99	....	....	....
Savanh Florida & W'n 1st g.6's.1934	4,056,000	A & O	132⅞	Jan. 30,'06	....	....	....
" 1st g. 5's............1934	2,444,000	A & O	112⅝	Jan. 26,'04	....	....	....
Alabama Midland 1st gtd g. 5's.1928	2,800,000	M & N	114⅝	Nov.14,'05	....	....	....
Brunswick & W'n 1st gtd.g.4's.1938	1,407,000	J & J	99½	Mar.30,'06	....	....	....
"L'ville & Nash. col." g. 4's....1952	35,000,000	M & N	91¾	Aug.29,'06	94	91¾	102,000
" registered..................	....	M & N	....		....	....	....
Sil.SpsOc.& G.RR.&ldg.gtdg.4s.1918	492,000	J & J	97¼	Aug.22,'06	97¼	95¾	2,000
Balt. & Ohio prior lien g. 3½s..1925	72,822,000	J & J	93¾	Aug.31,'06	94½	93⅛	118,500
" registered..................		J & J	95	June20,'06	....	....	....
" g. 4s...................1948	70,963,000	A & O	103⅛	Aug.31,'06	103½	102½	163,500
" g. 4s. registered..........		A & O	102¼	July 21,'06	....	....	....
" Pitts. Junc. 1st g.6 's 1922	478,000	J & J	120	Oct. 11,'01	....	....	....
Pitt Jun. & M. div. 1st g. 3½s. 1925	11,293,000	M & N	91	June20,'06	....	....	....
" registered..................		QFeb	....		....	....	....
Pitt L. E. & West Va. System refunding g 4s.......1941	31,347,000	M & N	98¼	Aug.30,'06	98½	97¾	56,000
" Southw'n div. 1st g.3½s.1925	43,590,000	J & J	90¾	Aug.29,'06	90⅞	89⅞	162,000
" registered..................		Q J	92⅛	June23,'05	....	....	....
Monongahela River 1st g. g., 5's 1919	700,000	F & A	108½	July 13,'05	....	....	....
Cen. Ohio. Reorg. 1st c. g. 4½'s, 1903	1,009,000	M & S	109	Apr.25,'05	....	....	....
Ptsbg Clev. & Toledo, 1st g.6's..1922	441,000	A & O	119½	Mar. 7,'04	....	....	....
Pittsburg & Western,1st g.4's...1917	633,000	J & J	95	Aug.16,'06	95	95	2,000
Buffalo, Roch. & Pitts. g. g. 5s...1937	4,427,000	M & S	119½	July 16,'06	....	....	....
Alleghany & Wn. 1st g. gtd 4's.1998	2,000,000	A & O	101½	Aug. 6,'06	101½	101½	4,000
Clearfield & Mah. 1st g. g. 5's....1943	650,000	J & J	128	June 6,'02	....	....	....
Rochester & Pittsburg. 1st 6's..1921	1,300,000	F & A	124	Apr.26,'06	....	....	....
" cons. 1st 6's, ...1922	3,920,000	J & D	128½	Feb. 23,'06	....	....	....
Buff. & Susq. 1st refundg g. 4's..1951	6,521,000	J & J	95½	July 23,'06	....	....	....
registered..................		J & J	....		....	....	....

BOND QUOTATIONS.—Last sale, price and date; highest and lowest prices and total sales for the month.

NOTE.—The railroads enclosed in a brace are leased to Company first named.

NAME. Principal Due	Amount.	Int'st Paid.	LAST SALE. Price.	LAST SALE. Date.	AUGUST SALES. High.	AUGUST SALES. Low.	AUGUST SALES. Total.
Canada Southern 1st int. gtd 5's, 1908	14,000,000	J & J	100¾	Aug.31,'06	100⅞	100⅝	45,000
" 2d mortg. 5's,............1913	6,000,000	M & S	106½	Aug.14,'06	106½	105⅝	46,000
" registered..................		M & S	105¼	Jan. 8,'04	....	....	....
Central Branch U. Pac. 1st g. 4's. 1948	2,500,000	J & D	90	Aug.22,'06	93	90	2,000
Central R'y of Georgia, 1st g. 5's. 1945	7,000,000	F & A	119	May 3,'06	....	....	....
" registered $1,000 & $5,000		F & A	....		....	....	....
" con. g. 5's...............1945	16,700,000	M & N	111	Aug.30,'06	112	111	130,000
" con. g. 5's, reg. $1,000 & $5,000		M & N	113	Apr.17,'06	....	....	....
" 1st. pref. inc. g. 5's......1945	2,358,000	OCT 1	98	Aug.25,'06	98	97	14,000
" " stamped...........	1,642,000	OCT 1	97¼	July 12,'06	....	....	....
" 2d pref. inc. g. 5's.......1945	3,007,000	OCT 1	89	Aug.31,'06	92	89	165,000
" " stamped...........	3,993,000	OCT 1	90	Aug.31,'06	92	90	208,000
" 3d pref. inc. g. 5's.......1945	1,656,000	OCT 1	87½	Aug.29,'06	89⅛	87	46,000
" " stamped...........	2,344,000	OCT 1	85⅛	Aug.30,'06	85⅛	85⅛	10,000
" Chat. div. pur. my. g. 4's. 1951	2,057,000	J & D	93	June29,'06	....	....	....
" Macon & Nor. Div. 1st g. 5's..................1946	840,000	J & J	104	Feb. 19,'04	....	....	....
" Mid. Ga. & Atl. div. g 5s. 1947	413,000	J & J	110⅝	Sept. 5,'05	....	....	....
" Mobile div. 1st g. 5's....1946	1,000,000	J & J	115½	Aug. 3,'05	....	....	....
Cent. R. & Bkg. Co. of Ga. c. g. 5's, 1937	4,880,000	M & N	108¾	Aug. 4,'05	....	....	....
Central of New Jersey, gen. g. 5's................1987	45,091,000	J & J	126¼	Aug.13,'06	126¾	126	14,000
" registered..............		Q J	127	Aug. 2,'06	127	127	2,000
Am. Dock & Improvm't Co. 5's, 1921	4,987,000	J & J	112¾	May 17,'06	....	....	....
Lehigh & H. R. gen. gtd g. 5's..1920	1,062,000	J & J	....		....	....	....
Lehigh & W.-B. Coal con. 5's...1912	2,691,000	Q M	100	Mar. 7,'06	....	....	....
" con. extended gtd. 4½'s. 1910	12,175,000	Q M	102	July 23,'06	....	....	....
N.Y. & Long Branch gen. g. 4's. 1941	1,500,000	M & S	....		....	....	....
Ches. & Ohio 6's, g., Series A......1908	2,000,000	A & O	104	June15,'06	....	....	....
" Mortgage gold 6's......1911	2,000,000	A & O	107	May 16,'06	....	....	....
" 1st con. g. 5's............1939	25,858,000	M & N	117	Aug.30,'06	117¼	116¼	14,000
" registered..................		M & N	116	June 6,'06	....	....	....
" Gen. m. g. 4½'s..........1992	41,573,000	M & S	106¼	Aug.30,'06	107⅞	106¼	73,000
" registered..................		M & S	104	May 23,'06	....	....	....
" Craig Val. 1st g. 5's.....1940	650,000	J & J	112	Feb. 28,'06	....	....	....
" (R. & A. d.) 1st c. g. 4's, 1989	6,000,000	J & J	100¾	July 19,'06	....	....	....
" 2d con. g. 4's............1989	1,000,000	J & J	96¾	May 11,'06	....	....	....
" Warm S. Val. 1st g. 5's, 1941	400,000	M & S	113¼	Feb. 17,'05	....	....	....
Greenbrier Ry. 1st gtd. 4's.....1940	2,000,000	M & N	99¾	Feb. 2,'06	....	....	....
Chic. & Alton R. R. ref. g. 3's.... 1949	37,850,000	A & O	80½	Aug.23,'06	80½	80	38,000
" " registered.....		A & O	....		....	....	....
Chic. & Alton Ry 1st lien g. 3½'s. 1950	22,000,000	J & J	77	Aug.27,'06	77½	76¾	13,000
registered................		J & J	80¼	Mar. 4,'05	....	....	....
Chicago, Burl. & Quincy:							
" Denver div. 4's..........1922	4,430,000	F & A	102⅝	July 19,'06	....	....	....
" Illinois div. 3½s.........1949	50,835,000	J & J	91⅞	Aug.31,'06	91¾	91	78,000
" registered..................		J & J	96⅛	Feb. 24,'05	....	....	....
" Illinois div. 4s............1949	10,306,000	J & J	102	Aug.29,'06	102¼	101⅛	836,000
" registered..................	....	J & J	....		....	....	....
" (Iowa div.) sink. f'd 5's, 1919	2,329,000	A & O	110¼	Jan. 5,'05	....	....	....
" 4's.........................1919	7,712,000	A & O	101	Aug.15,'06	101	101	1,000
" Nebraska extensi'n 4's, 1927	24,791,000	M & N	103	July 19,'06	....	....	....
" registered..................		M & N	104¼	May 8,'06	....	....	....
" Southwestern div. 4's..1921	2,382,000	M & S	99	July 17,'05	....	....	....
" 4's joint bonds..........1921	215,225,000	J & J	98	Aug.31,'06	99	97¾	653,000
" " registered		Q JAN	97⅝	Aug.28,'06	98¾	97¾	27,000
" 5's, debentures..........1913	9,000,000	M & N	104¼	July 27,'06	....	....	....
Han. & St. Jos. con. 6's.........1911	8,000,000	M & S	109¾	Aug.16,'06	109¾	109¾	4,000
Chic. & E. Ill. 1st g. 4's ref. & imp..1955	5,000,000	J & J	95⅝	June18,'06	....	....	....
" registered..................		J & J	....		....	....	....
Chicago & E. Ill. 1st s. f'd c'y. 6's. 1907	2,989,000	J & D	102¼	June 7,'06	....	....	....
" small bonds.............		J & D	103½	July 8,'04	....	....	....
" 1st con. 6's, gold........1934	2,653,000	A & O	132	July 18,'06	....	....	....
" gen. con. 1st 5's.......1937	16,529,000	M & N	116⅞	July 24,'06	....	....	....
" registered..................		M & N	118½	Feb. 26,'06	....	....	....
Chicago & Ind. Coal 1st 5's 1936	4,626,000	J & J	115	July 25,'06	....	....	....
Chicago, Indianapolis & Louisville.							
" refunding g. 6's...........1947	4,700,000	J & J	129⅛	Aug.30,'06	129⅛	129⅛	4,000
" ref. g. 5's...................1947	4,942,000	J & J	114½	June15,'06	....	....	....
Louisv. N. Alb. & Chic. 1st 6's..1910	8,000,000	J & J	107½	June18,'06	....	....	....
Chicago, Milwaukee & St. Paul.							
Chic. Mil. & St. Paul term. g 5's. 1914	4,748,000	J & J	108	Aug.28,'06	....	....	....
" gen. g. 4's, series A....1989	23,676,000	J & J	108½	July 24,'06	108	107¾	12,000
" registered..................	....	Q J	109½	June18,'04	....	....	....

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NAME. *Principal Due.*	*Amount.*	*Int'st paid.*	LAST SALE. *Price.*	*Date.*	AUGUST SALES. *High.*	*Low.*	*Total.*
" gen. g. 3½'s, series B.1989	8,950,000	J & J	92	Aug.13,'06	92	92	1,000
" registered................		J & J	....		....	....	....
" Chic. & Lake Sup. 5's, 1921	1,360,000	J & J	115¼	Oct. 24,'05	....	....	....
" Chic. & M. R. div. 5's, 1926	3,083,000	J & J	115¾	June20,'06	....	....	....
" Chic. & Pac. div. 6's, 1910	3,000,000	J & J	108	Apr. 28,'06	....	....	....
" 1st Chic. & P. W. g. 5's.1921	25,340,000	J & J	111⅛	Aug. 8,'06	111¼	111⅛	11,000
" Dakota & Gt. S. g. 5's.1916	2,856,000	J & J	110	June25,'06	....	....	....
" Far. & So. g. 6's assu...1924	1,250,000	J & J	137½	July 18,'98	....	....	....
" 1st H'st & Dk. div. 7's, 1910	5,680,000	J & J	113	June20,'06	....	....	....
" 1st 5's 1910	990,000	J & J	106	Aug. 3,'04	....	....	....
" 1st 7's, Iowa & D, ex. 1908	546,000	J & J	182½	Apr. 5,'06	....	....	....
" 1st 5's, La. C. & Dav...1919	2,500,000	J & J	111½	May 17,'06	....	....	....
" Mineral Point div. 5's, 1910	2,840,000	J & J	106⅝	Apr. 3,'05	....	....	....
" 1st So. Min. div. 6's....1910	7,432,000	J & J	108¾	June 8,'06	....	....	....
" 1st 6's, Southw'n div., 1909	4,000,000	J & J	104½	Aug.17,'06	104½	104½	1,000
" Wis. & Min. div. g. 5's.1921	4,755,000	J & J	112¾	Apr. 7,'06	....	....	....
" Mil. & N. 1st M. L. 6's.1910	2,155,000	J & D	106	Aug.31,'06	106	106	2,000
" 1st con. 6's.............1913	5,092,000	J & D	115	Feb. 10,'06	....	....	....
Chic. & Northwestern con. 7's...1915	12,832,000	Q F	122⅝	July 17,'06	....	....	....
" extension 4's.....1886-1926	18,632,000	F A 15	102¼	July 2,'06	....	....	....
" registered................		F A 15	101	July 16,'06	....	....	....
" gen. g. 3½'s...........1987	20,538,000	M & N	97	Aug.31,'06	98⅛	95½	160,000
" registered		Q F	103	Nov.19,'98	..	....	....
" sinking fund 6's..1879-1929	5,547,000	A & O	113	June14,'06	....	....	....
" registered................		A & O	114½	Feb. 7,'06	....	....	....
" sinking fund 5s'..1879-1929	6,638,000	A & O	109	July 24,'06	....	....	....
" registered................		A & O	107½	June 5,'06	....	....	....
" deben. 5's..............1909	5,618,000	M & N	102¾	July 20,'06	....	....	....
" registered................		M & N	104	Mar. 3,'04	....	....	....
" deben. 5's..............1921	10,000,000	A & O	105½	July 2,'06	....	....	....
" registered................		A & O	108¾	Jan. 12,'04	....	....	....
" sinking f'd deben. 5's.1933	9,800,000	M & N	113	Aug.16,'06	113	113	4,000
" registered................		M & N	117	Feb. 8,'06	....	....	....
Des Moines & Minn. 1st 7's.....1907	600,000	F & A	127	Apr. 8,'84	....	....	....
Northern Illinois 1st 5's........1910	1,500,000	M & S	105¼	Dec. 11,'05	....	....	....
Ottumwa C. F. & St. P. 1st 5's..1909	1,600,000	M & S	104	Dec. 5,'05	....	....	....
Winona & St. Peters 2d 7's.....1907	1,592,000	M & N	102¼	June 1,'06	....	....	....
Mil., L. Shore & We'n 1st g. 6's.1921	5,000,000	M & N	123¼	Aug.29,'06	123¼	123¼	11,000
" ext. & impt. s.f'd g. 5's1929	4,148,000	F & A	117⅝	June22,'06	....	....	....
" Ashland div. 1st g. 6's 1925	1,000,000	M & S	142½	Feb. 10,'02	....	....	....
" Michigan div. 1st g. 6's.1924	1,281,000	J & J	128½	Feb. 27,'06	....	....	....
" con. deb. 5's...........1907	436,000	F & A	105½	Sept.18,'05	....	....	....
" incomes...............1911	500,000	M & N	109	Sept. 9,'02	....	....	....
Chic., Rock Is. & Pac. 6's coup...1917	12,500,000	J & J	117½	July 12,'06	....	....	....
" registered.............1917		J & J	117½	July 14,'06	....	....	....
" gen. g. 4's.............1988	61,581,000	J & J	100⅝	Aug.31,'06	100¾	99	210,000
" registered		J & J	100	July 14,'06	....	....	....
" refunding 4s. 1934	44,342,000	A & O	93½	Aug.31,'06	94	93¼	293,000
" registered..		A & O	96	Nov.29,'05	....	....	....
" coll. tr. ser. 4's.							
" E......................1907	1,494,000	M & N	....		....	....	....
" F......................1908	1,494,000	M & N	....		....	....	....
" G......................1909	1,494,000	M & N	97½	June14,'06	....	....	....
" H......................1910	1,494,000	M & N	97	July14,'04	....	....	....
" I......................1911	1,494,000	M & N	97½	May 26,'05	....	....	....
" J......................1912	1,494,000	M & N	96¾	Dec. 19,'05	....	....	....
" K......................1913	1,494,000	M & N			....	....	....
" L......................1914	1,494,000	M & N	96¼	May 26,'05	....	....	....
" M......................1915	1,494,000	M & N	96	Nov.11,'05	....	....	....
" N......................1916	1,494,000	M & N	93	May 24,'04	....	....	....
" O......................1917	1,494,000	M & N	89½	May 1,'06	....	....	....
" P......................1918	1,494,000	M & N	90	May 11,'04	....	....	....
Chic. Rock Is. & Pac. R.R. 4's..2002	69,938,000	M & N	77¼	Aug.31,'06	78⅞	77	319,000
" registered................		M & N	79	Dec. 19,'05	....	....	....
" coll. trust g. 5's.......1913	17,342,000	M & S	93	Aug.31,'06	93	91⅞	122,000
Burlington, Cedar R. & Northern.							
" con. 1st & col. tst 5's.1934	11,000,000	A & O	117¾	July 10,'06	....	....	....
" registered................		A & O	120½	Mar. 16,'03	....	....	....
Ced. Rap Ia. Falls & Nor. 1st 5's.1921	1,905,000	A & O	111	Nov.20,'04	....	....	....
Minneap's & St. Louis 1st 7's. g. 1927	150,000	J & D	40	Aug.21,'95	....	....	....
Choc., Okla. & Glf. gen. g. 5s,...1919	5,500,000	J & J	105¼	Aug. 6,'06	105¼	105¼	2,000
" con. g. 5's..............1952	5,411,000	J & J	111	May 17,'05	....	....	....
Keokuk & Des M. 1st mor. 5's..1923	2,750,000	A & O	108	Apr. 7,'06	....	....	....
small bond 1923	....	A & O	110¾	Mar. 3,'06	....	....	....

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Chic., St.P., Minn. & Oma. con. 6's	1930	15,000,000	J & D	131½	July 30,'06	....	....	....
" con. 6's reduced to 3½'s	1930	2,000,000	J & D	93	Dec. 19,'04	....	....	....
Chic., St. Paul & Minn. 1st 6's	1918	1,572,000	M & N	133	June 27,'06	....	....	....
North Wisconsin 1st mort. 6's	1930	641,000	J & J	129¾	Mar. 3,'04	....	....	....
St. Paul & Sioux City 1st 6's	1919	6,070,000	A & O	120½	Aug. 28,'06	120½	120½	1,000
Chic., Term. Trans. R. R. g. 4's	1947	15,185,000	J & J	98¼	July 19,'06	....	....	....
" coupons off				99⅞	Aug. 30,'06	100	99¾	34,000
Chic. & Wn. Ind. gen'l g. 6's	1932	8,889,000	Q M	113½	June 26,'06	....	....	....
" con. 50 yr. 4's	1952	17,148,000	J & J	98½	July 10,'06	....	....	....
Cin., Ham. & Day 2d g. 4½'s	1937	2,000,000	J & J	113	Oct. 10,'19	....	....	....
Cin., Day. & Ir'n 1st gt. dg. 5's	1941	3,500,000	M & N	107	Aug. 15,'06	107	107	11,000
Cin. Find. & Ft. W. 1st gtd g. 4's	1923	1,150,000	M & N	....		....	....	....
Cin. Ind. & Wn. 1st & ref. gtd g. 4's	1953	4,672,000	J & J	91	Mar. 27,'06	....	....	....
Clev., Cin., Chic. & St. L. gen. g. 4's	1993	21,824,000	J & D	101½	Aug. 28,'06	102⅜	101	29,000
" do Cairo div. 1st g. 4's	1939	5,000,000	J & J	100	Aug. 6,'06	100	100	5,000
Cin., Wab. & Mich. div. 1st g. 4's	1991	4,000,000	J & J	98	Aug 22,'06	98	98	1,000
St. Louis div. 1st col. trust g. 4's	1990	9,750,000	M & N	99⅝	July 25,'06	....	....	....
" registered				100	Oct. 3,'04	....	....	....
Sp'gfield & Col. div. 1st g. 4's	1940	1,035,000	M & S	99¾	Feb. 8,'05	....	....	....
White W. Val. div. 1st g. 4's	1940	650,000	J & J	96	Aug. 30,'03	96	96	1,000
Cin., Ind., St. L. & Chic. 1st g. 4's	1936	7,545,000	Q F	100⅝	Aug. 22,'06	100⅝	100⅝	6,000
" registered				101	May 21,'06	....	....	....
" con. 6's	1920	648,000	M & N	105	Jan. 22,'04	....	....	....
Cin., S'dusky & Clev. con. 1st g. 5's	1928	2,571,000	J & J	113¼	June 5,'06	....	....	....
Clev., C., C. & Ind. con. 7's	1914	4,029,000	J & D	118½	July 16,'06	....	....	....
" sink. fund 7's	1914		J & D	119⅝	Nov. 19,'89	....	....	....
" gen. consol 6's	1934	3,205,000	J & J	134	Feb. 15,'06	....	....	....
" registered			J & J	....		....	....	....
Ind. Bloom. & West. 1st pfd 4's	1940	981,500	A & O	104½	Nov. 19,'01	....	....	....
Ohio, Ind. & W., 1st pfd. 5's	1938	500,000	Q J			....	....	....
Peoria & Eastern 1st con. 4's	1940	8,103,000	A & O	97½	Aug. 13,'06	97½	97	2,000
" income 4's	1990	4,000,000	A	73¼	Aug. 29,'06	73½	72½	23,000
Clev., Lorain & Wheel'g con. 1st 5's	1933	5,000,000	A & O	115½	Mar. 29,'06	....	....	....
Clev., & Mahoning Val. gold 5's	1938	2,936,000	J & J	116¼	Jan. 23,'05	....	....	....
" registered			Q J	....		....	....	....
Col. Midld Ry. 1st g. 4's	1947	8,946,000	J & J	75	Aug. 27,'06	75¼	74	181,000
Colorado & Southern 1st g. 4's	1929	19,103,000	F & A	91⅝	Aug. 30,'06	92⅜	91½	133,000
Conn., Passumpsic Riv's 1st g. 4's	1943	1,900,000	A & O	102	Dec. 27,'93	....	....	....
Delaware, Lack. & W. mtge 7's	1907	3,067,000	M & S	104⅞	Apr. 11,'06	....	....	....
Morris & Essex 1st m 7's	1914	5,000,000	M & N	120	June 20,'06	....	....	....
" 1st c. gtd 7's	1915	11,677,000	J & D	121	July 16,'06	....	....	....
" registered			J & D	127	June 23,'05	....	....	....
" 1st refund. gtd. g. 3½'s	2000	7,000,000	J & D	....		....	....	....
N. Y., Lack. & West'n. 1st 6's	1921	12,000,000	J & J	126¼	Mar. 9,'06	....	....	....
" const. 5's	1923	5,000,000	F & A	108½	Aug. 13,'06	108½	108½	2,000
" terml. imp. 4's	1923	5,000,000	M & N	102⅝	Aug. 4,'06	102⅝	102⅝	1,000
Syracuse, Bing. & N. Y. 1st 7's	1906	1,966,000	A & O	102⅝	Aug. 1,'06	102⅝	102⅝	10,000
Warren Rd. 1st rfdg. gtd g. 3½'s	2000	905,000	F & A	102	Feb. 2,'03	....	....	....
Delaware & Hudson Canal.								
" 1st Penn. Div. c. 7's	1917	5,000,000	M & S	133	Feb. 13'06	....	....	....
" reg	1917		M & S	149	Aug. 5,'01	....	....	....
" 10 y. con. del. c'p'n 4's	1916	12,447,000	J & D	108¾	Aug. 31,'06	110	108	751,000
Alb. & Sus. cuv. con. 40y. g. 3½'s	1946	10,000,000	A & O	113	Aug. 14,'06	113	111	49,000
" registered			A & O	....		....	....	....
Rens. & Saratoga 1st 7's	1921	2,000,000	M & N	142½	Mar. 10,'05	....	....	....
Denver & Rio G. 1st con. g. 4's	1936	33,450,000	J & J	100	Aug. 27,'06	100	99½	23,000
" con. g. 4½'s	1936	6,382,000	J & J	106½	Aug. 24,'06	106½	106½	3,000
" impt. m. g. 5's	1928	8,318,500	J & D	107	July 27,'06	....	....	....
Rio Grande Western 1st g. 4's	1939	15,200,000	J & J	94½	Aug. 31,'06	95¼	94½	18,000
" mge. & col. tr. g. 4's ser. A	1949	13,336,000	A & O	88⅝	July 16,'06	....	....	....
Utah Central 1st gtd. g. 4's	1917	550,000	A & O	97	Jan. 3,'02	....	....	....
Des Moines Union Ry 1st g. 5's	1917	628,000	M & N	110	Sept. 30,'04	....	....	....
Detroit & Mack. 1st lien g. 4s	1995	1,050,000	J & D	99¼	Feb. 19,'06	....	....	....
" g. 4s	1995	1,250,000	J & D	92	Aug. 21,'06	92⅞	92	8,000
Detroit S'th'n O. So. div. 1st g. 4's	1941	4,495,000	M & S	87½	Aug. 28,'06	87½	87½	23,000
Duluth & Iron Range 1st 5's	1937	6,732,000	A & O	113	July 1,'06	....	....	....
" registered			A & O	112½	Feb. 13,'06	....	....	....
" 2d 6s	1916	1,000,000	J & J	....		....	....	....
Duluth So. Shore & At. gold 5's	1937	3,816,000	J & J	112½	Aug. 7,'06	112½	112½	1,000
Elgin Joliet & Eastern 1st g 5's	1941	8,500,000	M & N	117	Aug. 13,'06	117	117	1,000

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Erie 1st ext. g. 4's	1947	2,482,000	M & N	107⅛	Jan. 30,'06	....	....	....
" 2d extended g. 5's	1919	2,149,000	M & S	114⅛	Feb. 23,'06	....	....	....
" 3d extended g. 4½'s	1923	4,617,000	M & S	108⅛	Aug.15,'06	109¼	108⅛	11,000
" 4th extended g. 5's	1920	2,926,000	A & O	115¼	Jan. 24,'06	....	....	....
" 5th extended g. 4's	1928	709,500	J & D	102	July 12,'06	....	....	....
" 1st cons. gold 7's	1920	16,890,000	M & S	130½	Aug. 6,'06	130⅝	130⅛	10,000
" 1st cons. fund g. 7's	1920	3,699,500	M & S	133	Feb. 21,'06	....	....	....
Erie R.R. 1st con.g-4s prior bds.	1996	35,000,000	J&J	99⅝	Aug.29,'06	102	99⅝	149,000
" registered			J&J	100¼	Apr. 19,'06	....	....	....
" 1st con. gen. lien g. 4s.	1996	35,885,000	J&J	90	Aug.30,'06	91	89⅛	177,000
" registered			J&J	88	Nov.15,'04	....	....	....
" Penn. col. trust g. 4's.	1951	31,451,000	F & A	93⅛	Aug.15,'06	94	93¼	7,000
" 50 yrs. con. g. 4's ser A.	1953	10,000,000	A & O	106⅛	Aug.30,'06	107⅜	103¾	683,000
Buffalo, N. Y. & Erie 1st 7's	1916	2,380,000	J & D	122½	Feb. 26,'06	....	....	....
Buffalo & Southwestern g. 6's.	1908	1,500,000	J&J	104⅝	Feb. 16,'06	....	....	....
" small			J&J	....		....	....	....
Chicago & Erie 1st gold 5's	1982	12,000,000	M & N	119⅞	Aug.22,'06	119⅞	119⅝	12,000
Jefferson R. R. 1st gtd g. 5's	1909	2,800,000	A & O	102¾	Dec. 5,'05	....	....	....
Long Dock consol. g. 6's	1935	7,500,000	A & O	134	Aug. 4,'06	134	134	10,000
N. Y. L. E. & W. Coal & R. R. Co. 1st gtd. currency 6's	1922	1,100,000	M&N	118	July 25,'04	....	....	....
N. Y., L. E. & W. Dock & Imp. Co. 1st currency 6's	1913	3,396,000	J&J	115⅜	Dec. 8,'05	....	....	....
N. Y. & Greenw'd Lake gt g 5's.	1946	1,452,000	M&N	121½	Oct. 17,'05	....	....	....
" small				117	July 20,'05	....	....	....
Midland R. of N. J. 1st g. 6's	1910	3,500,000	A & O	107	June 25,'06	....	....	....
N.Y., Sus.&W. 1st refdg. g. 5's.	1937	3,745,000	J & J	116	Aug.16,'06	116	116	6,000
" 2d g. 4½'s	1937	447,000	F & A	103	Feb. 3,'06	....	....	....
" gen. g. 5's	1940	2,546,000	F & A	106½	July 12,'06	....	....	....
" term. 1st g. 5's	1943	2,000,000	M & N	117	July 17,'06	....	....	....
" registered......$5,000 each			M & N	....		....	....	....
Wilkesb. & East. 1st gtd g. 5's.	1942	3,000,000	J & D	110	Aug.20,'06	111	110	4,000
Evans. & Ind'p. 1st con. g g 6's	1926	1,591,000	J & J	116	Apr. 25,'06	....	....	....
Evans. & Terre Haute 1st con. 6's.	1921	3,000,000	J & J	118	Aug.24,'06	118	118	3,000
" 1st General g 5's	1942	2,672,000	A & O	109½	June 12,'06	....	....	....
" Mount Vernon 1st 6's	1923	375,000	A & O	114	Apr. 19,'05	....	....	....
" Sul. Co. Bch. 1st g 5's	1930	450,000	A & O	106¼	Feb. 21,'06	....	....	....
Ft. Smith U'n Dep. Co. 1st g 4½'s.	1941	1,000,000	J & J	105	Mar. 11,'98	....	....	....
Ft. Worth & D. C. ctfs. dep. 1st 6's.	1921	8,176,000	......	113	Aug.23,'06	113	113	15,000
Ft. Worth & Rio Grande 1st g 5's.	1928	2,863,000	J & J	87	July 2,'06	....	....	....
Galveston H. & H. of 1882 1st 5s.	1913	2,000,000	A & O	103	Aug. 7,'06	103	103	1,000
Gulf & Ship Isl. 1st refg. & ter. 5's.	1952	4,937,000	J & J	102	Aug.17,'06	102	102	10,000
" registered			J & J	....		....	....	....
Hock. Val. Ry. 1st con. g. 4½'s.	1999	14,139,000	J & J	106	Aug.23,'06	106½	105⅛	18,000
" registered			J & J	105½	July 14,'04	....	....	....
Col. Hock's Val. 1st ext. g. 4's.	1848	1,401,000	A & O	100	Aug.14,'06	100	100	2,000
Colu. & Tol. RR. Co. 1st m. ex. 4's.	1955	2,441,000	......	100	Apr. 3,'06	....	....	....
Illinois Central, 1st g. 4's	1951	1,500,000	J&J	110	Dec. 18,'05	....	....	....
" registered			J&J	113½	Mar. 12,'19'	....	....	....
" 1st gold 3½'s	1951	2,499,000	J&J	99⅞	June 18,'06	....	....	....
" registered			J&J	95	July 12,'06	....	....	....
" extend 1st g 3½'s	1951	3,000,000	A & O	99½	June 22,'06	....	....	....
" registered			A & O	....		....	....	....
" 1st g 3s sterl. £500,000.	1951	2,500,000	M & S	70	Oct. 17,'04	....	....	....
" registered			M & S	....		....	....	....
" total outstg....$18,950,000						....	....	....
" collat. trust gold 4's.	1952	15,000,000	A & O	104½	Aug.13,'06	104½	104½	1,000
" regist'd			A & O	102	Oct. 4,'03	....	....	....
" col. t. g. 4s L. N. O. & Tex.	1953	24,679,000	M & N	104¼	Aug.13,'06	104¼	104	3,000
" registered			M & N	100	May 8,'06	....	....	....
" Cairo Bridge g 4's	1950	3,000,000	J & D	105	Aug.28,'06	105	105	1,000
" registered			J & D	123	May 24,'99	....	....	....
" Litchfield div. 1st g. 3s.	1951	3,148,000	J & J	....		....	....	....
" Louisville div. g. 3½'s.	1953	14,320,000	J & J	92½	July 27,'06	....	....	....
" registered			J & J	88½	Dec. 8,'99	....	....	....
" Middle div. reg. 5's	1921	600,000	F & A	95	Dec. 21,'99	....	....	....
" Omaha div. 1st g. 3's	1951	5,000,000	F & A	78½	Apr. 10,'06	....	....	....
" St. Louis div. g. 3's	1951	4,939,000	J & J	82½	May 31,'06	....	....	....
" registered			J & J	101¼	Jan. 31,'19	....	....	....
" g. 3½'s	1951	6,321,000	J & J	93½	June 23,'06	....	....	....
" registered			J & J	101½	Sept. 10,'95	....	....	....
" Sp'gfield div 1st g 3½'s.	1951	2,000,000	J & J	100	Nov. 7,'19'	....	....	....
" registered			J & J	124	Dec. 11,'99	....	....	....
" West'n Line 1st g. 4's,	1951	5,425,000	F & A	107¾	Jan. 26,'06	....	....	....
" registered			F & A	101½	Jan. 31,'91	....	....	....
Belleville & Carodt. 1st 6's	1923	470,000	J & D	122	July 7,'04	....	....	....
Carbond'e & Shawt'n 1st g. 4's,	1932	241,000	M & S	105	Jan. 22,'91	....	....	....
Chic., St. L. & N. O. gold 5's	1951	16,555,000	J D 15	120⅜	July 27,'06	....	....	....

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" gold 5's, registered........		16,555,000	J D 15	119¾	Mar. 12,'04	....	....	....
" g. 3½'s................	1951	1,352,000	J D 15	98⅝	May 31,'04	....	....	....
" registered................			J D 15	106¼	Aug.17,'99	....	....	....
" Memph. div. 1st g. 4's,	1951	3,500,000	J & D	101⅛	Aug.20,'06	101½	101⅛	1,000
" registered................			J & D	121	Feb. 24,'99	....	....	....
St. Louis South. 1st gtd. g. 4's,	1931	538,000	M & S	101⅛	Mar. 16,'05	....	....	....
Ind., Dec. & West. 1st g. 5's......	1935	1,824,000	J & J	108⅞	Jan. 30,'06	....	....	....
" 1st gtd. g. 5's...........	1935	933,000	J & J	107⅛	Dec. 18,'01	....	....	....
Indiana, Illinois & Iowa 1st g. 4's..	1950	4,850,000	J & J	100	July 25,'06	....	....	....
Internat. & Gt. N'n 1st. 6's, gold.	1919	11,291,000	M & N	116	Aug.30,'06	116	116	3,000
" 2d g. 5's................	1909	10,391,000	M & S	102	Aug. 3,'06	102	102	21,000
" 3d g. 4's................	1921	2,960,500	M & S	77¼	Aug. 1,'06	77¼	77¼	1,000
Iowa Central 1st gold 5's.........	1938	7,650,000	J & D	109	Aug.27,'06	109	109	1,000
" refunding g. 4's ...	1951	2,000,000	M & S	86	Mar. 15,'06	....	....	....
Kansas City Southern 1st g. 3's..	1950	30,000,000	A & O	72⅛	Aug.31,'06	73	72⅛	87,000
" registered................			A & O	63¼	Oct. 16,'19	...	....	....
Lake Erie & Western 1st g. 5's...	1937	7,250,000	J & J	115	Aug.14,'06	115	115	14,000
" 2d mtge. g. 5's..........	1941	3,625,000	J & J	110¾	July 21,'06	....	....	....
Northern Ohio 1st gtd g 5's..	1945	2,500,000	A & O	117	Jan. 17,'06	....	....	....
Lehigh Val. N. Y. 1st m. g. 4½'s.	1940	15,000,000	J&J	109¼	Aug.31,'06	109⅝	109	13,000
" registered................		....	J&J	112⅛	Nov. 6,'05	....	....	....
Lehigh Val. (Penn.) g. c. g. 4's..	2003	22,000,000	M & N	98¼	June23,'06	....	....	....
" registered................			M & N	....	....	....	...	....
Lehigh Val. Ter. R. 1st gtd g. 5's.	1941	10,000,000	A & O	118¾	Apr. 10,'06	....	....	....
" registered................			A & O	109½	Oct. 18,'99	...	...	....
Lehigh V. Coal Co. 1st gtd g. 5's.	1933	10,114,000	J & J	112⅝	Apr. 6,'06	....	....	....
" registered..............	1933		J & J	....	....	....	....	....
" 1st 40-yr. gtd int. red to 4%	1933	1,400,000	J & J	....	....	....	....	....
Lehigh & N. Y., 1st gtd g. 4's.....	1945	2,000,000	M&S	96¼	May 4,'06	....	....	....
" registered................			M&S	....	....	....	....	....
Elm., Cort. & N. 1st g. 1st pfd 6's	1914	750,000	A & O	113⅞	Jan. 22,'06	....	....	....
" " g. gtd 5's.......	1914	1,250,000	A & O	105¼	Jan. 5,'06	....	...	....
Long Island 1st cons. 5's..........	1931	3,610,000	Q J	115	June 8,'06	....	....	....
" 1st con. g. 4's...........	1931	1,121,000	Q J	116¼	June 8,'04	....	....	....
Long Island gen. m. 4's.........	1938	3,000,000	J & D	98¼	June23,'06	....	....	....
" Ferry 1st g. 4½'s......	1922	1,494,000	M & S	102	Nov.27,'05	....	....	....
" g. 4's...................	1932	325,000	J & D	99¼	Oct. 28,'04	....	....	....
" unified g. 4's...........	1949	5,660,000	M & S	97	July 18,'06	....	....	....
" deb. g. 5's........	1934	1,135,000	J & D	110	June22,'04	....	....	....
" gtd. refunding g. 4's..	1949	22,408,000	M & S	101¾	Aug.31,'06	101¾	100	14,000
" " registered........			M & S	99	Mar. 19,'06	....	....	....
Brooklyn & Montauk 1st 6's....	1911	250,000	M & S	....	....	....	....	....
" 1st 5's.................	1911	750,000	M & S	103⅝	July 5,'06	....	....	....
N. Y. B'kln & M. B. 1st c. g. 5's, ..	1935	1,601,000	A & O	112	Mar. 10,'02	....	....	....
N. Y. & Rock'y Beach 1st g. 5's,	1927	883,000	M & S	111	Jan. 23,'06	....	....	....
Long Isl. R. R. Nor. Shore Branch 1st Con. gold garn't'd 5's,	1932	1,425,000	QJAN	112⅛	July 7,'05	....	....	....
Louisiana & Arkan. Ry. 1st g. 5's.	1927	3,390,000	M & S	105	June29,'06	....	....	....
Louis. & Nash. gen. g. 6's.......	1930	7,492,000	J & D	115¼	June22,'06	....	....	....
" gold 5's....	1937	1,764,000	M & N	121⅛	Feb. 27,'06	....	....	....
" Unified gold 4's........	1940	37,562,000	J & J	100⅛	Aug.31,'06	102	100⅛	123,000
" registered	1940		J & J	101⅛	July 3,'06	....	....	....
" collateral trust g. 5's,	1931	5,129,000	M & N	111¼	June12,'06	....	....	....
" 5-20yr. col. tr. deed g. 4's.	1923	23,000,000	A & O	97¾	Aug.27,'06	98⅛	97½	42,000
" E., Hend. & N. 1st 6's..	1919	1,600,000	J & D	114¼	June 6,'05	....	....	....
" L. Cin. & Lex. g. 4½'s,..	1931	3,258,000	M & N	109	Mar. 6,'05	....	....	....
" N.O. & Mobile 1st g. 6's..	1930	5,000,000	J & J	130	June13,'06	....	....	....
" 2d g. 6's............ ..	1930	1,000,000	J & J	122¼	Mar. 19,'06	....	....	....
" Pensacola div. g. 6's...	1920	385,000	M & S	107¼	Aug. 8,'02	107¼	107¼	1,000
" St. Louis div. 1st g. 6's.	1921	3,500,000	M & S	120⅛	Mar. 6,'06	....	....	....
" 2d g. 3's...............	1980	3,000,000	M & S	74⅝	Oct. 4,'05	....	....	....
" At. Kx. & N. R. 1st g. 5's.	1946	1,000,000	J & D	116	July 27,'06	....	....	....
" H. B'ge 1st sk'fd. g 6's.	1931	1,372,000	M & S	108⅛	Jan. 3,'06	....	....	....
" Ken. Cent. g. 4's......	1987	6,742,000	J & J	98	Aug. 7,'06	98	98	1,000
" L. & N. & Mob. & Montg 1st. g. 4½s...........	1945	4,000,000	M & S	108	July 11,'06	....	....	....
" South. Mon. joint 4's.	1952	11,827,000	J & J	97	Aug.25,'06	97½	97	15,000
" registered...............			Q Jan	95	Feb. 6,'05	....	....	....
" N. Fla. & S. 1st g. g. 5's,	1937	2,096,000	F & A	111	Aug. 8,'06	111	111	7,000
" Pen. & At. 1st g. g. 6's,	1921	2,331,000	F & A	112⅛	Mar. 28,'06	....	....	....
" S.&N.A. con. gtd. g. 5's.	1936	3,673,000	F & A	107	Dec. 4,'05	....	....	....
" sinking fund g. 6s, ...	1910	1,942,000	A & O	110	Mar.23,'02	....	....	....
Lo. & Jefferson Bdg. Co. gtd. g. 4's.	1945	3,000,000	M & S	97	May 8,'06	....	....	....
Manhattan Railway Con. 4's.....	1990	28,065,000	A & O	102	Aug.24,'06	102	102	5,000
" registered.			A & O	104	Apr. 5,'05	....	....	....
Metropolitan Elevated 1st 6's....	1908	10,818,000	J & J	103⅛	Aug.10,'06	103⅛	103	22,000
Manitoba Swn. Coloniza'n g. 5's,	1934	2,544,000	J & D	....	....	....	....	....
Mexican Central, con. mtge. 4's.	1911	65,690,000	J & J	76	Aug.31,'06	77¼	75⅛	144,000

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• 1st con. inc. 3's	1939	20,511,000	JULY	18¼	Aug.31,'06	19¼	18	277,000
• 2d 3's	1939	11,724,000	JULY	14¼	Aug.31,'06	16	14¼	252,000
• equip. & collat. g. 5's	1917	500,000	A & O	....	....	....	....	....
• 2d series g. 5's	1919	615,000	A & O	....	....	....	....	....
• col.trust g.4½'s 1st se of	1907	10,000,000	F & A	101	July 6,'06	....	....	....
Mexican Internat'l 1st con g. 4's	1977	3,362,000	M & S	90⅝	July 29,'01	....	....	....
• stamped gtd		6,277,000	......	....	....	....	....	....
Mexican Northern 1st g. 6's	1910	905,000	J & D	....	....	....	....	....
• registered			J & D	105	May 2,19'	....	....	....
Midland Term'l Ry. 1st g.s.f.5's	1925	439,000	J & D	....	....	....	....	....
Minneapolis & St. Louis 1st g. 7's	1927	950,000	J & D	137	June29,'05	....	....	....
• Iowa ext. 1st g. 7's	1909	1,015,000	J & D	111⅛	Oct. 26,'05	....	....	....
• Pacific ext. 1st g. 6's	1921	1,382,000	J & A	118	June 5,'06	....	....	....
• Southw. ext. 1st g. 7's	1910	636,000	J & D	118¼	Mar. 10,'05	....	....	....
• 1st con. g. 5's	1934	5,000,000	M & N	113	Aug.17,'06	113	113	36,000
• 1st & refunding g. 4's	1949	9,350,000	M & S	94⅝	Aug.23,'06	94½	94⅝	34,000
DesMoines&Ft.Dge1stgtd g.4's	1935	3,072,000	J & J	97	Apr. 19,'06	....	....	....
Minn., S. P. & S. S. M., 1st c. g. 4's	1938	38,105,000	J & J	102¼	June14,'06	....	....	....
• stamped pay. of int. gtd.				....	....	....	....	....
Minn., S. S. M. & Atlan. 1st g. 4's	1926	8,204,000	J & J	103	Nov.11,'01	....	....	....
• stamped pay. of int. gtd.				89⅝	June18,'91	....	....	....
Missouri, K. & T. 1st mtge g. 4's	1990	40,000,000	J & D	100	Aug.30,'06	100⅛	99¾	192,500
• 2d mtge. g. 4's	1990	20,000,000	F & A	86	Aug.30,'06	87	86	83,000
• 1st ext gold 5's	1944	8,254,000	M & N	105	Aug.21,'06	105	104	12,000
• 1st & ref. mtg. 4s	2004	5,182,000	M & S	87½	June 5,'06	....	....	....
• • small			M & S	....	....	....	....	....
St. Louis div. 1st refundg 4s	2001	1,915,000	A & O	88½	July 9,'06	....	....	....
Dallas & Waco 1st gtd. g. 5's	1940	1,340,000	M & N	108	Feb. 13,'06	....	....	....
Kan. City & Pac. 1st g. 4s	1990	2,500,000	F & A	96	June 4,'06	....	....	....
Mo., Kan. & East. 1st gtd. g. 5s	1942	4,000,000	A & O	113¼	May 26,'06	....	....	....
Mo.,Kan.& Ok. 40 yr. 1st gtd.5s	1942	5,468,000	M & N	106¼	July 25,'06	....	....	....
Mo.,K.& Tex.of Tex.1stgtd.g.5s	1942	4,505,000	M & S	108¼	Aug.21,'06	109½	108¼	7,000
Sher., Shreve.& So. 1st gtd.g.5s	1943	1,689,000	J & D	108¼	Apr. 3,'06	....	....	....
Tex. & Ok. 40 yr. 1st gtd. g. 5s	1943	2,347,000	M & S	105¾	Apr. 25,'06	....	....	....
Missouri Pacific 1st con. g. 6's	1920	14,904,000	M & N	121	Aug.28,'06	121	120	4,000
• 3d mortgage 7's	1906	3,828,000	M & N	102¼	July 5,'06	....	....	....
• trusts gold 5's stamp'd	1917	14,376,000	M & S	105½	Aug.31,'06	105½	105	134,000
• registered			M & S	107½	Feb. 17,'06	....	....	....
• 1st collateral gold 5's	1920	9,636,000	F & A	103¼	Aug.24,'06	103¼	102½	12,000
• registered			F & A	....	....	....	....	....
• forty yrs. 4's g. loan	1945	25,000,000	......	93	Aug.30,'06	93½	92½	41,500
Cent. Branch Ry.1st gtg. g. 4's	1919	3,459,000	F & A	93	Aug.16,'06	93	93	12,000
Leroy & Caney Val. A. L. 1st 5's	1926	520,000	J & J	110	Mar. 13,'05	....	....	....
Pacific R. of Mo. 1st m. ex. 4's	1938	7,000,000	M & S	101⅜	Aug. 2,'06	101⅜	101⅜	10,000
• 2d extended g. 5's	1938	2,573,000	F & A	118	June29,'06	....	....	....
St. L. & I. g. con. R.R.&l.gr. 5's	1931	36,624,000	A & O	114¼	Aug.31,'06	114½	114⅛	76,000
• stamped gtd gold 5's	1931	6,833,000	A & O	116	Nov. 6,'05	....	....	....
• unify'g & rfd'g g. 4's	1929	30,469,000	J & J	90	Aug.27,'06	91	89¼	24,000
• registered			J & J	87¼	Apr. 23,'04	....	....	....
• Riv&Gulf divs 1stg 4s	1933	23,784,000	M & N	93⅞	Aug.23,'06	94	93	14,000
Verdigris V'y Ind. & W. 1st 5's	1926	750,000	M & S	107½	Apr. 13,'06	....	....	....
Mob. & Birm., prior lien, g. 5's	1945	374,000	J & J	115⅝	Apr. 14,'06	....	....	....
• small		226,000	J & J	90	Feb. 4,'03	....	....	....
• mtg. g. 4's	1945	700,000	J & J	96	Oct. 9,'05	....	....	....
• small		500,000	......	94	Aug. 6,'04	....	....	....
Mob. Jackson&Kan.City 1stg.5's	1946	1,882,000	J & D	98	Aug. 6,'06	98	96½	16,000
Mobile & Ohio new mort. g. 6's	1927	7,000,000	J & J	125⅛	Aug.16,'06	125⅛	124¾	13,000
• 1st extension 6's	1927	974,000	J & D	122	Dec. 20,'05	....	....	....
• gen. g. 4's	1938	1,386,000	Q J	95	July 19,'06	....	....	....
• Montg'rydiv.1st g.5's	1947	4,000,000	F & A	114½	July 3,'06	....	....	....
St. Louis & Cairo gtd g. 4's	1931	4,000,000	M & S	92½	Aug.15,'06	92½	92½	2,000
• collateral g. 4's	1930	2,494,000	Q F	92¼	Oct. 18,'05	....	....	....
Nashville, Chat. & St. L. 1st 7's	1913	6,300,000	J & J	116½	Aug. 8,'06	116⅛	116⅛	3,000
• 1st cons. g. 5's	1928	7,608,000	A & O	113¾	June26,'06	....	....	....
• 1st g.6's Jasper Branch	1923	371,000	J & J	119¼	Feb. 16,'06	....	....	....
• 1st 6's McM. M.W. & Al.	1917	750,000	J & J	117¼	Mar. 6,'05	....	....	....
• 1st 6's T. & Pb.	1917	300,000	J & J	113	July 6,'99	....	....	....
Nat.R.R.of Mex.priorlieng.4½'s	1926	23,000,000	J & J	101½	Aug. 2,'06	101½	101½	1,500
• 1st con. g. 4's	1951	24,496,000	A & O	84½	Aug.21,'06	85	84½	96,000
N. O. & N. East. prior lien g. 6's	1915	1,320,000	A & O	108½	Aug.13,'94	....	....	....
N.Y. Cent. & Hud. R. g. mtg. 3½s	1997	84,382,000	J & J	92	Aug.31,'06	95⅞	91⅞	4,117,000
• • registered			J & J	92	Aug.30,'06	92	92	55,000
• deb. g 4s	1934	30,000,000	M & N	100	Aug.31,'06	101	100	47,000
• • registered			M & N	100¾	Apr.25,'06	....	....	....
Lake Shore col. g. 3½s	1998	90,578,000	F & A	88	Aug.30,'06	88½	87¾	159,000
• registered			F & A	85½	Aug.30,'06	85½	85½	2,000

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Michigan Central col. g. 3½s	1998	19,836,000	F & A	88	Aug.27,'06	88	88	21,000
• registered			F & A	88¼	June21,'06			
Beech Creek 1st. gtd. 4's	1936	5,000,000	J & J	102	July 6,'06			
• registered			J & J	104	Dec. 13,'05			
2d gtd. g. 5's	1936	500,000	J & J					
registered			J & J					
• ext. 1st. gtd. g. 3½'s	1951	3,500,000	A & O					
• registered			A & O					
Carthage & Adiron. 1st gtd g. 4's	1981	1,100,000	J & D					
Clearfield Bit. Coal Corporation, 1st s. f. int. gtd. g. 4's ser. A.	1940	699,000	J & J	87½	June23,'04			
• small bonds series B		32,500	J & J					
Gouv. & Oswega. 1st gtd g. 5's	1942	300,000	J & D					
Mohawk & Malone 1st gtd g. 4's	1991	2,500,000	M & S	105	Nov.20,'05			
N. Jersey Junc. R. R. g. 1st 4's	1986	1,650,000	F & A	105	Oct. 10,'02			
• reg. certificates			F & A					
N.Y. & Putnam 1st con. gtd g. 4's	1993	4,000,000	A & O	104½	Feb. 28,'06			
Nor. & Montreal 1st g. gtd 5's	1916	130,000	A & O					
West Shore 1st guaranteed 4's	2361	50,000,000	J & J	105½	Aug.31,'06	105⅝	105	136,000
• registered			J & J	104¼	Aug.27,'06	104½	103¼	21,500
Lake Shore g 3½s	1997	50,000,000		96	Aug.29,'06	97¾	96	23,000
• registered			J & D	96	Aug.28,'06	96	96	1,000
• deb. g. 4's	1928	50,000,000	M & S	100	Aug.29,'06	100⅝	99⅛	211,000
Detroit, Mon. & Toledo 1st 7's	1906	924,000	F & A	101⅛	Feb. 9,'06			
Kal., A. & G. R. 1st gtd c. 5's	1938	840,000	J & J					
Mahoning Coal R. R. 1st 5's	1934	1,500,000	J & J	125¼	Mar. 5,'06			
Pitt McK'port & Y. 1st gtd 6's	1932	2,250,000	J & J	139	Jan. 21,'03			
• 2d gtd 6's	1934	900,000	J & J					
McKspt & Bell. V. 1st g. 6's	1918	600,000	J & J					
Michigan Cent. 6's	1909	1,500,000	M & S	107¼	June19,'06			
• 5's	1931	3,576,000	M & S	118¼	July 18,'06			
• 5's reg	1931		Q M	119	June12,'06			
• 4's	1940	2,600,000	J & J	104½	Mar. 23,'06			
• 4's reg			J & J	106½	Nov.26,19'			
• g. 3½'s sec. by 1st mge. on J. L. & S.		1,750,000	M & S					
• 1st g. 3½'s	1952	13,000,000	M & N	97	July 10,'06			
Battle C. Sturgis 1st g. g. 3's	1989	476,000	J & D					
N. Y. & Harlem 1st mort. 7's c.	1900	12,000,000	M & N	101½	July 16,'05			
• 7's registered	1900		M & N	102¾	Apr. 6,19'			
N. Y. & Northern 1st g. 5's	1927	1,200,000	A & O	119½	Mar. 31,'05			
R. W. & Og. con. 1st ext. 5's	1922	9,081,000	A & O	113⅞	Aug.24,'06	113⅞	113⅞	6,000
coup. g. bond currency			A & O					
Oswego & Rome 2d gtd gold 5's	1915	400,000	F & A	113¾	Jan. 25,'02			
R. W. & O. Ter. R. 1st g. gtd 5's	1918	375,000	M & N					
Utica & Black River gtd g. 4's	1922	1,800,000	J & J	103⅞	Aug.24,'06	103⅞	103⅞	2,000
N.Y., Chic. & St. Louis 1st g. 4's	1937	19,425,000	A & O	104½	Aug.29,'06	104¾	104½	30,000
• registered			A & O	103	Oct. 6,'05			
N. Y., N. Haven & Hartford.								
Housatonic R. con. g. 5's	1937	2,838,000	M & N	124	Feb. 24,'06			
New Haven and Derby con. 5's	1918	575 000	M & N	115½	Oct. 15,'94			
N.Y., Ont. & W'n. ref'ding 1st g. 4's	1992	20,000,000	M & S	102	Aug.20,'06	102	101¼	15,000
• registered......$5,000 only.			M & S	101½	June29,'06			
Norfolk & Southern 1st g. 5's	1941	1,500,000	M & N	110	May 31,'06			
Norfolk & Western gen. mtg. 6's	1931	7,283,000	M & N	131⅞	July 3,'06			
• imp'ment and ext. 6's	1934	5,000,000	F & A	130	Aug.29,'06	130	130	3,000
• New River 1st 6's	1932	2,000,000	A & O	129¾	Nov. 27,'05			
Norfolk & West. Ry. 1st con. g. 4s	1996	40,400,500	A & O	100¼	Aug.30,'06	101¼	100⅛	159,000
• registered			A & O	100	Feb. 16,'06			
• small bonds			A & O					
• div. 1st lien & gen g. 4s	1944	11,000,000	J & J	99	June30,'06			
• • registered			J & J					
• Pocahon C.&C.Co. jt. 4's	1941	19,971,000	J & D	93	Aug.16,'06	93¼	93	12,000
• C. C. & T. 1st g. t. g g 5's	1922	600,000	J & J	109½	Feb. 20,'05			
• Sci'o Val & N.E. 1st g. 4's	1989	5,000,000	J & N	100	Aug.24,'06	100	99⅝	4,000
N. P. Ry prior ln ry. & ld. gt. g. 4's	1997	101,392,500	Q J	103¾	Aug.31,'06	104½	103½	354,500
• registered			Q J	102½	Aug. 8,'06	102½	102½	2,000
• gen. lien g. 3's	2047	56,000,000	Q F	76¼	Aug.31,'06	76⅜	75⅛	172,500
• registered			Q F	76	June25,'06			
Paul & Duluth div. g. 4's	1996	7,897,000	J & D	98	July 7,'06			
• registered			J & D					
Duluth Short Line 1st gtd 5's	1916	500,000	M & S					
St. Paul & N. Pacific gen g. 6's	1923	7,985,000	F & A	122⅛	Aug.30,'06	122⅛	122⅛	1,000
• registered certificates			Q F	132	July 28,'98			
St. Paul & Duluth 1st 5's	1931	1,000,000	F & A	113	Mar. 22,'06			
• 2d 5's	1917	2,000,000	A & O	110	Mar. 13,'06			
• 1st con. g. 4's	1968	1,000,000	J & D	100	July 18,'06			
Washington Cen. Ry 1st g. 4's	1948	1,538,000	QMCH	93	May 9,'06			

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Nor. Pacific Term. Co. 1st g. 6's	1933	3,506,000	J & J	116	May 16,'06			
Ohio River Railroad 1st 5's	1936	2,000,000	J & D	116	May 16,'06			
" gen. mortg. g 6's	1937	2,428,000	A & O	114¾	Jan. 20,'06			
Ozark&Cher.Cent.Ry.1st gtd g 5s	1913	2,880,009	A & O	98¼	June20,'06			
Pacific Coast Co. 1st g. 5's	1946	5,000,000	J & D	110	July 17,'06			
Panama 1st sink fund g. 4½'s	1917	2,272,000	A & O	103	July 5,'06			
" s. f. subsidy g 6's	1910	533,000	M & N	102	Apr. 14,'02			
Pennsylvania Railroad Co.								
Penn. Co.'s gtd. 4½'s, 1st	1921	19,467,000	J & J	105	Aug.30,'06	106	104½	7,000
" reg	1921		J & J	105	July 27,'06			
" gtd.3½ col.tr.reg.cts.	1937	4,815,000	M & S	90½	June 8,'06			
" gtd.3½ col.tr.cts.serB	1941	9,581,000	F & A	90	July 27,'06			
" Trust Co. ctfs. g. 3½'s	1916	14,664,000	M & N	97¼	Aug.21,'06	97¼	97¼	4,000
" gtd. g. 3½'s tr. cts. s.C.	1942	4,893,000	J & D					
" gtd. g. 3½'s tr. cts.s.D.	1944	10,000,000	J & D	90½	Mar. 20,'06			
Chic., St. Louis & P. 1st c. 5's	1932	1,506,000	A & O	117½	Aug.10,'06	117½	117½	1,000
" registered			A & O	110	May 3,'92			
Cin.,Leb. & N. 1st con.gtd.g.4's	1942	891,000	J & J					
Clev. & Mar. 1st gtd g. 4½'s	1935	1,250,000	M & N	110	Jan. 19,'05			
Clev.&P.gen.gtd.g.4½'s Ser. A	1942	3,000,000	J & J	108¼	Aug.21,'03			
" Series B	1942	1,561,000	A & O					
" " int. reduc. 3½ p.c.		439,000						
" Series C 3½s	1948	2,944,000	M & N	98½	Dec. 15,'05			
" Series D 3½s	1950	1,975,000	F & A	96	Jan. 8,'04			
E.&Pitts. gen.gtd.g.3½s Ser.B.	1940	2,240,000	J & J	96¼	Jan. 2,'06			
" " " C.	1940	2,218,000	J & J	98¾	Apr. 4,'04			
Newp. & Cin. Bge Co. gtd g. 4's	1945	1,400,000	J & J					
Ohio Con'ing Ry.1st gtd.s.f.4's	1943	2,000,000	M & S					
Pitts., C. C. & St. L. con. g 4½'s..								
" Series A	1940	10,000,000	A & O	110	July 18,'06			
" Series B gtd	1942	8,786,000	A & O	110	Aug.10,'06			
" Series C gtd	1942	1,379,000	M & N	112½	June12,'05			
" Series D gtd. 4's	1945	4,983,000	M & N	99	June15,'06			
" Series E gtd. g. 3½s	1949	9,851,000	F & A	90	Aug.10,'06	90	89⅝	5,000
" Series F c. gtd. g. 4's	1953	10,000,000	J & D					
Pitts., Ft. Wayne & C. 1st 7's	1912	2,120,000	J & J	127⅝	Oct. 21,'02			
" 2d 7's	1912	1,791,500	J & J	119	June18,'06			
" 3d 7's	1912	2,000,000	A & O	119	Apr.11,'04			
Tol WalhondingVy.&O.1st gtd.bds								
4½'s series A	1931	1,500,000	J & J					
" 4½'s series B	1933	978,000	J & J					
" 4's series C	1942	1,453,000	M & S					
Penn. RR. Co. 1st Rl Est. g 4's	1923	1,675,000	M & N	104½	July 25,'06			
con. gold 5 per cent	1919	4,998,000	M & S	111½	Sept.21,'04			
" registered			Q M					
con. gold 4 per cent	1943	2,741,000	M & N	106	Aug.28,'03			
" ten year conv. 3½'s	1912	20,211,500	M & N	100¾	Aug.30,'06	103⅝	97½	1,427,000
Penn. R.R. 10-year conv. g.3½'s.	1915	99,652,000	J & D	96	Aug.31,'06	97½	94½	7,457,500
" registered			J & D	94¾	July 30,'03			
Allegh. Valley gen. gtd. g. 4's	1942	5,389,000	M & S	104¼	Oct. 26,'05			
Belvedere Del. con. gtd. 3½'s	1943	1,000,000	J & J					
Del.R. RR.& BgeCo 1stgtdg.4's	1936	1,300,000	F & A					
G.R.& Ind. Ex. 1st gtd. g 4½'s	1941	4,455,000	J & J	105	Aug.28,'06	105	105	5,000
Phila. Balto. & Wash. 1st g. 4's	1943	10,570,000	M & N	110½	Feb. 24,'06			
" registered			M & N					
Pitts.Va.&Charl.Ry1stgtdg.4's	1943	6,000,000	M & N					
Sunbury & Lewistown 1stg.4's	1936	500,000	J & J					
U'd N.J. RR. & Can Co. g 4's	1944	5,646,000	M & S	110½	Sept.28,04'			
Peoria & Pekin Union 1st 6's	1921	1,495,000	Q F	123⅛	Jan. 18,'05			
" 2d m 4½'s	1921	1,499,000	M & N	100¾	Dec. 5,'05			
Pere Marquette.								
Chic. & West Mich. Ry. 5's	1921	5,753,000	J & D	109	Apr.28,'02			
Flint & Pere Marquette g. 6's	1920	3,999,000	A & O	112½	Apr. 17,'06			
" 1st con. gold 5's	1939	2,850,000	M & N	107	July 7,'06			
" Port Huron d 1st g 5's	1939	3,325,000	A & O	110	Apr. 23,'06			
Sag'w Tusc. & Hur.1st gtd.g.4's	1931	1,000,000	F & A					
Pine Creek Railway 6's	1932	3,500,000	J & D	137	Nov. 17,'93			
Pittsburg & L. E. 2d g. 5's ser. A,	1928	2,000,000	A & O	112½	Dec. 13,'93			
Pitts., Shena'go & L. E. 1st g. 5's,	1940	3,000,000	A & O	120	Mar. 23,'06			
" 1st cons. 5's	1943	408,000	J & J	87¾	Jan. 12,19'			
Pittsburg, Y & Ash. 1st cons. 5's,	1927	1,562,000	M & N	116	May 24,'05			
Reading Co. gen. g. 4's	1997	70,330,000	J & J	99¾	Aug.31,'06	100	99	561,000
" registered			J & J	100½	June 1,'06			
" Jersey Cent. col. g. 4's	1957	23,000,000	......	98	Aug.29,'06	99	98	20,000
" registered								
Atlantic City 1st con. gtd. g. 4's	1951	1,850,000	M & N					

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Philadelphia & Reading con.6's.	1911	7,304,000	J & D	110⅞	Mar. 5,'06	....	....	....
" registered		663,000	J & D			....	....	....
" 7's	1911	7,310,000	J & D	115½	Mar. 22,'06	....	....	....
" " registered		3,339,000	J & D	118	Jan. 7,'05	....	....	....
Rio Grande Junc'n 1st gtd. g. 5's,	1939	2,000,000	J & D	109	Mar. 11,'05	....	....	....
Rio Grande Southern 1st g. 4's..	1940	2,233,000	J & J	76	Dec. 20,'05	....	....	....
" guaranteed		2,277,000	......	89	Jan. 4,'05	....	....	....
Rutland RR 1st con. g. 4½ s ...	1941	2,440,000	J & J	106¼	Oct. 24,'05	....	....	....
Ogdnsb.&L.Ch'n.Ry.1st gtd g4s	1948	4,400,000	J & J	98½	June14,'06	....	....	....
Rutland Canadian 1st gtd.g.4's.	1949	1,350,000	J & J	101¼	Nov.18,'01	....	....	....
St. Jo. & Gr. Isl. 1st g. 3.342	1947	3,500,000	J & J	90	Aug.25,'06	90	90	2,000
St. L. & Adirondack Ry. 1st g.5's.	1996	800,000	J & J	122	Jan. 18,'06	....	....	....
" 2d g. 6's	1996	400,000	A & O			....	....	....
St. Louis & San F. 2d 6's, Class B,	1906	998,000	M & N	101	June 6,'06	....	....	....
" 2d g. 6's, Class C	1906	829,000	M & N	101¼	July 24,'06	....	....	....
" gen. g. 6's	1931	3,681,000	J & J	125	July 13,'06	....	....	....
" gen. g. 5's	1931	5,803,000	J & J	110¼	Aug.24,'06	111¼	110⅛	9,000
St. L & San F. R. R. con. g. 4's.	1996	1,558,000	J & D	98⅛	Sept.28,'05	....	....	....
" S. W. div. g. 5's	1947	829,000	A & O	102¼	Aug. 7,'05	....	....	....
" refunding g. 4's	1951	60,104,000	J & J	82¼	Aug.31,'06	83⅛	82¼	468,000
" " registered			J & J			....	....	....
" 5 year 4½'s gold notes.	1908	5,728,000	J & D	97	May 22,'06	....	....	....
Kan. Cy Ft.S.&MemRRcong6's	1928	13,736,000	M & N	120⅛	July 9,'06	....	....	....
Kan.Cy Ft.S &MRyrefggtd g4s.	1936	17,810,000	A & O	82	Aug.31,'06	84	82	56,000
" registered			A & O	78⅛	Jan. 14,'04	....	....	....
Kan.Cy&M.R.&B.Co.1stgtdg5s.	1929	3,000,000	A & O			....	....	....
St. Louis Memp.So.E. gtd.g.4½s.	1909	15,627,000	J & D			....	....	....
St. Louis S. W. 1st g. 4's Bd. ctfs.,	1989	20,000,000	M & N	96	Aug.28,'06	97⅛	95⅛	51,000
" 2d g. 4's inc. Bd. ctfs.	1989	3,272,500	J & J	84¾	Aug.15,'06	84¾	82½	2,000
" con. g. 4's	1932	16,678,000	J & D	76½	Aug.25,'06	77¾	76½	65,000
Gray's Point, Term. 1st gtd. g. 5's.	1947	339,000	J & D			....	....	....
St. Paul, Minn. & Manito'a 2d 6's..	1909	6,470,000	A & O	106¼	Apr. 19,'06	....	....	....
" 1st con. 6's	1933	13,344,000	J & J	133⅛	June19,'06	....	....	....
" 1st con. 6's, registered			J & J	140	May 14,'02	....	....	....
" 1st c. 6's, red'd to g. 4½'s		19,250,000	J & J	107⅝	Aug 15,'06	108	107⅝	2,000
" 1st cons. 6's register'd			J & J	115¼	Apr. 15,'01	....	...	....
" Dakota ext'n g. 6's...	1910	4,989,000	M & N	108¾	July 24,'06	....	....	....
" Mont. ext'n 1st g. 4's..	1937	10,185,000	J & D	101	Aug. 7,'06	101	101	3,000
" registered			J & D	103⅛	Sept.19,'05	....	....	....
" Pac. Ext. sterl. gtd. 4s.. $5=£1.	1940	£4,000,000	J & J			....	....	....
Eastern R'y Minn, 1st d. 1st g. 5's..	1908	4,700,000	A & O	101⅝	Aug.20,'06	101⅝	101⅝	9,000
" registered			A & O			....	....	....
" Minn. N. div. 1st g. 4's..	1940	5,000,000	A & O			....	....	....
" registered			A & O			....	....	....
Minneapolis Union 1st g. 6's	1922	2,150,000	J & J	124	May 4,'05	....	....	....
Montana Cent. 1st 6's int. gtd..	1937	6,000,000	J & J	134¼	June 1,'06	....	....	....
" 1st 6's, registered			J & J	136¼	May 31,'04	....	....	....
" 1st g. g. 5's	1937	4,000,000	J & J	116	Aug.23,'06	116	116	3,000
" registered			J & J			....	....	....
Willmar & Sioux Falls 1st g. 5's,	1938	3,625,000	J & D	121½	Oct. 3,'05	....	....	....
" registered			J & D			....	....	....
San A.& Aran. Pass 1st gtd. g. 4's..	1943	17,544,000	J & J	86¼	Aug.31,'06	87	85⅛	162,000
San Fe Pres.& Phoe.Ry.1st g.5's,	1942	4,940,000	M & S	112½	Jan. 16,'06	....	....	....
San Fran. & N. Pac. 1st s. f. g. 5's,	1919	3,829,000	J & J	110	Oct. 4,'05	....	....	....
Seaboard Air Line Ry g. 4's	1950	12,775,000	A & O	87	Aug.29,'06	87¼	86¾	26,000
" registered			A & O			....	....	....
" col. trust refdg g. 5's..	1911	10,000,000	M & N	101½	Aug.30,'06	102	101½	21,000
Atlanta—Bir'hm 30-yr-1st g.4's.	1933	5,760,000	M & S	92¼	Aug.23,'06	92¼	88	10,000
Carolina Central 1st con. g. 4's.	1949	2,847,000	J & J	96⅛	Mar. 24,'06	....	....	....
Fla Cent & Peninsular 1st g.5's.	1918	3,000,000	J & J	107¼	Aug. 4,'06	107¼	107¼	1,000
" 1st land grant ext g.5's.	1930	410,000	J & J			....	....	....
" cons. g. 5's	1943	4,370,000	J & J	109¼	May 2,'05	....	....	....
Georgia & Alabama 1st con.5's.	1945	2,922,000	J & J	111¼	June12,'06	....	....	....
Ga. Car. & Nthern 1st gtd g. 5's.	1929	5,360,000	J & J	110	Jan. 16,'05	....	....	....
Seaboard & Roanoke 1st 5's	1926	2,500,000	J & J	108	Aug. 6,'06	108	108	1,000
Sodus Bay & Sout'n 1st 5's, gold,	1924	500,000	J & J	102	Jan. 20,'03	....	....	....
Southern Pacific Co.								
" g. 4's Central Pac. coll..	1949	28,818,500	J & D	92	Aug.31,'06	92⅛	91⅛	331,500
" " registered			J & D	91⅛	May 24,'06	....	....	....
" two-five ys. col. tr. 4's.	1910	7,253,000	J & D			....	....	....
Austin & Northw'n 1st g. 5's...	1941	1,920,000	J & J	109½	Feb. 19,'06	....	....	....
Cent. Pac. 1st refud. gtd. g. 4's..	1949	79,292,000	F & A	99⅛	Aug.30,'06	100	99	159,500
" registered			F & A	98⅛	May 9,'05	....	....	....
" mtge. gtd. g. 3½'s...	1929	17,493,000	J & D	87	Aug.13,'06	87	86¾	52,000
" " registered			J & D			....	....	....
" through SL 1st gtd g. 4's.	1954	8,300,000	A & O	95	June28,'06	....	....	....
" registered			A & O			....	....	....

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Gal. Harrisb'gh & S.A. 1st g 6's..	1910	4,756,000	F & A	106	Feb. 21,'06	....	....	....
• Mex. & P. div 1st g 5's.	1931	13,418,000	M & N	111¾	June11,'06	....	....	....
Gila Val. G. & N'n 1st gtd g 5's.	1924	1,514,000	M & N	106¼	July 28,'06	....	....	....
Houst. E. & W. Tex. 1st g. 5's..	1933	501,000	M & N	105½	Jan. 27,'05	....	....	....
• 1st gtd. g. 5's..........	1933	2,199,000	M & N	104	Aug.27,'06	104	103½	2,000
Houst. & T.C. 1st g 5's int. gtd..	1937	4,242,000	J & J	109¼	Aug.21,'06	109½	109¼	2,000
• con. g 6's int. gtd......	1912	2,080,000	A & O	111⅛	Apr. 13,'06	....	....	....
• gen. g 4's int. gtd......	1921	4,275,000	A & O	95⅛	Aug.29,'06	96	95	17,000
• W & N wn. div. 1st. g. 6's.	1930	1,105,000	M & N	127½	Feb. 27,'02	....	....	....
Louisiana Western 1st 6's	1921	2,240,000	J & J	....	....	....	....	....
Morgan's La & Tex. 1st g 6's....	1920	1,494,000	J & J	118	Feb. 17,'06	....	....	....
• 1st 7's	1918	5,000,000	A & O	129½	Nov. 5,'04	....	....	....
N. Y. Tex. & Mex. gtd. 1st g 4's..	1912	1,465,000	A & O	....	....	....	....	....
Nth'n Ry of Cal. 1st gtd. g. 6's.	1907	3,964,000	J & J	106	Sept.14,'04	....	....	....
• gtd. g. 5's..................		4,751,000	A & O	113	Jan. 4,'01	....	....	....
Oreg. & Cal. 1st gtd. g 5's........	1927	18,235,000	J & J	99	Aug.10,'06	99	99	1,000
San Ant. & Aran Pass 1st gtd g 4's.	1943	17,544,000	J & J	86¼	July 30,'06	....	....	....
South'n Pac. of Ariz. 1st 6's.....	1909	6,000,000	J & J	105½	Mar. 14,'06	....	....	....
• • •	1910	4,000,000	J & J	107	Apr. 28,'06	....	....	....
• of Cal. 1st g 6's C. & D.	1906		A & O	102	Jan. 2,'06	....	....	....
• • • E. & F.	1902	12,693,500	A & O	111	Aug.17,'06	111	111	1,000
• • •	1912		A & O	116	June29,'04	....	....	....
• 1st con. gtd. g 5's...	1937	6,809,000	M & N	119	Jan. 3,'06	....	....	....
• stamped........	1905-1937	21,470,000	......	108⅜	July 11,'05	....	....	....
So. Pacific Coast 1st gtd. g. 4's.	1937	5,500,000	J & J	....	....	....	....	....
• of N. Mex. c. 1st 6's.	1911	4,180,000	J & J	104½	Aug. 7,'06	104½	104⅛	2,000
Tex. & N.O. Sabine div. 1st g 6's.	1912	2,575,000	M & S	111¼	Jan. 6,'06	....	....	....
• con. g 5's.............	1943	1,620,000	J & J	110	Apr. 10,'06	....	....	....
Southern Pacific R.R. Co...........		75,000,000	J & J	96¼	Aug.31,'06	96½	95	859,500
• st. refundg mtge. s. f. 4's.	1955		J & J	....	....	....	....	....
Southern Railway 1st con. g 5's.	1994	45,777,000	J & J	115½	Aug.31,'06	116¼	115½	114,000
• registered.....................			J & J	116	July 13,'06	....	....	....
Mob. & Ohio collat. trust g. 4's.	1938	8,069,000	M & S	95	Aug.16,'06	95½	94½	24,000
• registered................			M & S	....	....	....	....	....
• Memph. div. 1st g. 4-4½-5's.	1996	5,788,000	J & J	118	Aug.14,'06	118	118	1,000
• registered..................			J & J	....	....	....	....	....
• St. Louis div. 1st g. 4's...	1951	12,250,000	J & J	98	Aug. 8,'06	98	98	1,000
• • registered.........			J & J	....	....	....	....	....
Alabama Central, 1st 6's.......	1918	1,000,000	J & J	113	Jan. 4,'06	....	....	....
Atlantic & Danville 1st g. 4's..	1948	3,925,000	J & J	96	June 1,'06	....	....	....
• 2d mtg..................	1948	775,000	J & J	92	June14,'06	....	....	....
Atlantic & Yadkin, 1st gtd g 4s.	1949	1,500,000	A & O	....	....	....	....	....
Col. & Greenville, 1st 5-6's.....	1916	2,000,000	J & J	116½	May 8,'05	....	....	....
East Tenn., Va. & Ga. div. g. 5's.	1930	3,106,000	J & J	116	May 24,'06	....	....	....
• con. 1st g 5's...........	1956	12,770,000	M & N	118⅛	Aug.17,'06	118⅛	118⅛	14,000
• reorg. lien g 4's.......	1938	4,500,000	M & S	114½	July 19,'06	....	....	....
• registered...............			M & S	....	....	....	....	....
Ga. Midland Ry. Co., 1st 3's.....	1946	1,650,000	A & O	72¼	Aug. 3,'06	72¼	72¼	5,000
• Pacific Ry. 1st g 5-6's......	1922	5,660,000	J & J	119½	Aug.28,'06	119½	119½	2,000
Knoxville & Ohio, 1st g 6's.....	1925	2,000,000	J & J	122⅜	Apr. 10,'06	....	....	....
Rich. & Danville, con. g 6's....	1915	5,597,000	J & J	113	Aug.29,'06	113	113	4,000
• deb. 5's stamped......	1927	3,368,000	A & O	114⅛	Feb. 13,'06	....	....	....
Rich. & Mecklenburg 1st g. 4's.	1948	315,000	M & N	98	Feb. 18,'05	....	....	....
South Caro'a & Ga. 1st g. 5's....	1919	5,250,000	M & S	107⅛	July 25,'06	....	....	....
Vir. Midland serial ser. B 6's..	1911	1,900,000	M & S	109	June15,'06	....	....	....
• small........................			M & S	....	....	....	....	....
• ser. C 6's..............	1916	1,100,000	M & S	123	Feb. 8,'02	....	....	....
• small........................			M & S	....	....	....	....	....
• ser. D 4-5's............	1921	950,000	M & S	110	Dec. 22,'04	....	....	....
• small........................			M & S	....	....	....	....	....
• ser. E 5's..............	1926	1,775,000	M & S	113	Dec. 20,'05	....	....	....
• small........................			M & S	....	....	....	....	....
• ser. F 5's..............	1931	1,310,000	M & S	115⅝	Nov. 2,'05	....	....	....
Virginia Midland gen. 5's......	1936	2,392,000	M & N	111⅝	May 21,'06	....	....	....
• gen. 5's. gtd. stamped.	1926	2,466,000	M & N	109½	May 2,'06	....	....	....
W. O. & W. 1st cy. gtd. 4's.....	1924	1,025,000	F & A	97¾	May 15,'05	....	....	....
W. Nor. C. 1st con. g 6's........	1914	2,531,000	J & J	111¼	Aug.14,'06	111¼	111⅛	10,000
Spokane Falls & North. 1st g. 6's..	1939	2,812,000	J & J	117	July 25,19'	....	....	....
Staten Isl. Ry. N.Y. 1st gtd. g. 4½'s.	1943	500,000	J & D	100	Nov.22,'04	....	....	....
Ter. R. R. Assn. St. Louis 1g 4½'s.	1939	7,000,000	A & O	109	May 16,'06	....	....	....
• 1st con. g. 5's.....	1894-1944	5,000,000	F & A	120	Apr. 24,'06	....	....	....
• gn. refdg. sg. fd. g. 4's.	1953	18,000,000	J & J	95⅜	Aug.13,'06	95⅜	95⅜	1,000
• " " registered.			J & J	....	....	....	....	....
St. L. Merchs. Bge. Ter. gtd g. 5's.	1930	3,500,000	A & O	111	June22,'06	....	....	....
Tex. & Pacific, 1st gold 5's.......	2000	25,000,000	J & D	118½	Aug.29,'06	119	118½	13,000
• 2d gold income, 5's......	2000	963,000	MAR.	94¾	Aug.14,'06	94¾	90	21,000
• La. Div. B.L. 1st g. 5's...	1931	4,241,000	J & J	108¾	Mar. 29,'06	....	....	....

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NAME. Principal Due.	Amount.	Int'st Paid.	LAST SALE. Price.	Date.	AUGUST SALES. High.	Low.	Total.
Weatherford Mine Wells & Nwn. Ry. 1st gtd. 5's.........1930	500,000	F & A	106¼	Nov. 7,'04	....	....	....
Toledo & Ohio Cent. 1st g 5's....1935	3,000,000	J & J	113½	Aug.22,'06	113½	113	3,000
" 1st M. g.5's West. div...1935	2,500,000	A & O	115	Oct. 28,'04	....	....	....
" gen. g. 5's...............1935	2,000,000	J & D	106	Aug.20,'06	106	106	10,000
" Kanaw & M. 1st g. g. 4's.1990	2,469,000	A & O	97¾	Aug.24,'06	97¾	97¾	4,000
Toledo, Peoria & W. 1st g 4's....1917	4,900,000	J & D	89½	Aug.24,'06	89½	89½	12,000
Tol., St.L.&Wn. prior lien g 3½'s.1925	9,000,000	J & J	89¾	May 24,'06	....	....	....
" registered..................		J & J	....		....	....	....
" fifty years g. 4's........1925	6,500,000	A & O	82	Aug.31,'06	82½	81	28,000
" registered..................		A & O	....		....	....	....
Toronto, Hamilton&Buff 1st g 4s.1946	3,280,000	J & D	99½	Nov. 8,'05	....	....	....
Ulster & Delaware 1st c. g 5's....1928	2,000,000	J & D	111	Aug.24,'06	111	111	1,000
" 1st ref. g. 4's............1952	700,000	A & O	94½	Aug.13,'06	94½	94½	1,000
Union Pacific R. R. & ld gt g 4s...1947	100,000,000	J & J	103⅝	Aug.31,'06	104¼	103	532,500
" registered..................		J & J	103¼	Aug.22,'06	103¼	101⅞	88,000
Oreg. R. R. & Nav.Co.con. g 4's.1946	21,482,000	J & D	101½	Aug.28,'06	101½	100¼	45,000
Oreg. Short Line Ry. 1st g. 6's.1922	14,931,000	F & A	120	Aug.27,'06	120½	120	14,000
" 1st con. g. 5's.1946	12,328,000	J & J	116¼	Aug.16,'06	116¼	116	8,000
" gtd. refunding g. 4's..1929	45,000,000	J & D	94⅝	Aug 30,'06	95⅝	94½	357,000
" " registered....		J & D	96½	Dec. 30,'05	....	....	....
Utah & Northern 1st 7's........1908	4,993,000	J & J	105	Aug.10,'06	105	105	7,000
" g. 5's..................1926	1,802,000	J & J	110	June27,'06	....	....	....
Vandalai R. R. con. g. 4's........1955	10,000,000	F & A	102⅞	Feb. 2,'06	....	....	....
" registered..................		F & A	....		....	....	....
Vera Cruz & Pac. tr. gtd. g.4½'s.1934	2,500,000	J & J	101⅜	Nov.29,'05	....	....	....
" 1st mtg. gtd. bonds of 1934, scaled int.to 1910 Speyer&Co's coupn	5,891,000	J & J	....		....	....	....
Virginia & S'western 1st gtd. 5's..2003	2,000,000	J & J	112½	Apr. 30,'06	....	....	....
Wabash R.R. Co., 1st gold 5's....1939	33,011,000	M & N	114½	Aug.31,'06	115	114½	32,000
" 2d mortgage gold 5's...1939	14,000,000	F & A	105	Aug.27,'06	105	104½	9,000
" deben. mtg series A...1939	3,500,000	J & J	96	Aug. 3,'06	96	94	27,000
" series B..............1939	26,500,000	J & J	80	Aug.31,'06	83⅝	80	2,206,000
" first lien eqpt. fd.g. 5's.1921	2,500,000	M & S	102	Dec. 28,'05	....	....	....
" 1st lien 50 yr.g.term 4's.1954	2,508,000	J & J	93	Mar. 24,'06	....	....	....
" 1st g.5's Det.& Chi.ex..1940	3,349,000	J & J	110	June 7,'06	....	....	....
" Des Moines div.1st g.4s.1939	1,600,000	J & J	97	Nov.16,'04	....	....	....
" Omaha div. 1st g. 3½s..1941	3,173,000	A & O	85½	May 1,'06	....	....	....
" Tol. &Chic.div.1st g.4's.1941	3,000,000	M & S	94¼	Aug. 9,'06	94¼	94¼	2,000
St.L.,K.C.& N.St.Chas.B.1st 6's1908	463,000	A & O	109½	Mar. 18,'03	....	....	....
Wabash Pitts Terml Ry 1st g.4's.1954	29,000,000	J & D	82½	Aug.30,'06	83½	82¼	81,000
" 2d g. 4's..................1954	20,000,000	J & D	35¾	Aug.31,'06	37½	35¼	605,000
Western Maryland 1st 4's... 1952	35,298,000	A & O	84	Aug.31,'06	84¾	84	54,000
West. M'land. g.lien& con.g.4's..1952	10,000,000	A & O	72	Aug.29,'06	72½	72	55,000
Western N.Y. & Penn. 1st g. 5's..1937	9,990,000	J & J	114	Aug.16,'06	114	114	1,000
" gen g. 3-4's.............1943	9,780,000	A & O	94	Aug.11,'06	94	94	4,000
" inc. 5's.................1943	10,000,000	Nov.	30	May 3,'06	....	....	....
West Va.Cent'l & Pitts.1st g. 6's.1911	3,250,000	J & J	106½	Aug. 1,'06	106½	106½	3,000
Wheeling & Lake Erie 1st g. 5's.1926	2,000,000	A & O	112	June22,'06	....	....	....
" Wheeling div. 1st g. 5's.1928	894,000	J & J	112½	Feb. 9,'06	....	....	....
" exten. and imp. g. 5's...1930	349,000	F & A	114	June28,'05	....	....	....
" 20 year eqptmt s.f.g.5's.1922	2,152,000	J & J	102⅝	Nov.28,'05	....	....	....
Wheel. & L. E. RR. 1st con. g. 4's..1949	11,697,000	M & S	88½	Aug.29,'06	88½	88½	63,000
" 20 year equip.s.l.d.g.5's.1922	2,152,000	J & J	112¾	July 27,'06	....	....	....
Wisconsin Cen. R'y 1st gen. g. 4s.1949	23,743,000	J & J	90	Aug.31,'06	90½	89½	88,000
Mil. & L. Winnebago 1st 6's.....1912	1,430,000	J & J	....		....	....	....
STREET RAILWAY BONDS.							
Brooklyn Rapid Transit g. 5's...1945	6,625,000	A & O	105	Aug.30,'06	105¼	104¾	34,000
" 1st ref. conv. g. 4's....2002	22,042,000	J & J	93¼	Aug.29,'06	96	93	350,000
" " registered........		J & J	....		....	....	....
" City R. R. 1st c.5's 1916.1941	4,373,000	J & J	107	June14,'06	....	....	....
" Qu. Co. & S. c. gd.g. 5's.1941	2,255,000	M & N	100	June 5,'06	....	....	....
" Union Elev. 1st. g. 4-5s.1950	16,000,000	F & A	106⅝	Aug.30,'06	106½	105½	167,000
" stamped guaranteed.......		......	110	Feb. 6,'06	....	....	....
Kings Co. Elev. R. R. 1st g. 4's.1949	7,000,000	F & A	91	May 26,'06	....	....	....
" stamped guaranteed......		......	91	Aug.29,'06	91	91	34,000
Nassau Electric R. R. gtd. g. 4's.1951	10,474,000	J & J	85¾	Aug.28,'06	85¾	85	2,000
City & Sub. R'y, Balt. 1st g. 5's...1922	2,430,000	J & D	105⅝	Apr. 17,'95	....	....	....
Conn. Ry.& Lightg 1st&rfg.g4½'s.1951	10,913,000	J & J	102	Mar. 29,'06	....	....	....
" stamped guaranteed........		......	102½	Apr. 2,'06	....	....	....
Denver Con. T'way Co. 1st g. 5's.1933	730,000	A & O	97½	June 13,19'	....	....	....
Denver T'way Co. con. g. 6's....1910	1,219,000	J & J	....		....	....	....
Metropol'n Ry Co. 1st g. g. 6's.1911	913,000	J & J	....		....	....	....
Detroit United Ry 1st c. g. 4½'s...1932	11,367,000	J & J	93⅞	Aug.13,'06	94¼	93⅞	10,000
Grand Rapids Ry 1st g. 5's........1916	2,750,000	J & D	....		....	....	....
Havana Elec. Ry. con. g. 5s.....1952	6,957,000	F & A	92⅝	Aug.23,'06	92⅝	92⅝	12,000

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NAME. *Principal Due.*	*Amount.*	*Int'st Paid.*	LAST SALE. *Price.*	LAST SALE. *Date.*	AUGUST SALES. *High.*	AUGUST SALES. *Low.*	AUGUST SALES. *Total.*
Interborough Met. clt. tr. g. 4½s.1956	67,804,000	A & O	84¾	Aug.31,'06	85¾	83⅞	2,190,000
" registered		A & O					
Internat Tract'n 50-yr. clt. tst. 4s.1949	17,940,000	J & J	79¾	Aug.16,'06	81⅞	79¾	80,000
Louisville Railw'y Co. 1st c. g. 5's, 1930	4,600,000	J & J	109	Mar. 19,'03			
Manila E'tric 1st l'n & cl. tst sf 5's.1953	4,635,000	M & S	95	Aug.15,'06	95	95	25,000
Market St. Cable Railway 1st 6's, 1913	3,000,000	J & J					
Metro. St. Ry N.Y.g. col. tr.g.5's.1997	12,500,000	F & A	108½	Aug.31,'06	108½	108½	16,000
" refunding 4's 2002	16,418,000	A & O	84	Aug.28,'06	86	84	72,000
B'way & 7th ave. 1st con. g. 5's, 1943	7,660,000	J & D	110	Aug.30,'06	110½	110	6,000
" registered		J & D	119½	Dec. 3,19'			
Columb.& 9th ave.1st gtd g 5's, 1993	3,000,000	M & S	116½	Aug.29,'06	116½	116½	4,000
" registered		M & S					
Lex ave & Pav Fer 1st gtd g 5's, 1993	5,000,000	M & S	115	Aug.29,'06	115	115	2,000
" registered		M & S					
Third Ave. R.R. 1st c.gtd.g.4's..2000	36,943,000	J & J	91½	Aug.29,'06	91½	91	68,000
" registered		J & J					
Third Ave. R'y N.Y. 1st g 5's...1937	5,000,000	J & J	116	Aug.24,'06	116	116	23,000
Met. West Side Elev. Chic. 1st g. 4's.1938	9,808,000	F & A	93½	July 3,'06			
" registered		F & A					
Mil. Elec. R. & Light con. 30 yr. g. 5's.1926	6,500,000	F & A	109	July 18,'06			
Minn. St. R'y (M. L. & M.) 1st con. g. 5's 1919	4,050,000	J & J	107½	Feb. 14,'06			
New Orl. Ry. & Lgt. g. mtge 4½'s.1935	18,643,000	J & J	91	Aug.20,'06	91	90	11,000
St. Jos. Ry. Lig't, Heat & P. 1st g. 5's. 1937	3,763,000	M & N					
St. Paul City Ry. Cable con. g. 5's. 1937	2,480,000	J&J15	114½	Nov.18,'05			
" gtd. gold 5's 1937	1,138,000	J & J	112	Nov.28,'99			
Salt Lake City 1st g. sk. fd 6's ..1913	297,000	J & J					
Undergr'd Elec. Rys. of London Ltd.		J & J	94⅛	Aug.30,'06	95½	94¾	76,500
5% profit haring notes 1908 series A		J & D					
" series B	16,550,000	J & D					
" series C		J & D					
" series D		J & D					
Union Elevated (Chic.) 1st g. 5's. 1945	4,387,000	A & O	106½	July 13,'05			
United Railways of St. L. 1st g. 4's. 1934	29,269,000	A & O	85⅝	July 27,'06			
" St. L. T. Co. gtd. imp. 20 yr. 5's. 1924	10,000,000	A & O	96½	Apr. 12,'06			
United R. R. of San Fr. s. fd. 4's...1927	20,000,000	A & O	83	Aug.31,'06	84	83	270,000
West Chic. St. 40 yr. 1st cur. 5's. 1928	3,969,000	M & N	87	Sept. 9,'05			
" 40 years con. g. 5's 1936	6,031,000	M & N	99	Dec. 26,'97			

MISCELLANEOUS BONDS.

NAME. *Principal Due.*	*Amount.*	*Int'st Paid.*	*Price.*	*Date.*	*High.*	*Low.*	*Total.*
Adams Express Co. col. tr. g. 4's.1948	12,000,000	M & S	104½	Aug.30,'06	104½	104	20,000
Am. Steamship Co. of W. Va. g. 5's 1920	5,062,000	M & N	100¾	June 4,'02			
Bklyn. Ferry Co. of N.Y. 1st c. g. 5's.1948	5,500,000	F & A	47	June 25,'06			
Chic. Junc. & St'k Y'ds col. g. 5's.1915	10,000,000	J & J	108	July 3,'05			
Der. Mac. & Ma. ld. gt. 3½'s sem. an. 1911	1,432,000	A & O	69⅞	Aug. 8,'06	69⅞	69⅞	3,000
Hackensack Water Co. 1st 4's....1952	3,000,000	J & J					
Hoboken Land & Imp. g. 5's.....1910	1,440,000	M & N	102	Jan. 19,'94			
Madison Sq. Garden 1st g. 5's....1916	1,250,000	M & N	102	July 8,'97			
Manh. Bch H. & L. lim. gen. g. 4's.1940	1,300,000	M & N	50	Feb. 21,'02			
Newport News Shipbuilding & Dry Dock 5's....1890–1990	2,000,000	J & J	94	May 21,'94			
N. Y. Dock Co. 50 yrs. 1st g. 4's...1951	11,800,000	F & A	95	Aug.28,'06	95	93¼	33,500
" registered		F & A					
Provident L. Soc. of N.Y. g. 4's..1921	2,000,000	M & S	99	May 10,'06			
St. Joseph Stock Yards 1st g. 4½'s 1930	1,250,000	J & J	100½	Sept.15,'05			
St. Louis Terml. Cupples Station. & Property Co. 1st g 4½'s 5-20..1917	3,000,000	J & D					
So. Y. Water Co. N. Y. con. g 6's..1923	478,000	J & J	112	July 27,'04			
Spring Valley W. Wks. 1st 6's....1906	3,897,000	M & S	113½	Dec. 18,19'			
U. S. Mortgage and Trust Co. Real Estate 1st g col tr. bonds.							
Series E 4's 1907–1917	1,000,000	J & D					
" F 4's 1908–1918	1,000,000	M & S	100	Mar. 15,19'			
" G 4's 1903–1918	1,000,000	F & A					
" H 4's 1903–1918	1,000,000	M & N					
" I 4's 1904–1919	1,000,000	F & A					
" J 4's 1904–1919	1,000,000	M & N					
" K 4's 1905–1920	1,000,000	J & J					
Small bonds							
INDUSTRIAL AND MFG. BONDS.							
Am. Cotton Oil deb. ext. 4½'s....1915	5,000,000		94	Aug.17,'06	94	94	2,000
Am. Hide & Lea. Co. 1st s. f. 6's...1919	7,863,000	M & S	91	Aug.23,'06	91	90¼	97,000
Am. Ice Securities Co. deb. g 6's.1925	2,655,000	A & O	93	Aug.31,'06	93½	88⅞	53,000
" small bonds		A & O					
Am. Spirit Mfg. Co. 1st g. 6's....1915	1,521,000	M & S	103	July 12,'06			
Am. Thread Co. 1st coll. trust 4's.1919	6,000,000	J & J	90	Aug. 7,'06	90	90	1,000
Am. Tobacco Co. 40 yrs g, 6's....1944	54,864,750	A & O	112½	Aug.31,'06	113	112	190,500
" registered		A & O	112	July 10,'06			

BOND QUOTATIONS.—Last sale, price and date; highest and lowest prices and total sales for the month.

NOTE.—The railroads enclosed in a brace are leased to Company first named.

MISCELLANEOUS BONDS—*Continued*.

NAME.	*Principal Due.*	*Amount.*	*Int't paid.*	LAST SALE. *Price.*	LAST SALE. *Date.*	AUGUST SALES. *High.*	AUGUST SALES. *Low.*	AUGUST SALES. *Total.*
" g. 4's	1951	58,168,000	F & A	78¼	Aug.31,'06	79	76¼	1,472,500
" " registered			F & A	77	Aug. 6,'06	77	77	3,000
Bethlehem Steel 1st ext. g. sf. 5's	1926	5,400,000	J & J	96	Aug. 4,'06	96	96	1,000
Central Leather Co. 20 yr. g. 5's	1925	33,882,000	A & O	99½	Aug.31,'06	100	99	236,000
Consol. Tobacco Co. 50 year g. 4's	1951	5,310,500	F & A	78¼	Aug.31,'06	79	77¼	36,000
" registered			F & A	78¼	Mar. 16,'06	....	....	....
Dis. Secur. Cor. con. 1st g. 5's	1927	13,609,000	A & O	89	Aug.30,'06	89½	87	283,000
Ill. Steel Co. deb. 5's stpd. non-con.	1910	2,922,000	J & J	99	Jan. 17,'99	....	....	....
" non. conv. deb. 5's	1910	7,000,000	A & O	92	Feb. 23,'04	....	....	....
Internat'l Paper Co. 1st con. g 6's	1918	9,724,000	F & A	107	Aug.18,'06	107½	107	9,000
" con. conv. sink g fund g 5s	1935	5,000,000	J & J	94½	Aug.30,'06	94½	94	13,000
Int. Steam Pump 10 year deb. 6's	1913	3,500,000	J & J	103	Aug. 9,'06	103	103	1,000
Knick'r'ker Ice Co. (Chic) 1st g 5's	1928	1,930,000	A & O	97½	Oct. 20,'05	....	....	....
Lack. Steel Co., 1st con. g. 5's	1923	15,000,000	A & O	104	Aug.30,'06	104	103⅛	40,000
Nat. Starch Mfg. Co., 1st g 6's	1920	2,843,000	J & J	90	May 31,'06	....	....	....
Nat. Starch. Co's fd. deb. g. 5's	1925	3,920,000	J & J	75	July 19,'06	....	....	....
Rep. Ir. & St. 1st m. & clt. 1st sf. 5's	1934	8,625,000	A & O	98	Aug. 6,'06	98	98	6,000
United Fruit Co., con. 5's	1911	1,978,000	M & S	....	....	....	....	....
U. S. Env. Co. 1st sk. fd. g. 6's	1918	1,624,000	J & J	....	....	....	....	....
U. S. Leather Co. 6% g s. fd deb.	1915	5,280,000	M & N	109⅛	July 9,'06	....	....	....
U. S. Reduction & Refin. Co. 6's	1931	....	......	98⅛	Aug.28,'06	99	98½	5,000
U. S. Realty & Imp. con. deb. g. 5's	1924	13,284,000	......	91½	Aug.30,'06	92	90½	58,000
U. S. Steel Corp. 10-60 yr. g. sk. fd 5's	1963	167,404,000	M & N	98¼	Aug.31,'06	98¾	98⅛	3,390,000
" " " reg.	1963		M & N	98⅛	Aug.28,'06	98¾	98¼	129,000
Va. Carol Chem. col. tr. s. fd. g. 5's	1912	6,000,000	A & O	100½	Aug.24,'06	100½	100	28,000
BONDS OF COAL AND IRON COS.								
Buff & Susq Iron Co. 1st skg fd 5s	1932	3,000,000	J & D	....	....	....	....	....
Col. Fuel & Iron Co. g. s. fd. g 5's	1943	5,351,000	F & A	97½	Aug. 7,'06	97½	97½	1,000
" conv. deb. g. 5's	1911	1,638,000	F & A	88	July 24,'06	....	....	....
" " registered			F & A	....	....	....	....	....
Col. C'l & I'n Dev. Co. gtd g. 5's	1909	700,000	J & J	55	Nov. 2,19	....	....	....
" Coupons off		....		....	....	....	....	....
Colo. Fuel Co. gen. g. 6's	1919	520,000	M & N	107½	Oct. 7,'04	....	....	....
Grand Riv. C'l & C'ke 1st g. 6's	1919	949,000	A & O	102⅝	Apr. 25,'06	....	....	....
Col. Inds. 1st g & col tr gt 5s ser B.	1934	34,031,000	F & A	76¾	Aug.31,'06	77	74¼	1,518,000
" " registered		....	F & A	....	....	....	...	....
Con. Ind. Coal Co. 1st 30 yr. sf. 5's	1935	2,500,000	J & D	....	....	....	....	....
Continental Coal 1st s. f. gtd. 5's	1952	2,399,000	F & A	107⅝	Dec. 12,'04	...	....	....
Jeff. & Clearf. Coal & Ir. 1st g. 5's	1926	1,588,000	J & D	105⅛	Oct. 10,'98	....	....	....
" 2d g. 5's	1926	1,000,000	J & D	102½	Oct. 27,'03	....	....	....
Kan. & Hoc. Coal & Coke 1st g. 5's	1951	2,909,000	J & J	105½	Oct. 7,'05	....	....	....
Pleasant Valley Coal 1st g. s. f. 5s.	1928	1,110,000	J A J	106¼	Feb. 27,'02	....	....	....
Roch & Pitts. Cl & Ir. Co. pur my 5's.	1946	1,044,000	M & N	....	....	.. .	....	....
Sun. Creek Coal 1st sk. fund 6's	1912	317,000	J & D	105	Aug.10,'05	....	....	....
Sun. Creek Co. 39 yr. clt. tst. s. f. 5s.	1944	3,865,000	J & J	....	....	....	....	....
Tenn. Coal, Iron & R.R. gen. 5's	1951	4,424,000	J & J	98	Aug.30,'06	98	97	17,000
" Tenn. div. 1st g. 6's	1917	1,160,000	A & O	109	June 29,'06	....	....	....
" Birmingh. div. 1st con. 6's	1917	3,603,000	J & J	108	Aug.31,'06	108	108	1,000
Cahaba Coal M. Co., 1st gtd. g. 6's	1922	854,000	J & D	102	Dec. 28,'03	....	....	....
De Bardeleben C & I Co. gtd. g. 6's	1910	2,716,500	F & A	100	Aug.27,'06	100	100	1,000
Utah Fuel Co. 1st s. f. g. 5's	1931	810,000	M & S	....	....	....	....	....
Va. Iron, Coal & Coke, 1st g. 5's	1949	5,801,000	M & S	98	Aug.27,'06	98	97	15,000
GAS & ELECTRIC LIGHT CO. BONDS.								
Atlanta Gas Light Co. 1st g. 5's	1947	1,150,000	J & D	....	....	....	....	....
B'klyn Union Gas Co. 1st con g. 5's	1945	14,493,000	M & N	107	Aug.30,'06	108	107	11,000
Buffalo Gas Co. 1st g. 5's	1947	5,900,000	A & O	70¼	Aug.31,'06	72½	70	30,000
Columbus Gas Co., 1st g. 5's	1932	1,215,000	J & J	104½	Jan. 28,'98	....	....	....
Consolidated Gas Co., con. deb. 6's	1909	19,857,500	J & J	142	Aug.30,'06	143	139½	276,000
Detroit City Gas Co. g. 5's	1923	5,603,000	J & J	102¼	Aug. 8,'06	102¼	102¼	2,000
Detroit Gas Co. 1st con. g. 5's	1918	381,000	F & A	105	Sept.28,'05	....	....	....
Eq. G. L. Co. of N. Y. 1st con. g. 5's	1932	3,500,000	M & S	102½	Nov. 5,'04	....	....	....
Gas. & Elec. of Bergen Co. c. g. 5s.	1949	1,146,000	J & D	67	Oct. 2,'01	....	....	....
Gen. Elec. Co. deb. g. 3½'s	1942	2,047,000	F & A	89⅛	July 20,'06	....	....	....
Grand Rapids G. L. Co. 1st g. 5's	1915	1,225,000	F & A	107¾	Dec. 17,'04	....	....	....
Hudson Co. Gas Co. 1st g. 5's	1949	10,290,000	M & N	105	June 28,'06	....	....	....
Kansas City Mo. Gas Co. 1st g 5's	1922	3,750,000	A & O	98	July 24,'06	....	....	....
Kings Co. Elec. L. & Power g. 5's	1937	2,500,000	A & O	....	....	....	....	....
" purchase money 6's	1997	5,010,000	J & J	121	Feb. 23,'06	...	....	....
Edison El. Ill. Bkln 1st con. g. 4's	1939	4,275,000	J & J	93½	Mar. 13,'06	....	....	....
Lac. Gas L't Co. of St. L. 1st g. 5's	1919	10,000,000	Q F	104	Aug.10,'06	104	104	2,000
" small bonds								
" refdg. & exten 1st g. 5s	1934	5,000,000	A & O	103½	July 26,'06	....	....	....

BOND QUOTATIONS.—Last sale, price and date; highest and lowest prices and total sales for the month.

NOTE.—The railroads enclosed in a brace are leased to Company first named.

MISCELLANEOUS BONDS—*Continued.*

NAME.	*Principal Due.*	*Amount.*	*Int't paid.*	LAST SALE. *Price.*	LAST SALE. *Date.*	AUGUST SALES. *High*	AUGUST SALES. *Low.*	*Total.*
Milwaukee Gas Light Co. 1st 4's	1927	7,000,000	M & N	94	Aug. 22,'06	94	93¾	22,000
Newark Cons. Gas, con. g. 5's	1948	5,274,000	J & D	90¼	July 30,'04	....	....	....
N.Y.GasEL.H&PCo1stcol tr g 5's	1948	15,000,000	J & D	105½	Aug. 30,'06	105½	105½	9,000
" registered			J & D	110¼	Dec. 30,'04	....	....	....
" purchase mny col tr g 4's	1949	20,927,000	F & A	84½	Aug. 31,'06	85½	84½	22,000
Edison El. Illu. 1st conv. g. 5's	1910	4,312,000	M & S	101¾	Aug. 6,'06	....	....	....
" 1st con. g. 5's	1995	2,156,000	J & J	113¼	June 20,'06	....	....	....
N.Y.&Qus.Elec.Lg.&P.1st.c.g.5's	1930	2,272,000	F & A	101	July 23,'06	101¾	101¾	5,000
N.Y.& RichmondGasCo.1stg. 5's	1921	1,225,000	M & N	....	....	....	....	....
Paterson&Pas. G.&E. con.g.5's	1949	3,317,000	M & S	104¾	Nov. 13,'05	....	....	....
Peo. Gas & C. C. 1st con. g 6's	1943	4,900,000	A & O	120	June 20,'06	....	....	....
" refunding g. 5's	1947	2,500,000	M & S	105⅝	June 18,'06	....	....	....
" refuding registered			M & S	....	....	....	....	....
Chic.Gas Lt&Coke 1st gtd g.5's	1937	10,000,000	J & J	107	June 1,'06	....	....	....
Con. Gas Co.Chic. 1st gtd.g.5's	1936	4,346,000	J & D	105	June 1,'06	....	....	....
MutualFuelGasCo.1stgtd.g.5's	1947	5,000,000	M & N	103½	Dec. 18,'05	....	....	....
" registered		....	......	...	....	....	....	....
Syracuse Lighting Co. 1st g. 5's	1951	2,000,000	J & D	....	....	....	....	....
Trenton Gas & Electric 1st g. 5's	1949	1,500,000	M & S	110	May 18,'05	....	....	....
Union Elec.Lgt.& Pwr.Co.1st 5s	1932	6,202,000	M & S	....	....	....	....	....
Utica Elec. L. & P. 1st s. f'd g.5's	1950	1,000,000	J & J	....	....	...	....	....
Westchester Lighting Co. g. 5's	1950	5,916,000	J & D	106½	Apr. 3,'06	....	....	....
TELEGRAPH AND TELEPHONE CO. BONDS.								
Am.Teleph.&Teleg.coll.trust.4's	1929	53,000,000	J & J	90⅝	July 16,'06	....	....	....
Commercial Cable Co. 1st g. 4's	2397	8,877,800	Q & J	96½	June 15,'06	....	....	....
" registered			Q & J	100½	Oct. 3,19'	....	....	....
Total amount of lien, $20,000,000.								
Keystone Telephone Co. 1st 5's	1935	4,000,000	J & J					
" registered			J & J	....	....	....	....	....
Metrop. Tel & Tel. 1st s'k f'd g. 5's	1918	1,749,000	M & N	....	....	....	....	....
" registered			M & N	109½	May 18,'05	....	....	....
Mich. State Tel. Co. 1st 20-yr. 5s	1924	5,656,000	F & A	97½	Aug. 16,'06	97½	97½	1,000
N. Y. & N. J. Tel. gen. g 5's	1920	1,261,000	M & N	105¾	July 2,'08	....	....	....
Western Union col. tr. cur. 5's	1938	8,615,000	J & J	104½	Aug. 31,'06	105⅝	104¼	5,000
" fundg & real estate g.4½'s	1950	20,000,000	M & N	102¾	Aug. 31,'06	103½	102¾	17,000
Mutual Union Tel. s. fd. 6's	1911	1,957,000	M & N	106½	Mar. 15,'06	....	....	....
Northwn Tel. Co. gtd fd. 4½'s	1934	1,500,000	J & J	108	July 26,'04	....	....	....

UNITED STATES, STATE AND FOREIGN GOVERNMENT SECURITIES.

NAME	*Principal Due.*	*Amount.*	*Int'st Paid.*	YEAR 1906. *High.*	YEAR 1906. *Low.*	AUGUST SALES. *High.*	AUGUST SALES. *Low.*	*Total.*
United States con. 2's registered	1930	542,909,950	Q J	104½	103⅛	104⅞	104⅝	4,000
" con. 2's coupon	1930		Q J	104⅞	103	....	....	......
" con. 2's reg. small bonds	1930		Q J	....	....	....	....	......
" con. 2's coupon small bds.	1930		Q J	....	....	....	....	......
" 3's registered	1908–18	77,135,300	Q F	104	102¾	104	103½	5,500
" 3's coupon	1908–18		Q F	104¾	102⅝	103¾	103¼	6,500
" 3's small bonds reg.	1908–18		Q F	....	....	....	....	......
" 3's small bonds coupon.	1908–18		Q F	104¼	102¼	103	103	100
" 4's registered	1907	156,591,500	J A J&O	104½	102¾	103⅝	103⅝	2,150
" 4's coupon	1907		J A J&O	104⅞	102¾	103⅝	103¼	5,000
" 4's registered	1925	118,489,900	Q F	131½	129	131½	130¼	20,000
" 4's coupon	1925		Q F	132¼	129⅝	131½	129⅝	97,000
District of Columbia 3-65's	1924	14,224,100	F & A	....	....	....	....	......
" small bonds			F & A	....	....	....	....	......
" registered			F & A	....	....	....	....	......
Philippine Islands land pur. 4's	1914–34	7,000,000	Q F	111	109½	....	....	
" public works & imp. reg. 4's	1935	2,500,000	Q MCH.	108¾	108¾	....	....	......
Philippine Islands 4% public works & imp ten-thirty-yr reg bonds	1936	1,000,000	Q FEB	....	....	....	....	......
STATE SECURITIES.								
Alabama currency funding 4's	1920	954,000	J & J	....	....	....	....	......
District of Columbia. See U. S. Gov.								
Louisiana new con. 4's	1914	10,752,800	J & J	....	....	....	....	......
" " small bonds								

UNITED STATES, STATE AND FOREIGN GOVERNMENT SECURITIES—*Continued.*

Name.	*Principal Due.*	*Amount.*	*Int'st paid.*	Year 1906. *High.*	Year 1906. *Low.*	August Sales. *High.*	August Sales. *Low.*	August Sales. *Total.*
North Carolina con. 4's	1910	3,397,350	J & J	102¾	101	....	....	......
" small			J & J	....	....	....	....	......
" 6's	1919	2,720,000	A & O	122	122	....	....	......
N. Carolina fundg. act bds	1866 1900	556,500	J & J	....	....	....	....	......
" "	1868–1898		A & O	....	....	....	....	......
" new bonds	1892–1898	624,000	J & J	....	....	....	....	......
" "			A & O	....	....	....	....	......
" Chatham R. R.		1,200,000	A & O	....	....	....	....	......
" special tax Class 1		....	A & O	....	....	....	....	......
" " Class 2		....	A & O	....	....	....	....	......
" " to Western N. C. R.		....	A & O	....	....	....	....	......
" " Western R. R.		....	A & O	....	....	....	....	......
" " Wil. C. & Ru. R.		....	A & O	....	....	....	....	......
" " Western & Tar. R.		....	A & O	....	....	....	....	......
South Carolina 4½'s 20–40	1933	4,392,500	J & J	....	....	....	....	......
So. Carl. 6's act. Mch. 23, 1869, non-fde.	1888	5,965,000	....	....	....	....	....	......
Tennessee new settlement 3's	1913	6,681,000	J & J	96¾	95¼	96¾	96¾	5,000
" registered		6,079,000	J & J	....	....	....	....	......
" small bond		362,200	J & J	....	....	....	....	......
" redemption 4's	1907	469,000	A & O	....	....	....	....	......
" 4½s	1913	1,000,000	A & O	....	....	....	....	......
" penitentiary 4½'s	1912	600,000	A & O	....	....	....	....	......
Virginia fund debt 2–3's of	1991	17,090,500	J & J	96¾	94¾	....	....	......
" registered			J & J	....	....	....	....	......
" 6's deferred cts. Issue of 1871		1,824,966	....	....	....	....	....	......
" " Brown Bros. & Co. ctfs.		10,866,565	....	30	20	29	24½	206,000
Foreign Government Securities.								
Frankfort-on-the-Main, Germany, bond loan 3½'s series 1	1901	13,802,000 (Marks.)	M & S	....	....	....	....	......
Four marks are equal to one dollar.								
Imperial Japanese Gov. 6% ster loan	1911	£10,000,000	A & O	101½	96¾	100½	99⅝	456,000
" " second series	....	£12,000,000	A & O	101¼	97¼	100	99¼	314,000
$5 shall be considered equiv. £1 sterling								
Imper. Japan. Gov. 4½% ster. loan.	1925							
" " second series		£30,000,000	F & A15	95½	90½	94¾	92½	1,088,000
One pound sterling equals five dollars		£30,000,000	J & J	93⅝	89½	91½	90½	754,500
Regular delivery £100 and £200								
Large bonds £500. Small bonds £20.								
Imperial Russian Gov. State 4% Rente		2,310,000,000 (Rubles.)	Q M	....	....	....	....	......
Two rubles are equal to one dollar.								
Quebec 5's	1908	3,000,000	M & N	....	....	....	....	......
Republic of Cuba g. 5's extern debt	1904	35,000,000	M & S	108	103¼	106¼	104	166,000
" registered			M & S	...	....	....	....	......
U. S. of Mexico External Gold Loan of 1899 sinking fund 5's		....	Q J	....	....	....	....	......
Regular delivery in denominations of £100 and £200		£21,710,640	......	101½	98¾	99⅝	99	15,000
Small bonds denominations of £20		....	......	....	....	....	....	......
Large bonds den'tions of £500 and £1,000.		....	......	....	....	....	....	......
U. S. of Mex. 4's gold debt 1904 ser. A.	1954	39,602,000	J & D	96	92⅝	94½	94	78,000
" " " ser. B.	1954		J & D	....	....	....	....	......

AMERICAN BANKERS' ASSOCIATION.

PROGRAMME OF THE THIRTY-SECOND ANNUAL CONVENTION, TO BE HELD AT ST. LOUIS, MO., OCTOBER 16, 17, 18 AND 19.

Delegates and visitors will please register at the Secretary's temporary office at the Jefferson Hotel.

ORDER OF PROCEEDINGS.

(Subject to change by vote of the Executive Council, or by vote of the Convention.)

FIRST DAY, WEDNESDAY, OCTOBER 17, 1906.

Convention called to order at 10 o'clock a. m., by the President, Mr. John L. Hamilton.

Prayer by Right Reverend Archbishop John J. Glennon.

Address of welcome for the Mississippi Valley by Honorable David R. Francis, President Trans-Mississippi Congress.

Address of welcome for the State of Missouri by Honorable Joseph W. Folk, Governor.

Address of welcome for the city of St. Louis by Honorable Rollo Wells, mayor.

Address of welcome by Mr. J. C. Van Blarcom, Chairman Reception Committee, President National Bank of Commerce in St. Louis.

Reply to addresses of welcome and annual address by the President, Mr. John L. Hamilton.

Annual report of the Secretary, Mr. James R. Branch.

Annual report of the Treasurer, Mr. Ralph Van Vechten.

Report of the Auditing Committee.

Report of the Executive Council by the Chairman, Mr. J. D. Powers.

Report of the Protective Committee by the Secretary.

Report of Committee on Uniform Laws by the Chairman, Mr. E. D. Keys.

Report of Committee on Bureau of Education by the Chairman, Mr. J. B. Finley.

Report of Bill of Lading Committee, by the Chairman, Mr. Lewis E. Pierson.

Report of Clearing House Conference Committee, by the Chairman, Mr. Walker Hill.

Report of the Bank Legislative Committee, by the Chairman, Mr. Arthur Reynolds.

Report of Committee on Uniform Warehouse Receipts, by the Chairman, Mr. A. H. Curtis.

Report of Committee on Conference on Immigration, by the Chairman, Mr. W. L. Moyer.

Report of Committee on Legal Decisions, by the Chairman, Mr. W. J. Field.

Report of Committee on International Form of Money Order, by the Chairman, Mr. R. L. Crampton.

Roll Call of Vice-Presidents.

The Vice-Presidents are requested to reply with five-minute speeches, telling of the business conditions in their states and territories.

Practical Banking Questions.

(Discussion limited to thirty minutes for each topic; open to all delegates under the five-minute rule; time to be extended by unanimous consent.)

1. Pending Financial Legislation.—Hon. Charles N. Fowler, Chairman Committee on Banking and Currency, House of Representatives.

2. Our Currency as it Appears to a Canadian.—Mr. John Knight, Secretary Canadian Bankers' Association, Montreal, Canada.

Sec. 2. Immediately after the first adjournment that occurs in the session of the Annual Convention, the delegations from each State and Territory shall meet, at which several meetings the respective Vice-Presidents of the States and Territories, if present, shall preside, and these meetings of representatives from the States and Territories shall each select a member, who shall, with others so selected, constitute and be a Committee on Nominations. The Committee may make its report at any subsequent session of the Convention, but its nominations shall not exclude the name of any person otherwise nominated in the Convention. The delegates from the several State Bankers' Associations shall assemble and meet apart after the first adjournment, and, in such manner as they may determine, shall nominate to the Convention five names for members of the Executive Council, who shall be members of this Association, provided that no State Association shall thus be represented by more than one member of the Executive Council. No delegate from any State Association shall, however, be eligible unless he is a member of the American Bankers' Association. The elections for President, First Vice-President and for five members of the Executive Council to be chosen by the Association shall be by ballot, unless otherwise ordered.

SECOND DAY, THURSDAY, OCTOBER 18, 1906.

Convention called to order at 10 o'clock a. m., by the President, Mr. John L. Hamilton.

Prayer by the Rev. Dr. Henry Stiles Bradley.

Announcements.

Practical Banking Questions.

(Discussion limited to thirty minutes for each topic; open to all delegates under the five-minute rule; time to be extended by unanimous consent.)

3. Education for Business.—Prof. Jos. French Johnson, Dean New York University School of Commerce, Accounts and Finance, New York City.

4. Some Financial Aspects of the Late War.—Mr. Yeijiro Ono, Ph. D., Superintendent of Agencies, The Bank of Japan.

5. A Plea for the Cotton Fields.—Mr. Charles J. Haden, Atlanta, Ga.

THIRD DAY, FRIDAY, OCTOBER 19, 1906.

Convention called to order at 10 o'clock a. m., by the President, Mr. John L. Hamilton.

Prayer by the Rev. Dr. W. C. Bitting.

Practical Banking Questions.

(Discussion limited to thirty minutes for each topic; open to all delegates under the five-minute rule; time to be extended by unanimous consent.)

6. A Woman's Qualification as a Bank Official.—Mrs. V. F. Church, Cashier Bank of Joplin, Joplin, Mo.

Continuation of discussion of practical banking questions.

Unfinished business.

Report of Committee on Nominations. Elections.

Installation of officers elected.

Attention is called to the following: Article VII, Section 1, of the Constitution, reads as follows:

ARTICLE VII.

Section 1. Resolutions or subjects for discussion (excepting those referring to points of order or matters of courtesy) must be submitted to the Executive Council in writing at least fifteen days before the Annual Convention of the Association; but any person desiring to submit any resolution or business in open Convention may do so upon a two-thirds vote of the delegates present, the resolution or business may be referred to the Executive Council to report upon immediately; provided that this shall not apply to any proposed amendment of the Constitution.

TRUST COMPANY SECTION.

The Convention of this Section will be held at Olympic Theatre, at 10 o'clock a. m., October 16, 1906. Headquarters at the Jefferson Hotel.

SAVINGS BANK SECTION.

The Convention of the Savings Bank Section will be held in Schuyler Memorial Hall, opposite the Jefferson Hotel, at 10 o'clock a. m., October 16, 1906. Headquarters at the Jefferson Hotel.

REGISTRY ROOMS.

Upon registering at headquarters, delegates will be presented with cards of invitation and credentials.

The attendance at our conventions has become so large, that we respectfully call your attention to the rule adopted by the Executive Council.

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

Members of the local committee will be in constant attendance. Also for the convenience of the members, competent stenographers, well-informed clerks and a corps of messenger boys will be provided.

Arrangements have been made with the Western Union Telegraph, Postal Telegraph, and the Telephone Companies. Long distance telephone to be placed at the headquarters of the Association, at the Jefferson Hotel, and to be used at the different stations throughout the city, free.

ENTERTAINMENTS.

TUESDAY, OCTOBER 16, 7:30 P. M.

A banquet will be given to the general Officers and Council at the St. Louis Club.

WEDNESDAY, OCTOBER 17, 1:30 P. M.

Special trolley cars will be in waiting on switch tracks near down town hotels to convey those delegates and their ladies who desire to take a trolley ride through the city and suburbs. The cars will be accompanied by aides to the Reception and Entertainment Committees. They will leave as filled and will return to the down town terminal about 3.30 p. m.

WEDNESDAY, OCTOBER 17, 2:30 P. M.

Carriage ride for ladies through residence sections and parks to new Art Building, Forest Park, where Art Reception will be given, with music and refreshments. Tally-hos and wagonettes will leave The Jefferson at 4 p. m. to convey such members of the Association as may desire to join ladies at Art Reception and return with them to the hotels.

WEDNESDAY, OCTOBER 17, 8 P. M.

Special theatrical performance at Olympic Theatre for American Bankers' Association.

THURSDAY, OCTOBER 18, 1:30 P. M.

Special trolley cars will be in waiting on switch tracks near down town hotels to convey those delegates and their ladies who desire to take a trolley ride through the city and suburbs. The cars will be accompanied by aides to the Reception and Entertainment Committees. They will leave as filled and will return to the down town terminal about 3.30 p. m.

THURSDAY, OCTOBER 18, 2 P. M.

Trip on the Mississippi River, and visit to the Anheuser-Busch Brewery.

FRIDAY, OCTOBER 19, 1:30 P. M.

Special trolley cars will be in waiting on switch tracks near down town hotels to convey those delegates and their ladies who desire to take a trolley ride through the city and suburbs. The cars will be accompanied by aides to the Reception and Entertainment Committees. They will leave as filled, and will return to the down town terminal about 3:30 p. m.

FRIDAY, OCTOBER 19, 8 TO 11 P. M.

Reception to members of the American Bankers' Association and their ladies.

REDUCED RAILROAD RATES TO THE CONVENTION.

Reduced rate of fare and one-third has been granted on the certificate plan, *i. e.*, full fare going and one-third fare returning, by the following Passenger Associations:

Eastern Canadian Pasenger Association, New England Passenger Association (excepting the Eastern Steamship Co.), Trunk Line Association, Central Passenger Association, Southeastern Passenger Association, Southwestern Excursion Bureau, Western Passenger Association.

The Northern Pacific Railroad have also granted a rate of fare and one-third on the certificate plan from points on their line in Montana, North Dakota, Minnesota and Wisconsin, and the Great Northern Railway Co., have granted the same rate from all points on their line east of Idaho.

The Oregon Short Line Railroad Co., and Chicago, Burlington & Quincy Railroad Co., are not in any Passenger Association for east-bound business from Montana. Efforts are being made to arrange for a similar rate of fare and one-third.

Delegates from the Trans-Continental lines may avail themselves of the following rate and arrangements from California for above:

Rate: From California Common Points to Saint Louis and return, $67.50.

Dates of sale: October 12th to 13th, 1906.

Transit and final return limits: The tickets to be good going ten days from date of sale. Final return limit November 30, 1906.

Stop-overs: Stop-overs will be given on going and return trips within transit limits.

Routes: Tickets will be sold going via any regular direct route, returning via same or any other regular direct route.

BANKING AND FINANCIAL NOTES

NEW YORK CITY.

—The semi-annual statement of the Fidelity and Casualty Co. for June 30, shows $7,752,406.86 total resources, and $2,993,361.71 surplus to policyholders. To date the company has paid $23,061,-149.21 in losses.

—Another night and day bank is to be opened shortly—the Mechanics and Traders, which will have a branch in the new Astor Theatre Building at Broadway and Forty-fifth street.

—Report of the Bankers Trust Company on August 6 shows deposits of $25,528,722, a gain of over $4,300,000 since May 16. Its undivided profits show an increase, during the same period, of about $50,000, now standing at $655,661. This company has leased the ground floor and basement of the old Henry O. Havemeyer residence, at the northeast corner of Fifth avenue and Thirty-sixth street, for an uptown branch.

—On August 6 the state banks, loan and trust companies of the borough of Manhattan reported $221,219,592 loans and discounts, $58,157,534 deposits of other banks and trust companies, and $299,722,805 individual deposits subject to check. Compared with September 5, 1905, loans and discounts have increased $23,942,982; deposits of banks and trust companies, $7,075,698; individual deposits subject to check, $36,565,296.

—James R. Plum has been elected vice-president of the Importers and Traders' National Bank to succeed the late Russell Sage. Besides being a director of that bank, Mr. Plum is a director of the Fifth Avenue Bank, and the U. S. Life Insurance Co. He is also treasurer of the U. S. Leather Co.

NEW ENGLAND STATES.

Boston.—Arthur F. Luke of the banking house of Darr, Luke & Moore, has been elected a member of the Boston Stock Exchange. This gives to the firm seats on the New York, Pittsburg, Philadelphia, Boston and Chicago Stock Exchanges.

MIDDLE STATES.

Reading, Pa.—Improvements of an extensive and substantial character are being made by the Farmers' National Bank. The improvements include a new room for President Eckert and also rooms for the use of customers. Later the main banking-room will be thoroughly renovated.

SOUTHERN STATES.

Shreveport, La.—L. E. Thomas has resigned as State Bank Examiner to become president of the Continental Bank and Trust Co., which opened for business here on August 20. It is to have an authorized capital of $400,000 and $100,000 surplus. This institution takes over the good will and business of the Louisiana Bank and Trust Co.

Denison, Texas.—Evidences of solid progress are shown by the State National Bank, which now occupies its remodelled banking-rooms. Banking furniture and fixtures embodying the latest ideas in regard to taste and convenience have been installed, and a new steel vault of the best type has been provided to safeguard the $1,000,000 deposits held by the bank.

Meridian, Miss.—About the first of October the Union Bank and Trust Company will put in safe deposit boxes, thus affording its patrons additional facilities in caring for their securities and other valuables.

Mobile, Ala.—A new modern power house will be erected immediately by the Mobile Electric Co., and the lines of the company extended and rebuilt. H. M. Byllesby & Company, Incorporated, engineers, Chicago, have been appointed engineers and managers of the company.

WESTERN STATES.

Lyons, Iowa.—A new brick building, with stone trimmings, is now in course of construction for the exclusive use of the Lyons Savings Bank and the First National Bank. The entire equipment will be new and will fittingly represent the strength of these well-known institutions.

South Dakota Banks.—According to a recent official report, the 225 state banks of South Dakota had $25,324,451 total resources—a gain of $6,367,310 in the past year. There are also thirty-nine private banks having $3,106,532 total resources, and fifteen banking corporations whose total resources are $3,705,226.

Ottumwa, Iowa.—In a notice of the new banking-rooms of the Iowa National Bank and the Iowa Savings Bank, published in the August Magazine, a typographical error made these two institutions appear to be located at "Ottawa," instead of at Ottumwa. The furnishings of these rooms, and especially the vault equipment, place the bank among the best appointed in Iowa.

Hopkinsville, Ky.—President H. C. Gant and Cashier J. E. McPherson are justly proud of the handsome appearance of the remodelled building of the Bank of Hopkinsville. The alterations include the addition of a third story, and the interior has been made beautiful as well as furnished with everything needful for the safe and convenient transaction of the bank's large and growing business.

PACIFIC SLOPE.

San Francisco.—Frank C. Mortimer, president of the San Francisco Chapter American Institute of Bank Clerks, has been promoted to the position of Assistant Cashier of the Mission Bank, one of the branch institutions of the Bank of California. The Mission Bank was organized about five years ago, and has a paid-up capital of $200,000. Deposits have doubled since the fire and are now nearly $2,000,000. Mr. Horace G. White, of the San Francisco National Bank, takes Mr. Mortimer's place as president of the bank clerks.

Insurance payments are being made and the money is being spent in rebuilding. The California promotion committee states that from ten to twenty thousand men,—mostly skilled mechanics, are needed. Money is ready to pay for services but labor is scarce. A premium is being paid to all men in the trades class, carpenters receiving from five to seven dollars a day.

Spokane, Wash.—Advices have been received in Spokane that in the last four months of the fiscal year ended June 30, nine small banks, representing a capital of $250,000, and ten of the larger class, with an aggregate capital of $620,000, were organized in Washington. Eighteen national banks, each with a capital of $25,000, and five with $500,000 capital, were organized in Oregon. In Idaho eighteen small banks, with a combined capital of $450,000, and seven larger ones, with $400,000 capital, have been organized. The one national bank organized in Alaska has a capital of $500,000.

—State Auditor Clausen has completed his report of the state banks of Washington. The number of these banks within the year has increased from seventy-three to eighty-six. The resources of the banks this year aggregate $49,318,152, as compared with $30,699,425 last year. Individual deposits subject to check have more than doubled, in one year increasing from $13,780,000 to $27,275,602. The resources and liabilities are as follows:

RESOURCES.

Loans on real estate	$ 3,605,372
Loans on personal property	5,421,397
Other loans and discounts	15,896,650
Stocks and bonds	2,898,577
State, county and city warrants	1,601,730
Real estate	1,341,587
Cash on hand May 31	4,261,340

LIABILITIES.

Capital paid in	$ 3,881,000
Surplus fund	1,131,791
Undivided profits	1,144,654
Certificates of deposits	6,152,237
Individual deposits subject to check	27,275,602
Due banks and bankers	1,237,320
Certified checks	176,606
Savings deposits	7,439,119

INTEREST ON DAILY BALANCES.

A system for computing interest on daily balances, using the adding machine, has been devised by the Business Systems Department of the Burroughs Adding Machine Co., of Detroit, Mich., and will be sent to banks interested, on application to the company. It is a most ingenious system and a valuable aid to the work of the bank clerk.

NEW BANKS, CHANGES IN OFFICERS, ETC.

NEW NATIONAL BANKS.

The Comptroller of the Currency furnishes the following statement of new National banks organized since our last report.

Applications to Organize National Banks Approved.

The following notices of intention to organize National banks have been approved by the Comptroller of the Currency since last advice.

First National Bank, Guttenberg, N. J.; by Wm. LeBert de Bar, et al.
Frontier National Bank, Morristown, N. Y.; by James V. Crawford, et al.
Hope National Bank, Hope, N. D.; by Geo. A. Warner, et al.
First National Bank, Sawtelle, Cal.; by Robert F. Jones, et al.
First National Bank, Carnegie, Okla.; by F. M. Bailey, et al.
Merchants' National Bank, Dallas, Texas; by A. C. Wilson, et al.
Plankinton National Bank, Plankinson, S. D.; by C. H. Freeman, et al.
First National Bank, Woodlawn, Ill.; by Wm. Sides, et al.
First National Bank, Florala, Ala.; by A. N. Wilson, et al.
First National Bank, New Point, Ind.; by W. T. S. Blackburn, et al.
Lemasters National Bank, Lemasters, Pa.; by Ed. B. Diehl, et al.
First National Bank, Avoca, Pa.; by John F. McLaughlin, et al.
First National Bank, Sodus, N. Y.; by Herman P. Kelly, et al.
First National Bank, Northwood, Iowa; by G. N. Gaugen, et al.

Bankers National Bank, Ardmore, I. T.; by C. W. Baumbach, et al.
National Bank of Norton, Norton, Kans.; by W. R. Fisher, et al.
Collegeville National Bank, Collegeville, Pa.; by Henry T. Hunsicker, et al.
Farmers & Merchants' National Bank, Salisbury, Mo.; by J. W. Luck, et al.
Commercial National Bank, Alma, Kans.; by L. Palenske, et al.
People's National Bank, Elkins, W. Va.; by D. H. Hill, et al.
First National Bank, Sanborn, N. D.; by J. L. Wetherill, et al.
First National Bank, Rush Springs, I. T.; by Ed. F. Johns, et al.
First National Bank, Granite Falls, Minn.; by O. H. Sorlein, et al.
Miners & Merchants' National Bank, Clifton, Ariz.; by S. J. Forbes, et al.
First National Bank, Marquette, Neb.; by W. I. Farley, et al.
Union National Bank, Union, Oreg.; by E. T. Kaster, et al.
Manufacturers' National Bank, Newnan, Ga.; by W. B. Orr, et al.
Citizens' National Bank, Guttenberg, N. J.; by Henry Brill, et al.
Roff National Bank, Roff, I. T.; by L. T. Tryon, et al.
First National Bank, Wolbach, Neb.; by Geo. T. Lean, et al.
Pullman National Bank, Pullman, Wash.; by E. S. Burgan, et al.
First National Bank, Belleville, N. J.; (P. O., Newark); by Jonas F. Emanuel, et al.
Citizens' National Bank, Comanche, I. T.; by T. C. Phillips, et al.
Comanche National Bank, Comanche, I. T.; by T. L. Wade, et al.
First National Bank, Melrose, N. M.; by B. D. Oldham, et al.
Farmers & Miners' National Bank, Bentleyville, Pa.; by J. E. Richardson, et al.
First National Bank, Sabina, Ohio; by C. R. Ellis, et al.

National Banks Organized.

8309—First National Bank, Northfork, W. Va.; capital, $50,000; Pres., Lester G. Toney; Vice-Pres., William J. Beury; Cashier, R. B. Parrish.

8310—Farmers' National Bank, Temple, Okla.; capital, $25,000; Pres., J. A. Williams; Vice-Pres., M. L. Henderson; Cashier, T. N. Gay; Asst. Cashier, H. A. Crawford.

8311—First National Bank, Midland, Pa.; capital, $50,000; Pres., Charles McKnight; Vice-Pres., Edward J. Allison; Cashier, Thomas E. Poe.

8312—Citizens' National Bank, Brownwood, Texas; capital, $100,000; Pres., J. A. Abney; Vice-Pres., A. L. Self; Cashier, G. B. Davidson; Asst. Cashier, F. S. Abney.

8313—American National Bank, Pawhuska, Okla.; capital, $25,000; Pres., Charles F. Stuart; Cashier, Chas. M. Hirt.

8314—First National Bank, Arlington, Ga.; capital, $30,000; Pres., W. E. Saunders; Vice-Pres., B. H. Askew; Cashier, B. H. Askew, Jr.

8315—Citizens' National Bank, Alamogordo, N. M.; capital, $30.000; Pres., Alfred Hunter; Vice-Pres., Jacob Snover and Chas. E. Mitchell; Cashier, H. P. Seamans.

8316—First National Bank, Olustee, Okla.; capital, $25,000; Pres., J. W. Edwards; Vice-Pres., A. D. Smith; Cashier, J. M. Norton; Asst. Cashier, R. L. Traweek.

8317—Farmers' National Bank, Madison; Neb.; capital, $25,000; Pres., Thomas O'Shea; Vice-Pres., Oliver S. Christian; Cashier, John Tully.

8318—Farmers' National Bank, Grapevine, Texas; capital, $30,000; Pres., W. H. Lucas; Vice-Pres., J. E. M. Yates and B. H. Starr; Cashier, V. M. Washam; Asst. Cashier, John S. Estell.

8319—First National Bank, Berlin, Md.; capital, $25,000; Pres., L. L. Dirickson, Jr.; Vice-Pres., James C. Dirickson and Henry T. Bell; Cashier, Theo. Palmatany.

8320—Springdale National Bank, Springdale, Pa.; capital, $25,000; Pres., L. A. Burnett; Vice-Pres., Jos. Heidenkamp; Cashier, J. A. Lassalle.

8321—Florida National Bank, Jacksonville, Fla.; capital, $1,000,000; Pres., C. E. Garner; Vice-Pres., Arthur F. Perry and C. B. Rogers; Cashier, W. A. Redding; Asst. Cashier, G. J. Avent.

8322—First National Bank, Coleraine, Minn. (P. O. Bovey); capital, $25,000; Pres., John C. Greenway; Vice-Pres., Daniel M. Gunn; Cashier, Geo. E. O'Connor.

8323—First National Bank, Merchantville, N. J.; capital, $25,000; Pres., S. C. Gilmore.

8324—Citizens' National Bank, Williston, N. D.; capital, $25,000; Pres., H. C. Delaney; Vice-Pres., J. J. Delaney; Cashier, Bertha Maloy; Asst. Cashier, Ella Maloy.

8325—First National Bank, Wessington, S. D.; capital, $25,000; Pres., H. A. Peirce; Vice-Pres., H. E. Vance; Cashier, E. D. Schollian.

8326—First National Bank, Liverpool, Pa.; capital, $25,000; Pres., Charles H. Snyder; Vice-Pres., John D. Snyder; Cashier, H. A. S. Shuler.

8327—First National Bank, May, Texas; capital, $25,000; Pres., W. S. Gray; Vice-Pres., E. A. Robason and Geo. W. Plummer; Cashier, B. H. Bettis.

8328—German National Bank, Columbus, Neb.; capital, $50,000; Pres., G. W. Phillips; Vice-Pres., Theodore Friedhof; Cashier, B. H. Schroeder; Asst. Cashier, Henry Wilckens.

8329—Bridgeport National Bank, Bridgeport, Pa.; capital, $50,000; Pres., Chas. H. Mann; Vice-Pres., John J. McCormick and Clarence Hudson; Cashier, W. H. Kneedler.

8330—National Bank of Bowie, Bowie, Texas; capital, $50,000; Pres., John B. Hunt; Vice-Pres., Robert Meyer; Cashier, S. P. Strong.

8331—First National Bank, Bardwell, Ky.; capital, $25,000; Pres., Thomas T. Gardner; Vice-Pres., W. R. Haselwood and R. M. J. Haworth; Cashier, L. J. Bryant.

8332—United States National Bank, White Lake, S. D.; capital, $25,000; Pres., Ludwig Loevinger; Vice-Pres., Henry Hofmeister and Adam Foss; Cashier, J. C. G. Sale; Asst. Cashier, F. W. Garver.

8333—Gary National Bank, Gary, W. Va.; capital, $25,000; Pres., R. V. Shanklin; Vice-Pres., J. D. Peery.

8334—Tottenville National Bank, Tottenville, N. Y.; capital, $25,000; Pres., G. S. Barnes; Cashier, A. Howard Watson.

8335—First National Bank, St. James, Neb.; capital, $25,000; Pres., W. S. Weston; Vice-Pres., J. C. Robinson; Cashier, E. A. Miller.

NEW STATE BANKS, BANKERS, ETC.

ALABAMA.

Ensley—Bank of Alabama capital, $50,000; Pres., R. F. Smith; Vice-Pres., Louis McLain; Acting Cashier, Foster Hamilton.

ARKANSAS.

Junction City—Merchants & Farmers' Bank; capital, $25,000; Pres., A. B. Henderson; Vice-Pres., C. A. Harris; Cashier, T. B. Henderson.

Sulphur Springs—Bank of Sulphur Springs; capital, $10,000; Pres., John B. Pollard; Vice-Pres., A. M. Counterman; Cashier, Perry N. Clark.

Washington—Farmers' Bank; capital, $8,000; Pres., W. J. Johnson; Vice-

Pres., C. Lester Miller; Cashier, H. A. Forsythe.

CALIFORNIA.

Long Beach—People's Bank; capital, $50,000; Pres., E. J. Walker; Vice-Pres., Frank A. Howe; Asst. Cashier, J. C. Douglass.

Los Angeles—Fraternal Savings & Commercial Bank; capital, $35,000; Pres., Addison Syske; Vice-Pres., Robert Hale; Cashier, A. W. Wright.—Main Street Bank, capital, $17,085; Pres., J. M. Carpenter; Vice-Pres., E. T. Parkc; Cashier, E. W. Deibler.

FLORIDA.

Apalachicola—Apalachicola State Bank (successor to Capital City Bank Branch); capital, $25,000; Pres., G. W. Saxon; Vice-Pres., I. F. Porter; Cashier, S. E. Teague.

Leesburg—Citizens' Bank; capital, $25,-000; Cashier, C. O. McLaughlin.

Micanopy—Micanopy Banking Co.; capital, $15,000; Pres., C. E. Melton; Vice-Pres., H. L. Montgomery; Cashier, J. D. Watkins.

Winter Haven—Winter Haven Banking Co.; capital, $700; Pres., R. H. Peacock; Vice-Pres., C. W. McCoy; Cashier, E. C. Howard.

GEORGIA.

Ocilla—Citizens' Bank (successor to Bank of Ocilla); capital, $50,000; Pres., Wm. Henderson; Vice-Pres., J. A. Pruitt; Cashier, D. J. Henderson, Jr.

Rochell—Citizens' Bank; capital, $15,-000; Pres., J. B. D. Woodburn; Vice-Pres., W. G. Ford; Cashier, J. W. McNamara.

Savannah—Citizens' Trust Co.; capital, $100,000; Pres., Chas. F. Fulton; Vice-Pres., Hugo I. Frank; Sec., A. F. King; Asst. Sec., D. W. Andrews.

Talbotton—Bank of Talbotton; capital, 30,000; Pres., L. O. Benton; Vice-Pres., J. H. McGehee; Cashier, J. W. Jordan.

IDAHO.

Coeur d'Alene—American Trust Co.; capital, $50,000; Pres., F. A. Blackwell; Vice-Pres., James H. Harte; Cashier, Ira H. Shallis.

ILLINOIS.

Alma—Citizens' Bank; Pres., A. F. Mallotte; Cashier, Jesse Evans.

Chicago—North-Western Trust & Savings Bank; capital and surplus, $225,-000; Pres., John F. Smulski; Vice-Pres., Walter J. Raymond; Cashier, Theodore M. Helinski; Asst. Cashier, John A. Prebis.

Ina—Ina Bank; capital, $7,000; Pres., Albert Watson; Vice-Pres., J. T. Foy; Cashier, R. McBride.

Keyesport—Bank of Keyesport; Pres., August Schlafly; Vice-Pres., F. Schlafly; Cashier, E. F. Ackerman.

Mounds—First State Bank (successor to Bank of Beechwood); capital, $25,-000; Pres., C. J. Boswell; Vice-Pres., W. A. Wall; Cashier, John D. Bristow; Asst. Cashier, T. N. Karraker.

INDIANA.

Fortville—Fortville State Bank (successor to Fortville Bank); capital, $25,-000; Pres., Isom W. Denney; Vice-Pres., James M. Cook; Cashier, E. F. Cahen; Asst. Cashier, J. W. Trittipo.

Indianapolis—German-American Trust Co.; capital, $300,000; Pres., Albert E. Metzger; Vice-Pres., Gustav A. Schmall; Sec., W. J. Kasberg; Asst. Sec., F. E. Gates.

Toleston—First State Bank; capital, $2-5,000; Pres., G. J. Bader; Vice-Pres., Wm. C. Kunert; Cashier, J. W. Fouche.

INDIAN TERRITORY.

Holdenville—Farmers' Bank & Trust Co.; capital, $25,000; Pres., T. T. Godfrey; Vice-Pres., I. R. Heasty; Cashier, Jos. L. Vaughan.

IOWA.

Farley—State Bank (successor to Bank of Farley); capital, $25,000; Pres., W. J. Creglow; Vice-Pres., Will Baker; Cashier, Geo. A. Gibbs.

Farragut — Commercial Savings Bank (successor to Farragut Bank); capital, $10,000; Pres., M. H. Galt; Vice-Pres., C. L. Larson; Cashier, R. P. Galt.

Holland—Farmers' Savings Bank; capital, $20,000; Pres., John Frercihs; Vice-Pres., Thomas Neessen; Cashier, O. A. Ontjes.

Rubio—Rubio Savings Bank; capital, $10,000; Pres., Frank R. Feltz; Vice-Pres., H. A. Linthley.

Teeds Grove—Teeds Grove Savings Bank; Pres., J. J. Gehlsen; Vice-Pres., W. A. Altfilisch; Cashier, H. H. Peterson; Asst. Cashier, H. Ohlsen.

KANSAS.

Manhattan—Manhattan State Bank; capital, $50,000; Pres., W. H. Rainey; Vice-Pres., C. B. Daughters; Cashier, M. E. Sargent.

Melvern—Melvern State Bank; capital, $10,000; Pres., W. H. Connely; Vice-Pres., Marron Smith; Cashier, W. S. Clark; Asst. Cashier, W. O. Stephens.

Milford—State Bank; capital, $10,000; Pres., W. H. Kennett; Vice-Pres., A. F. Fawley; Cashier, E. McChesney.

Rose Hill—Rose Hill State Bank; capital, $10,000; Pres., James McCluggage; Vice-Pres., W. N. Harris; Cashier, J. F. McCluggage.

Wichita—Gold Savings Bank; capital, $10,000; Pres., Hiram W. Lewis; Cashier, Philip K. Lewis.

KENTUCKY.

Mortonsville—Farmers' Bank; Pres., S. I. Sublette; Vice-Pres., Charles Ford; Cashier, E. L. Mitchel.

LOUISIANA.

Labadieville—Bank of Labadie; capital, $20,000; Pres., Thomas Beary; Vice-Pres., H. C. Dansereau; Cashier, Gus. Villere.

Vivian—Vivian State Bank; Pres., H. H. Huckabay; Vice-Pres., G. M. Huckabay; Cashier, W. T. Caldwell; Asst. Cashier, Joseph Witt.

Zwolle—Bank of Zwolle; capital, $12,-500; Pres., J. P. Towery; Vice-Pres. S. H. Porter; Cashier, R. L. Gay.

MAINE.

Augusta—State Trust Co.; capital, $50,-000; Pres., John F. Hill; Vice-Pres., Thomas J. Lynch; Treas., Geo. C. Libby.

Greenville—Greenville Branch of the Guilford Trust Co.; Treas., H. W. Davis.

MARYLAND.

Hamilton — Suburban Savings Bank; Pres., Wm. McCallister; Vice-Pres., C. H. Knox; Cashier, J. A. MacWilliams; Sec., C. H. Bradfield.

MICHIGAN.

Alanson Bank (J. F. Holden & Son); capital, $5,000.

Detroit—H. S. Warren & Co.

Elmira—Elmira Bank of Buell & Son; Pres., D. D. Buell; Cashier, Dorr D. Buell.

Marion—Marion State Bank (successor to Bank of Marion); capital $10,285; Pres., F. W. Lawrence; Vice-Pres., F. B. Dunham; Cashier, R. A. Lewis.

MINNESOTA.

Albany—First State Bank (successor to Bank of Albany); capital, $15,000; Pres., H. A. Warner; Vice-Pres., Peter Kraker; Cashier, Ernest Keller; Asst. Cashier, Charles W. Christen.

East Grand Forks—First State Bank; capital, $25,000; Pres., C. J. Lofgren; Vice-Pres., O. M. Hatcher; Asst. Cashier, N. J. Nelson.

Farwell—Farwell State Bank; capital, $10,000; Pres., A. K. Tweto; Vice-Pres., Ingvald Johnson; Cashier, O. B. Methuen.

South Haven—First State Bank; capital, $10,000; Pres., M. T. Weum; Vice-Pres., F. S. Holmes; Cashier, Aug. Bragg.

Villard—Villard State Bank (successor to Bank of Villard); capital, $10,000; Pres., Tollef Jacobson; Vice-Pres., Andrew Jacobson; Cashier, Jesse M. Curtis.

MISSISSIPPI.

Jackson—Jackson Loan & Trust Co.; capital, $10,000; Pres., W. D. Shackleford; Vice-Pres., F. A. Ward; Cashier, H. F. Crisler.

Moss Point—Bank of Moss Point; capital, $50,000; Pres., J. Boweos; Vice-Pres., A. F. Dantzler; Cashier, H. C. Herring.

MISSOURI.

Center—People's Bank; capital, $12,000; Pres., V. B. Elzea; Vice-Pres., J. E. Briggs; Cashier, W. E. Flowerree.

Greenville — Greenville Bank; capital, $10,000; Pres., John S. Enloe; Vice-Pres., Abner Barrow; Cashier, Joseph Hanna.

Leonard—Farmers' Bank; capital, $10,-000; Pres., Wm. Z. T. Peoples; Vice-Pres., B. F. Vanvactor; Cashier, B. J. See.

Mercer—Holmes Bank; capital, $20,000; Cashier, W. W. Holmes; Asst. Cashier, J. K. Lowry.

Moberly—Moberly Trust Co.; capital, $30,000; Pres., Julius Miller; Vice-Pres., J. C. O'Keefe; Cashier, G. O. Perry; Asst. Cashier, H. J. Lotter.

Phillipsburg — Farmers' State Bank; capital, $10,000; Pres., E. L. Turner; Vice-Pres., E. L. Senn; Cashier, A. T. Lewis.

Springfield—State Savings Bank; capital, $25,000; Pres., E. C. Jones; Vice-Pres., T. J. Murray; Cashier, W. O. Oldham.

MONTANA.

Harlowton—State Bank (successor to Bank of Harlowton); capital, $30,000; Pres., Benjamin Urner; Vice-Pres., Samuel A. Shaw; Cashier, W. O. Straight.

NEBRASKA.

Guide Rock—Guide Rock State Bank; capital, $15,000; Pres., H. B. Hunter; Vice-Pres., H. Wichmann; Cashier, John Young.

St. James—Farmers' State Bank; capital, $12,000; Pres., W. P. Logan; Vice-Pres., W. L. Mote; Cashier, P. A. Sullivan.

Ulysses—Farmers & Merchants' Bank; capital, $15,000; Pres., Geo. L. Smith; Vice-Pres., W. R. Brown; Cashier, Floyd Seybolt.

NEVADA.

Fairview—Douglass & Jarvis.

NEW YORK.

New York City—Hudson Trust Co. (successor to United National Bank); capital $1,000,000; Pres., O. F. Thomas; Vice-Pres., John Gerkin, C. F. Holm and E. R. Thomas; Sec., Henry C. Strahmann.

NORTH CAROLINA.

Canton—Champion Bank; capital, $10,000; Pres., G. W. Maslin; Cashier, O. M. Hampton.
High Point—North Carolina Savings & Trust Co.; capital, $150,000; Pres., E. M. Armsfield; Vice-Pres., J. A. Lindsay; Cashier, F. G. Boyles.
New Bern—New Bern Banking & Trust Co.; capital, $100,000; Pres., James B. Blades; Vice-Pres., Wm. G. Blades; Cashier, Geo. B. Pendleton.

NORTH DAKOTA.

Ambrose — First International Bank; capital, $10,000; Pres., Arent J. Johnson; Vice-Pres., C. I. Rollefson; Cashier, P. G. Anderson.
Ayr—Ayr State Bank; capital, $10,000; A. K. Tweta; Cashier, O. A. Pearce.
Finley—State Bank; capital, $20,000; Pres., A. Garborg; Vice-Pres., E. G. Quamme; Cashier, C. G. Linnell.
McKenzie—McKenzie State Bank; capital, $10,000; Pres., Joseph Hare; Vice-Pres., C. B. Little; Cashier, H. P. Goddard; Asst. Cashier, G. J. McLean.
Plaza—First Bank; capital, $10,000; Pres., R. W. Akin; Vice-Pres., Aug. Peterson; Cashier, L. E. Linder.

OHIO.

Hamilton—City Savings Bank & Trust Co.; capital, $50,000; Pres., T. S. A. Reutschler; Vice-Pres., Allen Andrews; Cashier, Charles I. Anderson; Asst. Cashier, E. B. Furgeson.
Mansfield—Farmers' Savings & Trust Co. (successors to Farmers' National Bank); capital, $100,000; Pres., Burton Preston; Vice-Pres., E. S. Nail; Sec. and Treas., A. M. Trago; Asst. Sec. and Treas., H. A. Salter.
Racine—Racine Banking Co; capital, $25,000; Pres., Wald Cross; Vice-Pres., S. W. Alexander; Cashier, W. P. Carver; Asst. Cashier; C. B. Crow.
Verona—Farmers' Bank; capital, $100,000; Pres., John Werts; Vice-Pres., A. N. Rife; Cashier, S. G. Sheller; Asst. Cashier, F. O. Pansing.

OKLAHOMA.

Berlin—Berlin Exchange Bank; capital, $10,000; Pres., R. V. Converse; Vice-Pres., W. T. Bonner; Cashier, J. M. Bonner.
Burlington—Bank of Burlington; capital, $10,000; Pres., Fred Kumeraw; Vice-Pres., F. W. Weller and Charles West; Cashier, H. L. Reno.
Keystone—Keystone State Bank; capital, $10,000; Pres., J. B. Charles; Vice-Pres., C. W. Carpenter; Cashier, James L. West.

PENNSYLVANIA.

Harrisburg—People's Savings Bank; Pres., J. Nelson Clark; Vice-Pres., DeWitt A. Fry; Treas., Geo. A. Seibert.
Philadelphia—Aldine Trust Co.; capital, $125,000; Pres., Webster King Wetherill; Vice-Pres., Caleb Cresson, Jr.; Treas., Thomas H. Ingram; Asst. Treas., Geo. H. White.—Kensington Trust Co.; capital, $150,000; Pres., Geo. S. Cox; Vice-Pres., James Henry and Edward T. Flood; Sec. and Treas., Charles L. Martin.

SOUTH CAROLINA.

Aiken—Farmers & Merchants' Bank; capital, $50,000; Pres., J. P. McNail; Vice-Pres., R. W. McCreary; Cashier, B. Monroe Weeks.

SOUTH DAKOTA.

Athol—Athol State Bank; capital, $5,000; Pres., Charles Reinecke; Vice-Pres., J. D. Prindle; Cashier, S. P. Watkins; Asst. Cashier, H. S. Watkins.
Bemis—State Bank; Pres., A. J. Lockhart; Cashier, M. L. Rerman.
Frankfort—Farmers' State Bank; capital, $10,000; Pres., E. P. Healey; Vice-Pres., T. B. Ervin; Cashier, R. F. Ervin.
Rutland—Farmers' Savings Bank; capital, $5,000; Pres., Charles A. Wiley; Vice-Pres., G. DeBoer; Cashier, C. G. DeBoer.
Wessington—Henderson State Bank; capital, $25,000; Pres., James Henderson; Vice-Pres., P. T. Henderson; Cashier, B. J. Henderson.

TENNESSEE.

Graysville — Graysville Bank; capital, $11,000; Pres., J. W. Carlock; Vice-Pres., H. C. Francisca; Cashier, K. F. Johnson.

TEXAS.

Clifton—Clifton State Bank; capital, $30,000; Pres., H. H. Baley; Vice-Pres., T. W. Anderson; Cashier, J. M. Jenson.
Marble City—Citizens' State Bank; capital, $20,000; Pres., J. R. Yett; Vice-Pres., Levi Crownover; Cashier, Carl Francis.
Peaster—Farmers' Bank; capital, $10,000; Pres., C. W. McCarty; Vice-Pres., W. E. Foudren; Cashier, M. D. Plumber.

Waxahachie—State Bank & Trust Co.; capital, $50,000; Pres., R. G. Phillips; Vice-Pres., G. W. Coleman; Cashier, E. P. Hawkins; Asst. Cashiers, R. J. Coleman and J. E. Coleman.

UTAH.

Green River—Green River State Bank; capital, $15,000; Pres., Frank Cook; Vice-Pres., E. C. Million; Cashier, R. M. Eldred.

VIRGINIA.

Chester — Chesterfield County Bank; capital, $5,000; Pres., T. K. Sands; Vice-Pres., W. B. Strither; Cashier, W. C. Trueheart.
Falls Church—Falls Church Bank & Trust Co.; capital, $25,000; Pres., Geo. B. Fadeley; Vice-Pres., J. B. Gould; Cashier, Geo. W. Hawxhurst.
Norfolk — Commercial Bank (S. W. Steel).
Suffolk—Merchants & Truckers' Bank; capital, $100,000; Pres., W. R. Myers; Vice-Pres., T. H. Debnam; Cashier, H. J. Bowen.

WASHINGTON.

Alma—Okanogan Valley Bank; capital, $15,000; Pres., J. A. Rickert; Vice-Pres., Howard Babcock; Cashier, Harry J. Kerr; Asst. Cashier, E. A. Kerr.
Johnson—People's Bank; capital, $5,000; Pres., M. W. Peterson; Asst. Cashier, Edythe Peterson.
Kent—State Bank; capital, $40,000; Pres., L. J. Overlock; Vice-Pres., W. J. Shinn; Cashier, W. H. Overlock; Asst. Cashier, Charles R. Otey.

WEST VIRGINIA.

Union—Farmers' Banking Co.; capital, $25,000; Pres., W. G. Caperton; Vice-Pres., J. L. Frail; Cashier, W. McD. Johnston.

WYOMING.

Newcastle—Weston County Bank; capital, $20,000; Pres., J. Faehndrich; Vice-Pres., C. L. Erickson; Cashier, C. J. Faehndrich.

CANADA.

ONTARIO.

Brampton—Sovereign Bank of Canada; Geo. W. McFarland, Mgr.
Eglington—Ontario Bank; D. A. Radcliffe, Mgr.
London North—Bank of Toronto.
Queensville—Ontario Bank; C. G. Ross, Mgr.
Roseneath—Union Bank of Canada; A. M. Bailey, Mgr.

MANITOBA.

Elm Creek—Bank of Hamilton; W. C. Soole, Mgr.
Norwood—Canadian Bank of Commerce.
Swan River—Bank of Toronto.

ALBERTA.

Coleman — Eastern Townships Bank (successor to British-American Trust Co.); Mgr., Geo. E. Ewing.
Red Deer—Northern Bank; A. Scott, Mgr.

SASKATCHEWAN.

Balcarres—Northern Bank; W. J. Savage, Mgr.
Wolseley—Bank of Toronto.

QUEBEC.

St. Hyacinthe — Banque d'Hochelaga; W. A. Moreau.

CHANGES IN OFFICERS CAPITAL, ETC.

ALABAMA.

Birmingham—Traders' National Bank; C. H. Seales, Cashier; no Asst. Cashier in place of C. H. Seales.

ARKANSAS.

Conway—Bank of Conway; capital increased to $50,000.

CALIFORNIA.

Sunnyvale—Bank of Sunnyvale; C. C. Spalding, Cashier in place of G. H. Kennedy, resigned.
Visalia—First National Bank; S. Mitchell, Pres. in place of W. F. Thomas; C. M. Griffith, Cashier in place of S. Mitchell; C. E. Coughran, Asst. Cashier in place of C. M. Griffith.

COLORADO.

Fort Collins—First National Bank; G. Frank Trotter, Cashier, resigned.
Monte Vista—First National Bank; Wm. W. Pickett, Asst. Cashier.

CONNECTICUT.

Kensington — Berlin Savings Bank; Francis Deming, Asst. Treas.
New London—Mariners' Savings Bank; William L. Peckham, Vice-Pres.

DISTRICT OF COLUMBIA.

Washington — Union Savings Bank; Francis H. Smith, Pres., deceased.

FLORIDA.

Ocala—Central National Bank; J. B. Brooks, Cashier; no Asst. Cashier in place of J. B. Brooks.

GEORGIA.

Atlanta—Fourth National Bank; James W. English, Jr., Vice-Pres. in place of Walker P. Inman, resigned.

IDAHO.

Coeur d'Alene — Exchange National Bank; V. W. Platt, Cashier in place of A. V. Chamberlain; Geo. H. Freedlander, Asst. Cashier in place of V. W. Platt.

ILLINOIS.

Arthur—First National Bank; E. W. Boyd, Asst. Cashier in place of S. A. Vradenburg.

Bloomington—German-American Bank; James S. Neville, Pres., deceased.

Decatur—Citizens' National Bank; W. P. Anderson, Vice-Pres.

Monmouth—People's National Bank; H. B. Smith, Pres. in place of Geo. E. Armsby; E. D. Brady, Cashier in place of H. B. Smith; C. M. Johnston, Asst. Cashier in place of E. D. Brady.

Paris—Citizens' National Bank; J. Wm. Snyder, Pres. in place of J. D. Hunter; J. G. Brown, Vice-Pres. in place of J. Wm. Snyder.

Peoria—Illinois National Bank; W. B. Kingman, Pres. in place of Ira D. Buck.

Yates City—Farmers' Bank and People's Bank; succeeded by Bank of Yates City.

INDIANA.

Fort Wayne—Hamilton National Bank; J. R. McCulloch, Cashier in place of John Mohr, Jr., deceased; H. J. Taylor, Second Asst. Cashier.

Montezuma—First National Bank; J. E. Johnston, Pres., in place of W. H. Sylvester.

New Richmond—Corn Exchange Bank; Geo. W. Washburn, Pres., deceased.

INDIAN TERRITORY.

Eufaula—First National Bank; no Cashier in place of J. T. Crane, deceased.

Fort Towson—First National Bank; no Vice-Pres. in place of S. J. Wright.

Holdenville—First National Bank; W. R. Scott and T. B. Neal, Asst. Cashiers in place of O. S. Penney and Charles E. Taylor.

Hugo—First National Bank; E. L. DeWitt, Cashier in place of W. F. Miller; no Asst. Cashier in place of E. L. DeWitt.

Okmulgee — Citizens' National Bank; Carlisle Mabrey, Asst. Cashier.

IOWA.

Ankeny—Bank of Ankeny; B. A. Lamason, Cashier, deceased.

Bennett—Bennett Savings Bank; Wm. Bierkamp, Jr., Cashier, resigned.

Clarinda—Clarinda National Bank; E. G. Day, Cashier in place of C. D. Brown.

Davenport—First National Bank; L. J. Yaggy, Cashier in place of George Hoehn; no Asst. Cashier in place of L. J. Yaggy.

Lehigh—First National Bank; G. W. Marsh, Vice-Pres. in place of Pat Daly, deceased.

Mason City—City National Bank; J. S. Wheeler, Pres. in place of H. A. Merrill.

Mechanicsville—Helmer & Gortner State Bank; H. F. Collver, deceased.

New Hampton—First National Bank; Tim Donovan, Vice-Pres. in place of J. W. Sandusky; C. A. Larson, Cashier in place of Tim Donovan.

Schleswig—German Bank; Emil Kruger, Cashier, deceased.

Waterloo—Leavitt & Johnson National Bank; J. E. Sedgwich, Pres. in place of John H. Leavitt; C. E. Pickett, Vice-Pres. in place of J. E. Sedgwich.

KANSAS.

Augusta—First National Bank; no Cashier in place of S. A. Simpson.

Carlton—Carlton State Bank; James B. Major, Cashier, deceased.

Emporia—Emporia National Bank; Wm. T. Soden, Vice-Pres., deceased.

Humboldt — Humboldt National Bank; Leslie K. Meek, Asst. Cashier.

KENTUCKY.

Bryantsville—Bank of Bryantsville; J. C. Williams, Cashier.

Harrison—Harrison Deposit Bank; O. L. Ballinger, Cashier, resigned.

Lexington—First National Bank; John T. Shelby, Pres. in place of W. K. Massie; John Gund, Jr., Vice-Pres. in place of H. M. Skillman.

Pineville—Bell National Bank; C. C. Durham, Vice-Pres. in place of C. J. Johnson.

Somerset — Farmers' National Bank; Edgar Murrell, Asst. Cashier in place of John Inman, deceased.

LOUISIANA.

Jennings—State National Bank; B. D. Ilgenfritz, Asst. Cashier.

MAINE.

Calais—Calais Savings Bank; F. H. Lowell, Treas. in place of F. H. Lowell; J. Murray Hill, Asst. Treas.

MASSACHUSETTS.

Boston—Washington Trust Co.; absorbed by Beacon Trust Co.

Chelsea—Winnisimmet National Bank; Benjamin F. Dodge, Vice-Pres. in place of Geo. W. Moses.

Florence—Florence Savings Bank; Samuel Porter, Pres., deceased.

Lowell—Washington Savings Institution; John J. Hogan, President.

Springfield—Hampden Savings Bank; John Bangs Phelps, Treas. in place of Peter S. Bailey, deceased.
Uxbridge—Blackstone National Bank; Arthur Wheelock, Vice-Pres. in place of Daniel W. Taft, deceased.
Whitinsville—Whitinsville Savings Bank; James C. Brown, Treas. in place of Charles F. Parkis, resigned.

MICHIGAN.

Detroit—Peninsular Savings Bank; capital increased to $400,000.
Grand Rapids—State Bank of Michigan; Marsh H. Sorrick, Cashier, resigned.

MINNESOTA.

Bethel — Bank of Bethel; Mathew Waters, Cashier, deceased.
St. Paul—St. Paul National Bank; J. R. Mitchell, Pres. in place of A. C. Anderson.
Truman—Truman National Bank; J. J. Arms, Cashier, deceased.

MISSISSIPPI.

Collins—Merchants & Planters' Bank; J. L. McEachern, Cashier in place of C. V. Ervin, resigned; Will Kelly, Asst. Cashier.
Scranton—Scranton State Bank; Alfred L. Staples, Cashier in place of H. S. Rourke, resigned.
Vicksburg—First National Bank; capital increased to $300,000.

MISSOURI.

Liberal—First National Bank; A. B. Petgen, Cashier in place of W. C. Frost.
Odessa—Farmers' Bank; Robert T. Russell, Pres., deceased.
Savannah—First National Bank; W. A. Boyer, Pres. in place of L. C. Cottrill; J. L. Beaghler, Cashier in place of J. C. Kirtley.

NEBRASKA.

Eustis—Farmers' State Bank; capital increased to $30,000.
Odell—Hinds State Bank; capital increased to $15,000.
Stuart—First National Bank; C. C. Crowell, Vice-Pres. in place of L. M. Weaver.

NEW JERSEY.

Bordentown—Bordentown Banking Co.; Alfred I. Claypool, Cashier, deceased.
Flemington—Flemington National Bank; John B. Case, Pres. in place of William Richards, deceased; no Vice-Pres. in place of John B. Case.
Newton—Merchants' National Bank; John L. Swayze, Pres. in place of J. C. Howell; E. Morrison, Vice-Pres. in place of John L. Swayze.

NEW YORK.

Albany—New York State National Bank; capital increased to $500,000.
Buffalo—Columbia National Bank; capital increased to $5,000,000.—Marine National Bank; capital increased to $1,500,000.
Hornellsville—First National Bank; title changed to First National Bank of Hornell, to conform to change of name of city.
Kinderhook — National Union Bank; James A. Reynolds, Cashier in place of W. H. Rainey.
Kingston—First National Bank of Rondout; L. Beeres, Asst. Cashier.
Newburgh—Newburgh Savings Bank; James M. Wentz, Pres., deceased.
New York City—Pacific Bank; capital increased to $500,000.—Importers & Traders' National Bank; James R. Plum, Vice-Pres. in place of Russell Sage, deceased.
Norwich—Chenango National Bank; Albert F. Gladding, Pres. in place of Andrew J. Beebe, deceased; Homer H. Higley, Vice-Pres. in place of Albert F. Gladding; William Mason, Cashier in place of Homer H. Higley; no Asst. Cashier in place of William Mason.
Sherburne—Sherburne National Bank; Joshua Pratt, Pres., deceased.
Syracuse—National Bank of Syracuse; capital increased to $600,000.

NORTH DAKOTA.

Cooperstown—First National Bank; R. C. Cooper, Pres. in place of Robert Jones.

OHIO.

Bellefontaine — Bellefontaine National Bank; Earl M. Smith, Cashier in place of John C. Brand, Jr.; C. A. McLaughlin, Asst. Cashier in place of Earl M. Smith.
Clarksville—Farmers' National Bank; Clinton Madden, Cashier in place of I. N. Lair.
Delaware—Delaware National Bank; no Asst. Cashier in place of Geo. S. Cryder.
Loveland—First National Bank; J. C. Williams, Cashier, resigned.
Malta—Malta National Bank; J. W. Rogers, Vice-Pres. in place of L. B. Simpson.
New Holland—First National Bank; W. C. Crawford, Asst. Cashier.
Pomeroy—Pomeroy National Bank; P. B. Stanbery, Pres., deceased.
Port Clinton—German-American Bank; B. W. Wilson, Cashier.

OKLAHOMA.

Binger—First State Bank; capital increased to $15,000.
Cleveland—Cleveland National Bank; J. F. Hetherington, Pres.; O. V. Mullendore, Cashier.

Kingfisher—Citizens' State Bank; J. W. Worl, Pres., deceased.

Stroud—First National Bank; J. P. Boyle, Pres. in place of H. M. Johnson; H. M. Jarrett, Vice-Pres. in place of F. G. Dennis; no Cashier in place of Fred D. Bearly; Sam W. Stroud, Asst. Cashier.

PENNSYLVANIA.

Berlin—First National Bank; Galen K. Walker, Asst. Cashier.

Chester—Delaware County Trust, S. D. & Title Ins. Co.; Joseph Messick, Sr., Vice-Pres., deceased.

Honeybrook—First National Bank; John A. Lemmon, Pres. in place of John S. Galt, deceased; Wm. Martin, Vice-Pres. in place of John A. Lemmon.

Lansford—Citizens' National Bank; Milton Whetstone, Cashier, deceased.

Philadelphia—Real Estate Trust Co.; Frank K. Hipple, Pres., deceased.

Slatington—National Bank of Slatington; Thomas Kern, Pres. in place of E. D. Peters, resigned.

SOUTH DAKOTA.

Dell Rapids—First National Bank; H. V. Harlan, Cashier in place of M. R. Kenefick.

TENNESSEE.

Dayton—American National Bank; W. B. Allen, Cashier in place of F. R. Rogers, deceased.

Martin—Bank of Martin; capital increased to $85,000.

Spring Hill—Spring Hill Bank; E. H. Ayres, Pres. in place of W. E. Matin.

TEXAS.

Annona—First National Bank; R. F. Scott, Pres. in place of R. N. Boswell; no Vice-Pres. in place of R. F. Scott.

Atlanta—First National Bank; Jno. J. Ellington, Vice-Pres. in place of R. P. Dunklin.

Canyon—Canyon National Bank; J. M. Black, Vice-Pres. in place of J. I. Campbell.

Commerce—Planters & Merchants' National Bank; no Asst. Cashier in place of E. L. Carter.

Cuero—First National Bank; Lee Joseph, Pres. in place of Alex. Hamilton; Thornton Hamilton, Cashier in place of Lee Joseph; no Asst. Cashier in place of Thornton Hamilton.

Decatur—City National Bank; J. A. Simmons, Asst. Cashier.

Gilmer—Farmers & Merchants' National Bank; S. J. Moughon, Pres. in place of W. O. Womack.

Manor—Farmers' National Bank; L. L. Hudson, Cashier.

San Antonio—Woods National Bank; J. H. Haile, Asst. Cashier.

Tioga—First National Bank; T. F. Rodgers, Pres. in place of J. J. Botts.

Whitney—First National Bank; E. Q. McMahan, Asst. Cashier.

UTAH.

Cedar City—Bank of Southern Utah; capital increased to $40,000.

VERMONT.

Bellows Falls—National Bank of Bellows Falls; James H. Williams, Jr., Cashier in place of P. H. Hadley.

VIRGINIA.

Bristol—Dominion National Bank—C. A. Jones, Cashier in place of A. P. Moore; no Asst. Cashier in place of C. A. Jones.

Gate City—First National Bank; J. W. Carter, Asst. Cashier.

WASHINGTON.

Aberdeen—Hayes & Hayes; capital increased to $100,000; Frank B. Patterson, Pres.; Robert F. Hayes, Vice-Pres.; W. J. Patterson, Cashier; R. H. Falconer, Asst. Cashier.

WEST VIRGINIA.

Cameron—First National Bank; C. H. Carpenter, Cashier in place of D. W. McConaughey; no Asst. Cashier in place of C. H. Carpenter.

WISCONSIN.

Green Bay—Citizens' National Bank; W. P. Wagner, Vice-Pres.; H. P. Klaus, Cashier in place of W. P. Wagner.

BANKS REPORTED CLOSED OR IN LIQUIDATION.

ALABAMA.

Montgomery—Merchants & Planters'—Farley National Bank; in voluntary liquidation July 16.

ARKANSAS.

Mountain Home—Bank of Mountain Home.

COLORADO.

Limon—Limon State Bank.

ILLINOIS.

Chicago—Milwaukee Avenue State Bank.

Frankfort—Exchange Bank; Howard S. Barker, proprietor, reported an embezzler.

INDIAN TERRITORY.

Comanche—Bank of Comanche.

Rush Springs—Bank of Rush Springs.

MASSACHUSETTS.

Chelsea—First National Bank; in hands of Receiver August 17.

NEW YORK.

New York City—United National Bank; in voluntary liquidation July 28.

Olean—Citizens' National Bank; in voluntary liquidation August 9.

RHODE ISLAND.

Providence—Old National Bank; in voluntary liquidation July 20.

WEST VIRGINIA.

Belington—Belington National Bank; in voluntary liquidation August 6.

Smithville—Smithville Bank.

BANKERS' OBITUARY RECORD.

BANKERS' OBITUARY RECORD.

Beebe.—Andrew J. Beebe, president of the Chenango National Bank, Norwich, N. Y., died July 3, aged seventy-six years.

Claypool.—Alfred I. Claypool, for thirty-three years cashier of the Bordentown (N. J.) Banking Co., died August 20.

Kruger.—Emil Kruger, cashier of the German Bank, Schleswig, Iowa, died August 11. He was for several years mayor, and was three times elected county clerk.

Laurason.—B. A. Laurason, cashier of the Bank of Ankeny (Iowa), was struck by lightning and killed recently.

Mohr.—John Mohr, Jr., cashier of the Hamilton National Bank, Fort Wayne, Ind., died July 27, aged about fifty-eight years. Besides being a capable business man, Mr. Mohr was devoted to art, science and literature, and had travelled extensively.

Neville.—James S. Neville, mayor of Bloomington, Ill., and president of the German-American Bank, of that city, died August 17.

Porter.—Samuel Porter, president of the Florence (Mass.) Savings Bank, died July 31 in his seventy-seventh year.

Pratt.—Joshua Pratt, president of the Sherburne (N. Y.) National Bank, died August 11, in his ninety-sixth year. He was the oldest resident of the town and had contributed greatly to its prosperity. In 1862 he organized the banking-house of Joshua Pratt & Co., which became the Sherburne National Bank in 1867.

Richards.—Wm. Richards, president of the Flemington (N. J.) National Bank, died July 11.

Smith.—Francis H. Smith, president of the Union Savings Bank, Washington, D. C., and an old resident of that city, died August 14. He was for twenty-five years a stenographer at the Capitol, and for ten years was official stenographer of the House.

Soden.—Wm. T. Soden, vice-president of the Emporia (Kas.) National Bank, died at Boulder, Colo., August 15.

Wentz.—James M. Wentz, president of the Newburg (N. Y.) Savings Bank, died August 4, aged eighty-three years.

Whetstone.—Milton Whetstone, cashier of the Citizens National Bank, Lansford, Pa., was killed by a trolley car, while driving in his carriage, on the evening of August 11. Daniel McGeehan, assistant cashier of the same institution, was also fatally injured.

INDUSTRIAL OPPORTUNITIES.

Among our new advertisements will be noted that of the Industrial Department of the Rock Island-Frisco Lines.

The above Department has jurisdiction over the lines of the Chicago, Rock Island & Pacific R. R., the St. Louis & San Francisco R. R. and the Chicago & Eastern Illinois R. R., and reaches seventeen states and territories. It necessarily follows therefore, because of the vast extent of territory reached, and with such varying conditions, that desirable manufacturing locations for all classes of industry can be found along their rails.

The province of the Industrial Department is to advise the manufacturer regarding the best all-round industrial locations for his particular industry from the standpoint of accessibility to his raw materials, fuel supply, markets for finished product, favorable labor conditions and inducements procurable from local commercial organizations. The Rock-Island-Frisco Industrial Department offers its aid and co-operation to all manufacturers and business men seeking new locations, and can furnish particulars regarding the above-mentioned manufacturing requirements at cities along its rails.

THE

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THE OPPORTUNITY AT ST. LOUIS.

RARELY have the bankers of the United States had the opportunity of performing a more notable service to the business interests of the country than will be presented at the convention to be held at St. Louis this month.

The defects of bond-secured bank notes and of the present Sub-Treasury system are now so manifest to even casual observers that it is needless to emphasize them. There can be no question among men who have given any serious study to the matter as to the need for reform; there is, however, much difference of opinion as to what shape reform shall take.

If the Secretary of the Treasury were given authority to deposit surplus revenues in the ordinary course in banks of his own selection, in the chief cities of the country, receiving a moderate rate of interest and requiring no special security, the evils of the Sub-Treasury system would be greatly minimized if not entirely remedied.

If the legal-tender notes were gradually converted into gold certificates, and the banks allowed to issue notes against their general credit, secured by an ample gold reserve and by a safety fund, the notes being subject to the test of daily redemption in gold, the bank-note system would gradually adapt itself to the commercial needs of the country.

There should be no difference among bankers as to the desirability of these reforms, whatever disagreement there may be regarding details in carrying them out. And the friends of currency reform ought, in the interests of that harmony which is necessary to success, to reconcile their views so as to present a united front when Congress assembles in December.

The opportunity at St. Louis is a great one. Will the bankers grasp it?

EDITORIAL COMMENT

AN admirable historical review of the national banking system is contained in the address of Hon. CHARLES H. TREAT, Treasurer of the United States, delivered before the convention of the American Institute of Bank Clerks, held at Atlantic City, N. J., September 7.

It is commonly said that the national banks were established to provide a market for the bonds which the Government found it necessary to issue in prosecuting the offensive and defensive operations incident to the great Civil War. This statement is true enough, so far as it goes; but there was another reason, hardly less influential, in determining Secretary CHASE to recommend a national system of banking. This was the need of a better currency than that provided by the state banks in existence at the time. Outside of New England there were but few states where the bank notes were kept uniform in value with specie. That the unsatisfactory condition of the state bank-note currency was one of the motives prompting Mr. CHASE to recommend the establishment of a national system of banking is clearly shown by the following quotation from his report to Congress in December, 1861:

"The value of the existing bank-note circulation depends on the laws of thirty-four states and the character of some sixteen hundred corporations. It is usually furnished in greatest proportions by institutions of least actual capital. Circulation, commonly, is in the inverse ratio of solvency. Well-founded institutions, of large and solid capital, have, in general, comparatively little circulation; while weak corporations almost invariably seek to sustain themselves by obtaining from the people the largest possible credit in this form. Under such a system, or rather lack of system, great fluctuations and heavy losses in discounts and exchanges are inevitable; and not infrequently, through failures of the issuing institutions, considerable portions of the circulation become suddenly worthless in the hands of the people. The recent experience of several states in the valley of the Mississippi painfully illustrates the justice of these observations, and enforces by the most cogent practical arguments the duty of protecting commerce and industry against the recurrence of such disorders."

As is generally known, the foregoing argument was well founded. At the same time, it may be said, without any reflection on the exalted character of Secretary CHASE, that he was, perhaps, animated quite as much by a desire to secure a Government monopoly in issuing currency as by a solicitude for the welfare of those who experienced heavy losses in discounts and exchanges on account of the bad bank notes. In the interests of the true faith, plausible reasons may always be adduced for the suppression of heresy. If, instead of destroying the bank-note function altogether, some means had been taken to bring all the notes up to the New England level, the losses complained of by the Secretary would have been avoided; but the Government would then have found it difficult to force upon the country the large issues of legal tenders which followed in quick succession after the outbreak of the war. The fact is that the Government had decided on monopolizing the function of issuing currency, and the imperfections of the then existing state banking systems excused, if they did not wholly justify, such a course. It is interesting to notice that in stripping the state banks of the rights to use their credit in the form of circulating notes—a policy ostensibly entered upon under the exigencies of the time—Congress actually deprived the national banks also of this privilege; and it has never been restored.

There is not much value in speculating, at this late day, on what might have been if the state bank notes in 1861 had all possessed the same degree of safety as those of the New England and a few other banks. The banks of New York contended that they could have maintained specie payments, and thus prevented the issue of greenbacks, if Secretary CHASE had made use of the banks in making payments in the ordinary way instead of withdrawing large amounts of coin and transferring it to the Treasury. JOHN SHERMAN, whose authority on financial matters was at least equal to that of CHASE, declares in his "Recollections" that the war could not have been carried on without resorting to the issue of legal-tender Treasury notes.

The national banks did not, in fact, either as holders of bonds or as issuers of notes, aid the Government during the Civil War to the extent that is popularly supposed. The system was not authorized until February 25, 1863, nearly two years after the war began. After the act had been in operation nine months, only 134 national banks had been organized. In October, 1864, when the war was nearing its end, the holdings of United States bonds by the national banks amounted to $108,064,000 and the circulation to only $45,260,000. Compared to the total issues of bonds and greenbacks, these items constituted but a drop in the bucket. But from this time forward, when the national banking system had gotten fully under way, it became of great service to the Government in marketing the bonds, providing a uniform system of currency, and what was of perhaps greater importance, it furnished the people with a safer system of banks of discount and deposit than they had generally known before. As Mr. TREAT well says:

"It is deplorable that the prejudice against the national banking system has survived so long. Instead of being a menace to the country's prosperity, it has proved one of the most potent factors of business stability. The solvency of a circulating currency is one of the most important attributes of national prosperity. Born in the stress of war, bitterly denounced, persistently opposed by the friends of state banks, the national system has more than met the expectations of its well-wishers and confounded the short-sightedness and narrow-mindedness of its opponents. It is, with all its minor defects, such a system of banking that, taken all in all, is more applicable to the needs of this country, more satisfactory to the plain people and the business man of affairs, than any system in vogue in any other country."

Mr. TREAT also quoted from the report of HUGH MCCULLOCH as Comptroller of the Currency, showing the benefits conferred upon the people by the national banks in providing a bank-note circulation "as solvent as the nation itself, and uniform in value."

These encomiums are well deserved, but they do not mean that the national banking system is perfect. Mr. TREAT, in the closing part of his address, referred to the demerits of the system, and proposed certain remedies. Before passing to the consideration of the latter, we must again commend Mr. TREAT's paper for its lucid and comprehensive treatment of the subject under consideration. The bankers of the country—especially those whose careers have begun since the close of the war (as most of them have)—will find in it most interesting history, clear analysis and sound argument, all of which must help them to a better understanding of the broader aspects of their business.

THE first demerit to which Mr. TREAT refers is, naturally enough, that of rigidity—the failure to respond to conditions occasioned by the laws of trade and commerce. "The criticism is made that the system affords large expansion, with no corresponding privilege for the free contraction of currency when it becomes redundant or unprofitable for the banks' use." It is pointed out that when the law was passed limiting to $3,000,000 the deposit of legal tenders in any one month for the retirement of circulation, the volume of bank currency outstanding was only $357,974,143, whereas it is now $561,481,045—an increase of $203,506,902, or more than sixty per cent. The point is well taken that, in view of the large addition to the circulation, the $3,000,000 limit is no longer properly proportioned to the volume of notes. Mr. TREAT proposes that the retirement fund should be computed on a percentage basis, say ten per cent. of the volume of currency outstanding, which would at present give a retirement of over $56,000,000 a year. This would be more reasonable than the present limitation, though it is doubtful if it would correct redundancy at certain seasons. If the bank notes were issued on a proper basis, and redeemed as checks are, nobody would have to worry in figuring what percentage might be redeemed in any one month. The suggestion to remove the present limit altogether does not meet with Mr. TREAT's approval. He says: "I am of the opinion that the Government should be safeguarded against any combination of capital that might seek, for the purpose of depressing the markets, to raise a fund of $20,000,000 to $25,000,000, and send it to the Treasury, demanding an immediate retirement of bank circulation to this amount." It might not be unreasonable to suppose that there would be just as much likelihood of other "combinations of capital" that would be equally interested in increasing circulation and that would do everything possible in that direction. There is, of course, some danger with a bond-secured circulation that if there were no limit on the amount of retirement, the banks might, in order to realize the profits on bonds, withdraw the notes so rapidly as to injure business; but this is only another illustration of the evils inherent in any currency not based upon the only proper foundation for a bank-note circulation—commercial credits plus coin. Arguments are presented showing a leaning toward the use of national bank notes as reserves. This would tend to increase the fixed volume of the notes and would lessen the present slight motive for redemption. But Mr. TREAT is of the opinion that the gold supply is adequate for reserve purposes and concludes that "it would seem as unnecessary as it is inexpedient to agitate any immediate change in the direction of using national bank notes as reserves." If flexibility is to be attained, it might be just as well to give this proposal a final quietus.

WE come now to Mr. TREAT's main proposal for remedying the inelasticity of the national bank note. Inasmuch as the Secretary of the Treasury has rendered great service by lending Government funds to the banks, taking as security therefor certain state, municipal and railway bonds, Mr. TREAT asks, "Why is it not as justifiable that a law be enacted empowering him as legitimately, and as a rational expansion of this privilege, to loan the credit of the Government in the form of national bank notes, as it is to loan the Government money under the name of deposits?"

Foreseeing that objections would be raised if the issue of "loans" were confined to banks depositing the securities named, Mr. Treat makes the suggestion that "loans" be made also to banks depositing commercial paper, guaranteed by the clearing-houses.

To promote elasticity it is provided that any bank desiring to retire notes so issued should not be hampered in any way by the law governing the regular issue and retirement of its currency.

In order to get at the gist of this plan it is necessary to inquire just what is meant by "loaning the credit of the Government." If it is meant that the Government is to *lend* these so-called national bank notes to the banks, the Treasury will add to its present banking functions that of rediscounting for banks; but if the notes are to be *issued* to the banks, on the pledge of securities and commercial paper, there does not seem to be much difference between the proposed notes and those now in existence, except as to the manner of their security. They would differ from "asset currency," as that term is commonly understood to apply to notes issued on the general credit of the issuing banks, no assets being specifically set aside or pledged as security. Lending presupposes a rate of interest to be paid by the borrower, and the element of time also enters into the transaction. Are these loans by the Government to the banks to be made at a fixed rate, say six per cent., or are they to be at the market rate of the day, or are they to be made free of interest altogether? These details are not given, although their importance must be conceded. Again, are the loans to be on time; and if so, for how long? Three months, six months, or a year? Or are they to be call loans, payable on demand?

At present the banks have the use of Government funds without interest. If the Government deposited its surplus funds in the banks as an individual or firm does, without requiring special security; and if these deposits were made for fixed periods, there would be no sound reason why the banks should not pay a moderate interest for their use; at least, there would be the same justification for paying interest on Government deposits as on other deposits.

So far as concerns the surplus funds derived from taxation, no fault can be found with the Government for depositing them in the banks, thus restoring the money to the channels of circulation, where it properly belongs. Jackson was not far wrong when he declared that the best place for surplus revenues was in the pockets of the people, but it is not always possible for Congress to provide for the collection of just enough money to meet public expenditures, and it is perhaps better to have a small balance always on the right side. But there has lately developed an apparent tendency to keep on hand a much larger surplus than is demanded by any consideration of safety or convenience. This unwieldy surplus is a source of continuous disturbance to the money market and tempts Congress into making extravagant appropriations. Worse still, a large part of the surplus has been borrowed for no immediate use, apparently, but to aid the money market. Such a policy is, of course, indefensible. If the Treasury is to continue to borrow money by issuing United States bonds, using the proceeds to lend to the banks, it would be far more economical to adopt Mr. TREAT's suggestion and "lend" the bank notes on the deposit of securities.

But, after all, is it not merely a case of whipping the devil around the stump? If there must be a trustee to hold the collateral pledged to secure the notes, why should not the clearing-house—the guarantors of the collateral—perform that function. Furthermore, why should they not be incorporated, under national law, and allowed to issue the currency under proper restrictions to insure prompt redemption?

In speaking of the Second Bank of the United States, Knox's History of Banking says:

"The old national bank was a great and powerful private monopoly, useful, no doubt, and safe except when it mixed in politics. It was a foreign importation, and as a monopoly opposed to the genius of American institutions. The Treasury itself has taken its place to a very great extent, in the province of receiving, keeping and disbursing the revenues. It is fast assuming the function of a bank as an exclusive issuer of currency, *and if a law should be passed authorizing loans on the products of the country,* the Treasury would be in itself an almost exact copy of the old Bank of the United States, managed by the political party in power instead of by a private corporation."

Mr. TREAT is evidently of the opinion that the Treasury, if it is to continue to act as a bank, should be equipped with additional banking functions. This position is logically sound; but we believe experience has shown that the best remedy for the imperfections of the sub-Treasury system and the bank-note system does not lie in this direction. The Treasury should have nothing to do with the money market, and nothing to do with bank notes, except printing them and insuring their ultimate safety and their convertibility into coin. In short, the only way to reform the evils complained of is to "reform them altogether."

THERE are two sides to most questions. This observation applies to the current criticisms of the practice of lending money on call, though it is admitted that money lent in this manner is largely used in speculation. Our system of redepositing reserves, and the further possibility that banks may at any time be called on to pay out large sums of money on short notice, have led the banks to seek for a method of lending their funds in such a way that they would be subject to immediate recall at any time. This necessity of the banks for having a considerable volume of their funds so placed that they are at once available in case of emergency has given rise to the call loan market. That this arrangement has worked satisfactorily is well known. In his admirable series of papers now running in THE BANKERS' MAGAZINE, Mr. GEORGE HAGUE, the well-known Canadian banker, says: "None of the large corporations with whom the Canadian banks are in the habit of dealing have ever failed to respond. There has scarcely been an instance amongst the countless transactions in call loans when a delay, even for a day, has occurred in responding, and an actual loss of such money has scarcely ever been heard of. Thus time and experience have proved that for all practical purposes moneys due by bankers in financial centres and cash placed out on call are both available at any time within twenty-four hours."

This is the testimony of a banker of very wide experience and observation. So long as bankers have before them the possibility of having to pay off a large part of their deposits on demand, they may be expected to make loans repayable on demand. They have found out that the surest and safest way of doing this is to make loans from day to day on Stock Exchange collateral. It happens, therefore, that in making loans of this character the banks are not aiming to promote speculation so much as trying to protect their own interests in the manner they have found to be most efficacious.

IN the resumption of the purchase of silver bullion for manufacturing subsidiary coins will be found a manifestation of the existence of the silver sentiment in Congress, which though sleeping is never dead. Another striking evidence of it is found when the annual appropriation comes up for transporting silver to various points, free of expense to anybody but the taxpayers of the United States.

The purchase of a limited amount of silver for the purpose of supplying the great demand for subsidiary coins is perhaps not a matter of much importance; but in refusing to authorize the coinage of abraded dollars into halves, quarters and dimes, Congress showed that it is still "loyal to silver." Notbody except a timid Congressman can see just what harm would have been done had the dollars been recoined as above stated. There would have been that much less full legal-tender money, but actually more money in the aggregate, for a dollar when turned into subsidiary pieces will make more than a dollar. If the policy of converting the silver dollars into subsidiary coins had once been entered on, it would doubtless have been continued until ultimately all the dollars would thus have been so recoined, and we would have been rid of one of the incongruous elements in our currency ssytem.

But, as might have been expected, in any matter relating to the improvement of our monetary system, Congress deliberately took the wrong course.

CONNECTICUT has an excellent system of mutual savings banks, which makes it all the harder to understand why the Common Council of Hartford recently adopted a resolution, by a unanimous vote, favoring the establishment of postal savings banks.

When you get down to the bottom of a postal savings bank system, it means simply this: that the regulation of the Federal Government is to be substituted for that of the state. Is there any real ground for believing that the savings of the people of Connecticut will be more carefully protected by Congress than they now are by the Legislature of that state? Would anything be gained by transferring the supervision of the savings banks from Hartford to Washington? For in the end, the suggestion for postal savings banks amounts to nothing else than a change in the authority to supervise the banks and to limit their investments. If anything is lacking at present in the Connecticut law to make the savings banks safe, the remedy is in the hands of the people; in fact, the application of the remedy is much easier than would be the case if an appeal had to be made to Congress. One has only to recall how deaf that body has been to the Comptroller's suggestions for amending the administrative features of the National Banking Act to realize the truth of this statement.

It is very much to be doubted whether the record for efficiency and safety made by the mutual savings banks of this country has ever been surpassed. Any suggestion for supplanting them with postal savings banks should be vigorously fought by every true friend of the wage earners.

BANK clerks are being advised, in many banks, that they will be held accountable for any losses due to irregularities of which they had knowledge but failed to report. Generally, when an officer is using the funds of a bank unlawfully; or, in less gentle phrase, stealing them, there is somebody in the bank, either a clerk or junior officer, who knows what is going on. How can there possibly be any question as to the duty of the person having such knowledge to make it known without delay? The funds of a bank do not belong to the officers, nor even to the directors. Every dollar represented in a bank's assets, while it is a going concern, is held in trust as security for those who have deposited their money with the bank. True enough, the net revenues go to the shareholders, but the latter have no right to appropriate any of the bank's assets to their individual use until every dollar of the deposits is paid. Then what remains belongs to the shareholders. The capital which the law requires to be paid in, and the surplus which must be accumulated and held, are essentially trust funds for the protection of depositors. The duty of every officer and clerk to protect such funds from predatory individuals, either inside the bank or outside of it, is rather too clear to need argument in its support.

The honesty and fidelity of the great majority of bank officers and clerks is unquestionable. Were it otherwise the vast transactions incident to modern banking operations (which are conducted with infinitesimal losses) would be impossible.

But there are often times when the clerk is placed in a very trying situation. He might not hesitate in reporting the misfeasance of an inferior or equal, but when the wrong is done by a superior officer, perhaps by the one in direct control of the bank, then the course to be pursued may not seem quite so clear. The difficulties are enhanced when it is seen that the managing directors themselves—as sometimes happens—are conniving with the officers to wreck the bank. If, in such a case, the clerk or junior officer stops to consult what seems to be his personal interests, he may hesitate in revealing such a situation of affairs. Nevertheless, it is his plain duty to advise the directors whose hands are clean; or, if they are all involved, to warn every shareholder. No substantial gains, in the long run, will ever accrue to a bank clerk or officer who becomes a silent partner in dishonesty and fraud. It is hardly believed, however, that the average clerk or officer, who is honest as a matter of principle, needs to be appealed to from any other standpoint.

In encouraging their clerks to report any frauds or irregularities that may come under their observation, the banks are pursuing a course that will raise the morale of their working forces and will operate to restrain the criminally inclined banker from getting his hands too deep in the bank's funds before being found out.

One unfortunate thing about bank failures is that they tend to bring more or less suspicion and distrust down upon the heads of the unoffending. While the banker is bound as a matter of honor to protect the funds entrusted to him, he is also under obligations to guard his institution against even the shadow of suspicion. No doubt the clerks, by being watchful and faithfully reporting any proved derelictions, can greatly aid in preventing failures like those that recently occurred at

Chicago and Philadelphia. In both these cases—and this is usually the rule—it was the superior officers who needed watching. In fact, a bank is rarely wrecked by its employees.

THE Comptroller of the Currency, in his address before the recent convention of the Pennsylvania Bankers' Association, strongly condemned negligent and incompetent bank directors. Except in rare cases, such as panics, the Comptroller declared that there was no reasonable excuse for the failure of a bank or trust company. When a bank does fail, he said, it is the fault of the directors. Comparing the duties of directors and bank examiners, he stated that it was the duty of the examiner to discover fraud, and of the directors to prevent it.

As is well known, the directors are often blamable for putting the control of the bank virtually in the hands of one man, usually the president; but as the Comptroller himself admitted, there is much to be said in favor of one man management, provided you get the right man. It sometimes happens that absolute control drifts into the hands of the wrong man, with very disastrous results, as certain recent failures amply witness. If the managing officer of a bank is honest and efficient, there would not seem to be any good reason why he should object to having his acts closely scrutinized by the board of directors. While it is generally true that the managing officer possesses greater banking capacity than his board of directors, his superority is not such as to place his acts beyond criticism. The directors of the bank constitute the body to whom the shareholders have delegated the management, and the directors, when they have chosen officers to carry on the executive work, have not absolved themselves of responsibility. It is the business of the directors to see that the shareholders' property is taken care of, and this duty is just as incumbent upon them when the actual executive duties are in the hands of the officers as it would be were the directors themselves the sole officers of the bank.

In the nature of things, a wide discretion must be conferred upon the officers, and in many cases upon some particular officer; but the directors are bound to see that such discretion is exercised always in the interests of the shareholders.

Concerning examinations made at the instance of directors, the Comptroller said:

"The main thing for the directors is to require complete reports from all officers and to have them verified by directors who are not officers, and to make frequent and complete examinations. These should be made by the directors independently of the officers, and when possible competent outside accountants should be employed to do the work thoroughly."

This is sound advice, but the Comptroller might have gone a step further. Not only should examinations be made by directors who are not officers, but many failures would be prevented if examinations were made by accountants appointed by the shareholders, making their report directly to the latter and not to the officers or directors as such. When the results of bank examinations are communicated to every shareholder, we shall see a decided falling off in the number of bank failures.

So long as human nature remains imperfect there will doubtless continue to be examiners who fail to detect frauds and directors who fail to prevent them, but nevertheless, the Comptroller's suggestions at Philadelphia were calculated to raise the standard of banking in the United States. Despite an occasional failure that seems to prove the contrary, that standard is being steadily advanced. The dishonest bank officer and the negligent director are not numerous. In fact, the attention bestowed upon bank failures is in itself an indication of their comparative rarity. There is a growing sentiment, both among bankers and the public, however, that the number of bank failures ought to be still further reduced. It is, perhaps, not too much to hope that finally every bank depositor will be made to feel as little anxiety concerning the safety of his deposit as the noteholder now feels about the bank note in his wallet.

GREAT BRITAIN seems to be able to do a vast amount of business with a comparatively small quantity of money. In an article published elsewhere in this issue of the MAGAZINE, Mr. W. R. LAWSON makes some interesting comparisons of the currencies of the United States and Great Britain. The latter country, he points out, carries on a vast trade with a volume of currency only about one-fourth as large as that possessed by the United States. Of course, in making a comparison of this kind many things must be taken into account—the foreign and domestic commerce, population, habits of the people, and especially the efficiency of the banking machinery. The domestic commerce of the United States is far in excess of that of Great Britain, but the difference in population does not afford a sufficient explanation of the wide discrepancy in the money supply of the two countries. While no fixed rules can be prescribed as to what amount of money is needed in any country, either upon the basis of business or of population, these elements are influential in determining the size of the monetary stock. With regard to the business, it is important to know not only how much is done, but in what manner—by barter, by the use of money, or by the use of checks and other credit instruments.

A country whose population is extended over an area as large as the United States, and where agriculture preponderates over other industries, may be expected to require more actual money than would be needed in a country like the United Kingdom, of much smaller area, and having a population largely engaged in manufacturing and kindred enterprises. It is also probable that the high development of banking in the British Isles has much to do with the economy effected in the use of coin and bank notes. While in the number of banks per inhabitant, the advantage is with the United States, this does not necessarily prove that the facilities afforded the banks here are relatively better; perhaps the reverse is true. In the use of clearing-house machinery London is far ahead of New York, having a system whereby not only local checks but country checks are cleared.

Perhaps the denominations of the currency have more to do with this question than is commonly supposed. The Bank of England, which is the chief issuer of paper currency in Great Britain, emits no notes of a smaller denomination than £5 (about $25); the national banks issue about half of their circulation in denominations of five and ten dollars. Then there is the large volume of ones, twos and fives in silver certificates. This splitting up of money into small denominations facilitates its hand-to-hand circulation, and the issue of paper makes it easier to carry around a considerable sum of money than would be the case were gold used here to the extent that it is in Great Britain.

Aside from the manufacture, transportation and sale of commodities, there is in the United States tremendous activity in new constructions, and it may be that here is to be found a partial explanation of our apparently insatiable demand for money. Indeed, without a careful study of all the elements of the problem, it can hardly be predicated, upon surface indications, that the supply of money in the United States is so redundant as it seems to be.

But, on the other hand, the same discrepancy which Mr. Lawson points out with respect to the monetary stocks of Great Britain and the United States will be found to exist—even more glaringly, all things considered—when France is substituted for this country. France and England are more alike in size, population and in the degree of development of enterprise already attained; but France finds it necessary to use a much larger stock of money than Great Britain—using bank notes where the latter country employs checks.

Mr. Lawson has opened up an interesting subject, and one in which this country is practically concerned. Despite what is regarded by competent observers as an over supply of money, the cry for more is unabated. Were the clearing-house systems of the country perfected and the banks permitted to use their credit in the shape of circulating notes, the strain on our existing monetary stock would be greatly relieved, and it is probable that we should find ourselves able to get along comfortably with much less money than we now have. Great Britain and the United States occupy extreme positions, one country economizing in the employment of money to the utmost extent and the other making a lavish use of both coin and paper.

NEW YORK is in the midst of a political campaign whose results will be watched with intense interest all over the United States. On one side is a candidate who stands as the typical representative of discontent with the existing situation; on the other, a man who stands for the preservation of the existing order, but who believes in reform along sane and common-sense lines.

The State of New York, it might be supposed, having within its borders the largest and wealthiest city of the Western Hemisphere, would give but scant support to wild projects for reforming things over night. Actually, however, such support as reformers of this type may hope for will come from the city almost exclusively. The up-state voter, or the "hayseed," as he is sometimes styled by the city politician of the opposite faith, gives but little countenance to the hazy schemes promulgated from time to time for making everybody rich in short order. The city voters, made up to a considerable extent from the foreign-born population, are apt to turn a more willing ear to the vendors of political and economic gold bricks. There is in this respect, and in others, a preponderance of evidence tending to show that the cities are the real abiding places of the unsophisticated and the confiding.

We hear at this time much alarming talk about the spread of Socialism. Men who read sensational newspapers, published in a few of the larger cities, and who listen to the wild and loose talk of rabid politicians and newly-fledged voters who speak the English language with a foreign accent, are disposed to think that great upheavals are impending in our political and economic system. How little such timid souls know of the millions of laborers on the farms and in the shops who constitute the real strength of the American nation! There will be found not only that intense patriotism that does not hold life at a pin's fee when the honor and safety of the nation are at stake, but also that sound common-sense that swiftly pierces the transparent humbugs that are offered as cure-alls for every economic ill. They who seek to upset the existing order of things will, before they have any chance of success, have to convert the American farmer and workingman. The job is a big one, and success in this generation is practically out of the question.

It would be short-sighted, however, to assert that there are no evils to be remedied. By their wanton disregard of the rights and interests of the public, some of the great corporations have laid the basis for the vociferous attacks being made upon wealth by one of the candidates for Governor of New York. As was well said by the "New York Sun," some time ago: "At the very spring and origin of all this storm and fury is the conduct of the corporations themselves. The gross and criminal dishonesty of railroad management, in conspiracy with the manufacturing and shipping interests to defraud the public and to work the ruin of competitors, has precipitated the whole trouble, and has afforded a quasi justification for the ruthlessness with which they are now pursued." This is not the opinion of a newspaper prejudiced against corporate wealth, but of one whose leanings have rather been supposed to incline in the contrary direction. It is, obviously, a fair statement of a well-recognized truth. Instead of flying for relief to untried schemes, like government ownership and public confiscation of private property, the saner course would appear to be to check the "gross and criminal dishonesty" complained of above. If this were done, the public would doubly gain—it would be relieved of the injustice which springs from such mismanagement, and at the same time rid itself of the noisy agitator and demagogue who thrives on corporate shortcomings.

The campaign in progress in New York hardly represents a contest between political parties at all. It is a fight between the champion of unrest and disorder and the advocate of reasonable reform along sane, sound and well-tried lines. As this contest is one that must be fought out in other states, sooner or later, the outcome in New York will be watched with keen interest in every section of the Union.

RECENT bank failures have brought forth the usual criticisms of our system of bank examinations. Most of the criticism heretofore has been aimed at the national bank examiners; but the trust company failure at Philadelphia and the state bank failure at Chicago show that the state examiners also occasionally do not see what is going on behind the scenes in a bank. "The Shareholder and Insurance Gazette," of Montreal, expresses the opinion that "the bank inspection of the United States is a failure." This is a severe condemnation, but many Americans are half inclined to take the same view. The system of examination in general, both national and state, is undoubtedly imperfect. We are prone to look with growing favor on Government ownership and supervision, but it may be doubted whether the present inspection of the banks is anything like as thorough as it would be were the work done by inspectors in the employ of an audit company, managed by private individuals.

The Comptroller of the Currency has suggested improvements in the methods of appointing and compensating national bank examiners; and although these suggestions have been obviously in the interests of better banking, Congress has paid no heed to the Comptroller's recommendations. One of the marked defects of the present system is the inadequacy of the staff of examiners. There is not enough of them to do the work properly, even if their qualifications were unimpeachable. This is true in many of the states also.

But there is grave doubt whether anything can be done to restore faith in the efficacy of national and state examination of banks. This is greatly to be regretted, for efficient bank examination is one of the most powerful aids to the securing of public confidence in the banks. It is second only in importance to the character of the management. Evidence of the weakening of the faith of the banks in governmental examinations is also to be noted. The larger banks do not depend upon this kind of inspection. They either have an auditor of their own or they employ a qualified accountant.

Even at best most bank examinations are largely superficial. An inspection of the condition of a bank that stops with the verification of accounts, checking up of entries and counting the cash, is good so far as it goes; but it fails to disclose the real condition of the bank. That is determined by the worth of its assets. Perhaps it is too much to expect that the examiner shall be able to tell whether a bank's loans and investments are good or not, but unless he can do so, the examination does not disclose the real condition of the bank. Of course, this is information that the directors can get at any time. They have such a knowledge of their borrowers as enables them to ascertain the exact value of the bank's assets. But suppose the directors are negligent? Or, worse still, that they are criminal? Such cases have been all too frequent.

It is not believed that efficient bank examination, together with comparative immunity from disastrous bank failures, will ever be secured until examinations are made by trained expert accountants, who have been bankers, and who are competent to determine, either directly or indirectly, the exact value of every dollar of paper held by a bank, and who will fully and fearlessly report the results of their inspection not only to the officers or directors who employ them, but to every owner of shares of the bank. This will put a stop to the negligence of directors as well as to their criminal connivance with unscrupulous managing officers in the despicable work of bank-wrecking.

GRANGE banks have been organized in several localities in Pennsylvania, and those now in operation seem to be meeting with success. These institutions have been started by farmers, who are the principal stockholders and largely make up the boards of directors. If carefully managed, they may prove of advantage to the farming community. Too often, however, banks of this character are liable to fall into the hands of men who lack the necessary banking experience to make them successful. It is hoped that the grange banks of Pennsylvania may have better fortune than this.

As a rule it is better for any interest that desires greater banking facilities to apply to the existing banks. If these are not in a position to grant the necessary accommodations, it may be that the friendship of the special interests can be secured by offering them a block of fresh stock. This not only brings new friends and patrons to the bank, but the sale of the additional stock puts the bank in a position to supply the farmers or other special interests with the banking facilities they require, and usually with greater safety and economy than would be possible if a new bank had been started.

The solid interests of a community are often upheld by a union of all business classes in support of a few well-established banks instead of giving countenance to a new institution. Pennsylvania is a big state, however, and there may be plenty of room for the grange banks to grow and prosper without impairing the efficiency or the profits of the other banks.

THAT the Government should virtually pay for the privilege of depositing public funds in the banks, instead of receiving interest as individuals do, is rather a startling idea, but that it is true cannot well be questioned. Of course, since the Government compels the banks to insure the safety of the deposit by a pledge of United States bonds, it can hardly be expected that the banks will pay the premium on this insurance if they can shift it upon the Government.

If the Government selected its depositories purely upon considerations of safety and convenience, there would be no occasion whatever to insist upon a pledge of bonds to secure public deposits. Were the Secretary of the Treasury free to exercise his discretion, he could without the slightest difficulty place the surplus of the Treasury in banks where there would be no question of safety, without any special security. And the banks so selected would willingly pay two per cent. interest on the funds so deposited. Thus, instead of virtually paying two per cent., as the Government now does—since it pays the banks the interest on the bonds held to secure the deposits—it would receive two per cent. interest on the deposits, a difference of four per cent. in favor of the Treasury. If in a rare case a public depository selected by the Secretary of the Treasury should fail, which is highly improbable, the Government would still gain immensely, as the interest received on deposits, together with that saved on bonds, would far more than offset any possible losses from this source.

Our present method of handling public funds is developing so many patent absurdities that it cannot be continued much longer.

CHICAGO is to have a bank modelled on the Canadian plan; that is, where the president shall not be exactly the all-powerful potentate that he is in most American banks. Authority is to be centered chiefly in the chairman of the board of directors, who will not hesitate to call the president to account, should occasion require, and who, in turn, is himself liable to be hauled up at any time before the board.

Perhaps the tendency in this country has been for the president of a bank to feel just a little too much superiority over his board, and the experiment at Chicago, especially since it is to be made under the direction of so capable a banker as DAVID R. FORGAN, will be of more than local interest. It is probable that if the powers of the chairman of the board of directors were enlarged and those of the president restricted, the possibility of failures like those recently occurring at Philadelphia and Chicago might be much lessened. At all events, the experiment is one worth trying.

GOVERNMENT tardiness in constructing public buildings and in carrying out other enterprises was contrasted with the celerity shown by private individuals and corporations, in a recent address by HON. LESLIE M. SHAW, Secretary of the Treasury. The great undertakings in New York city, such as the subway, the tunnel under the East River and Hudson River, have been prosecuted with remarkable speed when compared with the time taken to erect some of the public buildings.

Many people realize that at present the Government does things badly whenever it seeks to enter the business field; and even the post office service is open to severe criticism. But the advocate of Government ownership, who admits these shortcomings, believes that matters would be better if the Government were given more things to do. It is argued that the stake which every citizen has in the administration of public affairs would then be greater, and the present indifference on the part of the average citizen would give way to a lively concern in what was being done by public servants. Having been found unfaithful in a few things, the

Government is to be made ruler over many things. This reverses the wisdom of Sacred Writ; but, of course, the advocates of Government ownership and regulation of everything and everybody, having deduced new principles of their own, must not be asked to tie themselves down to ancient truths based upon wisdom and experience.

COMPTROLLER RIDGELY, it is said, refuses to accept the dictum of the Simplified Spelling Board as to the spelling of the word designating the title of his office. He contends that according to the United States statutes he is Comptroller of the Currency, not Controller, as the President and the Simplified Spelling Board would have him. While many of the recommendations of the Board are open to severe crticism, the weight of authority appears to sustain the form of orthography of which Mr. RIDGELY will have none. That the word is spelled a certain way in the statute creating the office is hardly sufficient warrant, of itself, for adhering to what many regard as an incorrect form; but the Comptroller is right in showing his preference, nor is it likely that he can be overruled by the President. Although the Comptroller of the Currency is appointed by the President, he is not, strictly speaking, accountable to the President, but to Congress, and makes his reports to that body. This was due to the policy of the founders of the Government in seeking to avoid putting the sword and the purse in the same hands.

Doubtless the President could find a way to have his style of spelling adopted in the Comptroller's office; but it is not expected that Mr. RIDGELY, who has been an efficient officer, will be asked to resign because he is a trifle old-fashioned in his ideas about spelling.

SECRETARY SHAW'S efforts to prohibit the use of public funds deposited in the banks from being used for purposes of speculation have a decidedly comic aspect. One can picture the Secretary standing on the Treasury steps and smilingly pouring out the public funds to the farmers, merchants, manufacturers, etc., and sternly repressing the frantic endeavors of the bulls and bears of Wall Street to get a few dollars of the Government's cash. Listening intently, one might almost hear the thundering cheers with which the Secretary's heroic action is acclaimed. And as the non-speculators probably outnumber the speculators, it is not improbable that when the votes are counted in November this policy of aiding "legitimate business interests" at the expense of the speculators will be cordially approved. The Secretary admonishes the banks that if they have more money than their communities can absorb, it should be returned to the Treasury, "for," says the Secretary, "it can be placed where it will do much good."

But there is another and a more serious side to the Secretary's policy. It might be fair to inquire whence came the money in the Treasury. New York, as is well known, pays a large share of duties on imports. Again, the money derived from the sale of bonds came largely from the financial centers. As the Treasury got a large share of its cash from New York and other big cities, why would it not be fair to return the money to the points from which it was taken?

As a matter of fact—and Secretary SHAW knows this very well—money will tend toward the financial centers, just as water tends to run down hill. The Secretary's warning letters will stay this tendency just about as much as Mrs. Partington's broom stayed the ocean's flood.

ONE objection urged against branch banking in New York city has been that by multiplying the number of its banking offices the deposits of a bank would be largely increased without corresponding augmentation of capital. There is some foundation for this objection, but it is apparent that many banks not having branches enlarge the aggregate of their deposits as much as possible without adding to their capital equipment. If banks having branches are to be called on to maintain a certain proportion between deposits and capital, other banks will probably be compelled to comply with the same rule. In fact, some of the states already limit the deposit liabilities of the banks, according to capital.

In New York city the Corn Exchange Bank has established a number of branches, under the state law permitting additional banking offices to be opened by banks located in that city. In 1902 the capital of this bank was raised from $1,400,000 to $2,000,000. At this time ten branches were in operation and the deposits amounted to $28,000,000. Since the year named eleven more branches have been opened and the deposits have grown to $43,000,000. On September 20, of the present year, the capital of the bank was again increased—this time to $3,000,000—in accordance with the policy of the directors to have the capital keep pace with the enlarged business.

There is no doubt that such a policy tends toward safety, though if carried too far it may lessen profits. The establishment of branches is naturally distasteful to the existing small banks, but where the capital of the head institution is fairly proportioned to the new business, there is not much difference, practically, between a branch of an existing bank and a new institution.

ENGLISH AND UNITED STATES CURRENCIES COMPARED.

BY W. R. LAWSON.

THE monetary systems of Europe and America have hitherto differed so widely that a comparison between them seems never to have suggested itself. They moved in quite separate orbits and were regulated by different laws and principles. In practise they had very little to do with each other and few, if any, points of direct contact. In international business they had to be translated into each other by exchange experts. The man who thought and acted in dollars could thus remain a monetary stranger to the man who thought and acted in sterling.

Growing Interdependence of the World's Money Markets.

But nowadays these insular barriers which have hitherto divided the money markets of the world are breaking down. The money markets are becoming so interdependent that it is absolutely necessary to their safe working that they should understand each other. Especially desirable is it that they should be familiar with each other's monetary systems and able to compare their workings. On one vital point most of them have still a great deal to learn, namely, the proper functions of gold in relation to currency, and through currency to banking. The idea which has taken possession of the bankers of all nations that gold reserves are the Alpha and Omega of their business is destined to suffer a rude shock one of these days. So far is it from being true that there may often be more truth in the opposite theory. Ample gold reserves combined with too much trust in them may lead to more bad banking than defective gold reserves ever did.

Of late a new kind of demand for gold has sprung up at certain monetary centres—New York in particular. It is no longer wanted merely as a safeguard for existing liabilities. Quite as often it is desired as a means of extending operations and liabilities already topheavy.

Dreams of the Expansionists.

Many people both in London and New York seem to dream all the time of elastic currencies (meaning in reality a constantly expanding currency), elastic credit and elastic bank deposits. Give them a few million sovereigns or American eagles as a basis, and they will build up on it pyramids of paper wealth. The boldest pyramid builder may be the keenest buyer of gold simply because he has most need of it.

Gold Supply Not Always the Criterion of the Best Currency System.

Hence arises a further anomaly. It is not always the country with the largest gold reserves that enjoys either the best currency or the best banking system. England and the United States are a standing challenge to each other on these points. One has the largest stock of gold money in the world and the other has one of the smallest. Comparing the two as regards past experience and present position, we may ask, which has on the whole done best—the country with a chronic over supply of gold or the one with a chronic under supply? Two such opposite conditions must always tend to produce opposite results. Are they doing so?

If money, metallic or paper, or both combined, could make a people happy, the Americans ought to be the envy of the world. They have the largest quantity as well as the greatest variety of it. The only nation which might presume to compare itself with them as regards plethora of paper is the neighboring Republic of Colombia, whose paper dollars run up into hundreds of millions. At the same time the United States, while eclipsing Colombia on "soft money," can beat France itself on "hard money." It is the one and only possessor of a three billion dollar currency—quite a unique distinction in commercial history.

On July 1, 1906, the stock of money in the United States was as follows, the Treasury balances being distinguished from the money in actual circulation:

STOCK OF MONEY IN THE UNITED STATES JULY 1, 1906.

	In Circulation.	In Treasury.	Total.
Gold coin	$673,327,609	$802,514,212	$1,475,841,821
Silver dollars	77,073,327	491,177,528	568,250,885
Subsidiary silver	111,401,668	6,596,920	117,998,588
Gold certificates	518,092,969	....	....
Silver certificates	471,964,597	....	....
Treasury notes, 1890	7,338,598	....	....
United States notes	336,401,454	10,279,562	346,681,016
National bank notes	548,883,608	12,228,752	561,112,360
		$1,322,796,974	
Less certificates outstanding.		997,396,164	
	$2,744,483,830	$325,400,810	$3,069,884,640

At the nearest available date to July 1, 1906, the circulation of the United Kingdom was roughly as given below. Exact figures are obtainable only as to one class of it, namely, the so-called "fixed issues." These are what remain of the bank-note issues existing in England, Scotland and Ireland at the passing of the Bank Act of 1844. Those of the Bank of England are covered by Government securities, but those of the provincial banks were left as they had hitherto been—uncovered,

MONEY IN THE UNITED KINGDOM.

July, 1906.

I. Fixed Issues.	
Bank of England	£18,450,000
31 English provincial banks	1,628,342
10 Scotch banks	2,676,350
6 Irish banks	6,354,494
Total fixed issues	£29,109,186
II. Metallic Money.	
Gold (estimated)	£100,000,000
Silver (estimated)	20,000,000
Total metallic money	£120,000,000
Total money of all sorts	£149,109,186

We say in round numbers one hundred and fifty millions sterling—less than one-fourth of the stock of money which the Americans find so inadequate and inelastic.

LIMITED CIRCULATION OF MONEY IN THE UNITED KINGDOM.

The difficulty in the United Kingdom, or at least in England, is to get this small supply of money into circulation. The silver circulates freely enough, being all needed for retail payments, but the gold accumulates in the banks and can hardly be driven out of them. So universal has the use of checks become that even Bank of England notes are held to a very small extent by the public. Assuming the total issue to be, say, fifty-four millions sterling, it will be distributed in the following curious way:

In the Bank of England	£24,000,000
Held by other banks	18,000,000
In the hands of the public, say	12,000,000
Total	£54,000,000

The above figures are given on the authority of one of our most intelligent and experienced bankers, Mr. E. H. Holden, managing director of the London City and Midland Bank. If correct, they prove that in England and Wales nearly eighty per cent. of the note issues are used for banking purposes and only twenty per cent. is in bona fide circulation. The 100 millions sterling of gold is also largely held by the banks, though not perhaps to the same extent as the Bank of England notes. The Bank itself generally has between thirty-five and forty millions of gold, and at a moderate computation the other banks will have half as much. This would make the total bank holdings of gold fully fifty millions sterling, just one-half of the estimated total stock in the country.

Great Britain's Enormous Trade and Small Stock of Money.

Compared with the three billion dollar plethora of the United States, the British currency of today is homoeopathic to a degree. How the daily business of forty-two millions of people, to say nothing of nine hundred millions sterling per annnum of foreign trade, can be conducted on such a narrow metallic basis, is a puzzle. Many attempts have been made to explain it, but they are very short lived as a rule. While they come and go in rapid succession, the problem itself remains unsolved. Far from growing clearer, it is being more and more darkened by a multitude of counsellors. Instead of advancing toward simplicity it appears to be sinking deeper and deeper in controversial confusion.

Gold Supply a Banking Problem.

The fundamental cause of this dilemma is the fact, already pointed out, that the larger portion of our stock of gold is engaged in banking rather than in currency duty. The public hold so little of it and think so little about it, that so far as circulation is concerned a few millions here or there do not matter to them. It is the banks, and the banks alone, that have a real gold problem to grapple with. When bank directors raise an alarm about the inadequacy of our gold reserves, the public as a rule shrug their shoulders and reply, "That it is your affair. What have we to do with it?"

It is very difficult indeed to see how the banks can get out of this dilemma. They have enormous deposits to protect—four hundred millions sterling in London alone—and the law has made them reclaimable in gold to the last pound sterling. But there is not gold enough in the country to liquidate one-fourth of the amount. And that absurdly slender stock is further rendered by law practically defenceless against foreign drains. If it were doubled tomorrow it might be reduced again in a few months to its old level.

That is one reason why London bankers hesitate to take a single step toward what for years past they have been declaring to be absolutely and even urgently necessary. They are afraid to accumulate more gold in what they know to be a very leaky vessel. Meanwhile they dump their spare cash on the Bank of England and call that their reserves. It is only cash reserves in the same qualified sense as the fifteen per cent. reserve of a United States national bank after it has been attenuated by depositing a portion of it in other banks.

The Bank of England keeps a forty to fifty per cent. reserve *in its own notes* against the daily balances of the joint-stock banks and against its own notes it holds as a rule about sixty per cent. of actual gold. The cash reserves of the joint-stock banks are thus watered down to twenty-five or thirty per cent. of their nominal amount. The latter averages fifteen per cent. of the total liabilities, so that the effective reserves are barely four per cent. To illustrate this curious and important point the latest monthly return of the twelve principal London banks is subjoined:

REPORT OF TWELVE OF THE PRINCIPAL LONDON BANKS.

Name of Bank.	*Liabilities on Deposit and Current Accounts.*	*Cash in Hand and at Bank of England.*	*Proportion of Cash to Deposits.* July	June
	£	£	p.c.	p.c.
Capital and Counties	32,881,441	5,018,142	15.3	15.2
Lloyds	63,483,591	9,624,542	15.2	16.8
London and County	44,413,095	6,958,155	15.7	17.4
London City & Mid	49,805,156	7,835,436	15.7	16.8
London and Southwestern	13,979,389	2,047,855	14.6	15.1
London and Westminster	24,740,657	3,271,628	13.2	13.6
London Joint Stock	18,730,514	2,625,299	14.0	14.9
National	11,331,909	1,432,270	12.6	12.6
National Provincial	52,886,828	7,913,854	14.9	14.8
Parr's	28,937,959	4,387,393	15.2	17.2
Union of London and Smiths	36,256,120	5,780,923	15.9	16.7
Williams Deacon	11,013,634	1,419,877	12.9	13.5
Total July, 1906	388,460,293	58,315,374	15.0	15.9
Total July, 1905	380,864,730	57,434,626	15.1	16.4

As usual with English banking statistics, the above return carefully stops short of complete information. In order to show the true situation of these twelve banks—the pivots on which the money market of the world revolves—the cash in hand should of course be distinguished from the balances at the Bank of England. But that would be telling the public too much, and the public being assured that official secrecy is good for it, placidly submits. It is only part of the Mumbo Jumbo which runs unconsciously through nearly all British commerce and finance. The regulation British shareholder is always more afraid of being told too much than too little.

Wonderful Economy of the British Currency System.

But however great the anomalies of British currency may be, it has one saving grace that atones for them all. Its economy of materials, whether metal or paper, is little short of miraculous. In contrast with its excessive thrift, American prodigality of money materials seems almost ludicrous. The old country still does a fair amount of business both at home and abroad, but it could not afford to keep a tithe of the till money which the Americans are always grumbling about as inadequate. A third or even a fourth of their fourteen hundred and seventy--five million dollars of gold would be perfectly intoxicating to Lombard Street. The Governors of the Bank of England would probably give a public dinner to celebrate its advent. Sir Felix Schuster might announce that at last London bankers could sleep in peace undisturbed by visions of vanishing gold reserves.

London bankers would rather be without the seven hundred million dollars of American silver and the eight hundred million dollars of American paper money. In fact, they would not know what to do with them. They would be driven crazy by the conversions and transformations which are always being made in these chameleon currencies. They would give up in despair trying to follow the transmutations of metal into certificates and certificates into metal, Bland dollars into common dollars and Sherman notes into fractional silver, United States bonds into national bank notes and national bank notes back again into legal money. The idea of a Treasury being a wholesale manufacturer and distributor of currency passes their comprehension entirely.

To an average Englishman the amount of printing and reprinting required to keep American national bank notes going would seem incredible. The redemptions and reissues certainly look rather wasteful even to friendly eyes. According to the Comptroller of the Currency nearly one-half of the total issues are redeemed and renewed annually. In 1904 (see table) new issues were made to the extent of 213 million dollars, but the outstanding amount had at the end of the year increased by less than forty million dollars. The other 173 millions must consequently have been renewals. This tendency to excessive redemption and reissue has, it will be seen, become much more marked of late years.

UNITED STATES NATIONAL BANK NOTES.

New Issues in Each Year.

	New Issues.	Total Outstanding.
1864	$58,813,980	$58,813,980
1865	146,285,475	204,635,205
1866	89,485,759	293,086,989
1868	6,165,135	300,116,958
1871	48,660,710	324,475,207
1875	136,025,195	343,170,018
1880	43,787,770	342,048,322
1885	83,040,440	314,872,978
1890	32,886,720	179,449,958
1895	57,181,040	213,491,147
1900	163,808,800	331,580,183
1901	123,100,200	359,798,400
1902	133,309,440	380,362,678
1903	187,249,260	419,496,966
1904	213,462,110	459,168,078

In the sizes of their bank notes the two countries differ as widely from each other as in their total volumes. Bank of England notes have a minimum of £5, or $25, but ninety per cent. of American national bank notes are under that amount (see table). Of the 457 million dollars outstanding at the end of 1904, fully 400 millions were under twenty-five dollars. Three-fourths of the whole were tens and twenties. These proportions seem to have held good through all the history of the national bank notes. Of the 3,031 million dollars issued between 1864 and 1904, inclusive, 2,603 millions were under twenty-five dollars. Redemptions reached the amazing aggregate of 2,574 million dollars. The

Americans have not only "got money to burn." but in connection with their national bank notes they have done a large amount of literal burning.* Other nations can only envy their ability to waste so royally. The following summary of sixty years' issues and redemptions is one of the most instructive records in American finance:

NATIONAL BANK NOTES, 1864-1904.

Denominations.	Issued.	Redeemed.	Outstanding.
Ones	$23,169,677	$22,824,750	$344,927
Twos	15,495,038	15,324,872	165,166
Fives	902,281,700	840,173,505	62,108,195
Tens	1.009,278,600	815,500,950	193,777,650
Twenties	652,608,580	506,857,140	145,751,440
Fifties	152,628,650	134,915,750	17,712,900
One Hundreds	256,718,700	219,528,400	37,190,300
Five Hundreds	11,947,000	11,853,500	93,500
One Thousands	7,379,000	7,355,000	24,000
Total	$3,031,506,945	$2,574,338,867	$457,168,078

Comparative Growth of British and American Currency.

The British and American currencies offer sharp contrasts at almost every turn. The striking difference in their volume is only the first of a long series. One still more striking is to be seen in their respective rates of growth. The British currency grows so slowly that it can hardly be said to move at all. Two or three years' increase of the United States currency would make an ample supply for the United Kingdom. Since 1902 it has gained nearly 500 million dollars, the greater part of it in gold. In May, 1902, the stock of gold in the United States was 940 million dollars, and now it is close on fifteen hundred millions!

In order to get an adequate idea of the rapidity with which new money is manufactured in the United States we must go back to the resumption of specie payments in 1879. The Americans then started their new hard-dollar regime with an aggregate circulation of 809 million dollars, little more than a fourth of what they now possess. The Bland law, which was to prove a pitfall for the gold standard, had just come into operation. Under this and other pneumatic influences the volume of money doubled itself in fourteen years, the aggregate reported in May, 1903, having been 1,596 million dollars.

The repeal of the silver purchasing clause of the Sherman law checked the progress of inflation for a year or two, and in May, 1896, the aggregate had receded to 1,521½ million dollars. At this point cheap money resumed its sway and between 1896 and 1902 the aggregate circulation increased fifty per cent, namely, to 2,260 million dollars. In one sense this is the most puzzling period in the history of American currency. Not only does it show marked inflation, but the inflation is of a different kind to anything previously experienced. There were no

* As a matter of fact National bank notes are destroyed by maceration, not by burning.—Editor Bankers' Magazine.

artificial and exceptional causes for it as the Bland and Sherman laws had been in the period from 1879 to 1893. It was automatic and to a slight extent stimulated by legislation. For that reason it is the more notable.

Though the Bland-Sherman period (1878-1893) was the most stirring in the history of American currency, it was not, as most of its critics now assume, altogether bad. If it corrupted the money of the country, it did not inflict on it some of the injuries it has since had to endure. Strange as it may seem, that period produced less inflation than has occurred since under the ægis of the gold standard reformers. In the decade which ended with 1895 the volume of currency was much more steady than in the one which immediately succeeded it. Its range during these ten excited years was only from 1,370 million dollars to 1,675 millions.

In 1895-6 there was an actual decrease of currency—one of the very few in recent history. Under stress of bad trade and contracting industry the volume of money declined from 1,606 million dollars to 1,521 millions. But from this point onward the rise was continuous and usually at an accelerating rate. The year 1896-'97 saw an increase of 118 million dollars, which was followed up in 1897-'98 with 180 millions, in 1898-'99 with 115 millions, in 1899-1900 with 119 millions, in 1900-'01 with 110 millions, and in 1901-'02 with over 90 millions. The average for the six years was 120 million dollars, or 24 millions sterling!

The Increase in the American Currency.

Why should there be such a notable and persistent tendency on the part of the American people to accumulate money, both paper and metal? Can it be because of something in their economic conditions, or in their industrial habits, or in their fiscal system, or in their banking methods, or in popular sentiment, which produces such a tendency? In the second place, is this a sound and healthy tendency to be encouraged, or an unsound and dangerous tendency to be guarded against? *Prima facie* the mere accumulation of money, however good in itself, cannot be a national benefit. The gold and silver so accumulated are so much capital locked up. They cost money to buy and it must be withdrawn or at least withheld from more profitable employments.

If only one-half of the 2,160 million dollars of gold and silver money in stock could be dispensed with, there would at three per cent. interest be an annual saving of sixty-five million dollars. In fact, there is much greater margin for economy in reducing the present unwieldy hoards of gold and silver than in cancelling the much-abused but useful greenbacks. The greenbacks have at least this excuse, that they do not increase and cannot possibly increase without fresh legal authority, which is not likely to be granted. But the gold and silver, especially the gold, increase all the time. There is no conceivable limit to the growth of the gold accumulation. It may pour in as fast as it likes—from Colorado, Montana, Alaska and the Yukon—and it will receive special welcome. Immediately on its arrival it is monetized and added to the national stock of money, whether needed or not.

One day the Americans may have to ask themselves, why they hoard such enormous quantities of the precious metals? Is there positive need for it, or is there positive benefit derived from it? On the contrary, may there not be future dangers lurking in it? Granted, all other commercial states do the same or try to do it. All of them scramble for gold and are glad to secure the last ounce of it. If the laws and principles of currency operate differently in the United States to what they do elsewhere, that is not the fault of the Americans. Some persons may think that it is their advantage. In any case it is a curious puzzle why money of every kind, paper and metallic, should in the United States be so much more than usually self-multiplying. In Great Britain similar forces produce much smaller and more uniform results. In the past ten years, during which the American circulation as a whole has doubled itself, our own currency has remained virtually stationary. Its fluctuations have been so slight as to escape notice, unless when special search is made for them.

The comparative volumes of the two currencies, British and American, are irreconcilable on any theory of the relative amounts of work they have to do. The only ground on which the Americans might claim a larger circulation than ours is that they number eighty millions against our forty-two millions. In every other respect the advantage is with us. Our foreign trade as a whole, that is imports and exports combined, is still forty per cent. larger than theirs. One year they capped us in exports by a few million pounds, but since then the tables have been once more turned. Our share of international banking and exchange is still much greater than theirs. At present we are having to finance them as well as our ordinary foreign customers. And how we contrive to do it all on a stock of gold and silver not exceeding 120 millions sterling, if so much, is as profound a mystery as the need the Americans have for their 2,100 million dollars or 420 millions sterling of the same metals. What is there in the industrial situation of the United Kingdom that enables it to get along with little more than a fourth of the metallic money owned by the United States? And why should the over-moneyed country seem to be on a more solid and secure basis than the other? At all events, much more apprehension may be heard in financial circles about the immediate future of the nation with the 420 millions sterling of metallic money than about that of the nation with only 120 millions sterling.

The more one studies it the more wonderful a paradox it seems that 120 millions sterling of metallic money should be doing a great deal more monetary work on the English side of the Atlantic than 420 millions sterling can do on the American side. Moreover, the 120 millions is an extreme estimate. The actual amount may be considerably less. We know for certain that the Bank of England generally holds between thirty-five and forty millions sterling of gold and that the banks of issue in Scotland and Ireland have agggregate holdings of from nine and one-half to ten millions, say fifty millions in all. Estimate for till money of non-issuing banks and for private circulation another fifty millions, and we shall not be far from the total stock of gold in the United Kingdom. Our silver circulation has been variously estimated at from twenty to twenty-five millions sterling, but being all token coinage it costs the nation nothing. On the contrary, a handsome profit is derived from new coinage.

Somewhere between 120 and 130 millions sterling may be the limit of our metallic money, as compared with the American 420 millions sterling. The only reason that can be suggested for the smaller supply doing more work than the larger one is that it is less diverted from its proper duty. It is also less subject to hoarding. Gold and silver stowed away in vaults may really prove as useless to mankind as if they had been left underground. The same law that governs paper issues appears in a more roundabout way to control the monetary value of the precious metals. It renders mere quantity of much less importance than quality and adaptability to the monetary service required.

Disproportion of the Paper Currencies of the Two Countries.

If we include paper money in our comparison, the contrast between the British and American currencies will be greatly accentuated. The fixed or fiduciary issues of Great Britain and Ireland are under thirty millions sterling, of which about twenty millions is in England and the other nine millions in Scotland and Ireland. The actual note circulation at the same date was over forty-four millions, but fifteen millions of it was covered by gold and ranks properly as gold certificates. Against this modest twenty-nine millions sterling of uncovered note issues the Americans had on July 1, last, 800 million dollars or 160 millions sterling. Again, we may ask, why this remarkable discrepancy? Either our note issues must be too small or those of the United States must be too large. If not, there must be some special reasons for their magnitude as well as for their continuous growth.

One of the many capable economists who now abound in the United States might turn his attention to this anomaly and endeavor to find out why such a disproportionate amount of legal money is required by the Americans. There is a mystery about it worth an effort to solve. The large stock of gold may be partially accounted for by the native output, which has of late averaged 80 million dollars per annum. The silver is an evil legacy from the Bland regime, but why such accumulations of paper money? The popular reason, I believe, is that the people prefer paper money. An American with a "wad of five or ten-dollar bills" is fit to go anywhere and do anything in the way of business. With an equal amount in "cart-wheel dollars" he would have to be carried about like a wealthy Chinaman.

Another American anomaly is the complete absence of sympathy or correspondence between the commercial and the currency movements of the precious metals. The balance of imports and exports, whether favorable or the reverse, has little effect on the metallic circulation. If it shows anywhere at all it is in the metallic stock held by the Treasury. In the year 1901 there was an excess of gold imports to the amount of 13 million dollars; in 1900 the exports were 3½ millions in excess of the imports. In 1898 and 1899 the balance was on the import side to the extent of 105 million dollars, and 51½ millions respectively. Taking the former years together the net gain in gold from abroad was 166 million dollars and the domestic production of the same period aggregated 272 million dollars; total gain, home and foreign, 438 million dollars. Nevertheless at the end of the four years the value of the gold coin and certificates in circulation was only 182 million dollars more than it had been at the beginning. The stock in the Treasury had however increased another eighty million dollars—together 262 millions. There remained unaccounted for a sum of 196 millions, or 40 per cent. of the total value of the gold imported and produced at home.

In silver the commercial movement is equally at variance with the currency movement. In the four years 1898-1901 the native production was 221 million ounces, with a coining value of 285 million dollars. The exports and imports of the same four years would almost balance each other if we include silver imported in ore. The whole of the native production (285 million dollars) has therefore to be traced either into circulation or into commercial use. But the total addition between 1898 and 1901 to the coined silver bullion was only sixty million dollars and to the fractional silver nearly fourteen million dollars—together seventy-four million dollars. Consequently, there remained unaccounted for 211 million dollars.

The international movements of gold and silver interest the United States less for their own sakes than as a means of exploiting the international money market. To a country which has for the past forty years produced at home an annual average of nearly fifty million dollars of gold and over fifty-seven million dollars of silver, it must matter little if the balance of the foreign trade in the precious metals be a few million dollars more or less in a given year. The worst balance it can have will do it little permanent harm and the best will do it equally little permanent good.

We come now to the final and crowning paradox in this series of contrasts between a new currency system and an old one. The new one, which so far as its stock of money is concerned ought to be much the stonger of the two, draws most frequently and systematically on the foreign money markets. The "finance bills" of New York seldom draw a dollar from the huge hoards of gold in the Treasury and the domestic banks. They rather take advantage of the vanity of Lombard Street whose motto is that it has always money to lend at a price.

London.

A PRACTICAL TREATISE ON BANKING AND COMMERCE.*

BANK RESERVES.

Rationale of Cash Reserves—How Much—Of What Character—Canadian Legal Tender—Proportion to be Kept by Banks—Other Forms of Reserves—Bank Balances—Call Loans—Conditions as to Both.

IT has been pointed out that the first idea of one who has commenced the business of taking care of other people's money, and has engaged to repay it on demand, will be to keep the whole of it in his safe; and a humorous example of this feeling has been given in the address of the president of a newly-organized bank in the United States. There would, indeed, be some justification for this course; for how, such a banker might say, can I possibly tell *when* these people will want their money, or *how much* they will want, if they need any at all. Until, then, he had arrived by experience at what may be called a law of average, as to the demands of his customers (as a whole) from time to time, he would, if prudent, keep the larger part of the money deposited with him within reach. But as time went on such a banker would arrive at this general average, and after providing for this, and also for unforeseen emergencies, would feel himself safe in using the balance of his depositor's funds in transactions yielding interest.

Through such a process as this the whole business of banking has passed, until in the evolution of events general rules and priniciples have been arrived at; applicable, some to one condition of things and some to another. For conditions differ in different countries and also at different times. It is universally conceded, for example, that in the case of the Bank of England a larger percentage of actual money reserve is needful than is the case with an ordinary bank; and for this reason, that the Bank of England is the depository of the spare money of all the banks in the Kingdom. In the balance-sheets of all London banks will be found the significant item, *cash on hand, and in the Bank of England.* They all keep large amounts of money in the great central institution, not that they get any interest for it, for they do not, but for the sake of convenience, and partly, also, for safety.

But these London banks are themselves custodians of the spare funds of the banks of the interior, all of whom keep accounts with a London bank, and usually have large amounts of their reserve money lodged with them. It thus has come about, by a gradual evolutionary process, that much of the reserve money of the whole Kingdom is in the shape of bal-

* Continued from September number, page 424.

ances due by the Bank of England; a fact which at once suggests that the great national institution should keep a far larger proportion of such balances in actual gold in its vaults than would be necessary if its depositors were wholly mercantile.

But at this point another consideration arises, viz., of what should this actual money consist? The answer to this question involves another, viz., what is considered to be actual *money;* that is, what are all persons bound to receive as such according to the law of England or of any other country? Within the Bank of England itself the only money which it can tender in response to a demand is GOLD COIN. This is the only LEGAL TENDER for the Bank. But the law of England has provided that the *notes of the Bank of England* are themselves legal tender everywhere except at the counter of the Bank itself. These notes are simply the *promises* of the corporation to pay a given number of pounds on demand; but it would obviously be absurd for the Bank to be able, legally, to pay its own promises with its own promises. This would make them irredeemable, in which case they would infallibly go to a discount. The Bank must perforce pay in gold, if payment is demanded. Gold, of course, is legal tender if any other bank or person chooses to tender it. Silver coins are recognized as legal tender also, but only to the extent of two pounds—an amount evidently fixed as the sum an individual can carry about with him, or wherewith a laborer's wages can be paid, or small change made. It is, however, entirely unsuitable for the larger purposes of trade and commerce.

Gold, therefore, is the final legal money of England (but Bank of England notes are not legal tender in Scotland), and as the Bank of England is the only place where no other money will answer lawful demands, this Bank is the great reservoir of gold for the country. Every other bank in the Kingdom can keep its available reserve in Bank of England notes, and with them discharge all lawful obligations. But as no bank notes in England are less than five pounds, a large amount of gold coin must necessarily be kept for the requirements of business.

It has come, therefore, to be universally understood that the percentage of the reserve of the Bank shall be on a far higher scale than is considered necessary for an ordinary institution. It generally ranges from forty to fifty per cent. of the Bank's liabilities, and is watched by the whole financial world with as much care, and sometimes with as much anxiety, as the weather is by a farmer or a navigator.

For ordinary banks it has come to be recognized, as the result of wide experience, that a cash reserve of about twenty-five per cent. of liabilities is sufficient for ordinary purposes; with the proviso, however, that a sort of secondary reserve shall be held for emergencies in the shape of investments. The latter is fully of treated later on. The proportion of twenty-five per cent. has been adopted in the banking law of the United States as the standard to which all the national banks located in "central reserve cities" and "reserve cities" must conform. That amount of available reserve they are bound to keep. But the banks of Canada, though fully recognizing this percentage as a reasonable one, have always declined to have it made compulsory, for reasons set forth in other chapters.

CHARACTER OF THE RESERVE.

Assuming, then, that this amount may be reasonable for a bank to keep, the question may fairly be raised as to the precise shape in which such a reserve should be held. This brings us to the question of what is legal-tender money in Canada?

It is to the credit of Canadian financiers and bankers that they have always maintained that gold is the only proper basis for a monetary system, refusing to be drawn away by the plausible arguments, at one time so general in the United States, in favor of a double standard. And whatever may have been the case in the early days of settlement, it is crtain that for more than sixty years past the single standard of gold as legal tender has been resolutely maintained. The only time when specie payments were ever suspended in any of the British Provinces was when the country was in a state of civil war. This was in 1837.

But about forty years ago—or immediately after Confederation—a strenuous attempt was made to introduce a Government currency which would operate somewhat as that of the Bank of England does in England. These Government notes were to be legal tender, except at the Government Treasury. There they were to be redeemable, on demand, in gold. Under this measure it was intended to abolish bank-note circulation altogether. The majority of the banks, however, strenuously resisted this; and after a controversy extending over several sessions of Parliament, a compromise was finally agreed to, by the terms of which the banks retained the right to issue notes to the extent of their capital. An act was passed authorizing the issue of Government notes, but only of small denominations, for general circulation; and also of notes of large denominations for use between banks in settlement of claims against each other. Both alike were to be redeemable in gold. The final basis, therefore, in the country was still to be gold.

In connection with this an important clause was introduced into the Banking Act, which ensured that the banks, at all times, should hold large amounts of these Government notes. The clause was this, that whatever amount each bank might hold from time to time, as a cash reserve, at least forty per cent. thereof should consist of Government notes. Being then under obligation to hold such large amounts, it became a matter of vital importance to the banks that this currency should never fail to be redeemable in gold on demand. When, therefore, the Dominion Note Act was passed, the bankers of the day, in conference with the Government, pressed strenuously for a broad foundation of actual gold, to be always available in the Treasury, and that Government bonds, duly authorized by Parliament, should be held for the balance. These ideas were acquiesced in by the Government, and on this foundation the legal-tender notes of Canada have ever since rested. It is important to note that there has never been an occasion in which the Treasury failed to respond instantly to any demand for gold made upon it.*

Thus, then, we arrive at the mode in which the banks of Canada deal with their cash reserve. All their instincts as bankers and all the traditions that influence them, would lead them to keep their cash reserves wholly in gold coin, and to make their clearing-house settlements in that medium. This they actually did until the Dominion Note Act was passed. But as the law of their organization binds them to keep at least forty per cent. in Government notes, and this under heavy penalties, they do, as a matter of fact, keep more. How much more is left to their own discretion and convenience. Notes of large denominations are, of course, much more convenient to handle than the bags of gold they were formerly accustomed to carry about. And being well convinced that these notes are perfectly safe, long experience having proved that gold can be had for them whenever wanted, the banks have settled down into a general practice of keeping much larger amounts of such notes than they are bound to do.

There are, however, two drawbacks. It is much easier to steal and to hide such notes than it is to steal gold. Gold is so heavy that it is practically impossible for a thief to carry it away. A theft of bags of gold has never occurred in the experience of banks of Canada, although it has been known that bars of specie have been stolen in transmission across the Atlantic and the Continent. The second drawback arises from the fact that all engraved notes can be imitated and forged; a very practical danger, as experience has proved. In view of both these possibilities, the Government, after consultation with the officers of banks, have adopted special precautions in the matter, making it almost impossible for the large notes to be used in any way except between banks, and thus practically useless to a thief or embezzler. As to the smaller ones, as none can be issued above four dollars, it is not worth while to attempt to counterfeit them.

The banks, it will be observed, under this system are under no obligation to keep gold at all. Every demand made upon them can be satisfied with legal-tender notes. But as a matter of fact all the banks *do* keep a portion of their cash in gold, as may be seen by the returns made to the Government. There has never been an issue of these returns in which any bank reported that it carried no gold. Now, for this course there have been several reasons. The first is that they are sometimes

*The basis, it will be perceived, is analogous to that of the Bank of England. That Bank is popularly supposed to hold actual coin against every note passing over the counter of its issue department. But this is a fallacy. The Bank is authorized to issue notes against the large amount of Government bonds which represent its own capital. Thus, Bank of England notes, like those of the Government of Canada, rest partly upon a strictly-defined amount of Government bonds, and partly upon gold. It should be noted further, that the Dominion Note Act strictly limits the amount of notes that may be issued against Government securities, and ordains that for any excess beyond this amount dollar for dollar shall be held in actual gold coin.

asked for gold by customers who are travelling, or who have a use for gold, at times, in the transaction of business. These demands, however, are always very slight. Another reason for keeping gold is that in certain conditions of exchange with Great Britain and also with the United States it is the most profitable medium of remittance. This, however, does not, as a rule call for what may be called large amounts, that is, in proportion to the total reserves of the bank.

A third is, that long and traditional habits with Canadian bankers have led them to value gold as the final foundation of all their transactions, and to keep as much of it as they can with convenience and under compliance with the law. It may be truthfully said, that in spite of the great convenience of legal-tender notes *in practice,* there is not a Canadian banker but would feel more satisfaction in carrying gold in his vaults to represent the whole of the cash reserve. Another reason (rather a remote one in practice) why the banks keep a certain supply of gold is, that on the rare occasions that a "run" takes place on any of them, nothing will satisfy demands as effectually as gold. Indeed, it has been known more than once, in the experience of both sides of the Atlantic, that the mere piling up of gold on the counter in sight of all and sundry who came, has been sufficient to stop a "run" altogether. Fifty thousand dollars is the merest fraction of the reserve of most of our banks, but fifty thousand dollars in gold coins, piled up on the counter in front of a paying teller will generally satisfy all but the most nervous applicants. When the people see so much gold they are ashamed to ask for it.

But now, granting that the cash reserves of the bank must, of necessity, consist partly of legal-tender notes, and assuming that twenty-five per cent. of liabilities may be considered a normal amount, why should not a bank keep the whole of this percentage in Government notes and gold? That none of the Canadian banks do this is known to all who examine their statements to the Government. On the other hand it is equally well known that the sum total of what the banks call their *available reserves* is, as a rule, far beyond the twenty-five per cent., and is more frequently as much as fifty per cent.

A critic, however, may say, that as the liabilities of the bank are all payable in legal tender or gold, why not keep this twenty-five per cent. at any rate in this solid shape? Demands are daily made on the banks by other banks, and it is certain such demands cannot be satisfied by tender of balances due from banks abroad or by call loans. Why then not keep in the vault the kind of material which can be used on the spot? This is a very reasonable question, to which every banker is bound to give reasonable consideration, with a view to satisfying not only himself but the banking community and the public generally. For, in any country, none are so much interested as bankers in the stability of banks as a whole. But this is more particularly the case in Canada, where, under the operation of the "redemption fund," all the banks are practically guarantors of each other's notes. No persons watch the returns of the reserves of the banks with so much care as bankers do. But with far more care do prudent bankers watch the fluctuations in their own reserves. The amount and the percentage of his available resources is a matter of daily consideration and examination by every banker. And just as the *amount* of the reserves is so considered, so is their character. If any banker had concluded, as the fruit of reasoning and experience, that it was necessary to keep the whole percentage of his reserves in gold and Government notes, he would undoubtedly do it. But practical experience—and that extended over a long period and through varied circumstances—has convinced most bankers that the requirements of safety can be fully met by keeping considerable sums deposited, at credit, with banking agents, in one or more great financial centres. Thus it is, as has been observed, that English country bankers keep so much of their cash in the hands of their London agents, while these agents, in their turn, keep a large part of their cash in the vaults of the Bank of England. The same principle obtains in the requirements of the United States banking law, which, rigid as they are, as to the total *amount*, allow considerable portions of such reserves to be deposited with banks in large centres.

Now, in considering the application of this general principle to Canadian banks, let it be noticed that the requirements of their business call for them all to have accounts with bankers in at least two financial centres—New York and London; and in some cases with Boston also. Without such arrangements they could not meet the requirements of their customers, nor make the collections required in the course of business. The trade between Canada and the United States is, as we all know, of immense magnitude; but it is not so well understood that this immense trade is all represented by banking transactions of equal magnitude. Now, New York is the financial centre of the American Continent, and all these transactions finally centre there. Money flows *to* New York and flows out *from* New York in large sums (only a small part, however, in actual coin), according as the exigencies of commerce arise. Canada is included within the area of these operations, and the Canadian banks, in furtherance of them, must of necessity keep large supplies of money in New York at immediate call. These balances with banks in New York as a financial centre correspond with the balances kept by provincial and Scotch banks in London. And experience has demonstrated that the money a Canadian banker has with his banking agent in New York is almost as available as if he had locked it up in his safe. He can make it available in the intercourse of banks by drafts, for which he can obtain legal tenders on the spot, if he needs them. It has thus come about that bankers in Canada have come to regard cash to their credit in a New York bank as a part of their cash reserves.

Utilization of Spare Funds.

There are, however, other considerations connected with this matter. Whilst the first instinct of every banker is to keep himself safe, under all circumstances, it is equally his instinct to endeavor to make as much profit as he can out of the funds at his daily command. This has long led to the consideration whether spare funds cannot be so employed as to yield some interest, and yet be absolutely safe and at command when wanted. It is obviously only in great financial centres, where vast masses of money are constantly to be found, that such operations could be devised; accordingly, it is only in London and New York where they are developed to any large extent. They are found indeed, but only to a limited degree, in smaller financial centres. Now, in London, for one or two generations back, the balance-sheet of every bank has contained amongst its assets this significant item, *loans at call,* the significance being that this item was invariably included as a part of the cash reserve of the bank and not amongst its loans or investments. *Cash on hand, in Bank of England or at call;* this form, slightly varied as it may be, but the same in substance, has appeared in every London bank statement for fifty years. And the fact that it has so continued and is in full force to this day, is proof that it has worked satisfactorily.

The same conditions that have prevailed in London have also arisen, and had influence in New York. Money can be loaned there with a large margin of security and with an assurance of being returned on demand, to a class of borrowers of high standing. It has been so for a sufficiently long term of years to enable the system to be tested. And as it has yielded similar satisfactory results, the banks have steadily followed the course purused in London and placed money out on call, repayable on demand, with a large margin of security, taking for it whatever rate may be current at the time. And long experience, in every variety of circumstances, even in sharp crises, has proved to bankers that they can do this with assurance of receiving it when wanted. The bankers of Canada well know the importance of having their ordinary reserves at absolute command; and if at any time any events had transpired which cast a shade of uncertainty over this fundamental requirement, it would have been discontinued beyond doubt.†

Much that has been observed with regard to placing spare money and keeping part of a banker's cash reserves in New York applies equally to London. The whole trade between Canada and Great Britain gives rise to banking transactions in the shape of sterling bills of exchange or transfers of money by cable. Indeed, if the amount of such bills passing

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†There are, however, call loans put out in smaller centres of finance than New York or London. In fact, wherever there is a stock exchange, of sufficient magnitude to give rise to large daily transactions, there is the opportunity of placing out money strictly at call, on the security of stocks and bonds. But bankers are well aware of the difference between such small centres and those of continental or world-wide magnitude like New York or London. This difference is not so much in the safety of the loans as in the certainty of repayment of large amounts immediately on call. It has consequently been the practice, especially by the larger banks, to place a limit on the amount of money they loan at call in smaller centres, reserving the larger operations for New York or London. But as to safety, there is as much of this in the smaller centres as the larger.

through the hands of the bankers that have to do with them could be ascertained, it would be found to afford a very fair idea of the trade between Canada and the mother country. All these transactions finally centre in London. It is a matter of necessity, therefore, with all Canadian banks to keep an account with a bank in London, and to have money at command there. With the majority of the banks, balances with their bankers comprise the whole of the arrangements they have in that centre. But several of the larger ones have an office of their own in London and can, if desirable, place money on call there as they do in New York.‡

Thus balances and items are created, which appear in bank statements either as balances due, from banks in Great Britain, or call loans put out on that market.

We thus arrive at the three modes in which a banker's cash reserve may be held: First, in gold or legal-tender notes, in his own possession; second, cash balances due on demand from other banks, generally in New York and London, but sometimes in smaller centres; third, cash, payable on demand—or it may be at one or two days' notice—loaned to stock brokers with stocks or bonds as security, and a margin.

It is the last two items that give rise to criticism, and the criticism is, either that the banker from whom money is due may become embarrassed and fail to respond at once, or that the parties who have borrowed money on call may also fail to respond and compel the banker to realise his loan by selling securities. This, of course, would cause delay, and thus make such transactions undesirable as cash reserves. To all which it is sufficient to reply that time and experience test all things. When brought to this test, both these modes of placing money have been demonstrated to be successful. As to balances due from banks in large centres, there has hardly been known an instance, amongst the countless multitude of transactions in which any New York bank failed to respond to demands. Not that no bank has ever failed in New York, for some second-rate concerns have stopped payment. But none of the large corporations, with whom the Canadian banks are in the habit of keeping accounts, have ever failed to respond to demand. It is needless to say that the same observation applies also to London. But it may be a matter of surprise to those not acquainted with the subject to learn that there has scarcely ever been an instance, amongst the countless transactions in call loans, when a delay, even for a day, has occurred in responding, and that an actual loss of such money has scarcely ever been heard of. Thus, time and experience have both proved that, for all practical purposes,

‡It is well known, also, that London banks are quite willing, and have been so for a long period, to allow Canadian banks a standing credit, that may be availed of or drawn for according to terms agreed upon. This credit cannot be looked upon as part of a bank's cash reserve, as a balance at credit would be, but it may be considered as a secondary line of defence against emergencies, somewhat in the same manner as we have shown investments to be in the next chapter. For money can be obtained against such a credit, by a Canadian banker at any time, within twenty-four hours.

moneys due by bankers in financial centres, and cash placed out on call, are both available at any time within twenty-four hours.§

There are, of course, occasions during which the signs of threatened disturbance in financial matters have become so serious that bankers have thought it prudent to draw in balances due them by other banks, and to call in the money they placed out at call. Such a time, for example, was to be found when what was known as the "silver agitation" rose to such a height in the United States as to become the main factor in a Presidential contest. Canadian bankers well knew the dangers involved in this question, and were convinced that gold would rise to a premium if the views of certain parties prevailed. They had previously taken the precaution to have all their contracts for loans at call made *payable in gold;* but in addition to this it was thought desirable by some to draw away money altogether from the scene of possible disturbance, leaving only such balances as were absolutely necessary for the conduct of business.

This matter is of interest to merchants as well as bankers. For they should undoubtedly so manage their affairs as to have a reserve of cash —in hand, or in bank, or bills undiscounted, or a reserve of credit undrawn upon with their banker. If not, they may be compelled to stop payment, even though solvent.

G. H.,

Former General Manager Merchants' Bank of Canada.

GROWING BANKS IN KANSAS.

KANSAS has added reason to boast of superiority. When it became certain that bumper crops of corn, as well as wheat, were to be harvested this season, some complacent Kansan figured out from the bank deposits and other less tangible statistics that when the dollars came in for the new crop there would be $600 for every man, woman and child in the state. Now the tidings comes from Topeka that, counting in twenty new banks started within the past two months, Kansas has more banks in proportion to her population than any other state in the Union. A capital of $10,000 is ample on which to start a bank in the grain country—very few have more. Out of the total of 836 banks in the state only 181 are national banks and seventeen private institutions. One bank of the $10,000 class showed in examination recently $160,000 deposits, of which three-fourths was in cash and sight exchange.—*New York Times.*

§It may seem strange that a banker can reckon upon money at his credit in London being as much at his command as if he had it deposited in a bank in New York. But to such perfection have exchange operations between these financial centres been brought that bills of exchange, either at sight or time, can at once be negotiated and the amount placed to credit, with as little loss of time as it would take for a merchant to draw a check on his own bank in the same city. And if an exacting critic should object that this is not a sufficient reliance in such an important matter as cash reserves, inasmuch as financial disturbances would impede its operation, the reply must be that experience does not justify this contention. There has never been a time in the heaviest crisis in which money could not be transferred from London to New York or Montreal by means of bills of exchange, or cable transfers. The only difference between the transferring of money in a crisis and in an ordinary time is in the rate of exchange.

AN ELASTIC CURRENCY.

BY RAYMOND V. PHELAN, A M., PH. D.
ASSISTANT PROFESSOR OF ECONOMICS AND SOCIOLOGY IN MIAMI UNIVERSITY.

EVER since the inadequacy of the Currency Act of March 14, 1900, became manifest, students of money and banking have been emphasizing the one great defect in our currency—its non-elasticity. It fails absolutely to respond to the varying needs of seasons, localities, and to the changing conditions of business. The Government maintains an unnecessary debt as the basis of a bank currency system whose sole virtue is that of safety. To be sure, safety is the primary requisite in a bank-note system, and if the system based on United States bonds were the only safe one, of course there would be no question as to the desirability of that system, which was devised, not to promote the operations of trade and industry, but to force Government bonds upon a reluctant public. However, it is hoped that this paper will show that a bank currency based on general assets, when properly safeguarded, will have all the safety of the present unscientific system, along with the additional virtue of perfect elasticity, and that such safeguarding may be easily provided for.

Demonstration of the Inelasticity of the Present System.

That the system now obtaining is inelastic may be easily shown. The annual fall crisis in New York is sufficient evidence. Banks in reserve cities are permitted to keep fifty per cent. of their reserves on deposit in New York banks, which of course do not allow these deposits to lie idle in their vaults. In the fall, when the Western and Southern banks call in their reserves to be used in moving the crops, there is a stringency in the New York money market, and as New York is the great clearing-house for the entire country, any disturbance there is felt all over the United States.[1] Not only does the moving of the crops bring on a crisis, but the reaction following is dangerous. Deposits become inflated; interest rates fall; and in consequence speculation is encouraged.[2] As incident to the annual crisis attendant upon the moving of the crops, the Secretary of the Treasury is placed in a bad light. He buys bonds, or anticipates interest, or increases Government deposits, in an

(1) "Every year there is a great deal of anxiety and often serious disturbances in business until the crop season is over and the money returns to those who have had to furnish it. This is a matter of more importance to the man who needs the money than to the man who furnishes it. When interest rates advance, it is the man who pays the higher rate who suffers most, not the man who has the money to lend."—Report of the Comptroller of the Currency, Vol. I, p. 59.

(2) Chas. N. Fowler, "Bank Currency and Branch Banks," "Sound Currency," Mar., 1902.

effort to relieve the situation, and in consequence thereof falls under the imputation of having assisted one of two hostile groups of speculators.

As evidence of the fact that the volume of notes under the present system does not follow the ebb and flow of trade and industry, may be cited the increase in the volume of bank notes in 1891 and 1892:

"The financial panic of 1890 caused a fall in the price of Government bonds, and thereby increased the chances of profit on the circulation of national bank notes. As a result there was a net increase of $13,000,000 in their circulation in 1891, and of $8,000,000 in 1892. Now, in these two years there was absolutely no demand for an increase in the circulating medium of the country; on the contrary, the Treasury Department in these years was injecting arbitrarily between $25,000,000 and $50,000,000 of silver paper money into the currency of the country as a result of the Silver Purchase Act of 1890, and gold, in consequence, was being exported at a rate which alarmed business men and finally precipitated the panic of 1893."[3]

Not commercial needs but the value of the United States bonds determines the volume of the bank-note issues. It is profitable to issue bank notes when the premium on bonds is low. The premium on bonds is low when trade is not expanding. When the premium is high, banks usually find it profitable to sell their bonds, or at least not to buy more. The premium is high when trade is expanding. Hence notes are contracted in volume when expansion is desirable; they expand when they should contract. Furthermore, it is more profitable, under the present system, to issue notes where interest rates are low than where they are high. Statistics show that the privilege of issuing notes is more largely taken advantage of in New England, where interest rates are low, than in the South and West, where they are high, and where they are most needed.[4]

The inadequacy of the present system of bond secured notes was clearly shown in the panic of 1893, when 330 banks failed, of which 130 showed actual solvency by resuming their functions within three months. In the meantime, deposits of over $50,000,000, affecting probably 100,000 depositors, were tied up.[5] If these banks could have used their assets in the form of bank notes, they could have saved themselves, and so assisted industry and trade that many a financial disaster would have been averted. American bankers owe about 7,000 million dollars; they have in cash probably 800 or 900 million dollars. As the law requires and safety demands a reserve of only twenty-five per cent. or less, one dollar of reserve is good for four dollars and upwards of liability.[6]

Present System Discriminates Against Small Traders.

Under the present system the banker can extend his credit to those doing business on a large scale, but not to the small dealer, the miner

(3) J. F. Johnson in "Report of the Monetary Commission," p. 229.
(4) Wm. C. Cornwell, in American Bankers' Association, 1899, p. 192.
(5) Louis R. Ehrich, "Assets Currency," in "Sound Currency" for Mar., 1903.
(6) Lyman J. Gage, "The Principles of Bank Currency" in "Sound Currency" for Mar., 1903.

or the farmer, who cannot use the check, but who can use the bank note. The observation of Mr. Wm. B. Ridgely, Comptroller of the Currency, is interesting and instructive:

"The people in the country who do this enormous business [2,500 to 3,000 million bushels of grain, eight to ten million bales of cotton, and a corresponding quantity of other farm products] and produce this great wealth are entitled to a better service than they get, are in fact entitled to the very best facilities which can be devised and supplied to them, * * * * as the tables show these people own land worth 16,674 millions of dollars, farm implements worth 761 millions, live stock worth 3,078 millions, and raise over 4,000 million dollars' worth of products. In the farming states there are banks with over 600 millions of capital and 70 millions of surplus. They have on hand in cash 370 million dollars and due from other banks 802 millions. Here are agencies enough to perform this work and abundant basis for the credits if the law permitted it."[7]

Here is evidence from one best situated to know what is needed to reform our bank-note currency, and who believes, as will be indicated further, in another place, that a system of bank notes based on general assets will be perfectly safe.

Objections to Notes Based Upon Deposit of Securities Other Than U. S. Bonds.

It has been suggested that the banks be allowed to issue notes upon depositing securities other than United States bonds, such as railway, state, and municipal bonds. Such a plan has the same disadvantage as the system now prevailing. Under such a system the volume of notes would be determined just as under the present system, by the value of bonds, which do not necessarily fall in value with an increasing demand for money. Bonds remain firm while the industrial world is clamoring for an expansion of the currency, as the price of bonds depends upon the demand of people looking for long time investments. When contemplating an issue of notes, a banker puts to himself three questions: first, will the price of Government bonds fall while he is in possession of them; second, can he get his notes into circulation; third, will he be able to keep them in circulation during a possible lull in business? If note issues were based on general assets, instead of on specific assets deposited in the Treasury, only the third question would need to be answered, and we should have an elastic currency.[8]

Asset Currency Can Be Made Both Safe and Elastic.

It is my purpose to show that such a system of bank currency based on general assets can be devised and regulated as will be perfectly safe and elastic. Safety is to be secured by a provision for ready redemption and by a safety fund, to be provided and maintained by a slight tax

(7) Report of the Comptroller of the Currency, 1902, Vol. I, p. 61.
(8) Jos. F. Johnson, in "Political Science Quarterly," Vol. XV, p. 499.

on notes issued, and sufficient to redeem the notes of all banks that may fail, and also by strict Government inspection and regulation. Elasticity will be secured by the provision for swift and ready redemption. Over-expansion, if such thing be possible with adequate machinery for redemption, will be prevented by allowing banks to issue only to the amount of eighty per cent. of their capital stock. This limit will be sufficiently high, as the banks have never issued more than 73.44 per cent. of their capital.[9]

At the instance of Mr. Lyman J. Gage, then Secretary of the Treasury, the actuary of the Treasury, assuming (1) that all the banks in existence since the passage of the National Bank Act had been allowed to issue notes to the full amount of their capital stock, fifty per cent. only of the notes being secured by bonds; (2) that each bank had paid a tax of one-eighth of one per cent. on its issues, and (3) that each bank failing had out its full quota of notes, found that, after every noteholder had been paid in full, there would have been in the safety fund, created by the tax of one-eighth of one per cent., on January 1, 1901, $27,000,000. This shows beyond a doubt that a safe asset currency is quite possible. A tax of one-quarter of one per cent. would insure and more than insure the safety of a system based entirely on assets.[10] The argument that the strong banks would not take out notes for the benefit of the weaker ones is scarcely valid, for the fact that the banks have since the passage of the National Bank Act paid on note issues taxes equal in amount to four and one-half times the amount of the notes of failed banks indicates that there is a strong inducement to issue notes.[11] After a sufficient fund is created, the tax of one-quarter of one per cent. can be reduced. Easy redemption, essential to the maintenance of paper money at par, can be secured by requiring each bank to have in every important city an agency for the redemption of its notes. The notes would be speedily sent in for redemption, as every banker would feel impelled to send in for redemption the notes of banks other than his own. A system of careful and frequent Government inspection would insure a strict observance of the law.

How the Banks and Their Depositors Would Be Affected.

I have considered the question from the point of view of the whole community, and while I am aware that any improvement in banking tends to the benefit of all concerned, let us inquire whether there are any special advantages or disadvantages to depositors and bankers in the system proposed. I do not think that it is necessary to give noteholders a first lien on assets. Yet if that were done, would depositors have less ad-

(9) In 1882 the banks issued 73.44 per cent. of their whole capital. This is the highest mark. Report of the Comptroller of the Currency, 1902, Vol. I, p. 31.

(10) Mr. Fowler computed that a tax of twenty-two hundredths per cent. would have been sufficient to redeem the notes of all the National banks that have failed. Report of Comptroller of the Currency, 1902, p. 58.

(11) Notes of failed banks, less than 21 millions; taxes, more than 90 millions.

vantage than under the present system?[12] Have not noteholders a first lien now? Can the bankers lose anything by such a system as the one proposed in this paper? Is it not probable that they could lend their money, now invested in United States bonds and on which they make less than one per cent., at a rate high enough to bring in at least the amount of the tax on their circulation? The following table, taken from the Comptroller's Report for 1902, shows the profits in 1902 on $100,000 worth of bonds:

2's of 1930	.622%+6%=$7289.62
3's of 1908	.163%+6%= 6687.52
4's of 1907	.185%+6%= 6868.42
4's of 1925—loss of	.056%+6%= 8136.39
5's of 1904—loss of	.044%+6%= 6240.01

The Government could easily afford to pay the increased cost of inspection necessitated by the new system. Two per cent. of 380.5 millions, the amount of notes in circulation in 1902, is equal to 7.61 millions, paid as interest on a debt, which if not now entirely unnecessary, soon will be. Assuming 5,000 banks, 7.61 millions would provide an inspector for every five banks at a salary of $7,610 a year.

Now, this optimistic view of bank currency based on assets is not due to favorable abstract deductions alone, but is also inspired by the experience of many countries,[13] including our own, with this unscientific system of bank note issue.

In Germany, the thirty-two independent banks of issue and the Reichsbank are allowed to issue in the aggregate 385 million marks, covered by general assets. For any notes in excess of this amount, the banks are required to hold specie or pay a tax of five per cent. per annum thereon. A provision requiring every bank to make a report at stated times, four each month, secures a strict imposition of this tax. One-third of the assets, behind the 385 million marks in notes must be in cash,[14] and two-thirds in discounted paper having not more than three months to run.[15] The German system is one of salutary regulation, rather than one requiring the depositing or holding of specific property securing bank notes.[16] Inflation is provided against by limiting the amount to be issued, and yet any extraordinary demand for notes above the limit may be met, upon the banks paying the tax of five per cent. on the

(12) The assessment on stockholders would more than cover the notes; besides there would be the safety fund.

(13) Notes based on assets are issued successfully by the Bank of France, the Bank of Austria-Hungary, the Imperial Bank of Germany, the National Bank of Belgium, the National Bank of the Netherlands, the banks of Switzerland, the Canadian banks, and important banks of other countries. See Conant, Modern Banks of Issue, p. 345.

(14) Banks may count as part of their reserves the notes of other specie paying banks in Germany, also notes of the Imperial Treasury. White, "Money and Banking," p. 409 (revised edition).

(15) Dunbar, "Theory and History of Banking," 2nd Ed., p. 232.

(16) Dunbar, p. 185.

excess. The noteholder is secured by the character of the assets backing up the notes, yet he has no prior lien. Easy redemption is provided for, by requiring every independent bank to pay its notes on presentation, and also to redeem them at an agency in Berlin or Frankfort, as the Government may designate. The Reichsbank pays its notes at its branches and also at the central bank. "The law has simply provided by suitable measures that the affairs of the bank [the Reichsbank] including its issue of notes and the money and securities held by it, shall meet certain tests of soundness, believing that both the ultimate solvency of the bank and the prompt payment of its circulation are thus made secure."[17] As has been noted, the independent banks are now under the same law.

The Bank of France, which has a monopoly of note issue in that country, is absolutely unhampered by law, except that its issues are limited to 5,800,000,000 francs and it is compelled to redeem its notes on demand. There is not even the provision giving noteholders a prior lien on the bank's assets. Professor Dunbar has said that this bank, typical of free organization, prospers and enjoys the well-merited confidence of the French people.[18]

Experience of Canada and the United States.

Now, it might be said with considerable fairness by those opposed to asset banking that Germany and France are not America, that the conditions obtaining in Europe may be different. No such objection, however, can be urged against arguing for asset currency from the successful experience with asset banking in the United States and in Canada. The first and second banks of the United States were as free with respect to their note issues as is the Bank of France; nor did this freedom result in "an era of inflation from which dignified retirement was impossible." The First United States Bank was authorized to issue in notes 35 million dollars, but never issued more than 23 millions.[19] As evidence that asset banking can be successfully carried on, it is sufficient to note that this creation of Hamilton's genius paid dividends averaging 8¾ per cent. and accumulated a surplus equal to about nine per cent. of its capital.[20] The specie of the second Bank of the United States never fell below forty per cent. of its notes and was usually above fifty per cent.[21] At the time of this bank, in every city, notes of state banks were at a discount greater or less according to the difficulty of securing their redemption.[22] Of course, the state banks operated on an asset basis, but their notes were at a discount because there was no

(17) Dunbar, pp. 235, 236.
(18) Dunbar, p. 119.
(19) Chas. N. Fowler, "Bank Currency and Branch Banks," in "Sound Currency," Mar., 1903.
(20) White, "Money and Banking," p. 289 (Revised Ed.)
(21) Hepburn, "Contest for Sound Money," p. 95.
(22) White, p. 294.

provision for ready redemption, and these state banks were "wildcat" in their nature, because of a lack of Governmental regulation. They issued notes without regard to capital or to specie holdings.[23]

The Suffolk system, so eminently successful in its operation, is a complete justification of the asset system. The notes of the banks in this system had the widest circulation. The noteholder was protected by a system of swift redemption, by the banks' assets and the bankers' moral character and business sagacity. The Suffolk Bank of Boston[24] became the agency through which other banks in New England had their notes redeemed. It became the clearing-house for New England bank notes. The system afforded a means whereby a note could be quickly sent back to its source, thereby testing frequently its integrity. In 1845 the State of Massachusetts gave sanction to the plan and facilitated its being carried out by forbidding the banks' paying over their counters any notes but their own. Hence notes received on deposit were sent at once to the Suffolk Bank for redemption.[25] Ready redemption, without any specific property backing them up and without even a security fund, maintained at par all over the United States and Canada the notes of the New England banks. "The experience of the New England and the Indiana banks* is a triumphant vindication of the principle of banking on general assets and issuing notes redeemable in coin on demand."[26]

Another "triumphant vindication" is the asset system in Canada, where free banking obtains, as in the United States, and where there is the same need for an elastic system as in the United States. Each of the joint-stock banks in Canada, thirty-four in number in 1902, is permitted to issue notes to the amount of its paid-up capital, with the exception of the Bank of British North America, which may issue only seveny-five per cent. Provision for ready redemption has prevented inflation. In March, 1902, the amount of notes outstanding was only about fifty-four per cent. of the paid-up capital of the banks.[27] The notes are redeemable in coin on demand at the principal commercial centers of each of the provinces, and at such other places as the Government may designate. Besides, the banks freely redeem one another's

(23) Hepburn, p. 77.

(24) The Suffolk Bank was chartered in 1818. The New England Bank had reduced the cost of redeeming country bank notes to a minimum, but the cost fell on the noteholder. The Suffolk managers conceived the idea of placing the cost on the issuing banks and abolishing the discount on notes. They proposed to redeem at par the notes of any New England bank that would keep in their bank a permanent deposit of $5,000, and also a fund sufficient to redeem such of its notes as might be presented.

(25) White, p. 321.

(26) Conant, "Modern Banks of Issue," p. 345.

(27) White, p. 398.

* The State Bank of Indiana was established by the legislature in 1834. It was permitted a circulation double its capital. The great success of the bank was ascribed by Mr. Hugh McCulloch to the intelligence, thoroughness, and frequency of the examinations of the branches by the managers of the parent bank.

notes. Noteholders have a first lien on the assets of the banks. Depreciation of the notes of a failed bank, during the time when its affairs are being wound up, is prevented by the provision that the notes of such a bank shall bear interest at five per cent. from the time of the bank's refusal to redeem them to the time when public announcement is made that the affairs of the bank are to be liquidated.

This provision, however, seems unnecessary, as at Ottawa there is an insurance fund amounting to five per cent. of the notes outstanding. This fund was created and is maintained by proportionate assessments on the banks. The notes of a failed bank may be paid from this fund (though as a matter of fact up to the present time no demand whatever has been made upon the fund) and the other banks are remunerated when the assets of the failed bank have been turned into cash.† This system operates to protect both noteholders and depositors, as the banks have an interest in keeping a watchful eye upon the business methods and practices of one another. Now, it might be said that such a beneficent reciprocal supervision could not be effective in the United States, owing to the great number of banks. Whether this be true or not, its place would be more than filled by frequent and careful Government inspection. Canada has no Government inspection. The Canadian system not only affords a perfectly safe and elastic currency, but in conjunction with their system of branch banking tends to equalize interest rates. On June 9, 1902, twenty-five places in Canada had the rate six per cent.; five places, 6½ per cent.; ten places, seven per cent.; only one place 7½ per cent.; only one place eight per cent.[28] In the spring of 1902, the rates for the different sections of the United States were as follows: New England and Eastern States, 4.7 per cent.; Southern, 7.4; Pacific, 7.8; Western, 8.9; Middle, 5.8.[29] The rate for the Western States was nearly twice as high as that for the Eastern and New England States.

The conjunction in Canada of asset currency and branch banking suggests the source of opposition to asset currency in the United States. This opposition comes chiefly from the small banks.‡ They recognize the fact that asset banking is but a part of a reform movement that includes branch banking. The tendency in this direction they see in the numerous consolidations that are being formed. A word regarding branch banking will not be amiss here. It is sometimes said that under branch banking local needs cannot be known and subserved. This assumes that branch managers are mere administrators, that general managers will receive no suggestions from those in charge of their branches. Furthermore, let it be noted that in Canada places that would have no

(28) "New York Journal of Commerce," June 21, 1902.

(29) Mr. Fowler's Tables, H. R. 1426, 57th Congress, 2nd Session.

†Since 1890 there have been three failures, with no loss either to noteholders or to other banks.—White, p. 398.

‡It is noteworthy that in the conventions of the American Bankers' Association, those opposed to asset currency have never attempted to show why it might be unsafe.

banking facilities under any other system are under the branch system supplied with the facilities that they need.[30]

Our experience with "wildcat" currency is no argument against bank currency based on general assets, as, except where proper regulation obtained, the state system was a fraud and a failure, because of a lack of regulation.

The issue of notes on general assets would be profitable both to the bank and to the public by permitting loans at rates lower than when the bank's capital is locked up in fixed investments. In 1902, the bank notes out amounted to 380,385 millions. Under the asset system the banks would have been prepared to lend this amount in notes and besides the 380,385 or more millions locked up in United States bonds.

The writer entered upon the study of this question much prejudiced against any system of bank-note issue not secured by United States bonds, but is now fully convinced that rigid Government inspection, adequate arrangement for speedy redemption, limitation to eighty per cent. of capital stock, which limitation may be raised gradually to 100 per cent., and an adequate safety fund, which will make necessary only a slight tax on the banks, will insure a system of bank currency, based on general assets, that will combine the two elements essential to a good bank currency—safety[‡] and elasticity, and will relieve the Government from maintaining an unnecessary and expensive debt, as the basis of a system of note issues designed to force upon the public Government securities and having no reference to the requirements of trade and industry.

THE NOTE-ISSUING PRIVILEGE.

IN a recent issue of "The Financial Brieflet," Benjamin C. Wright, a well-known Pacific Coast financial writer, says:

"State banks have continued to exist and prosper in spite of the deprivation of note privileges. The number of these banks in existence today is larger than at any previous time, showing that whatever profit there is in note circulation, it is possible for banks to exist and prosper without that adjunct."

Not only is this so, but it may well be doubted whether the national banks are the better off for having the privilege of issuing notes. The banks of Great Britain seem to be giving up this privilege gradually to the Bank of England. They apparently find more profit in looking after the ordinary banking business.

(30) White, p. 399.

‡"The bank note is the bank's smallest instrument of credit. If banks have sufficient stability to issue checks as they do, and drafts, to keep in circulation the great instruments of credit that make up the transactions of the world, why cannot they maintain a small part of their capital in the form of promises to pay on demand?"—James H. Eckels, in American Bankers' Association Reports, 1901, p. 154.

TRUST COMPANIES—THEIR ORGANIZATION, GROWTH AND MANAGEMENT.*

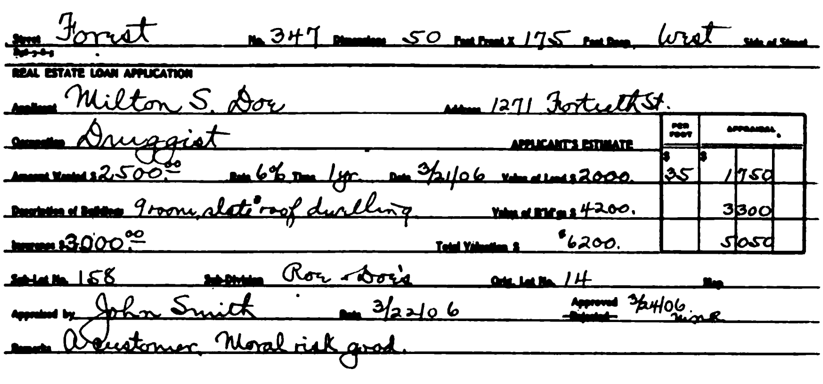
BY CLAY HERRICK.

FORMS AND RECORDS FOR THE BANKING DEPARTMENT.—*Continued.*

THE LOAN DEPARTMENT—Continued.

Real Estate Mortgage Loans.

APPLICANTS for loans to be secured by mortgages on real estate are required to fill out application blanks giving particulars regarding the property to be mortgaged. This information is primarily for the purpose of enabling the company to locate and appraise the property; and secondarily to bring to light any facts that might aid



Street Forrest No. 347 Dimensions 50 Feet Front X 175 Feet Deep. West Side of Street

REAL ESTATE LOAN APPLICATION

Applicant Milton S. Doe Address 1271 Fortieth St.

Occupation Druggist APPLICANT'S ESTIMATE

Amount Wanted $ 2500.00 Rate 6% Time 1 yr. Date 3/21/06 Value of Land $ 2000.

Description of Building 9 room, slate roof dwelling Value of Bldgs $ 4200.

Insurance $ 3000.00 Total Valuation $ $6200.

PER FOOT	APPRAISAL.
$ 35	$ 1750
	3300
	5050

Sub-Lot No. 158 Sub-Division Roe & Doe's Orig. Lot No. 14 Map

Appraised by John Smith Date 3/22/06 Approved ~~Rejected~~ 3/24/06 M.R.

Remarks A customer. Moral risk good.

OVER

FIG. 177.—REAL ESTATE LOAN APPLICATION CARD.

in forming an estimate of the desirability of the loan. Often the application itself shows that the loan would not be a desirable one, and the company is saved the trouble and expense of making an appraisal. The amount of information called for on the blank varies considerably with different companies. Sometimes the applicant is required to sign a

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* Publication of this series of articles was begun in the January, 1904, issue of the MAGAZINE, page 81.

900—10-30/05.

SECURITY TRUST COMPANY,

N. E. Cor. Third and Market Streets, Camden, N. J.

Telephone 362.

I hereby authorize the SECURITY TRUST COMPANY, of Camden, to procure for me *a loan of* two thousand *Dollars $*2000.00 *for* four *years at* 6 *per cent. interest per annum, payable semi annually, on mortgage on the following described property and* I *agree to have all necessary legal papers prepared and recorded at* my *own cost, and should title prove defective, or application be withdrawn after papers are begun* I *agree to pay for all expenses incurred.*

Bondsman: James R. Watson, Occupation Plumber

Location of Property 1329 Sixty-third St.

Dimensions of Grounds 35 x 120 feet

Description of Buildings 2 story brick dwelling, nine rooms, slate roof

present condition Good when built 1891

Value of Ground (exclusive of Buildings) present worth in Cash .... $ 1400.

Value of Buildings (exclusive of Ground) present worth in Cash .... $ 4000.

If offered at Public Sale now I believe this property would bring at least .... $ 4000.

Occupied as a dwelling Insured for $3000.00

Annual Rent at — Assessed Value $1600.00

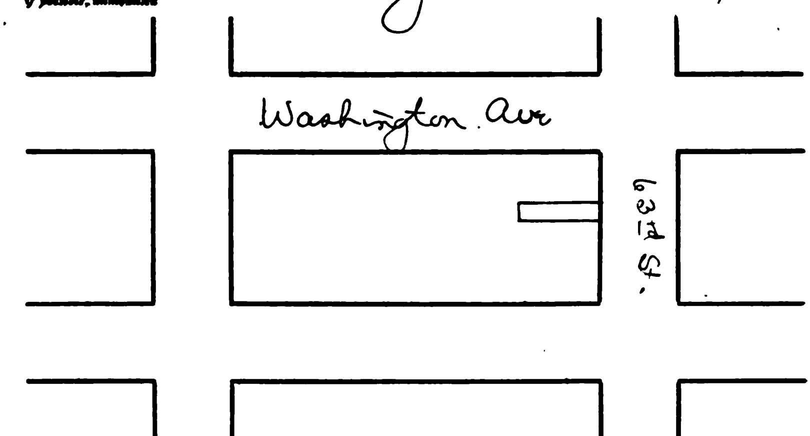
Is property incumbered in any way? No.

Remarks Proceeds of loan to apply on purchase of another place.

Dated April 7, 1906.

(Signed) James R. Watson, *Applicant.*

Send photographs of premises if possible, unmounted



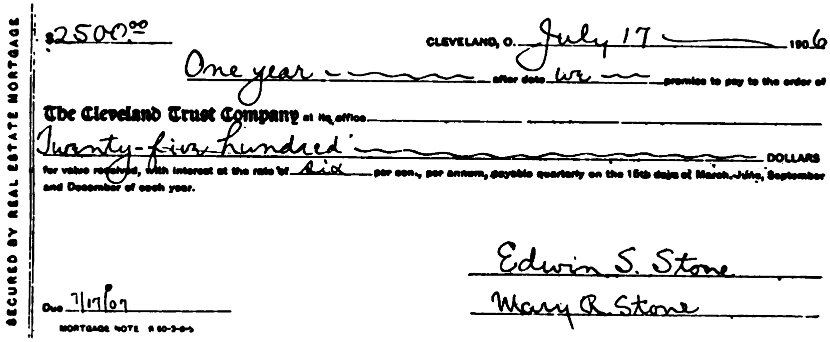
We have examined the above described property of James R. Watson located in the city of Camden County of Camden and State of New Jersey and of which the foregoing is a just and fair description, and are of the opinion that said property is worth at least four thousand dollars, and would bring that sum, if offered for sale.

The ground is worth	$1200.00
The improvements are worth	$3100.00
Total	$4300.00

Dated April 8 1906

Thos. Wilkins
John R. Smart
F. W. Worth

FIG. 178.—REAL ESTATE LOAN APPLICATION SHEET.


SECURED BY REAL ESTATE MORTGAGE

$2500.00 CLEVELAND, O. July 17 1906

One year after date we promise to pay to the order of

The Cleveland Trust Company at its office

Twenty-five hundred DOLLARS

for value received, with interest at the rate of Six per cent., per annum, payable quarterly on the 15th days of March, June, September and December of each year.

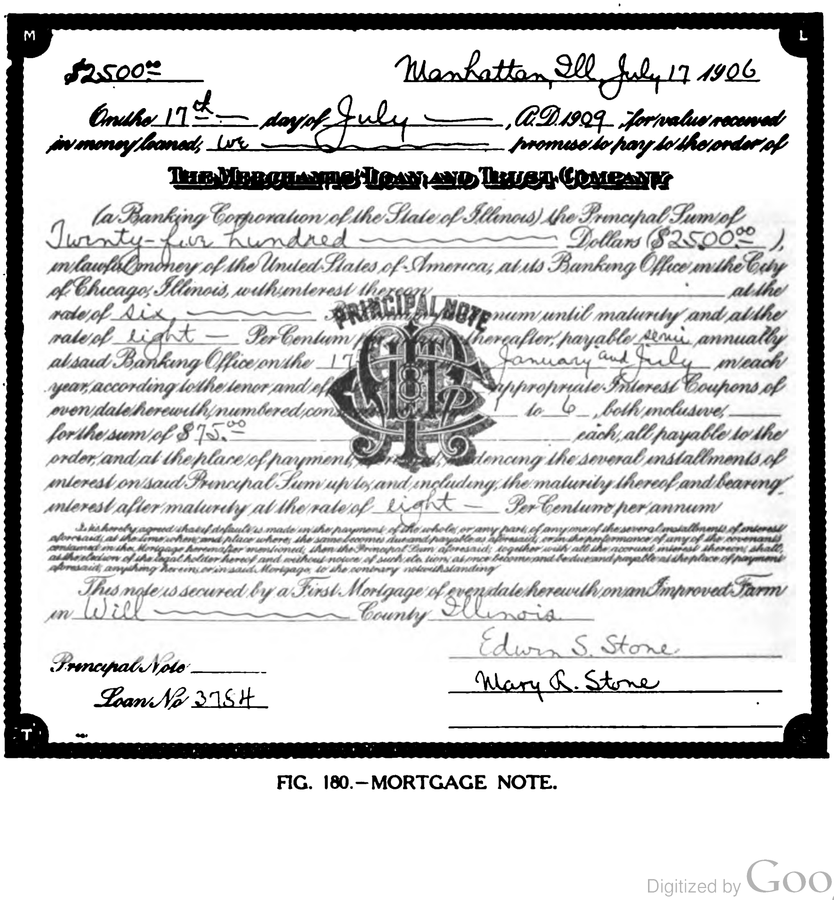
Edwin S. Stone

Due 7/17/07 Mary R. Stone

MORTGAGE NOTE

FIG. 179.—MORTGAGE NOTE.

formal order authorizing the company to make or procure a loan, and agreeing to pay all expenses incurred should the loan be declined. Other companies prefer to have an officer fill out the blank from verbal information given by the applicant, because the personal interview often brings out important information that would not be shown in a written application. Figure 177 shows a short form of application blank. This is printed on card-board; and after the property has been appraised the


$2500.00 Manhattan, Ill. July 17 1906

On the 17th day of July, A.D. 1909, for value received in money loaned, we promise to pay to the order of

THE MERCHANTS' LOAN AND TRUST COMPANY

(a Banking Corporation of the State of Illinois) the Principal Sum of Twenty-five hundred Dollars ($2500.00), in lawful money of the United States of America, at its Banking Office in the City of Chicago, Illinois, with interest thereon [illegible] at the rate of Six [illegible] num until maturity and at the rate of Eight Per Centum [illegible] thereafter, payable semi annually at said Banking Office on the 17 [illegible] January and July in each year, according to the tenor and ef[illegible] appropriate Interest Coupons of even date herewith, numbered con[illegible] 1 to 6, both inclusive, for the sum of $75.00 each, all payable to the order, and at the place of payment [illegible] dencing the several installments of interest on said Principal Sum up to and including the maturity thereof and bearing interest after maturity at the rate of Eight Per Centum per annum.

It is hereby agreed that if default is made in the payment of the whole, or any part, of any one of the several installments of interest aforesaid, at the time when and place where the same becomes due and payable as aforesaid, or in the performance of any of the covenants contained in the Mortgage hereinafter mentioned, then the Principal Sum aforesaid, together with all the accrued interest thereon, shall, at the election of the legal holder hereof and without notice of such election, at once become and be due and payable at the place of payment aforesaid, anything herein or in said Mortgage to the contrary notwithstanding.

This note is secured by a First Mortgage of even date herewith on an Improved Farm in Will County Illinois.

PRINCIPAL NOTE

Edwin S. Stone

Principal Note ______ Mary R. Stone

Loan No. 3754

FIG. 180.—MORTGAGE NOTE.

cards are filed alphabetically by names of streets. In time these card-files become valuable sources of information as to property values in the various localities in which the company makes such loans. On the back of the card is shown a plat of the property and any remarks the appraisers see fit to record.

Figure 178 shows a longer form of application blank, this being printed on a sheet of paper 14 by 8½ inches in size.

After the appraisers have made their report, the application goes before the finance committee for approval or rejection; and, if approved, the papers are signed and acknowledged, and the mortgage put on record. The abstract is then ordered extended to include the mortgage, and is examined and approved by the company's attorney before the proceeds of the loan are paid to the borrower. If the examination shows an unsatisfactory title, the loan is not made, and the mortgage is cancelled of record. If prior liens are shown, these must of course be removed before the loan is made.


$75.00 'Manhattan, Ill, July 17 1906
Due on the 17th day of July, A.D. 1907, to the order of
THE MERCHANTS' LOAN AND TRUST COMPANY
(A BANKING CORPORATION OF THE STATE OF ILLINOIS)
INTEREST COUPON
the sum of Seventy-five Dollars ($75.00),
at its Banking Office in the City of Chicago, Illinois, with interest thereon after maturity
at the rate of Eight Per Centum per annum, payable at said Banking Office, being for an
installment of interest due in said last [illegible] our Principal Note
of even date herewith for the sum of [illegible] payable to the order aforesaid and
secured by a First Mortgage on an [illegible] Will
County, Illinois. Edwin S. Stone
Int. Coupon No. 2 Mary R. Stone
Loan No. 3784

FIG. 181.—INTEREST COUPON TO ACCOMPANY MORTGAGE NOTE SHOWN IN FIG. 180.

There are several styles of notes used in connection with mortgage loans. One is a simple promissory note containing a memorandum of the fact that it is secured by a real estate mortgage, such as that shown in Figure 179. Another form is more elaborate, and is accompanied by interest coupon notes. The mortgagors sign both the original note and the interest coupons; and the latter being in the form of notes are collected at maturity in the same manner as any note, thus making it unnecessary to send interest notices. A form of such a note is shown in Figure 180, and one of the accompanying interest coupons is shown in Figure 181. This particular form of note and coupon is used for mortgages on farm property. Figure 182 gives another form of interest coupon.

The form of note with interest coupons is well adapted to loans which are to run for a considerable period, and particularly to loans made with a view to selling them to investors—a business which is stead-

THE GUARANTEE TITLE AND TRUST COMPANY, CLEVELAND, OHIO.

$75.00 Cleveland, O., July 17, 1906

On the first day of March 1908 for value received, we promise to pay to bearer at the office of THE GUARANTEE TITLE AND TRUST COMPANY, in Cleveland, Ohio, the sum of Seventy-five Dollars, being interest on Note No. 1658 of $2500.00 dated July 17 1906

This coupon note shall bear interest at eight per centum per annum after maturity

No. 3

Oliver R. Ralston
Jennie S. Ralston

FIG. 182.—INTEREST COUPON TO ACCOMPANY MORTGAGE NOTE.

ily growing in volume, and which some companies make a specialty. The shorter form of note is better adapted to loans which are to run for a comparatively brief period, or which the mortgagor is to have the privilege of paying in part or in full at his option after a certain date. It is a common practice to make such notes for one year, and to carry them after maturity as demand obligations.

In Figure 183 is shown a form of mortgage note used in New York and elsewhere, and known as a bond. The document is a folded sheet, containing four pages, of which only the first is shown in the figure.

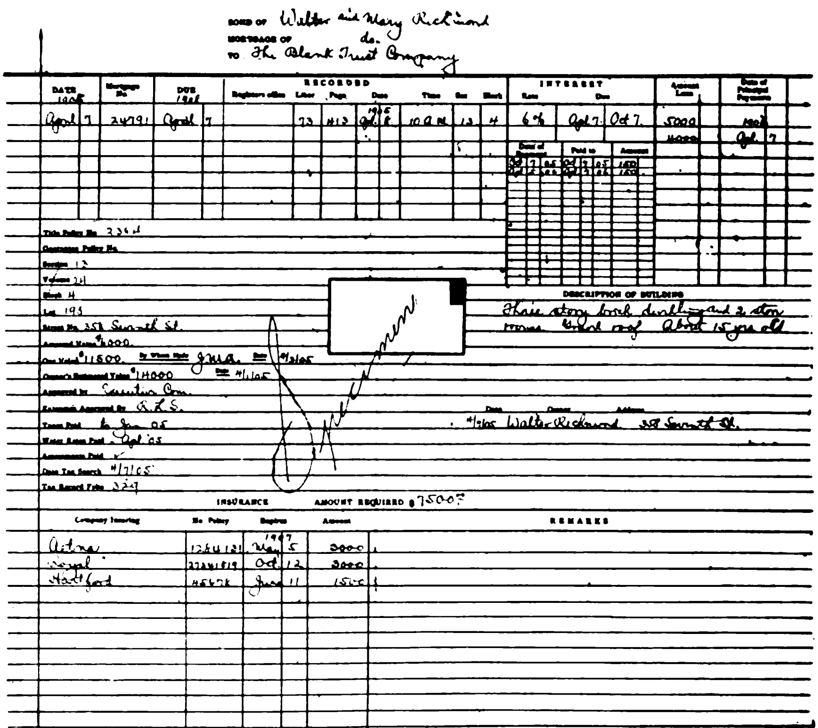


FIG. 185.—MORTGAGE LOAN LEDGER SHEET.

Bond.—No. 874. [illegible]

KNOW ALL MEN BY THESE PRESENTS,

That I, William H. Mantelle,

hereinafter designated as the obligor, do hereby acknowledge myself to be indebted to

The Title Guarantee and Trust Company,

hereinafter designated as the obligee, in the sum of three thousand

dollars, lawful money of the United States, which sum I, the said obligor do hereby covenant to pay to said obligee, its successors or assigns, on the twentieth day of April nineteen hundred and ten, with interest thereon, to be computed from the twentieth day of April, 1906, at the rate of six per centum per annum, and to be paid on the twentieth day of October next ensuing the date hereof, and semi-annually thereafter.

AND IT IS HEREBY EXPRESSLY AGREED THAT the whole of said principal sum shall become due at the option of said obligee after default in the payment of interest for thirty days, or after default in the payment of any tax or assessment for thirty days. All of the covenants and agreements made by the said obligor in the mortgage covering premises therein described and collateral hereto, are hereby made part of this instrument.

Signed and sealed this twentieth day of April, 1906.

IN THE PRESENCE OF

Arthur Brooke
James M. Moon

William H. Mantelle (Seal)

FIG. 183.—MORTGAGE BOND.

On the second page provision is made for the acknowledgments of the makers and the witnesses of the instrument. The third page provides forms for the record of interest payments and payments on principal, and the last page is the cover.

The form of mortgage varies somewhat in different localities, but the following wording of an Ohio form shows all of the essential features:

MORTGAGE DEED.

KNOW ALL MEN BY THESE PRESENTS

That ....
....
...., the GRANTOR...., for the CONSIDERATION of .... DOLLARS, ($...........) received to.........full satisfaction of The Blank Trust Company, the GRANTEE, do GIVE, GRANT, BARGAIN, SELL AND CONFIRM unto the said GRANTEE, its successors and assigns, the following described premises: Situated in the....................... of.......................County of..............., and State of Ohio, and known as..

....
be the same more or less, but subject to all legal highways. TO HAVE AND TO HOLD, the above granted and bargained premises, with the appurtenances thereunto belonging unto the said GRANTEE, its successors and assigns, forever. And ...., the said GRANTOR...., do for...........and..........heirs, executors and administrators, covenant with the GRANTEE, its successors and assigns, that at and until the ensealing of these Presents................well seized of the above described PREMISES as a good and indefeasible estate in FEE SIMPLE, and have good right to bargain and sell the same in manner and form as above written; that the same are FREE AND CLEAR FROM ALL INCUMBRANCES whatsoever, ...
....
....
....
and that...........will WARRANT AND DEFEND said premises, with the appurtenances thereunto belonging, to the said GRANTEE, its successors and assigns forever, against all lawful claims and demands whatsoever, ...
....
....

And........, the said...
of said ....
do hereby REMISE, RELEASE AND FOREVER QUIT CLAIM unto the said GRANTEE, its successors and assigns, all.............right and title of DOWER in the above described premises.

THE CONDITIONS OF THIS DEED ARE SUCH, That, whereas, the said..
....
ha....executed. and delivered to the said The Blank Trust Company, ...promissory note...., dated ....
for the sum of.. DOLLARS, payable to its order...
after date, with interest at the rate of..........per cent. per annum, payable quarterly, on the Fifteenth days of March, June, September and December of each year until paid; principal and interest being payable at its office, and all overdue interest bearing interest at the rate of.........per cent. per annum, payable quarterly until paid; and ha......agreed to keep the buildings on said premises, at all times until payment of said note, insured against loss or damage by fire, in the sum of at least $.............and under policies approved by and deposited with the Grantee and which shall provide for the payment of any loss under the same to the Grantee or its assigns as its or their interest may appear; and ha....also agreed to pay all taxes and assessments levied on said premises as the same become

due and payable; and he....also agreed that if such insurance be not so procured, or such taxes or assessments so paid, that the Grantee or its assigns may procure or pay the same, and that.........will on demand pay to it or them, the cost of such insurance or amount paid for taxes or assessments, with interest thereon at the rate of eight per cent. per annum.

AND GRANTOR...AGREE..., that if any taxes or assessments on said premises or any installment of interest or principal of said note...., or premium of insurance, as herein provided for, be not paid when due or within fifteen days thereafter, then said entire principal shall also become due and payable at the option of the holder of this mortgage, and also that upon any such default, the holder hereof may take possession of said premises, rent the same, and collect all rents accruing on leases thereof, and after deducting its reasonable charges therefor, apply the proceeds to the payment of said note...., or to the performance of any of the agreements above recited and may so continue to do until full payment and performance shall have been thus effected.

....

....

Now, if the said..
heirs, assigns, executors or administrators, shall well and truly pay the aforesaid note....and interest thereon to the said The Blank Trust Company, its successors or assigns, and perform the several conditions above recited, then the above DEED shall be void; otherwise the same shall remain in full force and virtue in law.

IN WITNESS WHEREOF, ... hereunto set........hand...., at........................Ohio, this..............................day of ....in the year of our Lord One Thousand Nine Hundred and............

SIGNED, AND ACKNOWLEDGED
IN PRESENCE OF

....	....
....	....
....	....
....	....

THE STATE OF OHIO,
ss.
..........................County,

BEFORE ME, a............................in and for said County, personally appeared the above named ...., who acknowledged that.........did sign the foregoing instrument, and that the same is ....free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal, at.. this ....day of...................., A. D. 190....

....

....

A common form for the satisfaction of a mortgage is as follows: "The conditions of this mortgage have been complied with, and the same is hereby satisfied and discharged." This is usually printed on the back of the mortgage, ready for use when wanted. A form for the assignment of a mortgage reads thus: "For a valuable consideration, the receipt whereof is hereby acknowledged, The Blank Trust Company hereby sells, assigns and transfers unto .... all its right, title and interest in and to the within mortgage and the obligation secured thereby."

Journal records regarding mortgage loans are made on the journal already shown, in Figure 163; or, if no loan journal is kept, are entered upon the general journal in the same manner as records of collateral loans. In either case, the total figures for each day are of course recorded on the general books. The ledger forms may be similar to those shown for collateral loans, except of course that a description of the real property mortgaged is substituted for the description of collateral. The form of ledger will depend somewhat upon the local usages regarding real

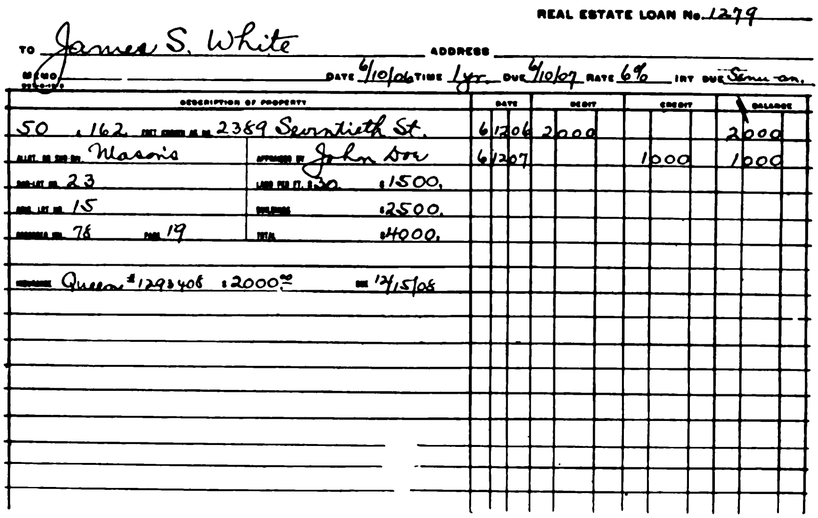


FIG. 184.—MORTGAGE LEDGER CARD.

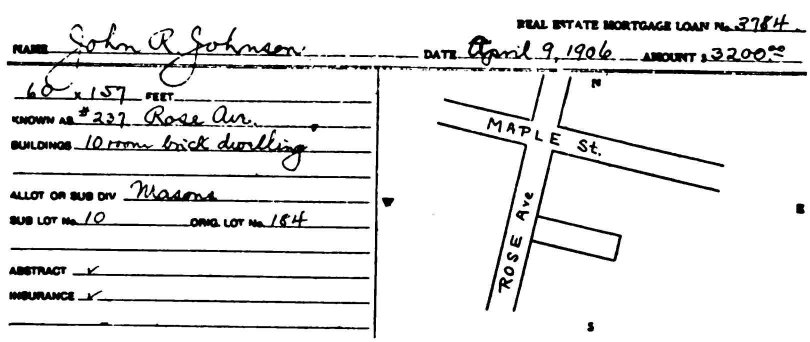


FIG. 186.—ENVELOPE FOR MORTGAGE LOAN PAPERS.

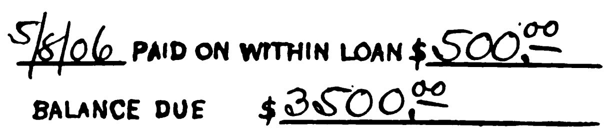


FIG. 187.—STAMP FOR ENDORSEMENT OF PAYMENTS ON NOTES.

estate, and also upon whether the loans are usually upon city or country property. Figure 184 gives the form of a ledger card uniform in size and style with the collateral loan ledger cards shown in Figures 164 and 167. The size of the card is 5 by 8 inches. The interest record is given on the back of the card, and is the same form as that given in Figure 168. A plat of the property, together with other information for which there is not room on the card, may be given either on the loan envelope shown in Figure 186, or on a sheet contained in the envelope. These ledger cards and the loose leaves shown in figure 185 are filed in alphabetical order, so that no separate index of the loans is required, as is

The Cleveland Trust Company

MAIN OFFICE—No. 1 EUCLID AVE.

THE INTEREST ON YOUR REAL ESTATE LOAN WILL BE DUE

KINDLY SEND YOUR CHECK IN ACCORDANCE WITH THE STATEMENT BELOW.

STATEMENT

AMOUNT	MO'S	DAYS	RATE	INTEREST
$4000.	6		6%	$120.

PLEASE PRESENT THIS STATEMENT WITH YOUR PAYMENT.

B 8-5-6-6

FIG. 189.—INTEREST NOTICE.

the case when a bound book is used. In Figure 185 is given a loose-leaf ledger form 15 by 18½ inches in size, which provides space for more elaborate information. The arrangement of the items could be improved, but the form shows the information called for.

The various papers connected with the loan, including the note, mortgage, abstract and insurance policies, are placed in an envelope made of manila or other strong paper; and the envelopes are filed in alphabetical order (or numerical order, if preferred) in cases like those already described for collateral loans. Figure 186 shows the face of such an envelope.

There is frequently occasion to release a portion of the property covered by a mortgage, upon payment of a part of the loan. A standard form of release reads as follows:

RELEASE.

For a valuable consideration, The Blank Trust Company hereby releases from the lien and operation of a certain mortgage from ....
....
to the said The Blank Trust Company, and recorded in Vol.......... on Page............, ...County Records, so much of the property therein described as is known and described as follows, viz:

.... without, however, invalidating the lien of said Mortgage upon the remainder of the land therein described.

Signed this......................day of..................A. D........

THE BLANK TRUST COMPANY.

In presence of

.... By ....
....

THE STATE OF.................., ss.
.... County.

Before me, a Notary Public, in and for said county, personally appeared the above named The Blank Trust Company, by............
....
of the said Company, who acknowledged that they and by them as its officers The Blank Trust Company did sign and seal the foregoing instrument, and that the same is the free act and deed of the said The Blank Trust Company and of themselves as such officers.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal at.. this ....day of..............................A. D...........

....

Notary Public.

Miscellaneous Loan Forms.

When a payment is made on a note it is sufficient to endorse on its back the word "Paid," with the amount of payment and the date thereof. It is a convenience, however, to have a rubber stamp for this purpose, showing the balance due after the payment, so that such balance may be seen at any time without having to stop to figure up the total of payments made. Figure 187 shows a form of such a stamp.

The loan department should keep a special tickler for its work. The old-time bound book tickler may be used, but cards are much more con-

TIME LOANS DUE

814 6-2-5

September 8 — 1906

NUMBER	MAKER	AMOUNT
3746	John and Mary Wilson	3000

OFFICE EQUIPMENT CO

FIG. 188.—TIME LOAN TICKLER CARD.

Brown & Smith

COLLATERAL

JULY 1, 1906

No. 2174 AMOUNT $45.00

No. 2815. AMOUNT 34.13

No. AMOUNT 79.13

No. AMOUNT

No. AMOUNT

TOTAL

Do Not Detach This Stub

THE CITIZENS SAVINGS & TRUST COMPANY

CITIZENS BUILDING

CLEVELAND, OHIO, JUNE 20, 1906

Brown and Smith

3715 Boston Bldg.

THE INTEREST ON YOUR COLLATERAL LOAN OF $5275.00

AMOUNTING TO $79.13 WILL BE DUE JULY 1, 1906

PLEASE REMIT ON OR BEFORE THAT DATE

RESPECTFULLY

E. V. HALE, TREASURER

Bring This Notice With You

FIG. 190.—INTEREST NOTICE.

Interest due on Real Estate Loans June 15 — 1906

	Loan Number	Name of Borrower	Time Months	Time Days	Rate	Amount	Interest	Total Loans	Total Interest	Date Paid
	2538	Albert M. True		90	6	1000	15	1000	15	
	1934	Trumpell and Spry		90	5½	10000	137 50	10000		
	2461	do.		12	6	5247 91	10 49			
				30	6	4800	24			
				24	6	2500	10	2500		
	2595	do.		60	6	5000	50	5000	231 99	
	2670	Chas. J. Tusker		45	5	3000	18 75	3000	18 75	

FIG. 191.—SHEET FOR FIGURING INTEREST ON LOANS.

venient. Figure 188 gives a form of tickler card for maturities of time loans. A form of tickler card for insurance expirations has been shown in Figure 26.*

* The Bankers Magazine, November, 1905, page 624.

Notices of interest due on loans should be sent to borrowers ten days or two weeks before such interest is payable. These notices need state only the total amount of the interest and the due-date; but it is more satisfactory to the borrower, and therefore often saves time in the end, to send a detailed statement, showing the principal, time, rate and amount of interest for each item. Figue 189 shows such an interest statement. When payment is made, the notice is stamped "Paid," and serves as the customer's receipt. Figure 190 shows a form having a stub attached, which is a convenience when a large number of interest payments are received in a short time. When the payment is made, the teller simply stamps the notice "Paid" with a rubber stamp bearing the date, tears off the stub and places same on a spindle. This makes it unnecessary to stop at the time to make a book entry of the payment; provided, of course, the customer remembers to bring the notice with him.

Figure 191 shows a form used for the record of interest due at the regular interest periods. The names of the borrowers are arranged in

DATE 1906		NO	MAKER	SECURITY	KIND	AMOUNT	TIME	RATE	REMARKS
Apl.	5	3714	Samuel R. Jones	50 x 200 ft. R.E. [illegible]	R.E.	2400	1 yr	6	
	5	3715	Arthur J. Mean	5 M U.S. [illegible] of 1925	Demand	4650	D	5½	
	6	3716	W. B. Higkman	50 sh. Col. Fuel & Iron Co.	Time	1600	90 ds	6	

FIG. 192.—LOAN BOOK.

alphabetical order, and the sheets are filed in a loose-leaf binder. The details of the interest on each loan are shown, and from these sheets the stenographer copies the matter for the interest notices sent to borrowers. When the customer calls to pay his interest and has failed to bring the interest notice, the amount due from him is easily ascertained from these sheets. In the last column, headed "Date Paid," the date of payment is stamped with a dating-stamp. The amounts in the column headed "Total Loans" furnish a trial balance of the loans on the date when the statement is made up.

Some companies keep a loan book in which are entered all loans in the order in which they are made. A form of this book is shown in Figure 192. The loans are numbered in consecutive order without regard to their kind, real estate, demand collateral and time collateral loans being included, as well as discounts in cases where a discount business is conducted. This book is used principally by those companies which do not use a separate loan journal. When the latter is used the loan book is superfluous.

At each meeting of the executive committee, or finance committee, or whatever committee has the supervision of loans, a list of all loans made since the last meeting of the committee is submitted, and the list is for-

RECORD OF LOANS MADE Mch. 1, 1906 TO Mch. 6, 1906.

MAKER	SECURITY	AMOUNT			DATE 1906		KIND
William and Annie Smith	40 by 136 ft. Iowa St.	2	250		Feb.	28	R. E.
James S. Thompson	20 sh. N. Y. C. & H. R.	1	500		Mch.	1	D.
Doe and Roe	6M Smithville Tr. Co. bonds. 100 sh. do. pfd.	7	300		Mch.	1	D.
J. B. Cooke	2 M Chic. & N.W. ext. 4s	1	800		Mch.	2	T.
S. M. and Mary R. Wild	61 by 175 ft. Clifford St.	5	000		Mch.	2	R. E.

APPROVED ______ ______ EXECUTIVE COMMITTEE

FIG. 193.—FORM FOR REPORT TO EXECUTIVE COMMITTEE.

mally approved by the members of the committee placing their signatures on the page. This record is a part of the minutes of the committee. In some companies the list is typewritten on a blank sheet or sheets of paper, which are filed in a loose-leaf binder. Figuure 193 shows a printed form for this use.

AN EASY MARK.

"Did you ever buy a gold brick?"

"No," answered Farmer Corntossel, "but I'd like to. If I could get one middlin' reasonable, I'm sure I could go down to New York an' sell it at a good profit."—*Washington Star.*

A CREDIT CURRENCY.

RECOMMENDATIONS OF THE SPECIAL CURRENCY COMMITTEE OF THE CHAMBER OF COMMERCE OF THE STATE OF NEW YORK.

ON October 1 the special currency committee of the Chamber of Commerce of the State of New York submitted its report, dealing with the defects in our bank-note currency and suggesting certain remedies. This committee was appointed in March last, and is composed of John Claflin, Frank A. Vanderlip, Dumont Clarke, Isidor Straus and Charles A. Conant.

Following is a summary of the committee's report:

We find that our currency is seriously defective in that its volume does not vary with the demand, so that the business of the country is alternately exposed to the evils of a redundant and of a deficient supply.

When the need for currency increases, as it does every autumn when the crops are harvested, our banks are obliged to pay out lawful money from their reserves, and in consequence to raise their rates of interest on demand and time loans. These operations are a source of real loss to the commercial and industrial interests of the entire country. They work injury to our merchants, to our manufacturers, and to our farmers —in short, to all classes of producers.

When, on the other hand, the supply of currency is excessive, as it usually is in the spring, the consequent congestion of banking reserves forces an abnormally low rate of interest and so tends to excite a dangerous speculative spirit in our markets and exchanges.

We believe that this oscillation between periods of contraction and inflation is directly caused by the artificial and unnecessary inflexibility of our currency due to restrictions which are placed by law upon the issue of bank notes. Under the existing law national banks can increase their holdings of the United States bonds which are deposited as security; and they cannot at will regain possession of the bonds by the deposit of lawful money for the retirement of their notes. On account of the investment considerations regarding bonds which are involved in the issue of national bank notes, we find that this class of currency, which in most other leading countries possesses a useful flexibility, is here issued and retired utterly without regard to the country's varying needs for currency.

Notwithstanding the inadequacy of the bond-secured circulation of our national banks, our deliberations have brought us to the conclusion that it would be unwise to disturb this circulation or to recommend any substitute for it as it now exists, for such a course would lead to an inequitable depreciation of the United States bonds now outstanding. In our opinion, however, future issues of Government bonds should not be made available as a basis for bank-notes, for the great increase in the bond-secured circulation that has taken place within the last six years furnishes evidence that the existing system of note issue without adequate redemption might become dangerous.

We have had brought before us for consideration two classes of remedies for existing evils: (1) radical measures involving the creation of corporations with powers and privileges unlike those now possessed by any American institution; (2) measures which would enlarge the privileges of corporations already in existence. We have deemed it best to select from each of these classes the one which we believe to be the best. If the country is ready for a radical addition to our financial system, we believe that the world's experience proves beyond question that a central bank of issue controlled by the Government ought to be established. If, however, the people of the United States shrink from the creation of such an institution, we believe that the wisest alternative is a simple measure enlarging the present note-issue privilege of national banks in such manner that their right of issue shall not vary with their ownership of United States bonds, and under such conditions that the retirement of their notes when not needed shall be certain and automatic.

We, therefore, make the following recommendations:

1. That legislation be enacted which shall provide the country with a flexible and elastic bank note currency; and to this end we suggest that either one of the two following plans might wisely be adopted:

(*a*) Let there be created a central bank of issue similar to the Bank of Germany or the Bank of France; such bank to deal exclusively with banks; its stock to be owned in part by banking institutions and in part by the Government; but in its management representatives of the Government shall be supreme. This central bank shall issue currency, rediscount for other banks, hold public money, and act as agent of the Government in redeeming its paper money and making its disbursements.

Or (*b*) Let any national bank whose bond-secured circulation equals fifty per cent. of its capital have authority to issue additional notes equal in amount to thirty-five per cent. of its capital.

Let such additional notes be subject to a graduated tax as follows: The first five per cent., taxed at the rate of two per cent. per annum; the second five per cent., taxed at the rate of three per cent.; the third five per cent., taxed at the rate of four per cent.; then an issue equal to ten per cent. of capital, taxed five per cent.; then an issue equal to ten per cent. of capital, taxed six per cent.

Let the proceeds of this graduated tax constitute a guaranty fund, in the custody of the Government, for the redemption of the notes of failed banks.

To insure the prompt retirement of notes when not needed, let redemption agencies be established at sub-treasuries and other convenient points.

Let all the notes of a bank be alike in form, and let it be the duty of the United States Treasury, as at present, to redeem all the notes of a failed bank in full on presentation from the five per cent. redemption fund, and after the exhaustion of that fund from the guaranty fund.

2. That the law restricting the retirement of national bank notes to $3,000,000 per month by the deposit of lawful money be repealed.

3. That future issues of United States bonds be not made available as a basis for the issue of national bank notes.

4. That the laws regulating the operations of the United States Treasury be amended in such a manner that they shall not, as now, interfere with the money market; and to this end we suggest a law requiring that all money in the general fund of the Treasury above a reasonable working balance be deposited in national banks.

BANKING AND COMMERCIAL LAW

IMPORTANT LEGAL DECISIONS OF INTEREST TO BANKERS.

All the latest decisions affecting bankers rendered by the United States courts and State courts of last resort will be found in the MAGAZINE'S Law Department as early as obtainable.

Attention is also directed to the "Replies to Law and Banking Questions," included in this Department.

BILLS AND NOTES—CHECKS—PRESENTMENT FOR PAYMENT—DILIGENCE—FORWARDING BY MAIL—DELIVERY TO AGENT OF PAYEE — COLLECTION THROUGH BANK—JUDICIAL NOTICE—LIABILITIES OF DRAWER.

LEWIS, HUBBARD & CO. VS. MONTGOMERY SUPPLY CO.

Supreme Court of Appeals, of West Virginia, Feb. 20, 1906.

A traveling salesman received a check in payment of a bill due his firm and neglected to forward it, carrying it with him on his trip. Four days later the bank on which it was drawn failed. At the time the check was drawn the drawer had ample funds in the bank. The bank paid a small percentage to its depositors. The firm sued the drawer of the check which had been protested when it finally was sent by it to the bank through proper channels. This situation prompted an interesting discussion of the law relating to the presentation of checks, diligence, and liabilities of the drawer by the Supreme Court of Appeals of West Virginia in deciding the suit of Lewis, Hubbard & Co. vs. Montgomery Supply Company.

The court holds reasonable diligence must be exercised in the presentment of a check, if one wishes to avoid risk of loss by insolvency of drawee; if payee or drawee reside or have places of business in the same city or town presentment must be made before the expiration of business hours of the day next after the day of receipt thereof; if person receiving check and bank on which it is drawn are in different places, check must be sent for presentment on the next day after the receipt thereof at the place in which payee resides or does business if reasonable and conveniently practicable; if not so practicable then by the next mail or other means of transmission leaving after said date. During reasonable period for presentment of check, the court holds that drawer takes the risk of the solvency of the bank. In giving a check for an agent unauthorized to endorse it, the drawer impliedly agrees to allow such additional time as may be necessary to forward check to principal of such agent. If the time intervening between delivery of a check and the failure of the drawee is insufficient for presentment of check within period required by law, the payee is not barred from recovery from the drawer if he fails to present the check in such interval.

POFFENBARGER, *J.*, who wrote the opinion, rehearses the facts of the case and then discusses the principles applicable to them. He says in part:

Lewis, Hubbard & Co., of the city Charleston, doing a wholesale business in groceries, had, prior to the 24th day of September, 1900, sold goods to the Montgomery Supply Company, doing a retail grocery business in the town of Montgomery, and on that day there was due from said last-mentioned concern the sum of $183.69. On that day, W. G. Hubbard, a traveling salesman for Lewis, Hubbard & Co., was at Montgomery, called upon the Montgomery Supply Company, received from it not earlier than 4 o'clock P. M. of that day a check for the amount of the bill, payable to Lewis, Hubbard & Co., drawn on the Montgomery Banking & Trust Company, a bank in Montgomery, neglected or failed to forward the same to his principal, and went on from Montgomery to call upon other customers of his house, taking the check with him. He received the check on Monday, the 24th day of September, and on Friday, September 28th, the Montgomery Banking & Trust Company failed to open its doors for business, went into the hands of a receiver, and finally paid a small percentage to its depositors. The drawer of the check had ample funds in the bank to pay it, and it presumably would have been paid, had it been presented for payment at any time during banking hours on Thursday, the 27th. It was afterwards sent to the bank through proper channels and protested.

This action was brought by Lewis, Hubbard & Co. against the drawer of the check, in a justice's court, and went from that court to the circuit court of Fayette county, where judgment was rendered in favor of the plaintiff for the sum of $26.60, the amount received by the defendant as a dividend on its deposits from the assets of the defunct bank. This judgment being substantially one for the defendant, the plaintiff has brought the case to this court on a writ of error.

From the testimony in the case it appears that Hubbard had authority to collect and give receipts for his collections, but did not have authority to indorse checks in the name of his principal and receive money thereon. It further appears that, had he promptly mailed the check to his principal it would have been received by it the following day, and, if discounted at Charleston on the same day and promptly forwarded back to Montgomery within business hours of that day, it would have reached the latter place not earlier than Wednesday morning. The mails left Montgomery for Charleston three times a day, namely, about noon, between 3 o'clock and

5 o'clock P. M. and between 7 o'clock and 8 o'clock P. M. The first two reached Charleston in about one hour's time. By the last one delivery was made in Charleston the next day. The east-bound train took western mail at Montgomery, carried it east, and delivered it to a west-bound train which passed Charleston at about 3 A. M. the next morning. The mails from Charleston reached Montgomery twice a day, one at about 6 A. M., and the other between 10 and 11 A. M. It was by the latter one that mail could be posted at Charleston and be received at Montgomery on the same day. If, therefore, the plaintiff was bound by law to exercise the utmost diligence possible under the circumstances to obtain the money on the check and is precluded from recovery by its failure to exercise such diligence, its case would clearly fail; for it could have had the check presented for payment at Montgomery on Thursday. But if the law does not demand of the holder of a check the utmost diligence and haste in procuring payment of a check by the drawee, the question depends upon the degree of diligence that is required. If such diligence did not require the discounting or depositing of the check at Charleston on the day of its reception at that place by the plaintiff, and it was allowable to deposit at a Charleston bank on the next day, namely, Wednesday, it could not have reached Montgomery until Thursday, unless deposited and forwarded early in the morning, for the last mail from Charleston to Montgomery on that day left not later than 10 o'clock A. M., for it arrived at Montgomery between 10 and 11 o'clock A. M. The mail for that train would probably close by 9.30 o'clock A. M. If the plaintiff was bound to put the check in the hands of the bank in time for that mail on Wednesday, it was necessary, therefore, to do so on Tuesday or at an early hour on Wednesday. If the plaintiff was bound to deposit it on the same day of its reception and the Charleston bank was not required to forward it until the next day, it would not have reached Montgomery until Thursday, unless mailed at an early hour on Wednesday. If so, and the Charleston bank had the whole of the business day in which to mail it, it would not have reached Montgomery until Thursday. If it had been received at Montgomery by the agent or correspondent of the Charleston bank on Thursday, then the question arises whether the agent or correspondent was bound to present it on the day of its reception, or was entitled to hold it until the next day, Friday. Upon the answers to these questions, to be found in the principles declared by the courts, the correctness of some of the positions taken by the attorneys in the case depends.

In some respects the rights of the parties to a check, drawn by an individual on a bank, are governed by the principles applicable to the parties to an inland bill of exchange, but not in all respects. Notice of dishonor and non-payment of a check and diligence in the presentation thereof, are required only when it is necessary to protect the drawer from loss by reason of the failure of the drawee, holding funds of the drawer sufficient to pay the check. Presumably the check is drawn upon funds in the hands of the drawee belonging to the drawer, and amounts to an appropriation thereof in favor of the payee of the check, and he owes to the drawer the duty of exercising a certain amount of diligence to obtain payment in order to prevent a loss to the drawer by reason of failure of the bank. In other words, if he fails to perform such duty, the loss falls upon himself, and he is barred by law of any right to recover against the maker of the check. If, by delay in presentation, a loss occurs, the payee or holder is deemed to have extended credit to the bank, and must suffer the consequences.

For the reasons above stated, presentation of the check for payment, at the bank on which it is drawn, must be made within a reasonable time, and what is a reasonable time depends upon the situation of the parties with reference to one another and with reference to the bank and all other material facts and circumstances entering into the transaction. When the drawee and payee are in the same town or city, presentation must be made not later than the next day after the reception of the check, unless there is some understanding or agreement to the contrary, or some circumstance intervenes or is connected with the transaction sufficient to vary the rule; but it is sufficient to present it at any time on the next day within business hours. But when the person receiving the check is at a place different from that of the place of business of the drawee, additional time is allowed. The person receiving it need not forward it for presentment on the day of its reception, but may do so on the next day thereafter, and the person to whom it is forwarded for presentation need not present it on the day of its reception, but may do so on the next day after he receives it. In this case two extra days are allowed, while in the other but one is allowed. The reason which suffices to give two days, one for reception and the other for presentation, when the payee and drawee are at the same place, justifies the general rule allowing four days when they are at different places.

In view of these principles, the way to a conclusion would seem to be perfectly clear, but for the circumstance of there being no mail from Charleston to Montgomery on the afternoon of Wednesday, the last day allowed by the rule for forwarding the check to Montgomery. Did this circumstance make it necessary to forward the check in the mail leaving Charleston at about 9 or 10 o'clock A. M.? If not, and it was allowable to deposit it in the post office within business hours on Wednesday, it could not have reached Montgomery until Thursday. Enough has been stated to clearly demonstrate that the utmost diligence possible is not required. The payee is bound to exercise only reasonable diligence, and need not do that which is contrary to, or variant from, the ordinary and prudent mode of transacting business. But the law does not seem to require such action, within reasonable limitations, determined by considerations of convenience, but not of leisure, as is calculated, in view of the possibility of loss by delay, to prevent it. Hence the two-day rule, allowed for forwarding notices or paper for presentment, is subject to this qualification, namely, that it must be sent by the mail of the second day. If there be more than one mail on that day, it need not go by the first; but, if there be but one, it must go by it, unless it leaves or closes at an unreasonably early hour. The whole of the second day is not allowed, unless the last mail of that day goes at the close of business.

The reason for requiring the check or notice to be forwarded on the second day, if it be practicable to do so, is apparent; for otherwise the effect would be to give the party three days instead of two and without any substantial reason therefor. The holder of a check cannot extend the time allowed him by depositing it in a bank for collection. It must be forwarded or presented on the next day after receipt, if reasonably practicable, whether it be done in person or by agent.

What is an unreasonable hour depends upon circumstances. If the court could say, as matter of law, that 9 o'clock or half-past 9 o'clock A. M. is an unreasonable hour, within the meaning of this law, then we could say it would have been sufficient to have forwarded it in the mail of Thursday by depositing it in the post office at some time on Wednesday. No evidence was introduced showing the business hours of the banks in Charleston, nor the situation, with reference to the post office, of the bank with which the plaintiff transacted its business. Therefore the question submitted to the jury was whether the time of departure of the mail, shown by the evidence, was under ordinary circumstances unaffected by any local custom or mode of business, an unreasonable hour. It did not involve any inquiry as to whether, under a given state of facts, a thing could reasonably be done or accomplished. It seems therefore to have presented very little matter of fact, if any at all, for the consideration of the jury, and to have been substantially a question of law. It has been frequently held that when the only question is the reasonableness of the time, the facts being undisputed, it is one of law for the court. It is rather a question of commercial law than one of mere fact; the exigencies of commercial transactions and the peculiarities of that kind of business having established certain rules and regulations by which both court and jury are bound.

In the exercise of the power to determine what is a reasonable time, or whether an act is done within a reasonable time, according to the law merchant, the courts have always taken judicial notice of some of those customs, habits and practices which may be deemed to be a part of the knowledge and information of the people generally, and also of customs and practices peculiar to banks and other financial and commercial institutions. They have determined repeatedly what is a reasonable hour for presentation of a bill for acceptance at the place of business of a trader, as well as for the presentation of a note or other negotiable instrument at a bank, marking a distinction between the two classes of institutions due to the known difference in their hours of business. What is a sufficient presentation in point of time at the place of business of a merchant might not be sufficient in the case of a bank. While a court cannot take judicial notice of the existence of a bank in any particular place, nor of the peculiar methods of business adopted by any bank, they must presume that every bank operates under some reasonable rules and regulations in the transaction of their business; and that parties, in dealing with them or making themselves parties to commercial paper, contemplated the delay incident to, as well as the promptness designed to be effectuated by, such rules and regulations. They do not expect a bank, handling a large number of important securities or commercial instruments each business day, to give to one any particular or special attention not ordinarily given to others of the same class. It is notorious that, for business purposes, banks open their doors later, and close them earlier, than other institutions, and that, as a rule, in cities and towns of considerable size, they are never open earlier than 9 o'clock A. M. Charleston is a city of considerable proportions, in which there must necessarily be a number of banks, doing business after the manner and customs adopted by banks generally throughout the country. Hence it requires no strain of judicial cognizance to say that they are not open for business before 9 o'clock A. M. As the evidence discloses that the last mail leaving Charleston for Montgomery must have gone very soon after the banks opened in September, 1900, the forwarding of the check by that mail would have required more than ordinary diligence. A bank is entitled to a reasonable time after the commencement of business in which to perform any given duty. It cannot be expected to lay aside all other matters and give its attention to that one. It is not a question of what it is possible for banks to do, but one of what they do, and of what the parties to the paper know to be the custom and practice of banks. Since the mail must have left Charleston between 9 and 10 o'clock A. M., it must have been closed at the post office very soon after the banks opened; for some time is required for the preparation of it and for carrying it from the post office to the railway station. It is highly probable that this mail closed just about the time the banks opened, and it is reasonably certain that it was closed within a few minutes after the opening of the banks. All this the drawer of the check must be deemed to have contemplated. He was bound to know that the usual method of collecting checks is to indorse them to the banks to be forwarded by mail for presentment. Both parties, in view of their knowledge of this method of transacting such business, are deemed to have agreed to be bound by the delays incident to this mode of demanding payment. It may be said that both contemplated the possible insolvency of the bank on which the check was drawn, or were bound to know that such a thing might happen; but the drawer, by allowing his money to remain in that bank, and the payee, by accepting the check upon it, each evinced belief in its solvency, and the former a willingness to take the risk thereof, during the reasonable period of time necessary for the presentation of the check in due course of business, by the means which both parties knew the banks generally employ for that purpose.

In view of these principles the court clearly erred in giving the following instruction: "The court instructs the jury that if they believe the plaintiff could by due diligence have presented the check in question to the bank upon which it was drawn before it failed, it was the duty of plaintiff to do so; and, if the jury further believe the plaintiff failed to use due diligence in such respect, and its lack of diligence caused the loss of the amount of the check to the defendant, the defendant is not liable to the plaintiff for the amount of the check, but may find for the plaintiff for the sum of $22.60, interest from November 15, 1901." There was no evidence of lack of diligence. On the contrary, the evidence showed that, by the exercise of due diligence, the loss would not have been averted.

An assignment of error is predicated on the action of the court in giving the following instruction: "The court instructs the jury that, if they believe from the evidence that W. G. Hubbard was the collector of the plaintiff and had authority to collect as agent, and as such agent and collector accepted the check of the defendant, his act in so accepting the said check was the act of the plaintiffs." This, however, is a proper instruction. It was the duty of the agent to forward the check to his principal, and delivery to him was delivery to the principal; but it must have been contemplated that he would promptly forward it, and that the time allowed for presentment would be correspondingly extended. Rosenthal v. Ehrlicher, 154 Pa. 396, 26 Atl. 435; Bank of Grafton v. Buckannon Bank, 80 Md. 475, 31 Atl. 302, 27 L. R. A. 332; Balkwill v. Bridgeport, etc., Co., 62 Ill. App. 663; Gifford v. Hardell, 88 Wis. 538, 60 N. W. 1064, 43 Am. St. Rep. 925.

The rejection of the following offer of evidence is also complained of: "Here plaintiff offered to prove by witness (W. G. Hubbard) that he stated to S. B. Morgan (manager of defendant), and that Morgan knew, his regular course to be leaving Montgomery on Monday and go up on the C. & O. Railroad and back on Friday evening on the same week to Charleston." In this no error was committed, for the materiality of the proposed evidence was not shown. If Morgan knew of this practice, it does not follow that he knew the agent habitually carried checks with him over this route, delivering them to his principal on Friday. Jackson v. Hough, 38 W. Va. 236, 18 S. E. 575.

It is hardly necessary to say that, if a different state of evidence should appear on the new trial to be allowed, the rulings of the court will have to be varied so as to conform thereto. The law here declared is applicable only to the evidence in the trial which resulted in the judgment now under review.

For the reasons stated, the judgment will be reversed, the verdict set aside, a new trial allowed, and the case remanded.

STOCK CERTIFICATES — FORGED SIGNATURE — NEGLIGENCE.

DOLLAR SAVINGS FUND AND TRUST CO. VS. PITTSBURG PLATE GLASS CO.

Supreme Court of Pennsylvania, January 2, 1906.

Having access to a certificate of stock for 75 shares of the Pittsburg Plate Glass Company, which had been signed by the president and secretary, and bore the seal of the corporation, a clerk in the employ of the company surreptitiously took the certificate, forged the name of the transfer agent upon it and transferred it to Lillian K. Alward, who by pledging it to the Dollar Savings Fund & Trust Company, obtained a large sum of money. The bank must stand the loss, according to a decision by the Supreme Court of Pennsylvania, in deciding its suit against the company named. The court holds that any one taking a stock certificate, showing on its face that it is not valid unless countersigned by a transfer agent, without the signature of such agent, does so at his peril. The court holds the certificate was not valid in the hands of the bank as against the corporation on the ground of its negligence.

In the Court of Common Pleas, Allegheny county, Judge McClung gave judgment for the defendant on a demurrer. The Appellate Court affirms that judgment on the opinion of the court below. After taking up preliminary questions, Judge McClung treats the main proposition thus:

"This brings us to the main question in the case, viz.: Whether or not the proof of the fact that the president and secretary signed this certificate and sealed it and left it where it could be taken by an employe, and it was so taken, and James S. Carr's signature forged, and the certificate pledged for money advanced by plaintiff, would present such a case as would make it proper to submit to a jury the question of fact as to whether or not defendant's negligence was the proximate cause of plaintiff's loss. We take it that upon the presentation of such a case it would be the duty of the court to say that, even assuming negligence on the part of defendant in dealing with the certificate, the proximate cause of the loss was the failure of plaintiff to verify the signatures to the paper—a duty which rested on it. All the cases show that it is only when a party holds a certificate, to which is attached the genuine signature of the parties who must sign to make it good, that the question arises as to whether or not the company is liable to him because of negligence, when the certificate is in fact false by reason of having been improperly or fraudulently issued.

"Even the cases of strictly negotiable instruments, where such changes are made in the instrument as to amount to the crime of forgery, and the maker is held liable because he signed negotiable paper in such form as to readily admit of fraudulent alteration, all assume the genuineness of the signature and do not even suggest that any business man owes to another the duty of seeing that a third party does not forge his signature to an instrument of writing."

BANKS AND BANKING—NATIONAL BANK POWERS—ACQUISITION OF STOCK—TRANSFER OF STOCK—CONSUMMATION OF TRANSFER RIGHTS OF STOCKHOLDERS—ENFORCEMENT OF RIGHTS—REFUSAL TO TRANSFER STOCK.

WESTMINSTER NATIONAL BANK VS. NEW ENGLAND ELECTRICAL WORKS.

Supreme Court of New Hampshire, January 2, 1906.

As security for a loan made to one Bibber, the Westminster National Bank, doing business in Massachusetts, accepted a certificate of stock issued by the New England Electrical Works, and subsequently Bibber formally transferred the certificate to the bank. He had paid nothing for the certificate, but the bank was not cognizant of any infirmity in the issuance of the stock and acted in good faith. The certificate stated that the shares were fully paid, non-assessable and transferable only on the books of the corporation. The corporation refused to accede to the demands of the bank to register the transfer and to issue a new certificate to it. The corporation acted thus on the ground that since Bibber paid nothing for the stock, he was not the owner, but the Supreme Court of New Hampshire holds that as the bank acted innocently and in good faith, it would be inequitable to hold that it, having no notice of any infirmity and relying upon the unequivocal assertion of the corporation contained in the certificate that Bibber was the owner of the stock represented thereby, should be deemed to be in the same position toward the corporation that Bibber occupied.

The bank sought by a bill in equity to have the corporation ordered to issue a new certificate to it.

The court holds that ownership in the stock passed from the seller to the buyer by force of the contract of sale and as soon as the contract was consummated, though the latter ordinarily does not acquire right against third parties until a transfer has been made on the books of the corporation; that a national bank receiving stock in the ordinary course of business as security for a loan may protect itself from loss by taking the stock in payment of the debt; that the transferee of corporate stock is not confined to an action for damages for refusal of a corporation to transfer the stock on its books, but may require it on a bill for specific performance to transfer the stock to him, especially, as in this case, where the real and prospective value of the stock depends on the future development and management of the corporate enterprise.

The business of the electrical works has not been thoroughly developed, and its future is problematical. The plaintiffs believe that the stock will ultimately be much more valuable than it now is. January 3, 1903, certain stockholders of the defendant corporation began proceedings in the Supreme Court of New York against Bibber, the Westminster National Bank and the electrical works, and obtained an order restraining Bibber from transferring his certificate of stock, and restraining the electrical works from making any transfers thereof on the books of the corporation. The plaintiff bank was not served with process in that suit and did not appear, although it received information of the pendency thereof. The defendants offered testimony of what one Greenwood, a director and vice-president of the bank, had said in regard to the way the bank received the stock. The evidence was excluded upon the ground that it did not appear that Greenwood had authority to make admissions against the bank, and the defendants excepted. The court ordered the electrical works, upon presentment of the Bibber certificate properly indorsed, to issue to the plaintiffs a new certificate for the same number of shares, unless the New York judgment is a legal bar to such an order. To this order the defendants excepted.

In the opinion written by WALKER, *J.*, the court says in part:

"The bank, when it purchased the Bibber stock, was entitled to believe that by complying with certain reasonable regulations it would be recognized as, and in fact become, a stockholder in the corporation, possessing all the rights of other stockholders. Bibber's certificate which he assigned to the bank contained the solemn statement of the corporation, by its authorized officers and agents, that Bibber was the owner of 350 shares of its stock, and that the stock was fully paid and non-assessable. The principal reason now assigned by the corporation for refusing to register the transfer to the bank and to issue to it a new certificate is that Bibber paid nothing for the stock, and that under the laws of South Carolina he was not for that reason the owner of the stock represented by his certificate. If that conclusion of law is correct so far as Bibber is concerned, and if, while he held the certificate he could not legally act as a stockholder or claim to be the owner of the stock, it would be most inequitable to hold that his vendee, having no notice of any infirmity in his title, and relying upon the unequivocal assertion of the corporation contained in the certificate that he was the owner of the stock represented thereby, should be deemed to be in the same position with reference to the corporation that Bibber occupied. Under such circumstances the most obvious principles of equity and justice require that the corporation should be estopped from denying the title of the innocent vendee who has given value for the stock. The plaintiff bank, having in the ordinary course of business received the stock as collateral security for a loan to Bibber, afterward sought to protect itself from loss by becoming the owner of the stock. It enforced its lien on the security, and thus became the owner thereof. So far as appears from the case, it was not dealing in stocks as a primary business; but, as incidental to its general business of loaning money, it acquired Bibber's title to the stock, as, upon the authorities, it had a right to do. How long it may hold the stock under the national banking laws it is unnecessary to inquire. The fact of the good faith of the transaction, so far as material, was established by the finding of the superior court, to which no exception was taken.

"The plaintiff is not a stockholder of the defendant corporation in the full and proper sense of that term. When it became the owner of the stock it occupied the position of a stranger to the corporation; and what it now seeks is the enforcement of the obligation then incurred, if at all, of the corporation to recognize it as a stockholder. As the corporation is estopped to urge as against the bank that the stock was not legally issued, it must be treated as valid stock when the bank became the owner of it. The case, then, stands as though the stock was valid and binding on the corporation in the hands of Bibber when he sold it to the bank. In that aspect, the plaintiff acquired a right by the transaction to have the stock transferred on the books of the corporation, so that it would possess as against the corporation and as against the world all the privileges of a stockholder, which it is conceded are valuable. The right to a transfer of the stock on the books of the corporation was one of the rights acquired by the bank at the time of the sale. The corporation had in effect agreed to make such transfer upon the presentation of the former certificate by a bona fide vendee and a demand for such transfer. In order to make its stock conveniently salable, and thus enhance its value as an investment, it represented to all who might desire to purchase its stock, and to all stockholders who might wish to sell their stock, that it would invest the purchasers thereof with all the rights of stockholders by making a record on its books of the fact of each sale as made. Having made such representations and assumed such obligations, it would be highly inequitable for it to repudiate the same to the prejudice of innocent purchasers of its stock.

"The plantiff's right to a transfer depends on the contract of the corporation. The bank is merely seeking the enforcement of a contractual obligation. It is not attempting in this proceeding to interfere with the essentially internal affairs of the corporation. It asks merely that the corporation—a party to the suit—shall recognize it as a stockholder by virtue of its representation to the bank at the time of the sale that it would do so. The court is not asked to determine what the rights of a stockholder may be in this foreign corporation, or to exercise a discretion in behalf of the plaintiff in regard to the corporate management of the defendant. The relief sought is merely the enforcement of a contractual right which accrued to the plaintiff when it bought the stock of Bibber. It then impliedly promised that it would permit the transfer.

"It is further argued in behalf of the defendants that the New York judgment against Bibber bound the plaintiff, in other words, that the plaintiff, although not in fact a party to that suit, is included thereby, because according to the books of the bank, Bibber alone was the owner of the stock in controversy, and because the sale of the stock, under the statutes of South Carolina, vested no title in the bank. But the last reason, in view of the foregoing discussion, is not supported by reason or authority. The entire title which Bibber had to the stock passed to the bank at the time of the sale, February 25, 1901. May 1, 1902, the bank notified the defendant corporation that it was the owner of the Bibber stock, so that the defendant corporation was apprised of the claim of ownership by the bank long before January 3, 1903, when the New York suit was instituted. The bank's title to the stock for all purposes, then, depended upon the mere formality of a record, since, as above suggested, the corporation had no legal ground for objecting to the record. Under such circumstances at least it cannot be said that the bank had no legal title to the stock in January, 1903, as against the corporation; and since Bibber was not only not the owner of the stock at that time, but was not in any sense the agent or representative of the bank—the true owner—in that litigation, the binding effect of the New York judgment upon the plaintiff is not apparent. The effect of the defendants' contention is to deprive the plaintiff of valuable vested rights by a judgment against a third party in a suit to which it was not a party, either directly or indirectly. It is unnecessary to cite authorities to show that such a result cannot be sustained.

"It is to be observed that this is not a proceeding to compel a vendor of stock to assign and deliver his certificate to the vendee under a contract of sale, but to compel the corporation to perform a merely clerical act for the benefit of a vendee who has already purchased and now holds the certificate. To deny him relief by specific performance, upon the ground that he could recover damages at law, would be, in effect, to compel him to sell what he already owns at such a price as a jury might think it was worth. And especially ought a court of equity to decree specific performance, when, as in this case, the real and prospective value of the stock depends upon the future development and management of the corporate enterprise.

"The exception to the exclusion of the testimony of the witness relating to an admission made by Greenwood, a director of the bank, who was also its vice president, is unavailing. The ruling of the court was based upon the fact that it did not appear that the official of the bank was authorized to bind the bank by the proffered admission. Since there is no presumption of law that his official relation to the bank furnished or proved such authority the exception presents no error.

Exceptions overruled. All concurred.

SALES OF BANK STOCK—VALUE—COMPUTATION—UNEARNED INTEREST ON BILLS RECEIVABLE—DAMAGES.

ROBERTSON VS. MOSES, ET AL.

Supreme Court of North Dakota, February 24, 1906; rehearing denied July 30, 1906.

In the suit of James Robertson vs. Moses Williams, et al., to recover damages for breach of an alleged guaranty of the value of eighty shares of the stock in the Citizens' State Bank of Drayton, which were sold to the plaintiff by the defendant in 1903, the Supreme Court of North Dakota held that in fixing the value of the stock, estimated by the assets and liabilities of the bank as disclosed by its books, an error was made in the computation by including the unearned interest on the bills receivable as an asset. The plaintiff is held to have rightly recovered the difference in value resulting from the erroneous computation. The case was before the appellate court on an appeal from an order denying a motion for a new trial.

The opinion written by Young, J., containing the facts, is substantially as follows:

The complaint alleges that the defendants sold the stock at $112.50 per share and as an inducement to the purchase represented "that said stock was then worth the sum of $112.50 per share and promised and agreed that if said stock was not then actually worth the sum of $112.50 per share the defendants would thereafter, upon the plaintiff's request, pay to him in cash a sum of money equivalent to the difference between the actual cash value of said stock and the price paid therefor;" that the plaintiff relied upon said promise; that the stock was actually only worth $90 per share; that plaintiff has demanded the payment of the difference, which demand has been refused—and prays for judgment for $1,800, which is the amount of the alleged difference in value.

The defendants in answer to the complaint admit the sale of the stock and at the price alleged in the complaint, but deny making any guaranty whatever in connection with the sale and allege that the plaintiff made a full and personal examination of the bills receivable, assets, liabilities, and affairs of said bank, and relied upon said investigation in purchasing said stock; that the only representations made by defendants "was to present for the inspection of said plaintiff, previous to said sale, the books, papers, and assets of said bank, to be examined by plaintiff before purchasing said stock."

The case was, by stipulation of counsel, tried to the court without a jury. The findings were in favor of plaintiff. The court found that the stock was actually worth $92.65 per share at the date of the transfer. Otherwise the findings followed substantially the language of the complaint. In addition the court made the following finding: "The court of its own motion finds that at the time of the sale of the said stock it was agreed between the parties that in estimating the value thereof, only such assets and liabilities of the bank should be considered as the books and papers of the bank then disclosed. And the actual value of said stock as hereinbefore found is based upon the then actual value of such assets and the amount of the then existing liabilities as the books and papers of the bank then disclosed."

The amount of the recovery awarded was $1,588, being the difference between $92.65 per share and $112.50 per share, which was the amount paid for the stock.

The grounds urged for reversal upon this appeal are those presented upon the motion for new trial; i. e., (1) insufficiency of the evidence to justify the findings, and (2) irregularity in the proceedings of the court and surprise and prejudice resulting therefrom. Are the findings justified by the evidence? This question must receive an affirmative answer. The court found in substance (construing the preceding finding as modified, as we must, by the finding made by the court on its own motion and above set out), that the parties to the sale agreed that the value of the stock should be determined from such assets and liabilities of the bank as were then disclosed by its books and paper; that the defendants represented that the actual value of the stock figured upon this basis was $112.50 per share, and agreed that if it was not of that value to make good the difference upon demand; and that the actual value of the stock computed upon the basis thus agreed upon was only $92.65 per share. Eight witnesses testified relative to the transaction. These include the plaintiff and the two defendants, two clerks who were then employed in the bank, a director who heard the matter discussed between the plaintiff and defendants at numerous meetings of the directors and two cashiers of other banks who were chosen as arbiters, and went to Drayton for the purpose of adjusting the controversy. The statements of the several witnesses differ in language and in some respects in substance so that it may be said there are as many versions of the transaction as there are witnesses, but as to the vital and controlling facts found by the trial court there is, as we view it, no substantial conflict.

The capital stock of the bank was $15,000 which was divided into 150 shares. The defendant Moses was president. He was also connected with two other banks. The defendant Wylie had been one of its directors from its organization in 1898, and for about a month preceding the sale to the plaintiff had been acting as cashier. On or about the 3d day of February, 1903, the defendants sold and transferred the 80 shares of stock in question which was the controlling interest, to the plaintiff and the latter took possession. Previous to that time the plaintiff had had no experience in banking, and was ignorant of banking terms and methods, and was not competent to compute the value of bank stock from an examination of the books. He had known Mr. Wylie for many years, and had confidence in his integrity. His proposition was to buy the stock for what it was worth, and he left it with the defendants to compute its value, and relied upon their assurance that the amount they stated to him, $112.50 per share was correct, and their further assurance that if it was not correct they would make the difference good. The assets of the bank, including its loans, were exhibited to the plaintiff for his inspection. He was acquainted in a general way with the financial standing of the makers of the bills receivable. During the negotiations he objected to a certain note for $1,000 which it is agreed was of little or no value, also to a $980 note and certain other small notes of doubtful value, and stated that if they were taken out in fixing the value he would purchase the stock. This the defendants declined to do. After some delay he concluded to make the purchase on the basis of the assets as they were taking them all at their face value.

It sufficiently appears from the testimony that the sale was made upon the basis of the assets and liabilities of the bank as then disclosed by its books and paper as found by the trial court, and further, that the plaintiff agreed to accept such assets at par or face value, and that the defendants agreed to make good their representation that the stock when figured upon the basis thus agreed upon was worth $112.50 in case it was found that their computation was erroneous. Was the value of the stock correctly computed by the defendants? This has been at all times and still is the point and only point of difference.

This question turns upon the answer to another question, and that is whether the unearned interest upon its bills receivable was an asset proper to be taken into account in fixing the value of the stock? The major part of the bank's assets consisted of its bills receivable. The custom followed by it in making and renewing loans was to have the borrower execute a note bearing interest only after maturity, and to add to the face of the note the amount of interest to be earned to its maturity. In other words, the unearned interest was added to the face of the bills receivable, and the notes were carried upon the books at the amounts stated upon their face and were counted at this increased amount by the defendants in figuring the value of the stock; that is, the unearned interest was added to the principal and the total amount was counted as an asset. The inclusion of this unearned interest represents the only difference between the parties as to the correct basis for finding the value of the stock. The defendants counted the unearned interest as an asset in their computation, and claim that this was proper. The plaintiff contends that it was in no sense an asset and that he is entitled to reimbursement for the difference in the valuation of the stock which resulted from including it. If it was properly included, the computation of the defendants was correct, and plaintiff cannot recover. If, on the other hand, it was not properly reckoned as an asset, the plaintiff is entitled to recover.

The value of the stock as found by the trial court is based upon the testimony of one Arthur L. Harris an experienced banker. This witness took the liabilities and assets of the bank as shown by the books of the bank on the day of the sale, and computed the values of the different items which went to make up its assets, each being stated separately. The only item upon which he placed a valuation different from that used by the defendants in their computation was the bills receivable. Aside from this difference the correctness of his computation and valuations was not disputed, and unless the defendants are correct in their contention the amount of recovery awarded by the trial court is correct. They undertook to correctly figure the value of the stock from the assets and liabilities disclosed by the bankbooks. They included unearned interest as an asset in fixing the value of the bills receivable. This was unwarranted. It cannot be said that unearned interest is an asset. Clearly, the mere adding of unearned interest to the face of a note does not increase its value. The face value or prima facie value of a promissory note at any point of time is the principal and interest then accrued.

Interest until earned has no existence. To illustrate, suppose a person makes two separate loans on the same day of $1,000 each for one year at an agreed rate of 10 per cent., and in one case the year's interest which is payable at maturity is added to the face of the note, and in the other it is not, can it be said that one note is of face or nominal value of $1,000 and the other $1,000? Clearly not. Both notes call for the same amount at maturity, and the unearned interest is no more an asset in one case than the other. The addition of the unearned interest to the face of the note is merely a different and perhaps more convenient way of evidencing the maker's promise, but the change in the form of the promise does not change the fact that it is unearned interest, and is not an asset. The witness Harris estimated the actual value of the bills receivable at the date of the sale at their face value with accrued interest. This was also the prima facie value, and was in fact the basis of value agreed upon between the parties. The defendants guarantied that they had correctly computed the value of the stock from the bank's assets and liabilities as disclosed by its books. They did not do so, and the attack upon the findings for the alleged insufficiency of the evidence must, therefore, fail.

The contention that the court was guilty of an irregularity in its proceedings and of an abuse of discretion whereby the defendants were surprised and prejudiced is, in our opinion, without merit.

Finding no error in the record, the order and judgment will be affirmed. All concur.

NOTES OF CANADIAN CASES AFFECTING BANKERS.

[Edited by John Jennings, B.A., LL.B., Barrister, Toronto.]

PROMISSORY NOTE—LEGAL CONSIDERATION—RENEWAL OF FORGED PAPER—LIABILITY OF INDORSER.

LA BANQUE NATIONALE VS. DROLET.

(Quebec Reports, 28 S. C. 146.)

A promissory note given in payment, or renewal, of notes of the maker bearing indorsements forged by him, to the bank which discounted and holds the latter paper and is aware of the forgery on it, is valid, and, as a consequence, the indorser of such a note is liable to the bank for the amount, more particularly if, at the time he indorsed it, he was not aware of the forgery and fraud in question.

JUDGMENT (Sir Melbourne Tait, Acting Chief Justice): This action was brought to recover the sum of $6,702.53 and interest, being the amount of a promissory note signed on the 28th of December, 1903, by the defendant Lortie, drawn to the order of the defendant Drolet, and endorsed by the latter.

Lortie did not plead, but the defendant Drolet pleaded that he was not responsible for the amount of the note, because he endorsed it upon the understanding, and under the condition, that he would incur no responsibility towards the plaintiff by so doing, and that the endorsement was for an illegal consideration, namely, for the compounding of a felony.

The first court, after hearing the evidence, held that the pretension of the defendant, that he had signed upon condition that he would not be responsible, could not be proved by parol evidence, and, moreover, that the proof was insufficient. It also held that it had been established, as well by the plea as by the proof, that the defendant had no knowledge, before, and at the time of endorsing the note, of the frauds charged against the other defendant, Lortie, and that he, the defendant Drolet, had voluntarily and freely endorsed the note, without having in any way been influenced by any illegal threats or considerations.

We are all of opinion that the judgment is well founded.

The proof shows that Lortie owed the plaintiff $7,000 for commercial paper, which he had forged. The forgery being discovered, Lortie, at the suggestion of the agent of the plaintiff and in company with him, asked the assistance of his father-in-law, Michael Lefebvre, to whom the situation of affairs was made known; the father-in-law, not being personally able to meet this debt which his son-in-law owed, requested his friend Drolet to endorse a note. The defendant admits that he consented to endorse this note for Lortie, who, he thought, was perfectly sound, and executed a mortgage in favor of the bank, as collateral security for the payment of the note so endorsed by him, for the sole purpose of obliging his friend, Lefebvre. A month afterwards he endorsed another for $6,900, in renewal of the $7,000 note, and again, two months afterwards, he endorsed the note which is now sued upon, as a further renewal. He did all this without making any inquiry as to the position of Lortie, and without any representations being made to him, or any information given to him, regarding the position of the latter.

It appears to me that the defendant Drolet can only escape responsibility upon the grounds either that Lortie's contract, as maker, was void ab initio, under article 990 C. C., and therefore his, Drolet's, endorsement was also void, or else that his consent was obtained by the bank under such circumstances as to render it invalid.

As to the first ground, I think that Lortie could under the circumstances give a valid note for the money lawfully owed the bank, and which it had a right to recover from him. It was an acknowledgment of a debt due.

As to the other point, the bank did not come in contact with Drolet at all. His consent, therefore, was not obtained by it, but was given voluntarily, at the request of his friend, Lefebvre, who was not a party to the note, and to oblige him, and was given, as already stated, in ignorance of any wrong-doing on the part of Lortie.

INSOLVENCY—CLAIM BY BANK—EVIDENCE—BEST EVIDENCE—PAROL TESTIMONY—WRITTEN ACNKOWLEDGMENT—BILLS AND PROMISSORY NOTES—SURRENDER OF DRAFT TO ACCEPTOR—DISCHARGE OF DRAWER—COLLATERAL SECURITY—LIFE POLICY—CASH SURRENDER VALUE.

TESSIER, INSOLVENT, AND LA BANQUE NATIONALE, CLAIMANT, AND MATTHEWS, CONTESTANT.

STATEMENT OF FACTS: The insolvent carried on business as a biscuit and confection manufacturer, with the management entirely in the hands of D. P. Riopel. An assignment for the benefit of creditors was made on the 23d of February, 1902, and La Banque Nationale filed a claim for over $43,000, their right to rank for which was contested by Matthews.

The first item objected to was in respect of an overdraft for $12,-253.21. The checks, drafts and notes charged to the insolvent, and which go to make this overdraft, were not produced by the bank in establishing their claim and the contestants asserted that the overdraft could only be proved in that way. The bank produced the receipts taken from the insolvent from month to month in accordance with their ordinary practice when delivering up checks, etc., which receipts admitted the balance from time to time. The manager of the insolvent also admitted in evidence that the debit balance was correct and that all documents substantiating the overdraft had been received from the bank.

JUDGMENT (Sir Melbourne Tait, Acting Chief Justice): I am of opinion that the evidence of Mr. Riopel, corroborated by the bank book, made out a prima facie case, and that this overdraft is correctly claimed and sufficiently proved. The vouchers, at the time of the trial, were not in the hands of the insolvent, nor of Riopel, nor under their control. They had been surrendered by the bank and were in the hands of the curator, who was brought up by the contestants as their witness.

The claimants having made out a prima facie case, and the contestants having had ample opportunity of examining the vouchers and the bank books, and not having in any way discredited the testimony of Mr. Riopel, corroborated, as I have already stated, by the bank pass-books and receipts, I think the proof should be considered sufficient and the judgment sustained on this point.

The third objection is against two acceptances by Mr. Fontaine, one for $101.87 and another for $116.24. One of those drafts matured on the 20th of February and the other on the 22d, that is just the day before the assignment of the insolvent company, and, as they matured, they were charged to Fontaine's account, and returned to him with his other vouchers at the end of February, stamped "paid," by the bank. Fontaine assigned on the 17th of March, and on the 24th of March the bank got back the drafts from him, explaining that as his account was overdrawn at the time the drafts were charged they were not paid and were marked paid by error. Fontaine surrendered the drafts to the bank, and the latter thereupon gave him credit for them and charged them to the insolvent company. By charging them to Fontaine and marking them paid and returning them to him, the company insolvent, as drawer of the drafts, was discharged. The bank cannot, because Fontaine became afterwards insolvent, retake possession of the drafts which they considered paid, and claim on the drawer. The amount of those two drafts therefore must be deducted from the claim.

The fifth objection is that the bank held a policy of life insurance for $1,000 on the life of Riopel, payable to his wife, and which had been transferred to the bank as collateral security for the overdraft of the insolvent. All the premiums have been paid, and, according to the terms of the policy, it has a cash surrender value of some $243, and the contestants claim that the bank should give credit for this amount. This security did not come from the insolvent. The policy is payable upon the death of Riopel. The bank has to wait until the death of Riopel to collect the full amount, and possibly may receive nothing from it. I don't think the claimants are bound to give credit for the $243.

BILLS OF EXCHANGE—FORGED CHECKS—BROWN—FORGERIES BY CLERK IN GOVERNMENT DEPARTMENT—PAYMENT BY BANK—NEGLIGENCE—PASS BOOK—DUTY OF CUSTOMER TO CHECK ACCOUNTS—SETTLEMENT OF ACCOUNTS—AUDIT ACT—ESTOPPEL—LACHES—DEPOSIT OF CHECKS IN OTHER BANKS—LIABILITY OVER—DUTY OF KNOWING CUSTOMER'S SIGNATURE—ALTERATION IN POSITION—MISTAKE—LIABILITY AS BETWEEN TWO INNOCENT PARTIES. R. S. C. 1886, ch. 29, sec. 30.

REX VS. BANK OF MONTREAL.

(11 Ontario Law Reports, page 595.)

STATEMENT OF FACTS. A very full statement of the facts of this case, together with the synopsis of the judgment of the trial judge, will be found in THE BANKERS' MAGAZINE for December, 1905, at page 901. The Dominion Government kept its account in the Bank of Montreal, and a clerk in one of the departments forged checks amounting to $75,000 drawn upon this account, and these checks he deposited in other banks to his own credit, but under an assumed name. These banks, without endorsing the checks, presented them through the clearing-house and they were accepted and paid by the Bank of Montreal. On the discovery of the frauds the Government took action against the Bank of Montreal to recover the amount of the checks and the Bank of Montreal caused the other banks to whom payment of these checks had been made to be brought in, claiming indemnity from them. The trial judge decided in favor of the Government and the third party banks, and this appeal was taken to the Court of Appeal for Ontario.

JUDGMENT. (Moss, *C. J. O.;* Osler, Garrow and Maclaren, *JJ. A.*) The following is a synopsis of the judgment of Chief Justice Moss:

On the appeal against the judgment in favor of the plaintiff the ground mainly relied on and most strenuously urged was, that there is arising out of the relation of banker and customer an obligation on the part of the latter to examine the state of his account as shown from time to time by his pass-book and returned checks or vouchers, and upon failure to do so or upon failure, after having done so, to raise objection, the customer is deemed to have waived or forfeited all right to thereafter rectify the account. And it was urged that his was a contractual obligation not resting merely on estoppel by change of position or otherwise, but on the banker's right to insist upon an implied contract by the customer that he shall under such circumstances be bound as upon an account finally and conclusively settled between the parties.

I am not prepared at present to fully accept the proposition that even in the case of a banker and a private individual customer there is by contract any such obligation upon the latter as is contended for. As at present advised I am not prepared to go beyond the view of Sir John Paget, quoted by the learned trial judge, to the effect that but little reliance can be placed on the pass-books as precluding a customer from disputing debits which have appeared in the book both when delivered to him and returned by him without objection, or from denying the genuineness of his signature to checks which represent such debits and have been returned paid with the book and retained by the customer without comment. But even in cases where the customer has been held precluded of his right to rectify the account, the decisions appear to rest upon the usual grounds of estoppel by conduct such as delay, acquiescence, change of position and the like, and not on contractual obligation. And in the present case the arguments for the defendant bank on this branch of the case, in whatever form they are advanced or in whatever light they are considered, seem eventually to resolve themselves into the proposition that the crown can be and is estopped by the acts or negligence of its servants, and is therefore not in a position to deny the propriety of the payments claimed to have been made on its behalf. And once the case is brought back to that proposition, the authorities seem to make it clear that that furnishes no answer to the plaintiff's demand.

On the other branch of the appeal—that against the third party banks—the argument is, first, that these banks by presenting the checks in question to the Bank of Montreal for, and receiving payment, warranted their genuineness or impliedly undertook to indemnify the bank in case they proved not to be genuine.

It cannot be pretended that the bank paid the checks upon the faith of any representation of the third party banks as to their genuineness. It paid in reliance upon a belief, the truth of which it was in a much better position to ascertain and know than the third party banks, that the checks were duly and properly signed, and were the authentic and genuine checks of their customer. Can there, in this dealing between the

Bank of Montreal on the one hand, and the third party banks on the other, be implied any warranty by the latter or any agreement or undertaking to indemnify the former? If in the ordinary course of dealing there comes through one bank to another a check purporting to bear the signature of a customer of the latter, which accepts it, pays it and charges it to the customer, ought not the implication to be that it was so dealt with in reliance upon knowledge of the customer's signature, and not upon any supposed representation or warranty of its genuineness by the bank presenting it? The latter ought not to be held to be doing more than tendering the paper to be honored or not, as the customer's bank may decide. It is not in the position of a company under an obligation, statutory or otherwise, to perform a ministerial duty, and the presenting bank has no right to compel the payment. The matter is left to the judgment of the customer's bank to which it is presented.

I do not think that in these circumstances there is sufficient to render the presenting bank liable as upon a warranty or indemnity, the result of which would be to relieve the paying bank from any responsibility to exercise care in paying or diligence in notifying discovery of its mistake. In such cases it must be a question of fact whether the circumstances are such as to raise an implication of a contract for indemnity, and the circumstances in the present case are such as to justify the conclusion that there was no implied contract of indemnity. The third party banks, therefore, are under no liability to the defendant bank on the ground of implied indemnity or warranty.

The other ground upon which it is sought to render them liable is mistake of fact. The defendant bank claims to be entitled to receive back the payments as made under a mistake of fact. But against this claim are the countervailing circumstances which are detailed and dealt with by the learned trial judge. There was very great delay in ascertaining the want of genuineness of the checks, and in the meantime the position of the third party banks had been altered to their prejudice. It is impossible that they could now be restored to the position they held at the time of, and for some time after, the payments to them by the defendant bank. Their conduct has been blameless throughout, and even if the defendant bank be regarded as an innocent party, the third party banks should be awarded the stronger position.

THE GOLDEN FLEECE.

The "sucker business" in Wall Street is estimated to be worth over $375,000,000 a year to the brokers and their allies, the banks. By "sucker business" is meant the amount of money lifted out of the pockets of the people. The brokers are not to blame. People do not have to be begged to speculate. They are born to gamble. The chief end of man is to get something for nothing, and that is why millions of our fellow citizens throughout the land tie themselves to one end of a Wall Street private wire, and squander their earnings tickling that wire. What astounding figures! The total value of wool produced in the United States is about $61,000,000 annually; and the annual lamb clip in Wall Street is $375,000,000.—*New York Press.*

PRACTICAL BANKING

CANADIAN BANKING PRACTICE--THE DETECTION OF FRAUD.

BY H. M. P. ECKARDT.

IN a short article published in THE BANKERS' MAGAZINE for April, 1903, a brief summary was given of the manner in which the bank inspectors in Canada perform their duties. In view of the recent scandalous bank failures in Chicago and Philadelphia it will be interesting to take a more particular note of the methods by which the Canadian banks endeavor to guard themselves from the two forms of dishonesty which wrought the ruin respectively of the Milwaukee Avenue State Bank of Chicago, and of the Real Estate Trust Company of Philadelphia. In the first instance the trouble was caused by forgery on a wholesale scale by the highest officer of the bank, with the connivance of another high official; in the second instance, also, the highest officer of the bank did the mischief, this time by lending huge amounts to an adventurous speculator on security that was both improper and inadequate, and at the same time deceiving his directors and his staff by false statements of securities held.

Commenting on the two happenings, leading bankers in New York have pointed out that the methods of checking and inspecting practised by the big New York banks would effectually prevent either of the above kinds of dishonesty.

As the branch bank system calls for a somewhat different mode of inspection, it may be that bankers in the United States will be interested in a further short description of how the inspecting and checking, to prevent frauds like those just mentioned, are done in Canada.

In the first place, before detailing the inspector's operations, it is necessary to repeat what was said in the former article about the source of the inspector's powers and the nature of his responsibilities. He takes his orders from and makes his reports to the general manager. And the general manager is, in turn, accountable to the board of directors. Fraud of the Stensland and Hipple type might exist at a branch or at the head office. The machinery used to detect and check it in the branches requires to be amplified before it would suffice to detect and check misdoings by the highest executive officers at the head office. It will thus be necessary to divide the subject into two parts, the first of which will treat of the examination of the branch offices and the second of the examination and checking of the head office.

Examination of the Branches of Canadian Banks.

Beginning with the Stensland method, let us suppose a branch manager to be intent upon defrauding his bank by means of forged notes. Before he could do anything of consequence he would have to secure the co-operation of the teller, as that officer's suspicions would certainly be aroused if the manager sought to extract very much money from him by means of promissory notes of any description, whether forged or genuine. Then, under the branch system it would not be the safest thing in the world for a manager contemplating forgery or fraud to take any steps to secure the alliance of his teller, or indeed of any of his officers, for one reason because his staff does not regard him as the arbiter of their fates. As a means of preventing this very thing the head office is constantly shifting men from one position to another. The opening of new branches and the resignation, superannuation, or death of officers in high positions make it possible to effect a constant stream of promotion of all young men of any sort of promise or ability. The consequence is that the teller, the ledger keeper, the discount clerk, and the others regard their present positions as but temporary, and they are always looking forward to the next move upwards in their own or a better branch. If they think their manager or any other one of their superior officers is crooked, they would be almost sure to report suspicious circumstances to the proper authority, even if they did not know, as they do, that their failure to report irregularities on the part of another officer would probably mean summary dismissal from the service and perhaps prosecution. Here, right at the outset, is a grave difficulty in the way of a branch manager who plots forgeries. It would not be nearly so easy for him to secure the necessary confederate as it would be for the president of a national bank whose officers are permanently under him and more or less dependent upon him for their advancement and success.

But we will suppose this obstacle safely passed, and that the manager has succeeded in securing the teller's active co-operation. Unless the teller held the fraudulent notes in his cash they would have to go through the books and enter all records along with the genuine paper. And he could not carry a great amount of the forgeries in his cash, because a complete specification of all cash on hand has to be sent to the head office every week or every two weeks at the outside; and unless the total amount of cash as shown by these statements was permitted to increase with the increase in the forgeries the point would soon be reached where there would not be enough of actual cash to carry on the business of the branch; and if the total did increase it would not be long before the suspicions of the head office were aroused. And there would be the daily risk of a visit from the inspector as well as of a new teller being appointed. As soon as either event happened the game would be up. Quite probably no branch manager of ordinary intelligence would select this method. The risks would be too great and detection too certain within a short time.

Next let us suppose the forgeries have been passed through the books as genuine. Then they must go in every book of the series, for each book must show a continuing balance with all others of its set. Another rule which is strongly insisted upon in Canada is that promissors to all paper discounted be notified through the post office about ten days ahead of maturity. The manager would have to see to it that no notices were sent to forged names. Again, every month, a complete liability statement containing full particulars of all names in, and of security held against, every discount account which exceeds $500 must be sent to head office, where it is closely examined. And when the inspector visits the branch, which may be once, twice, three or more times in a year, he personally examines every note owned by the bank, compares suspicious signatures, and does everything in his power to follow up and investigate anything that strikes him as queer or unusual. When it is considered that these inspectors are selected for their positions because they are specially bright and specially well informed about the routine and other work of the bank, it will be seen that only the very cleverest devices will impose upon them. Each one knows that if irregularities are discovered at any branch recently inspected by him without result, he will suffer a loss of reputation with his general manager and his prospects of advancement, perhaps even of holding his position, will be endangered. This makes him doubly keen as a detective. He makes it a point to meet the principal borrowers and to talk to them about their accounts; he informs himself about the habits and manner of living, not only of the manager, but of the other clerks as well. In going over the securities held against advances he satisfies himself not only that the documents are genuine, but also that the bank has a clear title to them. Notices are sent out right and left to parties whose names appear on warehouse receipts, stock certificates and other valuable documents, and these notices the inspector keeps religiously in his own possession and mails with his own hands. Securities could not be substituted, as President Hipple substituted them, because, when he begins his examination of the securities, the inspector has the completed sheets before him, and he never lets out of his possession anything already examined until he has completed the whole list. Besides all these risks there is the danger, for the guilty manager, that he may himself any day be removed to another branch at a few hours' notice.

Enough has been said to show that extensive frauds like those committed at Chicago and at Philadelphia would be very difficult if not impossible at branch banks. In the large city branches the clerks are shifted frequently, and precautions are taken to have more than one man responsible for all securities; the teller's cash is frequently examined by different officers.

Attempts to Defraud the Bank at the Head Office.

It remains yet to see what opportunities a general manager would have if he wished to despoil his bank. The president or directors could do nothing except through improperly influencing the general manager in the making of loans. The general manager has the entire active administration in his hands. He reports all important transactions at the semi-weekly board meetings, and presents the important applications for credits for the board's ratification. A feature about the board meetings of Canadian banks is the full attendance of directors. The banks have not long lists of directors like some of the big United States institutions. The number ranges from seven to nine or ten. And there are five or six or more present at nearly every meeting. Directors who live in other towns frequently make the trips to attend. Nearly all of them take a lively interest in what is put before them. The general manager is a professional banker who has spent his whole life, usually, at bank work—very often starting at the bottom and coming up through the different grades. Even if he were minded to defraud the bank, he has no actual possession of securities and would have no opportunities for forgery. He might, of course, make large loans on security to a man like Segal, but if it were done it would have to be done through a branch, and the branch manager would have to be deceived, which would be pretty hard work. It should be remembered that in the case of a bank having its head office at Montreal there is a manager for what is called the Montreal branch, which transacts all the banking business of the bank. Montreal being the most important branch, its manager would naturally be a man of ability and consequence—a man, in fact, who would not be likely to permit the bank's funds to be given away to an adventurer, even if the general manager did authorize and command it. But the main check on the actions of the general manager is the active interest taken in the bank's affairs by the directors. As a class the directors of a Canadian bank frankly recognize their responsibilities. And as they are successful merchants or business men with wide experience, they can be depended upon generally to keep clear of transactions that threaten great danger. Most of them have a pretty fair knowledge of the financial worth and responsibility of the leading business men in all parts of Canada, and they therefore have some notion as to the amount of credit these men are entitled to. Of course it might happen in a Canadian bank, as in an English or American bank, that the whole board of directors and the general manager should be led gradually into a situation, in connection with some big borrowings, full of danger and menace; but if that did happen it would be more on account of errors in judgment than on account of dishonesty.

A STRONG BANK.

A recent newsaper dispatch from Davenport, Iowa, contains the following information:

"The Scott county onion will be such a contributor to the wealth of the Pleasant Valley region this fall that a proposition has been made to start a bank at Valley City. It might properly be named the Onion Belt Bank, and with its prosperity based on the odoriferous Scott county fruit, it certainly ought to make a 'strong' bank."

SAVINGS BANKS

SAVINGS DEPARTMENTS IN NATIONAL BANKS.

NEBRASKA banks chartered by the state are not pleased to see the national banks competing with them for savings deposits. The Superintendent of the Banking Department inquired of the Attorney-General of the state if national banks were empowered to carry on a savings bank business without submitting to the jurisdiction of the state and conforming to the same regulations regarding investments as the state savings banks. The Attorney-General replied that the Comptroller of the Currency, in his instructions relating to the organization of national banks, had said that "there does not appear to be anything in the National Bank Act which authorizes or prohibits the operation of a savings department by a national bank." It was the opinion of the Attorney-General of Nebraska that if national banks chose to conduct savings departments, they were solely under Federal jurisdiction.

RUNS ON SAVINGS BANKS.

ONE of the largest and strongest savings banks of the country was recently subjected to a run, owing to the circulation of a baseless rumor. Of course, all demands were promptly met, and, as usual, the greatest loss fell on the panic-stricken depositors, who sacrificed interest due them, in many cases, in order to get possession of their money.

While the savings banks can protect themselves from the necessity of sacrificing assets to meet a heavy run, by enforcing the rule requiring notice of withdrawals, they rarely do this. It seems that the best way to stop a run is by paying out money as fast as possible. Sometimes the mere sight of huge piles of bills and coin will calm the fears of depositors.

Good counsel on the part of officers who have the confidence of the community often has good effect.

MASSACHUSETTS SAVINGS BANKS.

IT is claimed by the "Boston Financial News" that the interests of the savings bank depositors of Massachusetts would suffer if the proposal to increase the limit of sums on which interest may be paid from $1,000 to $3,000 were adopted. Already, it is said, there is some difficulty in finding investments within the restrictions fixed by law. If the banks were permitted to pay interest on deposits amounting to over $1,000, the deposits would be increased, and some of the limitations now placed upon investments would, it is claimed, have to be removed.

On the other hand, it can hardly be said that, as a rule, a man who has accumulated a thousand dollars is in a position thenceforward to make his own investments. There are, of course, banks and trust companies that will accept sums without limit and pay a moderate rate of interest.

Massachusetts has 1,829,487 savings bank depositors, with a total of $662,808,312 to their credit—$362 for each depositor and $200 per capita of population.

PRICES OF THE NEW BONDS.

BOND houses are expecting a revival of interest in Government bonds as the result of the "price compact" between the Secretary of the Treasury and Fisk & Robinson. Under this agreement the latter will put on sale at 104.40 the $15,000,000 of the Panama issue awarded them. Compacts as to prices look well on paper, but when one's goods have been marketed the buyer's selling price is beyond control.

This means that considerable shifting in prices will have to occur before a parity of values is established. Although the Government has the right to redeem the new bonds in ten years, it has been clearly shown that there is no likelihod of its being done, and in reality the bonds are considered by the Treasury officials to be Panama 2s of 1936. The bonds therefore with which banks will naturally measure their value are the 2s of 1930. The latter issue is now held at 104¾.

These prices present the anomaly of a bond with thirty-years to run selling at a lower price than one bearing the same rate of interest, but redeemable in twenty-four years. With Panamas of 1936 at 104.40, the natural selling price of the issue of 1930 would be 104⅛ instead of 104¾. This indicates readjustment—either the latter must come down or the former go up.

AMERICAN BANK IN BERLIN.

PLANS for the establishment of an American Bank in Berlin, run on American banking lines and designed especially for the accommodation of Americans doing business in Germany as well as for transient visitors, have assumed definite shape, and the bank will soon be opened with a capital of 25,000,000 marks, contributed by German, English, French and American bankers, thus, as it were, imparting an international character to the undertaking. One of the main features of the bank is to be the cashing of checks and negotiating of other paper, which until now has necessitated great delay in certification. Good American securities will also be dealt in and if possible put on the German market. The reorganization of the Mexican Central Railway, to which much German capital has been contributed, will also be taken in hand by the bank in the interest of German investors.

LETTERS TO THE EDITOR

DEPOSIT OF GOVERNMENT FUNDS IN THE BANKS.

WAVERLY, N. Y., Sept. 27, 1906.

Editor Bankers' Magazine:

SIR: In order to secure a deposit of Government funds our bank was notified that a deposit would be made if we provided the proper bonds for security; and after getting prices from our New York bank and other dealers, we decided on the issue of United States bonds we thought best for the purpose, and purchased them from our reserve agent, which made us the lowest price.

Our account was charged with the purchase price of the bonds, including the premium, of course, and we wrote the Treasurer of the United States, asking him to deposit with our bank the money we were to have, which was done as soon as the bonds reached him; so that as far as it affected us, we invested some of our money in the premium on the bonds and the face value of the bonds was taken care of by the deposit.

In this way (and ninety-nine per cent. of the banks have to handle the matter of Government deposits in the same manner) banks getting Government deposits invest the money received in bonds to secure it, and have less money for other investments than before, so the request of the Secretary of the Treasury not to permit the money to be used for speculative purposes could not apply to the larger number of Government depositories, and surely to none outside of the cities.

No bank has more money after receiving a Government deposit, unless it is one having Government bonds on hand; and if you will look at the reports you will see that there are very few banks carrying any, and none outside of the cities.

There is no good reason for a bank to have these bonds unless it knows something of the possible actions of the Treasury Department or is handling them regularly, as do some brokers.

As I understand it, Government deposits were first made to make a market for the Government issues, and that policy has been pursued persistently—witness the sale of the Panama bonds.

Going further, the interest on the bonds held as security is paid to the banks, and so *the Government is paying interest on the funds it has to its credit.*

Would a good business man pay interest on his own money?

If I may take a little more space, I would like to ask if the handling of Government receipts should not be criticised.

Cash is required where business men would prefer checks or drafts, and then this cash is piled up in vaults and taken out of circulation, and it is sometimes spoken of with a sort of pride.

Would a good business man feel proud of having idle cash on hand?

Hon. Lyman J. Gage is arguing now for the Government surplus money to be placed in the banks, as anyone else would handle it, and it would seem as if every good business man would agree with him.

In doing this there is no reason why the Government should be a preferred creditor, for it has the right of examination at any time, and exercises it often, and thus has the advantage of any other depositor; and if the Government funds were handled as any good business man would take care of his, a good income could be had from the interest received instead of paying any out on the bonds, and a large increase of money in circulation would also be had.

Government notes are no better secured than national bank bills, and the two should have the same powers as long as this condition obtains.

Arguing on this line, the question of a proper reserve for the banks today follows, as this affects the currency conditions.

When the new Trust Company Reserve Law was considered, it was shown that it was possible to do a safe business with a very small reserve, much less than the National Bank Act requires, and when we think of the conditions existing over forty years ago when this law was passed, the means of communication between business centers very poor and banks not standng by each other as they do today, a change on the lines of the new trust company law would seem advisable.

There are bonds that will pass nearly as well as Government notes, and allowing these to be held as reserve seems a very good business proposition.

The large amount of business handled by checks where currency was formerly used, is helping to solve the currency question, and if to this might be added other changes suggested above, Government funds deposited in the banks in a common-sense business way, the reserve law amended to meet present conditions, there would be a very large increase in our currency for use; it would be a positive amount and men would shape their affairs to meet actual conditions, which would not vary as now, and to a large degree the currency question would be solved and the Secretary of the Treasury would not have to keep an eye on Wall Street.

F. E. Lyford,
President First National Bank.

BETTER BANKING FACILITIES NEEDED.

Editor Bankers' Magazine:

Sir: My professional practice in the introduction of manufacturing cost systems brings me in touch with many manufacturers located in small towns. Many of the towns in which plants of this kind are located have no bank, and others have small banks with limited capital.

On account of the meagre banking facilities, these manufacturers are handicapped in the financing of their business. It soon becomes necessary for these manufacturing institutions to secure banking connections in the cities, so as to secure accommodation based upon their financial responsibility instead of upon the capital and surplus of their local bank. Many of the manufacturers find that the New York banks and trust companies are not disposed to consider accounts of this kind, owing to their inability to watch the account as they would like to do, and because accounts are frequently small when started.

I would be glad to have you call attention, through your MAGAZINE, to the opportunities which await a financial institution who will make known its disposition to give consideration to business of this kind.

NEW YORK, Sept. 24, 1906. HAROLD A. WRIGHT.

TRUST COMPANY SECTION OF THE AMERICAN BANKERS' ASSOCIATION.

PROGRAMME OF THE ELEVENTH ANNUAL MEETING, TO BE HELD AT THE OLYMPIC THEATRE, ST. LOUIS, MO., OCTOBER 16, 1906.

ORDER OF PROCEEDINGS.

Meeting to be called to order by the President of the Section at 10 a. m.

Prayer by Rev. Dr. Samuel J. Niccolls.

Address of welcome by Mr. Festus J. Wade, President, Mercantile Trust Company, St. Louis, Missouri.

Reply to address of welcome and annual address of the President by Mr. Clark Williams.

Secretary's report, by Mr. James R. Branch.

Report of Executive Committee, by Mr. Philip S. Babcock, Chairman.

Report of Committee on Protective Laws, by Mr. Lynn H. Dinkens, Chairman.

Report of Committee on Better Protection for Municipal Securities, by Mr. H. P. McIntosh, Chairman.

Address by the Hon. Pierre Jay, Bank Commissioner for the State of Massachusetts.

Roll Call of Vice-Presidents.

Five-minute replies, giving brief accounts of trust company conditions in different states.

TOPICS FOR DISCUSSION.

Members of the section are requested to freely discuss and argue these subjects.

I. Should Trust Companies Do a Guaranty or Surety Business.

II. Methods of Securing Business.

III. Advantages to a Trust Company of Frequent Examinations and Public Reports.

IV. Safeguards Against Irregularities in the Trust Company.

V. How to Maintain the Interest of Members of the Board of Directors.

VI. Cash Reserve for Trust Companies.

VII. The Banking Department of Trust Companies, Its Scope and Limitations.

BANKS SHOULD BE MORE THOROUGHLY EXAMINED.

RECENT bank failures, notably that of the Milwaukee Avenue State Bank of Chicago and the discovery of over $500,000 of forged notes among it's assets have brought to the attention of the public the insufficiency of official bank examinations as at present conducted under Federal and State authority. In the instance referred to, the State Examiner blames the directors for inattention to their duties, and the directors in turn criticise the examiner for not detecting the forgeries when he examined the bank nine months previous to the failure. While it is not probable that the directors will in the end escape censure, it is not at all clear that the examiner is as much to blame as the system under which he is compelled to do his work.

It has never been the practice to attempt the verification of signatures to notes nor is it possible in the time at their disposal for official examiners to do so.

When Congress and the State Legislatures suitably provide for broadening the scope of the examinations, improvement in the work of the examiners will be possible, but until such action is taken little improvement can be expected. The fee system, lack of time and inadequate remuneration interpose insurmountable obstacles to such effective work as thorough and complete audits demand. In the meantime recourse must be had to public accountants who are in the field equipped for the work by banking experience and free to devote as much time to investigation as those who employ them may desire.

Auditing as practiced by the modern professional accountant is elastic and progressive; he is prepared to conduct his investigations along special lines or to cover an entire business for periods long or short; he is not hampered by the hard and fast rules of official procedure but may adopt improved methods as soon as their value and practicability are established.

SITTING IN THE GAME.

IT is with profound regret that THE BANKERS' MAGAZINE observes the following in one of the recent speeches of Secretary Shaw:

"It is the appropriate function of the Government to safeguard the individual and to see that the game of business is fairly played, that the cards are held above the table and that everybody is given a square deal. It is not the appropriate function of the Government to sit in the game."

We have no fault to find with the sentiments expressed above, but must protest against the terms in which they are couched. It is not believed that the language used represents the experiences of the Secretary himself, who is a pious man. For the "square deal," he has high authority, but he could only have learned the other expressions from overhearing the conversation of some of his Iowa constituents, or from the books he may have read. Surely, the Secretary himself knows nothing about "sitting in the game."

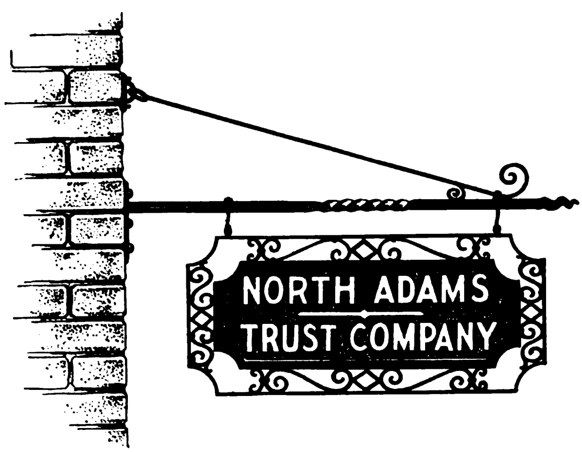
BANKING PUBLICITY

BANKING PUBLICITY ASSOCIATION.

THE annual meeting of the Banking Publicity Association will be held in conjunction with the annual convention of the American Bankers' Association at St. Louis. The meeting will be called to order immediately after the adjournment of the Trust Company Section at the Olympic Theatre, Tuesday, October 16, 1906. This notice was in error omitted from the programme issued by the American Bankers' Association. Reports of the officers will be duly rendered and short addresses will be made upon topics relating to banking publicity. The association has been received with wide favor, and it is expected that a large number of new members will be added to the rolls. Further information may be obtained of the secretary, Frederick Phillips, Lincoln Trust Company Building, New York.

NORTH ADAMS TRUST COMPANY.

THE North Adams Trust Company, of North Adams, Mass., has issued a handsome illustrated booklet of 24 pages, bringing to the attention of the public the advantages offered by that company for the transaction of general banking and trust business. It sets forth in-



terestingly the modern trust company, its functions and advantages; describes the organization and equipment of the North Adams institution, and the systems and methods employed in its various departments; and contains in condensed form a quantity of valuable information relating to the laws of heredity and distribution, of especial interest and value to persons who may be considering the important question of making or not making a will—or in other words, as to what will become of their property if they die intestate. The booklet bears the imprint of the Banker and Tradesman Press.

MERCANTILE TRUST COMPANY OF ST. LOUIS.

THE laws of Missouri require trust companies to make a substantial deposit with the state, to protect those for whom they act in fiduciary capacities. In addition the entire available assets of the trust company must stand as a guaranty for the proper and faithful performance of its duties.

The Mercantile Trust Company of St. Louis, of which Festus J. Wade is president, in an eight-page booklet briefly setting forth its re-

The Corn Exchange National Bank,
Philadelphia,

September 17th 1906.

Dear Sir:

Should you contemplate attending the Annual Convention of the Pennsylvania Bankers' Association to be held in Philadelphia on September 27th and 28th we would be glad to have you visit our Banking House and to make use of our facilities while you are here.

A cordial invitation is also extended to any of the officers or friends of your bank and it will be a pleasure to assist in making the visit to our City enjoyable.

Yours very truly,
Chas. S. Calwell,
Cashier.

Chestnut and Second Streets.

REPRODUCTION OF INVITATION ISSUED BY THE CORN EXCHANGE NATIONAL BANK, PHILADELPHIA.

sources and facilities, and containing its September statement of condition, pointedly directs attention to the foregoing requirements, and also to the fact that the Mercantile is the only trust company in St. Louis that is an active member of the Clearing-House Association and publishing statements on call of the Comptroller of the Currency.

PILING UP DOLLARS

STACKING up the dollars is a fascinating game. Once you get interested in it you will wonder why you never engaged in it before. If every person of spendthrift habits really knew what a satisfaction there was in having a growing bank account this would be a happier world. We receive deposits of $1 and upward, and pay four per cent interest. Start an account in our SAVINGS DEPARTMENT today.

Capital City State Bank

Bank Building, East Fifth and Locust Streets.

Total Resources $1,550,000. Open Saturdays 5 to 6

A SAVINGS DEPARTMENT AD.

CITIZENS' NATIONAL BANK OF BALTIMORE.

THERE could scarcely be anything more meritorious in the way of high-class banking publicity literature than the beautiful quarto booklet of sixteen pages and cover issued by the Citizens National Bank of Baltimore, describing and illustrating the resources and facilities of the institution. Printed on deckle-edge paper of the finest quality, the pages with embossed ornamental border, the superior illustrations separately mounted, the cover in tasteful tint of blue and bound with heavy silk cord, it is not only peculiarly appropriate, chaste and elegant as a bank publication, but is an exceptionally fine example of the printer's art. The booklet was designed, printed and bound by the Munder-Thomsen Co., Baltimore.

FROM CURRENT ADVERTISING.

THIS company's Bureau of Information is at the service of its out-of-town correspondents for personal as well as for business courtesies.—Lincoln Trust Company, Madison Square, New York.

Visitors' money orders received on the Night and Day Bank require no personal identification.—Night and Day Bank, New York.

Let us save you worry on troublesome items. Our service means less labor to you.—New York National Exchange Bank.

Foremost in all that is desirable as a correspondent or a collection agent.—National Exchange Bank, Albany, N. Y.

May we tell you something about handling your Indiana items? We send them direct and have accounts from more than 240 banks in this immediate vicinity.—American National Bank, Indianapolis.

A bank of banks—based on a foundation of strength and durability, offers its facilities to the business world.—The German National of Cincinnati.

Among the national banks in New York, Boston, Philadelphia, Baltimore, Washington, Richmond, the Merchants National of Richmond stands seventh on the roll of honor.—Merchants National Bank, Richmond, Va.

First national bank chartered under the national bank act.—First National Bank, Philadelphia.

Young, live, active and up-to-date. Send us your Athens business.—Georgia National Bank, Athens, Ga.

Independent of the control of any single interest.—Columbia Trust Company, New York.

We reach 83 per cent. of the banking population direct through our reciprocal correspondents.—First National Bank, Nashville, Tenn.

The oldest national bank south of the Ohio River.—First National Bank, Louisville, Ky.

The daily growth of our savings department commends it to those who wish to save money. You can begin with one dollar.—The Neal Bank, Atlanta, Ga.

Forty-one years of successful banking is the record of this institution—which is a pretty solid foundation on which to build future business.—First National Bank, Alexandria, Va.

Interest on your bank deposit is equivalent to an additional deposit at regular intervals. Both deposit and interest subject to check, with equitable rates of interest.—Guardian Trust Company, New York.

This bank represents the system of direct collections from merchants and manufacturers. Try us.—Second National Bank, Oswego, N. Y.

For quick, economic and safe returns send us your business.—La Salle State Bank, La Salle, Ill.

The first bank in Maryland to enter the national system.—First National Bank, Baltimore.

With the strongest financial backing of any bank in this section of the state, and unsurpassed methods in every department, we invite accounts and collections.—Citizens National Bank, Durham, N. C.

We want those items on Southeastern Idaho to help pay our expenses. Don't forget us.—First National Bank, St. Anthony, Idaho.

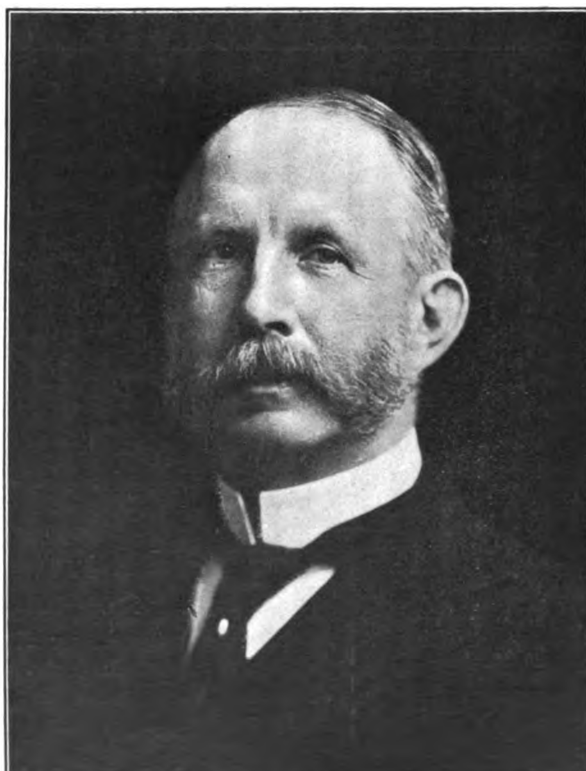
Forty years of successful banking experience, with the adoption of the best modern methods and safeguards in management.—Petersburg Savings and Insurance Company.

Watch us grow.—Kanawha National Bank, Charleston, W. Va.

MODERN FINANCIAL INSTITUTIONS AND THEIR EQUIPMENT

MERCANTILE NATIONAL BANK, NEW YORK CITY.

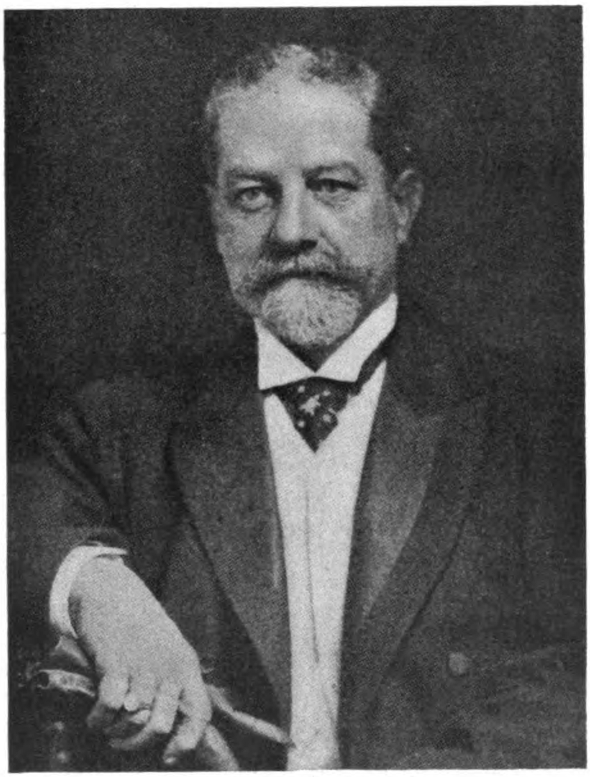
THE Mercantile National Bank of New York city, for forty-four years located at 191 Broadway, has recently moved into more commodious quarters at 195 Broadway, Western Union Building, where it has established itself in a manner that has made its new home one of the best-appointed and most thoroughly-equipped banking establishments in the city.



FREDERICK B. SCHENCK,
President Mercantile National Bank.

While convenience and facility for transacting business were the first consideration sought in the general plan and elaboration of details in design and construction, the aesthetic side was not lost sight of, and in consequence the scheme of finish and decoration, while wholly in keeping with the dignity and solidity of a great financial institution, is impressively artistic and beautiful.

The banking-offices occupy a floor-space of 74 by 189 feet, or nearly fifteen thousand square feet, separated into four divisions—the main room being 23 by 144 feet, bookkeepers' and tellers' department 48 by 65, storage and vaults 46 by 20, and directors' room 25 by 27 feet.

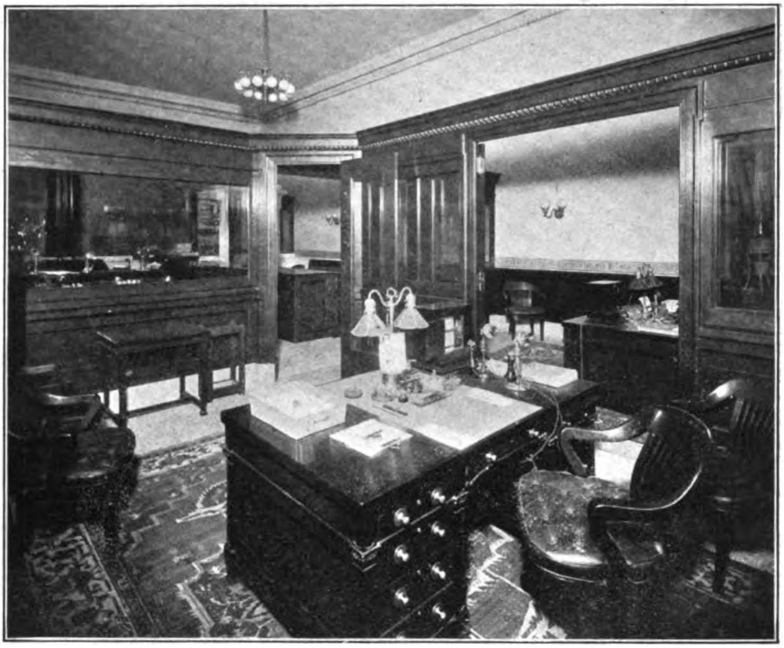


MILES M. O'BRIEN,
Vice-President Mercantile National Bank.

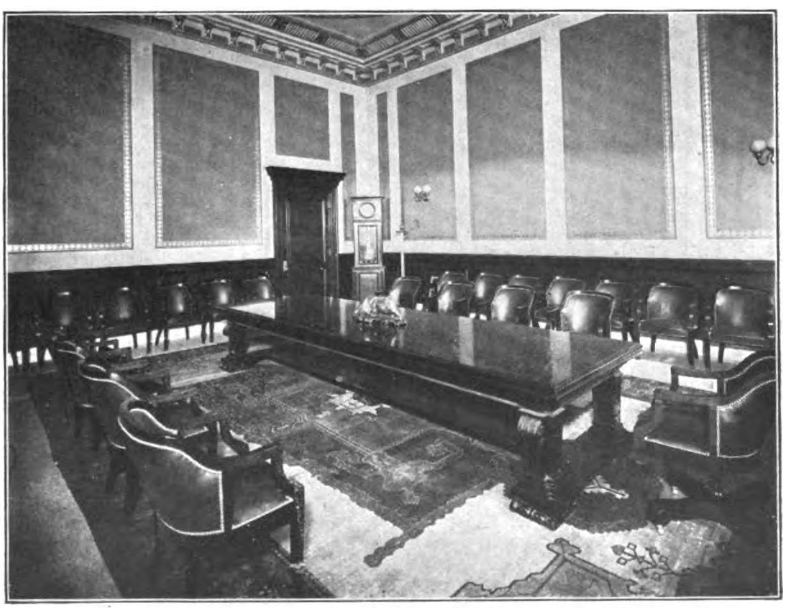
The main entrance is unique, but spacious and inviting, and double corridors of generous width extend through the entire length of the banking quarters, giving access to the various departments and to the officers' private rooms. The bank is finished throughout in rich mahogany, with antique fixtures and costly modern furnishings, which combined with the walls of light cream and gold, in paneled design with Grecian border, make up a general effect of pleasing warmth and refined attractiveness such as is rarely found in even modern banking-room interiors.

Main Entrance.

Main Entrance - from interior.
MERCANTILE NATIONAL BANK.

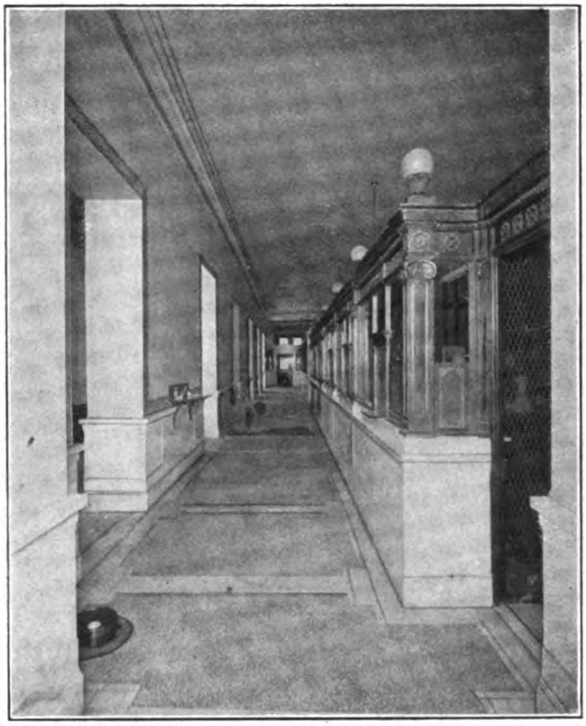


President's Office.

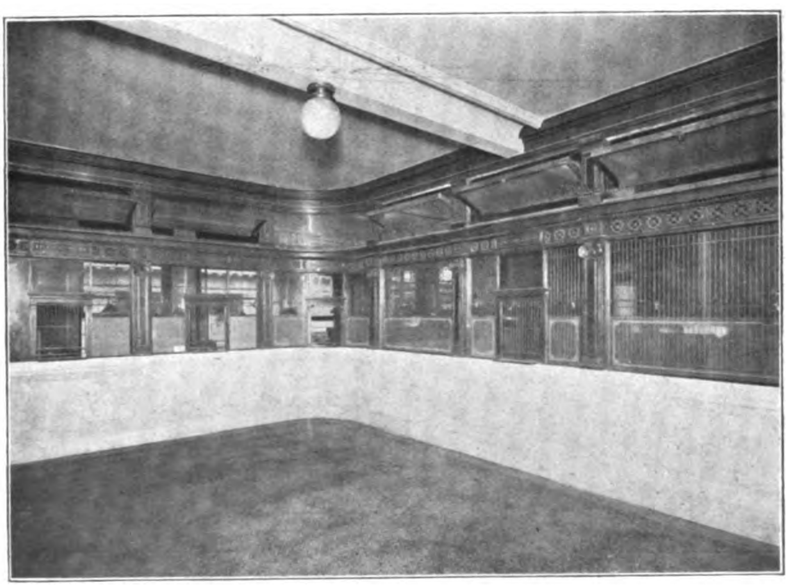


Directors' Room.

MERCANTILE NATIONAL BANK.



Main Corridor.



Partial View of Tellers' Department.
MERCANTILE NATIONAL BANK.

Corridor from Cashier's Office.

Cashier's Office.

MERCANTILE NATIONAL BANK.

Corner in Book-Keeping Room.

Portion of Out-of-Town Check Department.

MERCANTILE NATIONAL BANK.

The Mercantile National was organized as a state bank in 1850, and became a national bank in 1865. In April, 1903, it absorbed the Seventh National and the National Broadway banks. Its present capital stock paid in is $3,000,000, and surplus and undivided profits $4,600,000. Frederick B. Schenck is president, Miles M. O'Brien and William H. Taylor vice-presidents, James V. Lott cashier, and Emil Klein and Alfred W. Day assistant-cashiers.

The Vault.
MERCANTILE NATIONAL BANK.

The board of directors consists of Frederick B. Schenck, Charles P. Armstrong, William Ballin, William F. Carlton, Robert C. Clowry, William Nelson Cromwell, William J. Curtis, Frederick L. Eldridge, Edwin Gould, Edward T. Jeffrey, John F. Kehoe, Emanuel Lehman, Seth M. Milliken, Charles W. Morse, Harry F. Morse, Benjamin Nicoll, Miles M. O'Brien, August G. Paine, Dick S. Ramsay, Adolph Rusch, George H. Sargent, William Skinner, Abraham Stern, William H. Taylor, Ernst Thalmann, Edward R. Thomas, Robert M. Thompson, Warner Van Norden, Isaac Wallach, John Skelton Williams and Richard Young.

NATIONAL BANK OF COMMERCE, NORFOLK, VA.

THE tide of prosperity that has swept over the states of the South in the past ten years, and which is still at its flood, is perhaps most strikingly reflected in the increasing magnitude of its banking business, and especially in the growth of deposits and surplus shown by the financial statements of the Southern banking institutions.

While the South's rapid industrial and commercial expansion is primarily due to a growing recognition of its rich natural resources and climatic advantages, yet as has been remarked in these columns, a goodly share of its advancement is to be credited to the enterprise and progressive spirit of the Southern bankers. Besides keeping pace with the general development of their respective communities and sections, the bankers in many instances have forecasted the future and directly stimulated the inception of important new enterprises, by furnishing in advance of any immediate demand, facilities for commercial intercourse and the financing of new undertakings which far-seeing business men have been quick to appreciate and to utilize.

Among the Southern financial institutions that have prospered greatly under this advanced policy of reaching out to actively stimulate and promote the prosperity of its community and tributary section, a notable example is the National Bank of Commerce, of Norfolk, Virginia, which has recently completed and occupied a new building of its own that ranks with the most pretentious and finely-appointed business edifices of any city in the South. The building is a 13-story fireproof structure, with two additional floors below the street, erected on a conspicuous corner in the business heart of the city, and provides commodious office accommodations for more than two hundred business firms and individuals. The bank itself occupies the whole of the first floor and the mezzanine.

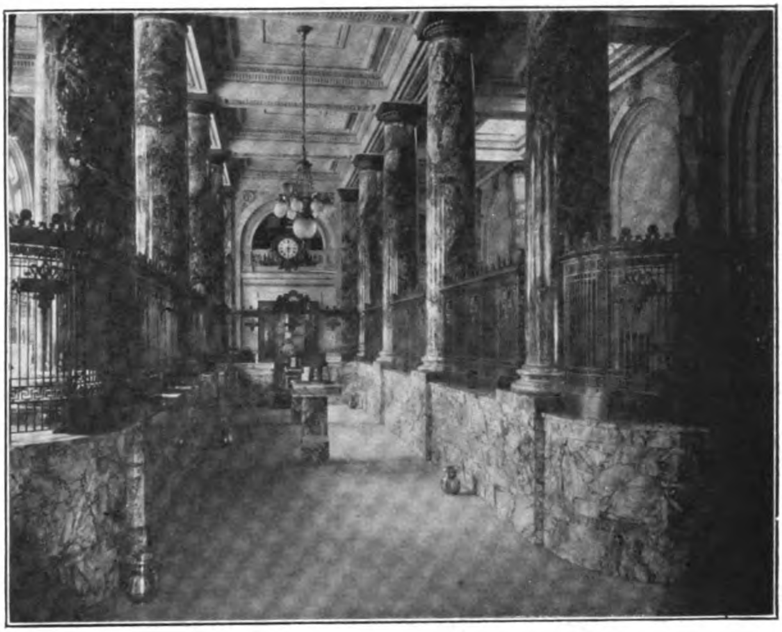
The Bank of Commerce offices merit a more detailed description than can be given here, but the illustrations will serve to convey a fairly adequate idea of their plan of arrangement and the elegance of their appointments. Fronting the building entrance, at the right of which are the elevators, handsome doors of bronze enclose the inner door leading to the main banking-room, which is a model of substantial elegance in architectural construction and harmonious decoration. Counters of Grecian marble extend down the room on either side, intersected by columns of polished marble and surmounted by grille-work of bronze. At the left of the entrance is the president's office; next are the enclosed desks of the cashiers, then in order the various departments of the note-teller, foreign and local exchange windows, general bookkeeper and the paying tellers, and finally, in the center, the massive chrome-steel vault. Back of this and at either side are private booths and rooms for directors' meetings, and on the right coming forward are the several passbook bookkeepers, the receiving-teller windows and the ladies' window.

The banking-rooms are fitted with the most perfect mechanism and conveniences known to modern business system. All the furniture and fittings are of metal; desks, cabinets, letter and document files, ledger shelves, all are of metal construction, grained so as to be scarcely distinguishable from walnut and mahogany. In the basement are a vault for the storage of silverware and other valuables of bulk, also a brick vault for books of record, and the lockers, toilet-rooms and bath for the clerical force. On the mezzanine floor are the directors' room, committee-rooms, and officers' toilet, locker and bath-rooms. Expense has

NATIONAL BANK OF COMMERCE BUILDING, NORFOLK, VA.

not been spared in any item of construction or equipment that would add to the security and convenience of patrons, and it may be said that in its splendid new building the Bank of Commerce has an abiding home that is alike a credit to its city and state, and an honor to the great business profession which it worthily represents.

The National Bank of Commerce was established in 1863 as the Peoples National Bank, and was reorganized under its present name in 1878. Its original capital of $50,000 was increased in 1891 to $100,000, and further increased to $200,000 in 1897. In 1901 the capital



Main Banking Room.

Officers' Quarters.
NATIONAL BANK OF COMMERCE.

stock was again increased to $250,000, which subsequently was doubled to $500,000, its present capitalization, and in 1903 the bank absorbed the old City National, a move which gave it the ownership of part of the corner on which the present building stands.

The bank's line of deposits in November, 1891, stood at a round quarter-of-a-million. In 1899 it was $627,000. Today it is over four and a half millions. A comparative table of the bank's resources for the past five years shows that it had in July, 1902, $2,679,000; June, 1903, $3,000,000; March, 1904, $4,396,000; May, 1905, $4,500,000;

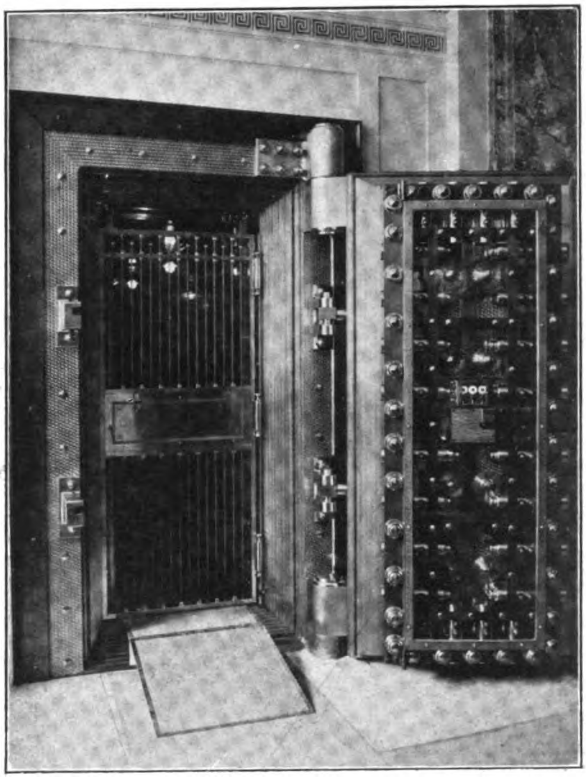
ANOTHER VIEW OF BANKING ROOM.

January, 1906, $5,311,000; June, 1906, $5,862,000; at this writing over $6,000,000.

The bank's statement of condition June 18, 1906, is as follows:

RESOURCES.		LIABILITIES.	
Loans and discounts	$3,249,375.52	Capital stock paid in	$500,000.00
U. S. bonds & premiums	986,000.00	Surplus and undivided profits	377,317.00
Other bonds	115,650.00	Circulation	500,000.00
Banking house, furniture and fixtures	325,000.00	Deposits	4,484,707.45
Cash & due from banks	1,185,998.93		
Total	$5,862,024.45	Total	$5,862,024.45

The officers and directors of the National Bank of Commerce are: President (since 1891), Nathaniel Beaman; vice-president, Tazewell Taylor; cashier, Hugh M. Kerr; assistant-cashiers, M. C. Ferebee and F. A. Porter; directors, E. C. Fosburgh, D. F. Donovan, John L. Roper,



THE VAULT, NATIONAL BANK OF COMMERCE.

Henry L. Schmelz, F. M. Whitehurst, J. W. Hunter, Arthur C. Humphreys, Tazewell Taylor, W. T. Simcoe, Fred Greenwood, Thomas H. Willcox, Alvah H. Martin, Frank E. Wilcox, H. M. Kerr, B. W. Leigh, J. H. Cofer, T. S. Southgate and Nathaniel Beaman.

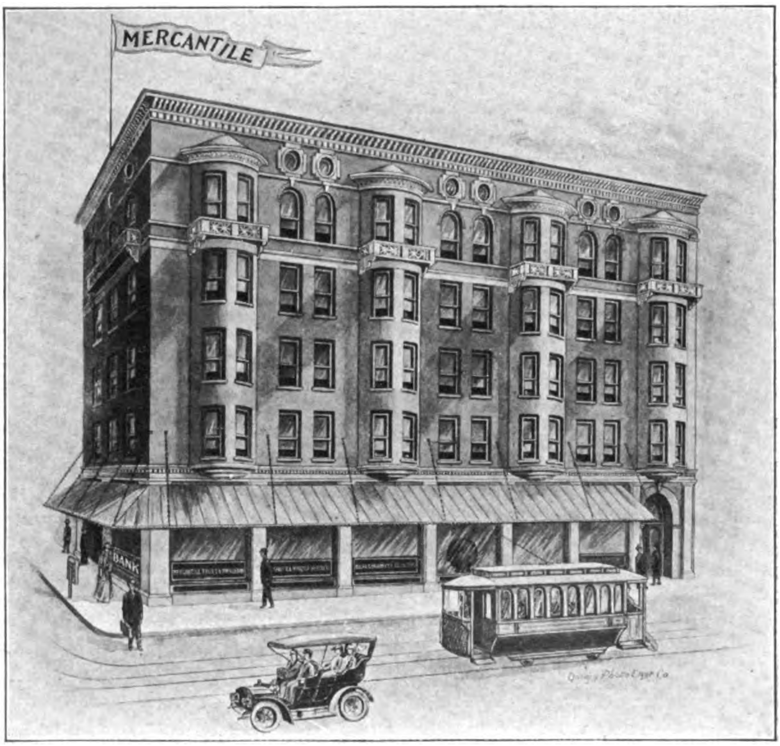
MERCANTILE TRUST AND SAVINGS BANK, QUINCY, ILLINOIS.

THE Mercantile Trust and Savings Bank in Quincy, Illinois, opened for business April 10, 1906, with a capital of $200,000 and surplus of $50,000, and the following officers and directors: President, Fred Wilms; vice-president, C. H. Castle; cashier, Harvey G. Riggs; assistant cashier, W. L. Jansen; directors, C. H. Castle, Aldo

Sommer, H. C. Pfeiffer, S. W. Eldred, Fred Wilms, Joseph J. Michael, William Somerville, John L. Soebbing and Harvey G. Riggs.

The aggregate deposits of the four older banks being upwards of $11,000,000, the field apparently afforded an excellent opening for a new and strong banking institution. Its success was indicated from the very first, as its stock was in immediate demand when offered to the public. It is a Quincy bank owned by Quincy people.

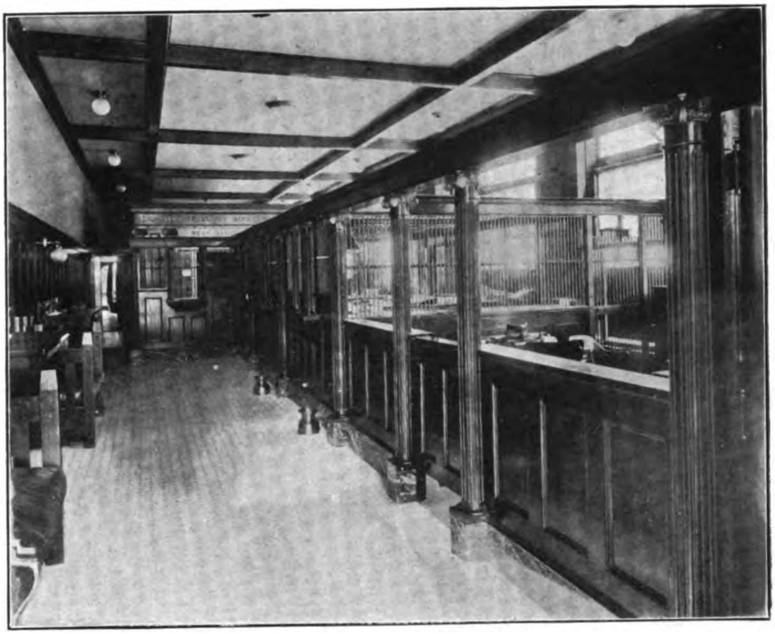
The directors and stockholders are local men of wealth and reputation, making up probably the strongest board, financially, of any bank



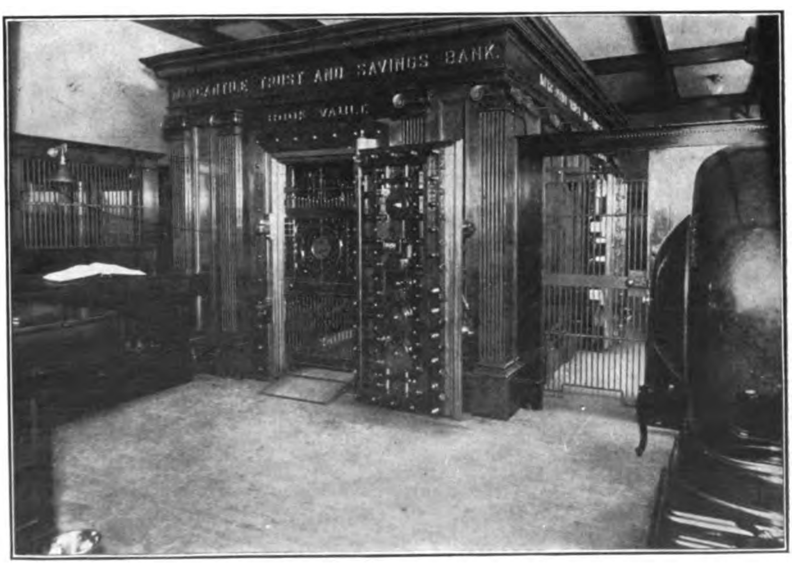
MERCANTILE TRUST AND SAVINGS BANK, QUINCY, ILL.

in the city. Mr. Wilms, the president, has been engaged in the coal trade in Quincy for over thirty years, and is also president of the Wabash Coal Company, one of Quincy's strongest concerns. Mr. Castle, vice-president, has been a bank director in Quincy for twenty years and is also president of the Comstock-Castle Stove Company, one of the largest concerns of its kind in the country. In fact, Quincy in the manufacture of stoves enjoys the distinction of being the largest producer of any city in the world.

Cashier Riggs was engaged in the banking business for fifteen years in Missouri, has not met with a loss of any amount on loans made



The Counting Room and Lobby.



The Safe and Vaults.

MERCANTILE TRUST AND SAVINGS BANK.

during that term, and is a thorough and practical banker. Mr. Jansen, assistant cashier, is also an experienced bank man, having for ten years been savings teller in a local bank.

The Mercantile Trust and Savings Bank does a general banking business, comprising four departments, viz., commercial, savings, real estate loan, and safety deposit. Although less than six months old, the bank has opened upwards of 750 accounts, and has deposits aggregating nearly $600,000, while its total resources have increased from $250,000 on April 10 to $807,228.53 on September 5.

Its quarters, in its own building at the corner of Fifth and Maine streets, occupy probably the best banking location in the city, and the banking-rooms are handsomely finished and fitted with up-to-date fixtures of marble, mahogany, bronze, and black steel.

The vaults are of the latest-improved Mosler pattern, among the best and largest in the state outside of Chicago, 153,000 pounds of steel being used in their construction.

OAKLAND BANK OF SAVINGS, OAKLAND, CAL.

THE Oakland Bank of Savings, Oakland, Cal., one of the oldest, most substantial and most prosperous of the Golden State's financial institutions, is soon to be established in a new home, modern in every respect, fire and earthquake proof, now under construction on the site of the old building, at an approximate cost of $300,000. In the meantime the bank is doing business in the quarters that have served it so long and well, over and around which have been built a temporary roof and sides.

The new building will have a frontage of fifty-five feet on Broadway and 150 feet on Twelfth street, and will be owned and occupied jointly by the Oakland Bank of Savings and the Bankers Trust Company, a comparatively new banking institution, which occupied the Twelfth-street site adjoining the Savings Bank. It is chaste and ornate in style, the architecture an adaptation of the French renaissance, six stories, the first story of marble, and the stories above faced with Roman brick, with trimmings and cornice of terra-cotta.

The entire structure, walls, floors, windows and roof will be of steel, concrete and fireproof material, combining every element of strength and safety that engineering skill could devise. The lessons of the Chicago, Baltimore and San Francisco disasters have been carefully studied, and only such materials and construction as have successfully stood the test will be employed. The stories above the banking floor will contain eighty-five business offices. The architect is Charles W. Dickey of Oakland.

The Oakland Bank of Savings was organized in 1867. It has a paid-up capital of $720,000 and deposits of over $12,000,000. Henry Rogers is president; W. W. Garthwaite, vice-president and manager, and J. Y. Eccleston, cashier.

NEW BUILDING FOR OAKLAND BANK OF SAVINGS, OAKLAND, CAL.

SECURITY BANK OF MINNESOTA, MINNEAPOLIS.

THE new ten-story bank and office building in Minneapolis, erected at a cost of $750,000, wherein the Security Bank of Minnesota has established its home, is one of the notable business structures of the Northwest, and the banking-rooms are no less noteworthy as an example of combined convenience and elegance in the design and equipment of a modern financial institution.

The Security Bank Building, as it is called, is built of Tiffany cream enameled satin-finish brick, and although plain in design, its great height and large area, together with its location at the intersection of important thoroughfares, give it an imposing appearance. The owner is William Deering of Chicago, but the Security Bank has taken a long lease of the ground floor, and the name of the bank has very appropriately been given to the building, as without its lease of such an extensive space the enterprise might have failed of initiation.

The banking-rooms, which have been fitted up at a cost approximating $100,000, are among the finest in the country. They are Grecian in design, with floors, walls, ceilings and pilasters of marble in beautifully harmonizing tints, the woodwork of richly contrasting mahogany, and fixtures of ornamental bronze.

In selecting its new quarters the Security Bank has made a radical departure from the methods of its competitors, three of which have lately erected and occupied exclusive bank structures. Whatever the weight of argument may be for or against this policy, now becoming so common on the part of banking institutions, the Security adopted the plan of enter-

SECURITY BANK OF MINNESOTA, MINNEAPOLIS.

ing a ten-story office building, thus making a strong bid, on the ground of general convenience, for the accounts of tenant firms.

The Security Bank of Minnesota has a million capital, with surplus and undivided profits of three-quarters of a million, and deposits of nearly twelve millions. Its officers are: President, F. A. Chamberlain; vice-presidents, Perry Harrison and E. F. Mearkle; cashier, J. S. Pomeroy; assistant cashiers, Fred Spofford and George Lawther.

NOVEL SAFE DEPOSIT ADVERTISING.

RESIDENTS of the Riverside section in New York city alarmed by the house robberies in the section have adopted an ingenious method for prevention. As house after house was closed for the season, this sign appeared in white letters on a black card behind the plate glass in front door or window: "Thieves and burglars take notice. Jewelry and silverware stored with ————," naming a safe deposit company. It is stated to have proved effective.

MONEY, TRADE AND INVESTMENTS

New York, October 1, 1906.

A STRINGENT MONEY MARKET and an international contest for gold made September an eventful month. In spite of the unparalleled expansion of our currency through a greatly enlarged gold supply and increase in national bank circulation, there does not seem to be money enough, or what there is fails to adapt itself to existing conditions.

Prosperity, which seems to be in full swing in every branch of industry and enterprise, makes heavy demands upon the currency, and as the money flows in one direction there comes a cry of scarcity from another. A real-estate boom which has spread through various parts of the country has drawn money from several channels. The increase in savings banks deposits, which for some time has been an evidence of prosperity among the working classes, has suffered a check, and the explanation is that money is being drawn from those institutions to be invested in real estate.

Another channel into which money is now flowing and will go for a while is the agricultural districts. The country is now assured of unprecedented crops. The yield of corn this year is estimated at 2,780,000,000 bushels, exceeding last year's record crop of 2,707,993,000 bushels. The wheat crop will make a total of 759,671,000 bushels, which will surpass the 1905 crop by 66,000,000 bushels and the banner crop of 1901 by 11,000,000 bushels. With both corn and wheat making new records the continuance of prosperity for another year is expected by every one inclined to optimistic views. But it will take money to move the crops and speculation in securities based upon the favorable conditions eats up money fast.

During the past month, whatever the causes, money has been scarce and dear. On the first business day of the month following the holiday, call money touched 30 per cent. and on the following day reached 40 per cent. Rates remained high until the close of the month and the quotations rarely fell below 7 per cent. To the Government all interested eyes were turned. The Treasury had been taking money out of circulation and the cry arose, "Put it back." Our independent Treasury theory sometimes does not work out in practice. The Secretary of the Treasury announced that he would renew the plan of last April and to facilitate gold imports would permit importing banks to draw gold from the Treasury against engagements of gold abroad, upon the deposit of securities. Then came an interesting struggle to obtain gold. The Bank of England took a positive stand against the proposed drain of its gold. It advanced the price of gold, and on September 13 raised its posted rate of discount from 3½ to 4 per cent. As the gold continued to go to New

York a week later the Bank announced that it would take no more bills from brokers below 4½ per cent. or lend money below 5 per cent. At the same time it is understood that the Bank was discounting for its customers at 4 per cent.

As the opposition of the Bank of England developed there were efforts to obtain the aid of the Bank of France, but that institution gave neither assistance nor encouragement. Nevertheless, a large amount of gold reached New York and more is coming. Nearly $20,500,000 of gold arrived through imports assisted by the Treasury, beside $5,600,000 which had arrived before the Secretary's plan was put in operation. Nearly $36,000,000 in all was engaged, for which the gold has already come out of the Treasury, leaving $15,500,000 of gold yet to come here.

Gold imports, however, only partially relieved the situation, and finally the Secretary of the Treasury announced that he would distribute among the depository banks $26,000,000 of the surplus funds of the Treasury. He allotted only $3,000,000, however, to the banks in New York, his avowed intention being to give aid where there is a scarcity of money and not to aid speculation. In fact, the Secretary early in the month gave notice to depositary banks that they must not let the public moneys deposited with them be used in speculation. Some of the banks so warned responded by withdrawing their deposits in New York banks. The weekly statements of those institutions reflected the unfavorable conditions in the money market. The New York Clearing-House banks reported a deficit of $6,577,925 on September 8, and the fact was regarded with some uneasiness. It is not an unusual thing for individual banks to show reserves of less than 25 per cent. of their deposits, but it does not often happen that the aggregate reserves of all the banks get below the 25 per cent. limit. Once before in 1906, on April 7, there was a deficit, but it was only $2,560,625. Twice there was a deficit in 1905, once in 1902, three times in 1899 and nine times in 1893. These comprise all the occasions when a deficit was reported since 1890.

The deficit on September 8 was the largest in amount reported since 1873, with the exception of four consecutive weeks in 1893, when there was a gold panic, the week of May 24, 1884, when the Grant & Ward failure precipitated a panic, and the week of March 17, 1883, when there was an exceptional stringency in the money market. The largest deficit ever reported was on August 12, 1893, when it amounted to $16,545,-375 and the reserve was only 20.55 per cent. of the deposits.

While the deficit last month was exceptionally large, the fact should be noted that the reserve ratio has been frequently smaller. Even with a deficit of $6,577,925, the aggregate reserves were 24.35 per cent. of the deposits, and this ratio is larger than has been frequently shown when there were deficits reported. On November 8, 1890, the reserve was 24.35 per cent. of the deposits, the same as on September 8 last, yet the deficit was $4,000,000 less than on the latter date. Then the deposits were only $392,000,000, now they are $1,014,000,000. A deficit therefore now which seems very large when comparison is made with other periods, may in fact not be relatively anything like as serious.

So much interest has been shown in the history of bank deficits that we publish here the complete record since January 1, 1879, showing the date and amount of each deficit, with the ratio of reserves to deposits:

DATE.	*Amount of deficit.*	*Reserve to deposits.* Per cent.
Oct. 25, 1879...	$73,300	24.96
Nov. 1, " ...	311,800	24.86
" 8, " ...	671,225	24.71
Apr. 3, 1880...	309,900	24.88
" 10, " ...	107,450	24.96
Nov. 27, " ...	105,675	24.96
Dec. 4, " ...	2,461,875	24.11
" 11, " ...	83,200	24.97
Feb. 26, 1881...	1,014,625	24.65
Mar. 5, " ...	427,350	24.84
Aug. 20, " ...	717,700	24.78
" 27, " ...	2,568,025	24.20
Sept. 3, " ...	1,020,100	24.70
Oct. 1, " ...	2,756,025	24.10
" 8, " ...	3,333,275	23.88
" 15, " ...	2,522,875	24.13
Dec. 3, " ...	430,875	24.84
" 10, " ...	961,975	24.66
" 17, " ...	271,200	24.94
Feb. 25, 1882...	1,433,075	24.51
Mar. 4, " ...	2,618,050	24.09
Sept. 2, " ...	156,025	24.94
" 9, " ...	1,882,270	24.37
" 16, " ...	1,011,975	24.66
Sept. 23, 1882...	$2,271,825	24.28
" 30, " ...	2,087,425	24.21
Nov. 4, " ...	14,325	24.99
" 11, " ...	3,024,950	23.93
" 18, " ...	878,675	24.69
" 25, " ...	2,071,200	24.28
Mar. 3, 1883...	2,314,775	24.24
" 10, " ...	5,166,150	23.27
" 17, " ...	6,770,875	22.66
" 24, " ...	5,455,075	23.06
" 31, " ...	4,097,450	23.53
Apr. 7, " ...	3,761,000	23.68
" 14, " ...	289,350	24.89
Oct. 30, " ...	17,225	24.99
Nov. 3, " ...	307,550	24.90
May 24, 1884...	6,607,125	22.77
" 31, " ...	1,975,625	24.31
Oct. 5, 1889...	1,668,050	24.59
" 12, " ...	708,025	24.82
Nov. 9, " ...	760,850	24.56
Aug. 16, 1890...	655,725	24.84
" 23, " ...	2,412,975	24.38
" 30, " ...	536,675	24.86
Sept. 6, " ...	1,401,125	24.64
Sept. 13, 1890...	$3,306,925	24.14
Oct. 18, " ...	349,225	24.93
" 25, " ...	124,875	24.97
Nov. 8, " ...	2,544,250	24.35
" 15, " ...	832,800	24.78
Dec. 6, " ...	2,429,650	24.36
July 8, 1893...	5,082,025	23.72
" 15, " ...	4,269,100	23.91
" 22, " ...	1,256,550	24.61
" 29, " ...	4,301,675	23.87
Aug. 5, " ...	14,017,800	21.24
" 12, " ...	16,545,375	20.55
" 19, " ...	12,045,800	21.74
" 26, " ...	6,737,675	23.17
Sept. 2, " ...	1,567,525	24.58
Nov. 4, 1899...	338,350	24.95
" 11, " ...	2,788,950	24.62
" 18, " ...	312,025	24.95
Sept. 20, 1902...	1,642,050	24.81
Nov. 11, 1905...	2,428,800	24.76
Dec. 9, " ...	1,246,525	24.87
Apr. 7, 1906...	2,560,625	24.74
Sept. 8, " ...	6,577,925	24.35

An examination of this table will show that an exaggerated view has been taken of the size and unusual character of the deficit. Still, there is reason for taking a doubtful view of the future of the money market. It is frequently the fact that flurries in the money market follow the harvesting of large wheat crops, and the New York banks on September 1 had exceptionally small reserves, in fact, the smallest on that date in any good crop year since 1879. The accompanying table shows the years of large wheat yield, the surplus reserve of the New York banks on August 31 of each year, the lowest between that date and the close of

YEAR.	*Wheat Crop.*	SURPLUS RESERVE NEW YORK BANKS.			HIGHEST RATES FOR CALL MONEY.	
		August 31.	*Lowest Sept 1-Dec.31*	*December 31.*	*Aug. and Sept.*	*Oct. 1 to Dec. 31.*
	Bushels.					
1879................	448,756,630	$3,759,650	*$671,275	$212,350	75	144
1880................	498,549,868	6,643,575	*2,461,875	2,727,755	5	143
1882................	504,185,470	*156,025	*3,024,950	3,375,400	20	30
1884................	512,765,000	31,100,375	27,935,725	40,944,775	3½	4
1886................	457,218,000	6,907,150	4,618,950	12,271,350	20	192
1889................	490,560,000	4,790,775	*1,668,050	2,021,675	30	40
1891................	611,780,000	12,767,825	3,102,750	19,480,025	25	15
1892................	515,949,000	7,630,500	589,050	6,839,550	6	40
1897................	530,149,168	39,517,700	11,523,450	15,788,750	4½	5½
1898................	675,148,705	14,991,000	4,240,400	19,180,900	6	6
1899................	547,303,846	9,191,200	*2,788,900	11,168,000	20	186
1900................	522,229,505	27,078,400	2,947,700	11,525,900	2	25
1901................	748,460,218	11,919,900	5,455,000	7,891,300	10	12
1902................	670,063,008	9,742,700	*1,642,000	6,549,200	35	18
1903................	637,821,735	20,677,900	3,911,300	12,574,600	4	9
1904................	552,399,517	47,503,400	8,381,300	13,683,400	2½	5
1905................	692,979,489	5,498,785	*2,428,800	4,292,575	7	125
1906†................	759,671,000	2,869,400	*6,577,925	....	40	...

* Deficit. † To September 30, 1906.

the year, and the amount reported on December 31, with the highest rates for call money in August or September and in the last quarter of the year.

This year the banks had a surplus reserve of less than $3,000,000 on August 31, as compared with $5,000,000 on the same date last year, $47,000,000 in 1904 and $20,000,000 in 1903. The rate for money in September this year is above that touched in either August or September in the years included in the table, with the exception of 1879.

The money market to a considerable extent controlled the stock market last month, although there were alternate intervals of strength and weakness. Prices of stocks are, however, generally high as compared with quotations of other periods. It is in the bond market where there has been the least activity and prices have shown the greatest weakness. The view seems to prevail pretty generally that bonds are selling at extremely low prices. For the purpose of getting light on this question we have prepared a table of quotations of forty-five representative bonds herewith presented:

	Amount issued.	RANGE 1902–05.		RANGE IN 1906.		*Closing price Sept. 1906.*
		High.	*Low.*	*High.*	*Low.*	
Atchison gen. 4's....1995	$148,000,000	106	97½	104½	100	102⅜
Atlantic Coast Line 4's....1952	43,000,000	103¾	89½	102½	98	98⅛
Baltimore & Ohio 3½'s....1925	72,000,000	97⅞	91½	97¼	92½	93
" " 4's....1948	70,000,000	106⅜	99¼	105½	101	102¾
Central New Jersey 5's....1987	45,000,000	141	126¼	132	125¾	126⅛
Central Pacific 4's....1949	79,000,000	104	96	102¾	98½	99
Ches. & Ohio 5's....1939	25,000,000	123½	114	119⅛	116¼	116¾
" " 4½'s....1992	41,000,000	111	100½	109	103½	104¼
Chicago, Bur. & Quincy 3½'s....1949	50,000,000	103½	89⅛	95¼	91	91⅛
" " " joint 4's....1921	215,000,000	103¼	87½	101⅞	97	102⅛
Chic., Mil. & St. Paul 4's....1989	23,000,000	117	103	111	105½	108⅛
" " C. P. W. 5's....1921	25,000,000	121¾	109¾	115	111⅛	112¼
Chic. & No. West. gen. 3½'s....1987	20,000,000	106⅝	95½	100½	96	96½
Chic. & Rock Island gen. 4's....1988	61,000,000	113⅛	99	103¼	99	100⅞
" " " ref. 4's....1934	44,000,000	99⅛	95	97	92¾	93⅞
" " " 4's....2002	69,000,000	89	66½	81½	75¼	78⅝
Clev., Cin., Chic. & St. Louis 4's....1993	21,000,000	104⅝	95	105¾	100½	101⅞
Denver & Rio Grande 4's....1936	33,000,000	104½	96¾	101¼	99	100½
Erie con. prior 4's....1996	35,000,000	103½	95¾	102	99¼	99¾
" " gen. lien 4's....1996	35,000,000	95	79½	93½	89½	90
Lake Shore 3½'s....1997	50,000,000	109½	98	101⅛	95	95
" " deb. 4's....1928	50,000,000	103¼	98½	101⅞	96¼	98
Louisville & Nashville 4's....1940	37,000,000	104⅞	97⅛	104¼	98¼	101¼
Mexican Central 4's....1911	65,000,000	85	60	85	75½	80¼
Mo., Kans. & Tex. 4's....1990	40,000,000	104¼	95	103	99⅛	100½
New York Central 3½'s....1997	84,000,000	109½	95	99¾	91⅞	92⅝
" " " L. S. 3½'s....1998	90,000,000	98	86	93	87½	87¼
Norfolk & Western 4's....1996	40,000,000	104½	94⅝	102⅞	99¾	100¾
Northern Pacific 4's....1997	101,000,000	106¾	99⅛	106¼	102¾	104½
" " 3's....2047	56,000,000	78¾	69¾	78½	75	75⅛
Oregon Short Line 4's....1929	45,000,000	98½	95⅛	97½	94¼	94⅞
Reading gen. 4's....1997	70,000,000	104⅛	93¾	102⅝	96	99¼
St. Louis. I. Mtn. 5's....1931	36,000,000	120	109⅛	117¾	112	115
" " 4's....1929	30,000,000	97	82	94	89½	90⅝
St. Louis & San Francisco 4's....1951	60,000,000	98½	78¾	88	81¾	83⅛
Southern Pacific 4's....1949	28,000,000	97¼	84	96⅜	91½	92
Southern 5's....1994	45,000,000	124	111	119⅛	115	115¼
Texas Pacific 5's....2000	25,000,000	125⅝	113	124	116	119
Union Pacific 4's....1947	100,000,000	108½	99⅛	106¾	102½	102¾
Wabash 1st 5's....1939	33,000,000	121	112½	116½	112⅞	114½
" debenture 6's....1939	28,000,000	89	51½	86¼	72½	79
Western Maryland 4's....1952	35,000,000	94	84	88⅝	83¾	84⅝
West Shore 4's....2361	50,000,000	116	106	109	104	105¼
Wisconsin Central 4's....1949	23,000,000	97¼	86	95	89	90
United States Steel 5's....1963	167,000,000	99¾	65	100⅞	95¾	58⅛

The par value of the bonds represented in the table is $2,540,000,000. There is one 3 per cent. bond selling at 75½; six 3½ per cent. bonds selling at from 87¼ to 96½; twenty-eight four per cent. bonds, of which fifteen are quoted below par, at from 78⅝ to 99¾, and thirteen at above par, at from 100½ to 108½; one 4½ per cent. bond at 104¼; eight 5 per cent. bonds, of which one is selling below par, at 98½, and seven above par at from 112¼ to 126⅛, and one 6 per cent. debenture bond at 79. A majority of the bonds yield more than 4 per cent. upon the investment.

Bond prices as reflected in the table are near the lowest recorded this year, and six of the list are lower than they touched in the four years from 1902 to 1905, inclusive. There are fourteen bonds selling at from 5 to 10 per cent. above the lowest prices recorded in those four years and five others at 12 to 33 per cent. higher, fifteen others are from 2 to 5 per cent. higher. Seventeen bonds are selling from a fraction to 5 per cent. lower than the highest point made in the previous four years, and eighteen others from 5 to 10 per cent. lower, while ten have fallen from 10 to 17 per cent. below the high record of that period. These facts hardly justify the assumption that bonds generally are lower than they have sold for in many years.

The prosperity of the railroads of the country has been so long in evidence that there is nothing new that can be said regarding it. The railroads are now reporting the results for the fiscal year ended June 30, 1906, and they uniformly show tremendous gains in earnings and profits over the previous year.

The Interstate Commerce Commission has just published its complete report for the year ended June 30, 1905, and the facts therein presented make more impressive the improvement which has occurred in the twelve months following. On June 30 last year there were 218,101 miles of single-track railroad in operation, an increase for the year of 4,196 miles. There were 1,382,196 persons employed on the railroads, an increase of 86,075. The total capitalization was $13,805,258,121, equal to $65,926 per mile. The stock capital was $6,554,557,051 and the funded debt was $7,250,701,070. The total dividends declared during the year amounted to $237,964,482, as against $221,941,049 in the previous year, an increase of more than $16,000,000.

The gross earnings for the first time exceeded the two-billion mark and reached $2,082,482,406, being $107,308,315 greater than for the year 1904. Net earnings amounted to $691,880,254, an increase over those of the previous year of $55,602,416. The net income for the year available for dividends or surplus was $327,090,387.

These are extraordinary results, the magnitude of which will hardly be appreciated without reverting to the figures of ten years ago. Yet it is already demonstrated that the railroads have made a very much better showing in the year which closed June 30 last.

An interesting study of the earnings and dividend payments of a number of the principal railroad systems appeared in a recent issue of the "Railroad Gazette." The gross earnings of twenty-one companies for the year ended June 30, 1906, are shown to have been in excess of $1,267,000,000, an increase over 1905 of $144,000,000, or nearly 13 per cent. That journal discusses the question of what is to be done with these increased earnings, and calls attention to the fact that the railroads are putting a large amount into the improvement and extension of their properties, thus adding to their permanent value. It adds a table showing the dividends paid and earned on the common stock of twenty of the companies named. We have combined the two tables and present the result as follows:

Company.	Gross Earnings.		Common Stock.	
	1906.	*1905.*	*Earns, p. cent.*	*Pays, p. cent.*
Atchison, Topeka & Santa Fe	$78,044,342	$68,375,834	11	4
Baltimore & Ohio	77,392,056	67,689,998	12	6
Canadian Pacific	61,669,758	50,481,882	14	6
Chesapeake & Ohio	24,602,986	20,724,368	7	1
Chicago & North-Western	63,481,575	55,745,273	20	7
Chicago, Burlington & Quincy	*73,500,000	65,973,046	19	7
Chicago, Milwaukee & St. Paul	*55,149,000	49,884,000	†11	7
Chicago, Rock Island & Pacific	51,237,854	44,051,509	10	6¼
Cleveland, Cincinnati, Chicago & St. Louis	23,649,295	22,372,312	..	..
Great Northern	49,505,383	41,608,430	17	7
Illinois Central	51,636,405	49,508,650	11	7
Lake Shore & Michigan Southern	41,040,962	36,189,749	25	8
New York Central	89,785,260	81,289,967	6	5
Norfolk & Western	28,487,763	24,089,257	12	3
Northern Pacific	62,140,410	57,729,362	14	7
Pennsylvania Lines East	142,317,467	123,424,367	12	6
Pittsburg, C., C. & St. Louis	28,361,771	25,029,370	7	8
Southern Railway	53,641,438	48,145,108	1½	0
Southern Pacific	105,619,114	95,515,158	10	5
St. Louis & San Francisco	38,626,399	35,319,478	1	0
Union Pacific	67,281,543	57,324,949	18	10
Total	$1,267,170,781	$1,122,472,067	..	..

Increase, $144,698,718, equal to 12.9 per cent. * Approximate. † Both classes.

Conservatism has evidently governed the declaration of dividends in a majority of cases.

The most important events connected with railroad affairs were the sale to Kuhn, Loeb & Co. by the Pennsylvania Railroad of one-half of its holdings of Baltimore & Ohio and Norfolk & Western stocks, and the authorizing by the New York Central directors of an issue of $29,-839,560 of stock. It was reported that Kuhn, Loeb & Co. would sell the Baltimore & Ohio interest to the Union Pacific. The authorized capital of the New York Central is $250,000,000 and the new issue will make the total outstanding $180,000,000.

It is proposed to increase the capital of the Cleveland, Cincinnati, Chicago & St. Louis Railroad from $40,000,000 to $50,000,000, and the stockholders will vote on the proposition on October 31.

Western Union Telegraph stockholders have been called to a special meeting on October 10 to authorize an issue of $25,000,000 4 per cent. convertible bonds. The Tennessee Coal and Iron Company is also contemplating an increase in the company's capital stock from $30,000,000 to $50,000,000.

The price of silver is again advancing and has reached the highest point recorded since 1894.

The production of pig iron in August fell to 1,922,717 tons, as compared with 2,013,402 tons in July and 2,098,746 tons in May.

The Money Market.—The money market in September was involved in several flurries and rates ruled higher throughout the month.

Call money touched 40 per cent. soon after the month opened, but under the influence of gold import engagements dropped to a more normal range. At the close of the month call money ruled at 4½@7 per cent., with the majority of loans at 6½ per cent. Banks and trust companies loaned at 3 per cent. as the minimum. Time money on Stock Exchange collateral is quoted at 7 per cent. for sixty to ninety days, 7@7½ per cent. for four months and 6½@6¾ per cent. for five months to six months, on good mixed collateral. For commercial paper the rates are 6½@7 per cent. for sixty to ninety days' endorsed bills receivable, 6½@7 per cent. for first-class four to six months' single names, and 7½ per cent. for good paper having the same length of time to run.

MONEY RATES IN NEW YORK CITY.

	May 1.	*June 1.*	*July 1.*	*Aug. 1.*	*Sept. 1.*	*Oct. 1.*
	Per cent.	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*
Call loans, bankers' balances........	3½—4¾	2 —4½	2¾ - 6	2 — ½	8 —12	4½—7
Call loans, banks and trust companies..........	4 —	3 —	3 —	2 —	3½—	3 —
Brokers' loans on collateral, 30 to 60 days..........	5½ 6	4 — ½	4½ 5	3½—4	6½—	7 —
Brokers' loans on collateral, 90 days to 4 months..........	5½—6	4 — ½	4½—5	4¼—5	6½—	7 — ½
Brokers' loans on collateral, 5 to 7 months..........	5½- 6	4½—5	5 — ¾	5 — ½	6 — ½	6½— ¾
Commercial paper, endorsed bills receivable, 60 to 90 days..........	5½—6	5 — ½	5 — ½	5½— ¾	6 —7	6½—7
Commercial paper, prime single names, 4 to 6 months..........	5½—6	5 — ½	5 — ½	5½— ¾	6 — 7	6½—7
Commercial paper, good single names, 4 to 6 months..........	6 —	5½—6	5½ - 6	6 —	7½—	7½—

NEW YORK BANKS.—The condition of the New York banks in the early part of the month was such as to excite considerable apprehension. The deposits, which on August 4 were $1,076,000,000, had fallen to $1,014,000,000 on September 8, and a week later were only $1,005,000,000, a loss of $71,000,000 in six weeks. Between August 4 and September 8 loans were reduced $26,000,000 and in the week of September 15 $15,000,000, making the contraction in six weeks $41,000,000, or $30,000,000 more than in the deposits. Until the Secretary of the Treasury inaugurated his gold import aiding plan the banks suffered a serious drain in specie, losing $12,000,000 in the first week of September, after losing $14,000,000 in August. In the last three weeks of the month the specie reserve has been increased $24,000,000 and is now within $2,000,000 of the amount held at the beginning of August. On September 8 a deficit of $6,577,925 was reported, but this has been wiped out and a surplus of $12,540,350 was reported on September 29. Both loans and deposits increased in the last half of the month.

NEW YORK CITY BANKS—CONDITION AT CLOSE OF EACH WEEK.

	Loans.	*Specie.*	*Legal tenders.*	*Deposits.*	*Surplus Reserve.*	*Circulation.*	*Clearings.*
Sept. 1...	$1,068,739,600	$181,745,600	$81,638,100	$1,042,057,200	$2,869,400	$46,038,700	$2,175,188,900
" 8...	1,051,774,100	169,341,600	77,634,000	1,014,214,100	*6,577,925	44,917,800	1,854,759,200
" 15...	1,036,460,400	177,366,500	77,541,800	1,005,487,600	3,536,400	44,888,300	2,018,671,600
" 22...	1,048,882,600	190,536,500	76,592,800	1,023,251,500	11,315,925	45,109,500	2,092,499,400
" 29...	1,051,172,800	193,827,300	77,727,800	1,034,059,000	12,540,350	45,595,800	1,923,940,000

* Deficit.

DEPOSITS AND SURPLUS RESERVE ON OR ABOUT THE FIRST OF EACH MONTH.

Month.	1904.		1905.		1906.	
	Deposits.	*Surplus Reserve.*	*Deposits.*	*Surplus Reserve.*	*Deposits.*	*Surplus Reserve.*
January	$866,178,900	$9,541,850	$1,104,049,100	$13,683,425	$977,651,300	$4,292,575
February	1,023,943,800	25,129,050	1,189,828,600	26,979,550	1,061,403,100	11,127,625
March	1,027,920,400	32,150,200	1,179,824,900	14,646,075	1,029,545,000	5,008,755
April	1,069,369,400	27,755,050	1,188,661,300	8,664,575	1,004,290,500	5,181,270
May	1,114,367,800	33,144,250	1,146,528,600	16,665,250	1,028,683,200	10,367,400
June	1,098,953,500	29,692,325	1,136,477,700	6,050,275	1,036,751,100	6,816,025
July	1,152,988,800	36,105,300	1,166,088,900	11,658,875	1,049,617,000	12,055,750
August	1,204,965,600	55,989,600	1,190,744,900	15,305,975	1,060,116,900	18,892,475
September	1,207,302,800	57,375,400	1,166,587,200	5,498,785	1,042,057,200	2,869,400
October	1,212,977,100	19,913,425	1,080,465,100	7,440,025	1,034,059,000	12,540,350
November	1,204,434,200	16,793,650	1,042,092,300	12,430,925	....	....
December	1,127,878,100	8,539,075	1,023,882,300	2,565,375	....	....

Deposits reached the highest amount, $1,224,206,600, on September 17, 1904; loans, $1,146-163,700 on August 5, 1905, and the surplus reserve $111,623,000 on Feb. 3, 1894.

Non-Member Banks—New York Clearing-House.

Dates.	*Loans and Investments.*	*Deposits.*	*Specie.*	*Legal tender and bank notes.*	*Deposit with Clearing-House agents.*	*Deposit in other N. Y. banks.*	*Surplus Reserve.*
Sept. 1	$131,686,800	$140,270,100	$5,461,000	$7,631,100	$12,163,200	$6,129,800	* $3,682,425
" 8	132,944,600	141,157,600	5,238,700	7,518,000	12,998,900	5,547,800	* 3,985,600
" 15	133,044,000	138,641,300	5,316,300	7,771,700	11,318,200	4,860,800	* 5,393,325
" 22	132,263,900	139,208,300	5,327,700	7,431,700	13,498,300	4,129,900	* 4,414,475
" 29	132,524,100	139,132,500	5,468,900	7,507,600	13,234,800	4,512,500	* 4,059,325

* Deficit.

Boston Banks.

Dates.	*Loans.*	*Deposits.*	*Specie.*	*Legal Tenders.*	*Circulation.*	*Clearings.*
Sept. 1	$185,828,000	$209,129,000	$15,423,000	$5,664,000	$7,699,000	$135,495,900
" 8	188,982,000	206,251,000	16,258,000	5,808,000	7,[illegible]69,000	132,379,000
" 15	184,392,000	211,068,000	17,782,000	5,618,000	7,758,000	149,753,100
" 22	185,398,000	211,232,000	17,370,000	5,765,000	7,734,000	153,817,400
" 29	185,070,000	206,909,000	17,561,000	5,374,000	7,755,000	....

Philadelphia Banks.

Dates.	*Loans.*	*Deposits.*	*Lawful Money Reserve.*	*Circulation.*	*Clearings.*
Sept. 1	$222,351,000	$248,163,000	$56,018,000	$14,262,000	$146,859,700
" 8	220,063,000	243,411,000	53,959,000	14,268,000	125,786,400
" 15	217,961,000	246,729,000	55,995,000	14,305,000	138,014,900
" 22	218,055,000	250,868,000	59,187,000	14,258,000	140,406,400
" 29	....	....	....	....	....

Foreign Banks.—The three principal banks of Europe suffered a heavy drain of gold last month, the Bank of England losing $22,000,000, the Bank of France $10,000,000 and the Bank of Germany $20,000,-000. Russia has kept her $550,000,000 stock intact.

Gold and Silver in the European Banks.

	August 1, 1906.		*September 1, 1906.*		*October 1, 1906.*	
	Gold.	*Silver.*	*Gold.*	*Silver.*	*Gold.*	*Silver.*
England	£37,189,724	....	£38,514,765	....	£34,022,126	....
France	116,923,487	£42,493,873	116,733,107	£42,076,811	114,793,101	£41,918,969
Germany	35,827,000	11,976,000	35,683,000	11,878,000	31,827,000	10,542,000
Russia	109,287,000	6,006,000	110,880,000	5,942,000	110,634,000	5,469,000
Austria-Hungary	47,020,000	12,559,000	47,109,000	12,248,000	47,015,000	11,948,000
Spain	15,179,000	24,715,000	15,227,000	24,846,000	15,273,000	24,642,000
Italy	29,663,000	3,928,800	29,712,000	3,887,800	29,886,000	3,816,900
Netherlands	5,521,300	5,789,300	5,522,600	5,743,100	5,529,000	5,678,000
Nat. Belgium	3,224,000	1,612,000	3,322,000	1,661,000	3,466,000	1,743,000
Sweden	3,875,000	....	3,880,000	....	3,879,000	....
Totals	£403,789,511	£109,079,973	£406,533,472	£108,262,711	£396,124,827	£105,747,869

Foreign Exchange.—The high rates for money in New York, with selling of American securities in London, caused a decline in sterling exchange. An advance in rates for money in London partly checked the decline, but the market was weak at the close of the month.

Rates for Sterling at Close of Each Week.

Week ended.	Bankers' Sterling.		*Cable transfers.*	*Prime commercial, Long.*	*Documentary Sterling, 60 days.*
	60 days.	*Sight.*			
Sept. 1	4.8030 @ 4.8040	4.8330 @ 4.8340	4.8390 @ 4.8400	4.79¾ @ 4.79⅞	4.79¼ @ 4.80⅛
" 8	4.8050 @ 4.8100	4.8350 @ 4.8360	4.8410 @ 4.8420	4.79⅞ @ 4.80	4.79½ @ 4.80⅛
" 15	4.8030 @ 4.8040	4.8390 @ 4.8400	4.8440 @ 4.8450	4.79⅞ @ 4.80	4.79¼ @ 4.80¾
" 22	4.7950 @ 4.7975	4.8360 @ 4.8370	4.8425 @ 4.8430	4.79⅛ @ 4.79¼	4.78½ @ 4.79¾
" 29	4.7950 @ 4.7975	4.8320 @ 4.8330	4.8419 @ 4.8425	4.79⅛ @ 4.79¼	4.78⅝ @ 4.80

Foreign Exchange—Actual Rates on or about the First of Each Month.

	June 1.	*July. 1.*	*Aug. 1.*	*Sept. 1.*	*Oct. 1.*
Sterling Bankers—60 days	4.82⅛–¼	4.81⅞–2	4.82⅛–¼	4.80¼–⅜	4.79½–¾
" " Sight	4.85⅛–¼	4.84⅝–¾	4.85–⅛	4.83¼–⅜	4.83¾–⅞
" " Cables	4.85⅝–¾	4.85–⅛	4.85¼–⅜	4.83⅞–84	4.84⅛–¼
" Commercial long	4.81¾–⅞	4.81⅝–¾	4.81⅞–2	4.79¾–⅞	4.79⅛–¼
" Docu'tary for paym't.	4.81½–2⅛	4.81–2	4.81⅜–2⅜	4.79¼–80½	4.78⅝–80
Paris—Cable transfers	5.18⅛–	5.18⅛–	5.18⅛–17½	5.20 1/16–20	94 11/16–¾
" Bankers' 60 days	5.21¼–20⅝	5.21¼–20⅝	5.20⅝–	5.22½–21⅞	94¾–⅞
" Bankers' sight	5.18¾–	5.18¾–	5.18⅛–	5.20⅝–7/16	94 7/16–9/16
Swiss—Bankers' sight	5.18¾–⅛	5.18¾–⅛	5.17½–	5.20 1/16–20	5.20⅝–20
Berlin—Bankers' 60 days	94⅛–¼	94⅛–¼	94⅛–¼	93¾–⅞	94¾–⅞
" Bankers' sight	94 11/16–¾	94 11/16–¾	94 11/16–13/16	94⅝–½	94 7/16–9/16
Belgium—Bankers' sight	5.20–19⅜	5.20¼–19⅝	5.20–19⅜	5.21⅞–¼	5.22½–1⅞
Amsterdam—Bankers' sight	39 15/16–40	40–1/16	40 1/16–⅛	40–1/16	39⅞–15/16
Kronors—Bankers' sight	26¾–27	26¾–⅞	26⅝–⅞	26 9/16–11/16	26 9/16–11/16
Italian lire—sight	5.17½–16⅞	5.18⅛–17½	5.18⅛–17½	5.20 3/16–20	5.19⅜–18¾

Money Rates Abroad.—The Bank of England advanced its rate of discount on September 13 from 3½ to 4 per cent., and the following week the Imperial Bank of Germany advanced its rate from 4½ to 5 per cent. Discounts of sixty to ninety-day bills in London at the close of the month were 4⅛@4¼ per cent., against 3½ per cent. a month ago. The open market rate at Paris was 2⅞ per cent., against 2¼ per cent. a month ago, and at Berlin and Frankfort 4⅝@4¾ per cent., against 3⅝ per cent. a month ago.

BANK OF ENGLAND STATEMENT AND LONDON MARKETS.

	June 30, 1906.	July 31, 1906	Aug. 31, 1906.	Sept. 30, 1906.
Circulation (exc. b'k post bills)	£29,369,000	£30,577,000	£29,205,000	£29,091,000
Public deposits	11,411,000	9,493,000	10,566,000	11,326,000
Other deposits	44,638,000	42,394,000	43,751,000	43,196,000
Government securities	15,977,000	15,977,000	15,272,000	15,938,000
Other securities	31,364,000	29,420,000	28,739,000	33,584,000
Reserve of notes and coin	26,648,000	24,629,000	27,758,000	23,383,000
Coin and bullion	37,567,502	36,757,012	38,514,765	34,022,166
Reserve to liabilities	47.44%	47.41%	51.05%	42.83%
Bank rate of discount	3½%	3½%	3½%	4%
Price of Consols (2½ per cents.)	88	8` 9/16	87½	86½
Price of silver per ounce	30 3/16d.	30 1/16d.	30⅞d.	31⅝d.

SILVER.—The price of silver has been rising rapidly and is higher than for some years past. It touched 31¾d. on September 24 and closed at 31⅝d., a net gain of ¾d. for the month.

MONTHLY RANGE OF SILVER IN LONDON—1904, 1905, 1906.

MONTH.	1904.		1905.		1906.		MONTH.	1904.		1905.		1906.	
	High	Low.	High	Low.	High	Low.		High	Low.	High	Low.	High	Low.
January..	27 5/16	25⅛	28⅝	27 5/16	30¼	29 11/16	July......	27	26⅝	27 5/16	26⅞	30 7/16	29 13/16
February	27⅛	25⅝	28 3/16	27⅝	30 11/16	30⅛	August ..	27	26 3/16	28¾	27⅛	30 13/16	29⅞
March....	26 11/16	25⅛	27 11/16	25 11/16	30 7/16	29	Septemb'r	26⅞	26	28¾	28	31¾	30 13/16
April.....	25⅛	24 7/16	26⅝	25 7/16	30 5/16	29⅝	October..	26 11/16	26⅛	28 11/16	28⅝	....	....
May......	25 11/16	25⅞	27 5/16	26⅛	31⅝	30 9/16	Novemb'r	27 3/16	26¾	30 3/16	28 11/16	...	....
June.....	26⅛	25 5/16	27⅛	26¾	31 3/16	29⅝	Decemb'r	28 3/16	27 3/16	30 3/16	29⅝	...	....

FOREIGN AND DOMESTIC COIN AND BULLION—QUOTATIONS IN NEW YORK.

	Bid.	Asked.		Bid.	Asked.
Sovereigns	$4.85	$4.88	Mexican doubloons	$15.55	$15.65
Bank of England notes	4.82	4.85	Mexican 20 pesos	19.55	19.65
Twenty francs	3.86	3.89	Ten guilders	3.96	4.00
Twenty marks	4.74	4.77	Mexican dollars	.52½	.54½
Twenty-five pesetas	4.78	4.82	Peruvian soles	.48¼	.51¾
Spanish doubloons	15.55	15.65	Chilian pesos	.48¼	.51¾

Bar silver in London on the first of this month was quoted at 31⅝d. per ounce. New York market for large commercial silver bars, 68¼ @ 69⅞c. Fine silver (Government assay), 68⅝ @ 70⅝c. The official price was 68⅛c.

GOVERNMENT REVENUES AND DISBURSEMENTS.—The Treasury receipts in September were $11,000,000 in excess of the disbursements, making a surplus of $5,800,000 for the first three months of the current fiscal year, as compared with a deficit of $9,500,000 for the corresponding period of 1905. The receipts for the three months this year are $12,800,000 larger than in 1905, while the expenditures show a decrease of $2,600,000.

UNITED STATES TREASURY RECEIPTS AND EXPENDITURES.

RECEIPTS.

Source.	Sept., 1906.	Since July 1, 1906.
Customs	$27,280,010	$82,468,814
Internal revenue	21,491,481	65,446,900
Miscellaneous	2,725,699	11,887,926
Total	$51,497,190	$159,803,640
Excess of receipts	$11,227,036	$5,871,314

EXPENDITURES.

Source.	Sept., 1906.	Since July 1, 1906.
Civil and mis.	$9,130,904	$32,379,276
War	8,335,509	31,425,885
Navy	7,041,319	24,872,859
Indians	658,742	4,893,983
Pensions	10,894,198	35,967,306
Public works	4,034,630	18,631,421
Interest	174,852	5,761,596
Total	$40,270,154	$153,932,326

National Bank Circulation.—There was an increase of $4,050,-805 in national bank circulation in September, making an increase in twelve months of $57,550,868. The bonds deposited to secure circulation amount to $530,772,270. Of these, $12,371,580 are Panama Canal bonds. The national banks have also deposited $17,091,000 of these Panama Canal bonds to secure public deposits, so that practically the entire $30,000,000 issue is in the possession of the national banks. The securities deposited to secure Government deposits amount to $136,000,-000, an increase of $31,000,000 for the month.

National Bank Circulation.

	June 30, 1906.	*July 31, 1906.*	*Aug. 31, 1906.*	*Sept. 30, 1906.*
Total amount outstanding	$561,112,360	$561,481,045	$569,852,308	$573,908,108
Circulation based on U. S. bonds	517,847,749	516,573,399	524,439,160	527,768,924
Circulation secured by lawful money	43,264,611	44,907,646	45,413,148	46,134,184
U. S. bonds to secure circulation:				
Funded loan of 1907, 4 per cent	16,475,200	17,954,850	19,482,850	21,508,250
Four per cents. of 1925	4,456,500	4,719,000	3,544,200	4,446,100
Three per cents. of 1908-1918	2,550,160	2,681,660	2,506,120	2,526,340
Two per cents. of 1930	497,123,350	495,033,100	492,568,300	490,920,000
Panama Canal 2 per cents	... .	....	8,843,560	12,371,580
Total	$520,605,210	$520,388,610	$526,944,030	$530,772,270

The National banks have also on deposit the following bonds to secure public deposits: 4 per cents. of 1907, $10,401,750; 4 per cents. of 1925, $8,149,050; 3 per cents. of 1908–1918, $6,-042,300; 2 per cents. of 1930, $55,552,400; Panama Canal 2 per cents. $17,091,750; District of Columbia 3.65's, 1924, $778,000; Hawaiian Islands bonds, $1,526,000; Philippine loan, $7,787,000; state, city and railroad bonds, $29,467,325; a total of $136,794,825.

Foreign Trade of the United States.—The foreign trade returns for August show another big record, exports exceeding $129,000,000 and imports $105,000,000. For the eight months ended August 31 exports reached nearly $1,099,000,000 and imports over $845,000,000. Exports in August this year are $12,000,000 more than in 1905, and in the eight months $132,000,000 more. Imports in August increased $10,000,000, and in the eight months $75,000,000. It is not unreasonable to look for a balance of net exports in the present calendar year of $500,000,000. There was a gain of gold by import in August of $7,000,000, making nearly $46,800,000 since January 1. September and October imports will bring the total well up towards $100,000,000. Silver exports, net, are falling off.

Exports and Imports of the United States.

Month of August.	Merchandise.			Gold Balance.	Silver Balance.
	Exports.	*Imports.*	*Balance.*		
1901	$108,024,209	$73,127,217	Exp., $34,896,992	Exp., $3,339,667	Exp., $1,781,919
1902	94,942,310	78,923,281	" 17,019,029	Imp., 2,837,883	" 2,937,669
1903	89,446,457	82,049,262	" 7,397,195	" 7,763,777	Imp. 348,864
1904	92,253,881	87,737,868	" 4,516,013	Exp. 2,998,327	Exp. 2,331,354
1905	117,668,115	95,831,158	" 21,836,957	Imp., 2,939,063	" 2,032,211
1906	129,454,760	105,588,604	" 23,866,156	" 7,337,850	" 1,310,222
Eight Months.					
1901	939,329,341	579,650,756	Exp., 359,678,585	Exp., 9,022,596	Exp., 16,857,329
1902	821,929,100	614,413,297	" 207,515,803	" 10,540,928	" 14,640,299
1903	878,911,631	676,981,594	" 201,930,037	" 14,082,961	" 7,626,390
1904	851,203,457	667,269,364	" 183,934,093	" 15,841,825	" 18,076,950
1905	966,567,559	770,275,198	" 196,282,361	" 16,469,107	" 13,248,758
1906	1,098,994,662	845,540,383	" 253,454,279	Imp., 46,795,999	" 12,153,543

UNITED STATES PUBLIC DEBT.—The public debt statement for October 1 shows that he entire issue of Panama Canal bonds is now outstanding, making an increase in the interest-bearing debt for September of $3,000,000. The bank-note redemption account was increased $1,300,000 and gold certificates issued increased $12,000,000. The aggregate debt is now $2,392,000,000, an increase of $13,000,000. The total cash assets amount to $1,546,000,000, an increase of $30,000,000. The cash balance in the Treasury is $371,000,000, an increase of $20,500,000, and the net debt, less cash in the Treasury, is $954,000,000, a decrease of $16,000,000.

UNITED STATES PUBLIC DEBT.

	July 1, 1906.	*Aug. 1, 1906.*	*Sept. 1, 1906.*	*Oct. 1, 1906.*
Interest-bearing debt:				
Loan of March 14, 1900, 2 per cent	$595,942,350	$595,942,350	$595,942,350	$595,942,350
Funded loan of 1907, 4 per cent	116,755,150	116,755,150	116,755,350	116,755,450
Refunding certificates, 4 per cent	26,280	26,230	26,120	26,040
Loan of 1925, 4 per cent	118,489,900	118,489,900	118,489,900	118,489,900
Ten-Twenties of 1898, 3 per cent	63,945,460	63,945,460	63,945,460	63,945,460
Panama Canal Loan of 1916, 2 per cent	....	....	26,974,200	30,000,000
Total interest-bearing debt	$895,159,140	$895,159,090	$922,133,380	$925,159,200
Debt on which interest has ceased	1,128,185	1,126,585	1,126,375	1,126,375
Debt bearing no interest:				
Legal tender and old demand notes	346,734,298	346,734,298	346,734,298	346,734,298
National bank note redemption acct.	42,635,639	43,935,011	44,195,967	45,574,178
Fractional currency	6,865,757	6,865,757	6,865,237	6,865,237
Total non-interest bearing debt	$396,235,694	$397,535,067	$397,795,503	$399,173,713
Total interest and non-interest debt.	1,292,522,970	1,293,820,742	1,321,055,258	1,325,459,289
Certificates and notes offset by cash in the Treasury:				
Gold certificates	559,779,869	563,984,869	569,739,869	581,740,869
Silver certificates	477,478,000	477,637,000	481,392,000	478,562,000
Treasury notes of 1890	7,386,000	7,232,000	7,129,000	7,021,000
Total certificates and notes	$1,044,638,869	$1,048,853,869	$1,058,260,869	$1,067,323,869
Aggregate debt	2,337,161,839	2,342,674,611	2,379,316,127	2,392,783,158
Cash in the Treasury:				
Total cash assets	1,471,358,119	1,473,763,231	1,516,178,999	1,546,307,374
Demand liabilities	1,143,270,836	1,153,799,289	1,165,492,124	1,175,094,278
Balance	$328,087,283	$319,963,941	$350,686,875	$371,218,096
Gold reserve	150,000,000	150,000,000	150,000,000	150,000,000
Net cash balance	178,087,283	169,963,941	200,686,875	221,213,096
Total	$328,087,283	$319,963,941	$350,686,875	$371,213,096
Total debt, less cash in the Treasury	964,435,687	973,856,801	970,368,383	954,246,193

MONEY IN CIRCULATION IN THE UNITED STATES.—The volume of money in circulation was increased last month $45,000,000 and the circulation per capita increased from $32.59 to $33.08. There was $30,000,000 of gold and gold certificates put in circulation, $6,000,000 of silver, and $9,000,000 of United States notes and national bank notes.

MONEY IN CIRCULATION IN THE UNITED STATES.

	July 1, 1906.	*Aug. 1, 1906.*	*Sept. 1, 1906.*	*Oct. 1, 1906.*
Gold coin	$673,327,609	$675,979,661	$676,179,514	$684,268,074
Silver dollars	77,073,327	77,115,655	78,938,609	81,662,707
Subsidiary silver	111,401,668	111,976,129	113,399,532	116,091,510
Gold certificates	518,092,969	529,313,379	519,965,889	541,857,929
Silver certificates	471,964,597	470,792,688	473,292,991	474,838,810
Treasury notes, Act July 14, 1890	7,338,598	7,214,996	7,112,252	6,988,562
United States notes	336,401,454	336,459,393	338,728,846	342,858,596
National bank notes	548,883,608	548,497,538	559,295,666	564,148,004
Total	$2,744,483,880	$2,757,349,438	$2,766,913,299	$2,812,133,694
Population of United States	84,662,000	84,779,000	84,897,000	85,014,000
Circulation per capita	$32.42	$32.52	$32.59	$33.08

BANKING AND FINANCIAL NOTES

THE BANKERS' ASSOCIATIONS.

ILLINOIS.

—At the closing day's session of the Bankers' Association of the State of Illinois, at Springfield, September 27, the following officers were chosen: President, N. H. Greene, Tallula; vice-president, August Blum, Chicago; secretary, Frank P. Judson, Chicago; treasurer, Richard Wangelin, Belleville; chairman executive committee, James McKenney, Aledo.

In an address the Attorney-General of the state recommended the following changes in the banking regulations and practices of the state:

"Bond all employes of banks so that pecuniary loss is reduced to a minimum; take measures to prevent 'one man' banking; banks should not lend to their officers or directors; directors must examine their own banks, swear to the position of their securities and be responsible to the law for their lapses; the State Auditor should be clothed with discretionary powers to prevent the promotion of shady banks by withholding incorporation papers; give the State Auditor power also to intervene to correct bad practices before they run to the point of impairing the capital of the bank, and therefore before loss is forced upon depositors; prohibit branch banking; place all private banks in the state under state supervision."

MONTANA.

—At the recent convention of the Montana Bankers' Association, held at Great Falls, these officers were elected: President, Alden J. Bennet, Virginia City; vice-president, E. B. Weirick, Butte; secretary-treasurer, Frank Bogart, Helena; executive committee, N. J. Gould, Helena; R. S. Ford, Great Falls; D. R. Peeler, Kalispell.

NEBRASKA.

—We have received the following letter from Wm. B. Hughes, secretary of the Nebraska Bankers' Association:

"Our 1906 convention will be held in Omaha, November 14 and 15. The following speakers are promised:

Senator Millard, Omaha, address of welcome. He is president of the Omaha National Bank.

D. R. Forgan, vice-president First National Bank, Chicago.

James H. Eckels, president Commercial National Bank, Chicago.

C. H. Cornell, president First National Bank, Valentine, Nebr.

Frank McGiverin, president Commercial National Bank, Fremont, Nebr.

G. M. Hitchcock, Editor Omaha World Herald and ex-Congressman from the Omaha district.

Besides these we will have two or three more from this state and have three invitations out to eastern men of note with assurances that at least two of them will be with us.

I want to give you some material relative to our candidate for the American Bankers' Executive Council. Mr. J. T. Trenery, president of the Farmers' National Bank of Pawnee City is the candidate of this association, and our delegation will work for him at St. Louis. Mr. Trenery was president of this association for two years, a compliment never before extended to anyone. In the two years of his term he succeeded in doubling the membership of the association by his strenuous and insistent methods. This was in 1904-5. His most prominent trait is that everything with which he is connected must move with spirit and life or he cannot rest, but must get at it harder than ever. It seems to us that he is just the kind of man that should be given a place on the council to keep it always a live body.

We have no man on the Council. Our association has 628 members out of 755 banks. A place belongs to us, and we want it."

PENNSYLVANIA.

Comptroller Ridgely made the principal address at the convention of the Pennsylvania Bankers' Association, which was held at the Bellevue-Stratford, Philadelphia, September 27 and 28. His topic was "Bank Directors," and he stated, in very positive terms, that bank failures were, with rare exceptions, due to the negligence or incompetence of directors. He called attention to the fact that the Supreme Court had in its decisions held directors to strict accountability in the management of their banks.

State Treasurer Berry spoke on "Bank Credits," and L. P. Hillyer of Macon, Ga., on "Bankers and Patriots." The matter of a proper reserve for trust companies was also fully discussed by the convention. After an address by Congressman John Dalzell of Pittsburg, on "Our Merchant Marine," these officers were elected:

President, Joseph Wayne, Jr., cashier Girard National Bank, Philadelphia; vice-president, John B. Jackson, president Fidelity Title and Trust Company, Pittsburg; treasurer, L. T. McFadden, First National Bank, Canton. Delegates to convention of American Bankers' Association: Group 1, Joseph Moore, Jr., and W. Z. McLear, of Philadelphia; group 2, E. S. Reinhold, Mahanoy City, and T. M. Hamilton, Chester; group 3, E. H. Reininger, Allentown, and H. Z. Russell, Honesdale; group 4, W. H. Painter, Williamsport, and E. C. Emerick, Williamsport; group 5, J. J. Frick, York, and W. L. Gorgas, Harrisburg; group 6, David Barry, Johnstown, and J. King McLannahan, Hollidaysburg; group 7, Glenn C. Page, Erie, and C. H. Kemp, Kane; group 8, A. J. Stoney, Jr., Pittsburg, and H. S. Zimmerman, Pittsburg.

FINANCIAL NOTES.

NEW YORK CITY.

—The New Netherlands Trust Company is being organized with $1,000,000 capital and $600,000 surplus. Offices of the new company will be at the northeast corner of Fifth avenue and Thirty-sixth street. Several directors of the Bankers' Trust Company are interested in the new institution.

—As an added precaution against wrongdoing by officials of financial institutions the directors of the Columbia Trust Co. have issued a notice to their employees calling upon them at once to notify the executive committee of the board of directors should a knowledge or even a suspicion of irregularity come in their possession. Failure to report such irregularity will be deemed by the executive board as guilty knowledge and the employee will be dealt with summarily.

A committee of the board has also been appointed to devise a plan providing for frequent examinations of the company's condition by a committee of directors in conjunction with expert accountants.

—Plans have been filed for a three-story building to be erected at Nos. 124, 126 and 128 East 125th street, for the Harlem Savings Bank, of which Thomas Crawford is president. It is to be 80 feet front and 100 feet deep, with a classic facade, having a central portico decorated with Ionic columns, and a pediment and balustrade. The staircase will be adorned with pedestals of polished granite supporting candelabra of bronze. The building is to cost $150,000.

NEW ENGLAND STATES.

—Boston's twenty-seven national banks are earning at an average rate of fully fifteen per cent. per annum. The Boston News Bureau says: "The high rates for money which have ruled during the past year or more brought a large measure of prosperity to the twenty-seven national banks of Boston. Their combined earnings for the twelve months' period from August 25, 1905, to September 4, 1906, the date of the last Comptroller's call, we figure were $4,-224,972, equal to 15.1 per cent. on the combined $27,900,000 capital stock. On the basis of 'working capital' (surplus and undivided profits plus capital stock) the combined earnings of all the banks for the year were 7.8 per cent."

MIDDLE STATES.

—An evidence of the progress and prosperity of the Silk City Safe Deposit and Trust Co., Paterson, N. J., is afforded by the new building lately completed and now occupied by the company. The new structure is built of steel and granite and is fitted up with everything necessary to insure safety and convenience, the vaults and safe deposit boxes being features worthy of especial mention.

The Silk City Safe Deposit and Trust Co. has $200,000 capital, $175,000 surplus and profits, and $1,450,000 deposits.

—For a yearling the Central National Bank of Buffalo, N. Y., is making a considerable figure in the banking world. It opened for business September 5, 1905, and one year later the balance-sheet showed $200,000 capital, $30,600 surplus and profits, $200,000 circulation, and $1,580,196 deposits—an aggregate of $2,010,796.

SOUTHERN STATES.

—The Corpus Christi (Texas) National Bank reports $733,000 deposits and $440,000 cash on hand and in bank.

Corpus Christi is to entertain the next annual convention of the Texas State Bankers' Association.

—Within the past six months the assets of the state banks and trust companies of Tennessee have increased $3,000,000, according to official reports made to the State Comptroller, and in the same time the number of such banks has increased from 264 to 282.

—New Orleans has twenty-three banks, with a combined capital, surplus and profits of $23,075.438. Six new banks were organized during the year ending August 31.

WESTERN STATES.

—Alex. Robertson is a new vice-president of the Continental National Bank of Chicago. This bank now reports $4,000,000 capital, $2,000,000 surplus, and $55.900,000 deposits.

—The growth of the business of the Commercial-German National Bank, of Peoria, Ill., since its formation by the consolidation of the German-American National Bank with the Commercial National Bank, January 1, 1904, is strikingly illustrated by a comparison of its statement with the first statement after the consolidation, published January 22, 1904.

At that time the total deposits were $3,922.665.56. while deposits now amount to $5,588.180.92, an increase in less than three years of $1,665,515.36.

This growth has been steady and continuous throughout the entire time. September 6, 1904, the deposits had increased to $4.350,406.06, August 25, 1905, to $4,912,189.27, and the amount of the increase during the last year has been $775,991.66.

The surplus, which at the time of consolidation was $120,000, has been increased to $200,000, and in addition undivided profits of $115,202 have been accumulated.

—On September 1, the Northern Trust Company, Chicago, moved into its fine new building at Monroe and LaSalle streets.

—Iowa has 510 savings banks, with $123,556,240 due depositors. There are 255 state banks, with $55,844,196 due depositors.

PACIFIC SLOPE.

—Through the courtesy of the Pacific National Bank of San Francisco. The Bankers' Magazine has received a pamphlet briefly recounting the splendid way in which the banks of that city met the great disaster of April 18. It is a record in which the bankers of San Francisco, and of the whole country, may justly take pride. The bank clearings of San Francisco for 1906 show the following per cent. of gain over the corresponding dates in 1905: August 25, 24.1; September 1, 16.1; September 8, 54.

—The First International Bank of South Bend, Washington, which opened its doors for business last spring, has had a very substantial growth. Located, as it is, in one of the thriving towns of Western Washington, and being owned and controlled by successful business men, it undoubtedly has a good future. Its officers are: President, G. F. Pierson; vice-president, R. L. McCormick; cashier, Elias Pierson.

—Two million dollars increase in one year is the record made by the Old

National Bank of Spokane, Washington. On September 4, 1906, the deposits were $5,595,680.99, compared with $3,552,041.17 on the same date last year. This bank has $500,000 capital and over $100,000 undivided profits.

—The banking firm of N. W. Halsey & Co. of New York, Chicago, Philadelphia and San Francisco, has filed in the county clerk's office at San Francisco, specifications for the erection of a first-class banking and office building on California street, running through to Halleck street, and adjoining on the west, the new building to be erected by the Bank of California. The building will be 45x124 feet, and will be of reinforced concrete and absolutely fireproof throughout. Special importance is attached to this enterprise in San Francisco since this building will be the first one of superior construction to be erected in the burnt district by other than local interests. It is expected that the building will be ready for occupancy in six months. Prior to the fire which destroyed that district, N. W. Halsey & Co. were located at the corner of California and Sansome streets, adjoining their new site.

H. M. BYLLESBY & COMPANY, ENGINEERS.

H. M. Byllesby & Company, Inc., American Trust Building, Chicago, have been retained as consulting, designing and supervising engineers for the modern gas plant being built by the Indiana Steel Company, a subsidiary company of the United States Steel Corporation, at Gary, Indiana, the city which they are founding for the location of their new steel works.

The engineering staff of Messrs. Byllesby & Comany has recently received a number of important acquisitions, among them being George F. Maddock, formerly general superintendent of A. L. Ide & Sons, Springfield, Illinois, and for some time past practicing consulting-engineer with offices in the Marquette Building, Chicago; Samuel C. Shaffner, formerly engineer and general manager of the Illuminating Company of Mobile, Alabama; O. A. Farrar, formerly engineer of the Allis-Chalmers Company, who has charge of the reconstruction of the large modern electric lighting plant which Messrs. Byllesby & Company are building at Mobile, Alabama; and R. G. Hunt, formerly manager and engineer of the San Diego Consolidated Gas and Electric Company, who will be located at the Chicago office.

NEW BANKS, CHANGES IN OFFICERS, ETC.

NEW NATIONAL BANKS.

The Comptroller of the Currency furnishes the following statement of new National banks organized since our last report.

Applications to Organize National Banks Approved.

The following notices of intention to organize National banks have been approved by the Comptroller of the Currency since last advice.

Farmers' National Bank, Abilene, Kans.; by R. M. White, et al.
First National Bank, Glouster, Ohio; by W. P. Smith, et al.
First National Bank, Cainesville, Mo.; by S. D. Logan, et al.
Farmers' National Bank, Madisonville, Ky.; by Geo. R. Lynn., et al.
National Bank of Commerce, Pittsburg, Kans.; by A. E. Maxwell, et al.
Arlington National Bank, Rossyln, Va.; by C. J. Rixey, et al.
First National Bank, Berea, Ky.; by W. H. Porter, et al.
Blue Ball National Bank, Blue Ball, Pa.; by Geo. A. Wallace, et al.
City National Bank, Jackson, Tenn.; by F. B. Fisher, et al.
New Farley National Bank, Montgomery, Ala.; by Louis B. Farley, et al.
First National Bank, Cheviot, Ohio; by Avery Markland, et al.
First National Bank, Gregory, S. D.; by John Haisch, et al.
Lebanon National Bank, Lebanon, Tenn.; by S. G. Stratton, et al.
German National Bank, Johnson, Neb.; by Louis J. Lintz, et al.
Sweetwater National Bank, Sweetwater, Tenn.; by W. D. Browder, et al.

First National Bank, Wheatland, Wyo.; by Guy Dann, et al.
Grange National Bank of McKean County, Smethport, Pa.; by D. C. Young, et al.
National Bank of Whitehall, N. Y.; by D. D. Woodard, et al.
Harpeth National Bank, Franklin, Tenn.; by H. P. Fowlkes, et al.
Farmers' National Bank, Gonzales, Texas; by J. W. Hoopes, et al.
Commercial National Bank, Hutchinson, Kans.; by E. T. Guymon, et al.
Norwood National Bank, Norwood, Mass.; by Edson D. Smith, et al.
Seminole National Bank, Seminole, Texas; by E. R. Bryan, et al.
First National Bank, Warner, I. T.; by F. C. Warner, et al.
First National Bank, Roselle, N. J.; by E. L. Lillibridge, et al.
First National Bank, Lenoir, N. C.; by O. P. Lutz, et al.
First National Bank, Windsor, Mo.; by John Bowen, et al.
Hazelhurst National Bank, Hazelhurst, Pa.; by S. C. Beers, et al.
First National Bank, Trenton, Tenn.; by John R. Walker, et al.
Morton National Bank, Madisonville, Ky.; by W. C. Morton, et al.
Union National Bank, Mount Carmel, Pa.; by Peter A. Stief, et al.
People's National Bank, Jonesville, Va.; by E. M. Russell, et al.
First National Bank, Ambridge, Pa.; by John Read Miner, et al.
Broadalbin National Bank, Broadalbin, N. Y.; by N. L. Finch, et al.
First National Bank, Wray, Colo.; by A. M. Johnson, et al.
First National Bank, Millstadt, Ill.; by G. F. Baltz, et al.
First National Bank, Chaska, Minn.; by J. G. Lund, et al
Farwell National Bank, Farwell, Texas; by Walter Farwell, et al.
First National Bank, Barnegat, N. J.; by J. S. Storms, et al.
First National Bank, Belpre, Ohio; by B. L. Van Winkle, et al.
First National Bank, East Alton, Ill.; by Ed. E. Squier, et al.
Berea National Bank, Berea, Ky.; by S. E. Welch, et al.
Floydada National Bank, Floydada, Texas; by A. B. Duncan, et al.

First National Bank, Midland City, Ala.; by S. M. C. Howell, et al.

People's National Bank, Sidney, N. Y.; by Van B. Pruyn, et al.

APPLICATION FOR CONVERSION TO NATIONAL BANKS APPROVED.

Merchants' Bank, Bryant, S. D.; into First National Bank.

Central City Bank, Central City, Neb.; into Central City National Bank.

Grantsburg State Bank, Grantsburg, Wis.; into First National Bank.

NATIONAL BANKS ORGANIZED.

8336—First National Bank, Rush Springs, I. T.; capital, $30,000; Pres., B. P. Smith; Vice-Pres., J. A. Slaton; Cashier, H. P. Ellis.

8337—Fairland National Bank, Fairland, Ind.; capital, $25,000; Pres., A. L. Pond; Vice-Pres., S. S. Parker; Cashier, F. A. Whitted.

8338—First National Bank, Alma, Wis.; capital, $25,000; Pres., Chas. G. Kapelovitz; Vice-Pres., A. N. Beiseker; Cashier, T. S. Saby.

8339—National Bank of Norton, Norton, Kans.; capital, $25,000; Pres., W. R. Fisher; Cashier, V. V. Bower.

8340—First National Bank, Thornton, Iowa; capital $25,000; Pres., P. R. Engebretson; Vice-Pres., W. V. Crapser and Soren Petersen; Cashier, C. A. Parker; Asst. Cashier, F. E. Johnson.

8341—First National Bank, Sandpoint, Idaho; capital, $25,000; Pres., J. A. Humbird; Vice-Pres., T. J. Humbird; Cashier, F. E. Catlin.

8342—First National Bank, Granite, Okla.; capital, $25,000; Pres., Geo. W. Briggs; Vice-Pres., E. Messmore; Cashier, J. Messmore; Asst. Cashier., P. W. Raemer.

8343—First National Bank, Argyle, N. Y.; capital, $30,000; Pres., John B. Conway; Vice-Pres., Alexander McDougall; Cashier, Chester K. Owen.

8344—Richland National Bank, Richland, Pa.; capital, $25,000; Pres., Andrew P. Moore; Vice-Pres., Samuel Klopp; Cashier, F. L. Reber; Asst. Cashier, Milton D. M. Batdorff.

8345—Fayette County National Bank, Fayetteville, W. Va.; capital, $50,000; Pres., Morris Harvey; Vice-Pres., A. W. Hamilton; Cashier, J. S. Hill.

8346—Idaho National Bank, Boise, Idaho; capital, $100,000; Pres., G. W. Fletcher; Vice-Pres., Thomas Mellen; Cashier, T. J. Le Hane.

8347—First National Bank, Bridgeport, Ill.; capital, $25,000; Pres., F. J. Seed; Cashier, J. D. Madding.

8348—First National Bank, Elida, N. M.; capital, $25,000; Pres., J. P. Stone; Vice-Pres., B. H. Marsh; Cashier, Charles H. Sims.

8349—First National Bank, Helena, Okla.; capital, $25,000; Pres., M. W. Denninger; Vice-Pres., Geo. W. Knowlton; Cashier, Robert M. Carr.

8350—National Bank of Tifton, Tifton, Ga.; capital, $50,000; Pres., L. O. Benton; Vice-Pres., W. H. Hendricks; Cashier, J. L. Brooks; Asst. Cashier, J. T. Larkin.

8351—First National Bank, Ridgeville, Ind; capital, $25,000; Pres., J. M. Edger; Vice-Pres., Nelson B. Hiatt; Cashier, Russell P. Branson.

8352—New London National Bank, New London, Iowa; capital, $25,000; Pres., W. W. Lee; Vice-Pres., W. J. Francy; Cashier, T. L. White; Asst. Cashier, Ross Walker.

8353—Boswell National Bank, Boswell, I. T.; capital, $25,000; Pres., J. A. King; Vice-Pres., Thomas W. Hunter; Cashier, Thomas H. Bayless; Asst. Cashier, James N. King.

8354—Bankers National Bank, Ardmore, I. T.; capital, $200,000; Pres., C. W. Baumbach; Vice-Pres., J. B. Spragins and P. C. Dings; Cashier, E. V. Green; Asst. Cashier, G. G. Hastings.

8355—First National Bank, Toyah, Texas; capital, $25,000; Pres., W. F. Youngblood; Vice-Pres., John J. Pope; Cashier, T. E. Gibbons.

8356—First National Bank, Tarboro, N. C.; capital, $50,000; Pres., Geo. A. Holderness; Vice-Pres., C. A. Johnson; Cashier, Ed. Pennington.

8357—Commercial National Bank, Alma, Kans.; capital, $50,000; Pres., J. N. Dolley; Vice-Pres., Geo. Casey and W. G. Weaver; Cashier, L. Palenske.

8358—Farmers' First National Bank, Fulton, Mo.; Pres., James N. Dutton; Vice-Pres., Roy A. Moore; Vice-Pres., Sparrel McCall; Asst. Cashier, Jas. A. Dickinson.

8359—Farmers & Merchants' National Bank, Salisbury, Mo.; capital, $25,000; Pres., J. W. Luck; Vice-Pres., Geo. T. Johnson; Cashier, R. P. Asbury.

8360—First National Bank, Webster Springs, W. Va.; capital, $25,000; Pres., Geo. A. Herold; Vice-Pres., J. W. Arthur; Cashier, Harry E. Gump.

8361—Citizens' National Bank, Comanche, I. T.; capital, $25,000; Pres., T. C. Phillips; Vice-Pres., J. C. Massey; Cashier, F. G. Dennis.

8362—Citizens' National Bank, Clintwood, Va.; capital, $25,000; Pres., A. A. Skeen; Vice-Pres., M. W. Remines; Cashier, Wm. H. Ames.

8363—First National Bank, Salisbury, Mo.; capital, $25,000; Pres., Geo. W. Welker; Vice-Pres., W. R. Sweeney; Cashier, E. H. Hamilton.

8364—Citizens' National Bank, Portales, N. M.; capital, $50,000; Pres., J. P. Stone; Vice-Pres., B. Blakenship; Cashier, S. A. Morrison.

8365—Fourth National Bank, Macon, Ga.; capital, $250,000; Pres., W. M. Lewis; Cashier, Charles B. Lewis; Asst. Cashier, F. E. Williams.

8366—Comanche National Bank, Comanche, I. T.; capital, $25,000; Pres., W. A. Wade; Vice-Pres., W. H. Patty; Cashier, Roy Bodenhamer.

8367—Farmers' National Bank, Garner, Iowa; capital, $25,000; Pres., C. K. Moe; Vice-Pres., C. S. Terwilliger; Cashier, Isaac Sweigard; Asst. Cashier, M. R. Pollock.

8368—First National Bank, Mentone, Ind.; capital, $25,000; Pres., Carlin Myers; Vice-Pres., S. A. Guy; Cashier, J. C. Barricklow.

8369—Moline National Bank, Moline, Kans.; capital, $50,000; Pres., O. S. Stevens; Vice-Pres., J. W. Farrow; Cashier, E. A. Chaffin; Asst. Cashier, Myrtle Chaffin.

8370—First National Bank, Nampa, Idaho; capital, $25,000; Pres., E. H. Dewey; Vice-Pres., J. H. Murray; Cashier, Walter E. Miller.

8371—Frontier National Bank, Morristown, N. Y.; capital, $25,000; Pres., James V. Crawford; Vice-Pres., Frank W. Ames; Cashier, A. W. Gregory.

8372—First National Bank, Allen, Neb.; capital, $25,000; Pres., Ed. F. Gallagher; Vice-Pres., T. F. Birmingham; Cashier, E. J. Mack.

8373—First National Bank, Northwood, Iowa; capital, $50,000; Pres., G. N. Haugen; Vice-Pres., O. V. Eckert; Cashier, N. E. Haugen; Asst. Cashier, T. L. Ringham.

8374—First National Bank, Sidell, Ill.; capital, $25,000; Pres., D. A. Richardson; Vice-Pres., L. E. Williamson; Cashier, J. F. Teague.

NEW STATE BANKS, BANKERS, ETC.

ALABAMA.

Ashville—Ashville Savings Bank; capital, $15,000; Pres., J. L. Herring; Vice-Pres., Jno. B. Bates; Cashier, A. K. Senaur.

Luverne—Merchants & Planters' Bank; capital, $75,000; Pres., T. W. Showe; Vice-Pres., W. B. Howard and E. O. Bishop; Cashier, A. L. Watts.

ARKANSAS.

Grannis—First Bank; capital, $2,000; Pres., E. A. Mears; Cashier, E. M. Lundford.

Green Forest—Farmers & Merchants' Bank; capital, $10,000; Pres., E. A. Wall; Vice-Pres., J. L. Rhodes; Cashier, C. D. Wall; Asst. Cashier, J. B. Rhodes.

CALIFORNIA.

Sutter Creek—Sutter Creek State Bank; (successor to Jackson Dennis); capital, $30,000; Pres., Jackson Dennis; Vice-Pres., F. N. Soracco; Cashier, P. Dabovich; Asst. Cashier, L. J. Boitano.

FLORIDA.

Cottondale — Cottondale State Bank; capital, $15,000; Pres., J. R. Shanaker; Vice-Pres., J. E. Mathis; Cashier, C. M. Fellows.

GEORGIA.

Grayson—Bank of Grayson; capital, $15,000; Pres., W. H. Toole; Vice-Pres., W. A. Cooper; Cashier, I. M. Shiver.

Pearson—Pearson Banking Co.; capital, $18,000; Pres., H. F. Sears; Vice-Pres., Jeff Kirkland; Cashier, J. S. Roberts.

Rutledge—Merchants & Farmers' Bank; capital, $25,000; Pres., E. L. Almand; Vice-Pres., J. A. Davis; Cashier, C. D. Farill.

Stockbridge—Bank of Stockbridge; capital, $15,000; Pres., G. W. Morris; Vice-Pres., J. C. Walden and J. T. Bend; Cashier, L. G. Fortson

IDAHO.

Boise—Boise State Bank; capital, $50,000; Pres., John T. Morrison; Vice-Pres., John Ennis; Cashier, H. R. Ennis; Asst. Cashier, E. S. Clapp.

Midvale—Bank of Washington County; capital, $25,000; Pres., A. B. Anderson; Vice-Pres., A. B. Moss; Cashier, W. L. Anderson.

ILLINOIS.

Chicago—Railway Exchange Bank; capital., $250,000; Pres., Geo. Merryweather; Vice-Pres., Joy Morton; Asst. Cashier, A. M. Rode.

West McHenry—West McHenry State Bank; capital $25,000; Pres., Edwin L. Wagner; Vice-Pres., Parker S. Webster and Simon Stoffel; Cashier, Carl W. Stenger.

INDIANA.

Grabill—Grabill State Bank; capital, $25,000; Pres., Joseph Witmer; Vice-Pres., David Klopfenstine; Cashier, Albert Egly.

IOWA.

Essex—Farmers' Savings Bank; capital, $25,000; Pres., R. A. Sanderson; Vice-Pres., H. A. Chandler; Cashier, J. A. Ekeroth.

George—German-American Bank; capital, $25,000; Pres., John P. De Neuil; Cashier, H. D. Aykens; Asst. Cashier, Louis Bodum.

Lavinia—Farmers' Savings Bank; capital, $10,000; Pres., Ed. Davis; Vice-Pres., W. A. Cook; Cashier, C. E. Harding.

Nevinville—Nevinville Savings Bank; capital, $10,000; Pres., R. H. Gregory; Vice-Pres., W. B. Hoskins; Cashier, C. A. Haynes.

KANSAS.

Argentine—Argentine State Bank; capital, $10,000; Pres., D. E. Clopper; Vice-Pres., Myron A. Waterman; Cashier, John P. Carney; Asst. Cashier, Jos. N. Altringer.

Cassoday—Cassoday State Bank; capital, $10,000; Pres., Almon D. Cochran; Vice-Pres., S. S. Harsh; Cashier, Chris. O. Sharp.

Fredonia—Holladay State Bank; capital, $10,000; Pres., D. F. Clark; Vice-Pres., Wm. A. Holladay; Cashier, J. E. Thompson; Asst. Cashier, Wm. B. Kennedy.

Marquette—Farmers' State Bank; capital, $15,000; Pres., L. M. Bard; Vice-Pres., W. L. Kellogg; Cashier, F. E. Peterson.

Morland—Citizens' State Bank; capital, $10,000; Pres., G. W. Stabet; Vice-Pres., S. Summerson.

Raymond—Raymond State Bank; capital, $10,000; Pres., Hamilton Irish; Vice-Pres., Geo. A. Morris; Cashier, L. D. Koch; Asst. Cashier, F. J. Miller.

KENTUCKY.

Ludlow—Farmers & Mechanics' Bank; capital, $30,000; Pres., A. B. Closson, Jr.; Vice-Pres., Amos Teed; Cashier, T. W. Balsly.

Maysville—Farmers & Traders' Bank; capital, $18,800; Pres., John J. Perrine; Vice-Pres., Wm. R. Newell; Cashier, Charles B. Pearce.

Nolin—Nolin Banking Co.; capital, $15,000; Pres., J. F. Albert; Vice-Pres., W. W. Tabb; Cashier, J. R. Peak.

LOUISIANA.

Homer—Bank of Claiborne; capital, $35,000; Pres., P. Loewenberg; Vice-Pres., F. T. King.

Mandeville—St. Tammany Banking Co. & Savings Bank. (Branch of Covington.)

Monroe—Union Bank & Trust Co.; capital, $100,000; Pres., J. G. Trimble; Vice-Pres., T. Baer; Cashier, H. D. Apgar.

MICHIGAN.

Bellaire—Bellaire State Bank (successor to Bank of Bellaire); capital, $12,500; Pres., F. W. Bechtold; Vice-Pres., W. A. Evans; Cashier, O. D. Tiffany.

Saugatuck—Fruit Growers' State Bank (successor to Fruit Growers' Bank); capital, $25,000; Pres., A. B. Taylor; Vice-Pres., D. M. Gerber; Cashier, W. R. Takken; Asst. Cashier, A. B. Taylor, Jr.

MINNESOTA.

Dovray—State Bank; capital, $10,000; Pres., J. A. Pearson; Vice-Pres., Jasper Johnson; Cashier, A. E. Nordvold.

Kingston—Kingston State Bank; capital, $10,000; Pres., C. M. Buck; Vice-Pres., E. E. McGrue; Cashier, Olaf L. Olson.

La Salle—State Bank; capital, $10,000; Pres., T. C. Hovde; Vice-Pres., H. Sigurdson; Cashier, O. E. Sundt.

Luverne—Luverne City Bank; capital, $36,000 (Fred B. Burley).

Okabena—First State Bank; capital, $10,000; Pres., J. W. Daubney; Cashier, Sam Frederickson.

Randall—Bank of Randall; Pres., Alexander R. Davidson; Vice-Pres., Jira K. Martin; Cashier, Warren Gibson.

Sargeant—State Bank (successor to Bank of Sargeant); capital, $10,000; Pres., W. G. Shaffer; Vice-Pres., W. H. Schoonmaker; Cashier, Fred W. Smock.

Sabin—Sabin State Bank; capital, $10,000; Pres., A. K. Tweto; Vice-Pres., Henry Schroeder; Cashier, H. H. Hofstrom.

Thief River Falls—People's State Bank; capital, $30,000; Pres., D. B. Bakke; Vice-Pres., C. A. Loken; Cashier, P. T. Hamre; Asst. Cashier, Oscar Sponheim.

Waubun (P. O. Bement); capital, $5,000; Pres., S. C. Simons; Vice-Pres., Charles N. Bourdon; Cashier, A. C Davison.

MISSISSIPPI.

McLain—Bank of McLain; capital, $25,000; Pres., Gregory M. Luce; Vice-Pres., B. E. Green; Cashier, J. C. DuBois, Jr.

MISSOURI.

Hemple—Hemple Bank; capital, $10,000; Pres., J. U. Thurston; Vice-Pres., Geo. Markes; Cashier, C. H. Markes.

Inza—Farmers' State Bank; capital, $10,000; Pres., J. W. Combs; Vice-Pres., J. B. Rogers; Cashier, W. J. Klepper.

Kingston—Farmers & Merchants' Bank; capital, $10,000; Pres., B. F. Brown; Cashier, Q. T. Jones; Asst. Cashier, W. S. Morgan.

Ozark—Ozark Savings Bank; capital, $10,000; Pres., J. C. Woody; Vice-Pres., Charles Farrar; Cashier, John F. Aven; Asst. Cashier, Lydia Aven.

Pomona—Citizens' Bank; capital, $5,500; Pres., J. D. Cobb; Vice-Pres., Charles H. Duckett; Cashier, I. A. Smith.

Triplett—People's Bank; capital, $10,000; Pres., J. A. Hooper; Vice-Pres., C. T. Collins; Cashier, A. L. Friesz.

Waldron—Waldron State Bank; capital, $10,000; Pres., John C. Hughes; Vice-Pres., J. T. McCormick; Cashier, Herbert H. Mathonet.

NEBRASKA.

Weston—Farmers & Merchants' Bank; capital, $12,000; Pres., W. C. Kirchman; Vice-Pres., Karel Vlcan: Cashier, M. J. Ptermichel.

NEW MEXICO.

Taos—Taos Valley Savings Bank; capital, $15,000; Pres., Howard S. Reed; Vice-Pres., C. H. Ingraham; Cashier, Posey S. Wilson.

Willard—Torrance County Savings Bank; capital, $15,000; Pres., H. B. Jones; Vice-Pres., Carl A. Dalies; Cashier, E. P. Davies.

NEW YORK.

Auburn—Auburn Trust Co.; capital, $150,000; Pres., John Morgan Brainard; Vice-Pres., Henry D. Noble, Edwin R. Fay and Geo. W. Benham; Sec. and Treas., Ralph R. Keeler.

Brooklyn—Montauk Bank; capital, $100,000; surplus, $50,000; Pres., Stephen M. Griswold; Vice-Pres., Wm. Lockett; Cashier, H. B. Corbin.

NORTH CAROLINA.

East Durham—People's Bank; capital, $10,000; Pres., G. E. Smith; Vice-Pres., J. B. Mason; Cashier, L. D. Kirkland.

Granite Falls—Bank of Granite; capital, $8,000; Pres., D. H. Warlick; Vice-Pres., D. W. Russell; Cashier, W. G. Whisnant.

Rural Hall—Commercial & Farmers' Bank; capital, $7,000; Pres., S. S. Flynt; Vice-Pres., J. C. Lawrence; Cashier, E. E. Shore.

NORTH DAKOTA.

Dogden—Dogden State Bank; capital, $10,000; Pres., D. N. Loose; Vice-Pres., A. L. Lombard; Cashier, Ralph A. Pence; Asst. Cashier, W. L. Graham.

Douglas—Douglas State Bank; capital, $6,000; Pres., Ole T. Bently; Vice-Pres., Charles Ellingson; Cashier, M. C. Dula.

Driscoll—Farmers & Merchants' State Bank; capital, $10,000; Pres., J. C. Hallam; Vice-Pres., Clarence J. Hallam; Cashier, M. B. Finseth.

Epping—First State Bank; capital, $10,000; Pres., Geo. F. Carpenter; Vice-Pres., Charles F. Carpenter; Cashier, N. T. Rosenquist.

Kempton—First State Bank; capital, $10,000; Pres., Jabez Drew; Vice-Pres., M. E. Maetzold; Cashier, Edward H. Maetzold.

Kermit—First International Bank; capital, $10,000; Pres., Jacob Leuthod, Jr.; Vice-Pres., Henry J. Kotschwar; Cashier, Albert H. Makee.

Max—Citizens' State Bank; Pres., August Peterson; Vice-Pres., R. H. Freitag; Cashier, M. S. Olsen.—First State Bank; capital, $10,000; Pres., C. H. Davidson, Jr.; Vice-Pres., C. H. Ross; Cashier, C. W. Morton.

Napoleon—Farmers' State Bank; capital; $10,000; Pres., Geo. H. Phelps; Vice-Pres., W. C. Macfadden; Cashier, W. S. Young.

Petersburg—Farmers' State Bank; capital, $10,000; Pres., N. J. Nass; Vice-Pres., L. H. Peterson; Cashier, John O. Engesather.

OHIO.

Sugar Grove—Bank of Sugar Grove; capital, $15,000; Pres., W. J. Deeds; Cashier, John R. Bowen.

OKLAHOMA.

Elk City—Cotton Exchange State Bank; capital, $25,000; Pres., Irving H. Wheatcroft; Vice-Pres., W. O. Horr; Cashier, W. E. Davis; Asst. Cashier, Field Sherman.

OREGON.

Bay City—First Bank & Trust Co.; Cashier, J. O. Bozorth.

Central Point—Central Point State Bank; capital $9,100; Pres., J. W. Merritt; Vice-Pres., W. C. Leever; Cashier, T. M. Witten.

PENNSYLVANIA.

Altoona—Mountain City Trust Co.; capital, $158,437; surplus, $36,826; Pres., H. L. Nicholson; Vice-Pres., Oliver Rothert and L. Z Replogle; Treas., E. J. Lomnitz.

Kennett Square—Kennett Trust Co.; capital, $125,000.

Philadelphia — Gimbel Bros.; Cashier, G. A. Lowther.

SOUTH CAROLINA.

Greenville—Greenville Savings & Trust Co.; capital, $50,500; Pres., J. W. Rorwood; Vice-Pres., W. C. Cleveland; Cashier, A. L. Mills; Asst. Cashier, S. A. Moore.

Laurens—Palmetto Bank; capital, $10,000; Pres., J. J. Pluss; Vice-Pres., J. W. Ferguson; Cashier, S. J. Craig.

McCormick—Farmers' Bank; Pres., J. B. Harmon; Vice-Pres., R. J. Robinson.

SOUTH DAKOTA.

Florence—Farmers' State Bank; capital, $10,000; Pres., M. W. Lee; Vice-Pres., H. L. Sheldon; Cashier, A. B. Davis; Asst. Cashier, C. E. Lee.

Geddes—Farmers & Merchants' State Bank; capital, $12,000; Pres., F. L. Larsen; Vice-Pres., James Arsheim; Cashier, W. W. Wedding; Asst. Cashier, R. L. Giles.

Letcher—Citizens' Bank; capital, $10,000; Pres., M. M. Doyle; Vice-Pres., James Dodd and Ed Silland; Cashier, L. M. Doyle.

Spencer—Farmers & Merchants' State Bank; capital, $10,000; Pres., H. C. Lueth; Vice-Pres., Geo. W. Blackwood; Cashier, Wm. Hoese.

St. Lawrence—First State Bank; Pres., T. D. Greene; Vice-Pres., F. A. Albenow; Cashier, L. T. Jarmuth.

Tulare—State Bank; capital, $5,000; Pres., W. H. Shaw; Vice-Pres., W. J. Craig; Cashier, W. P. Tobin.

Wolsey—Co-operative Rural Bank; capital, $10,000; Pres. R. O. Richards; Vice-Pres., J. G. Snyder; Cashier, E. E. Frederick.

TENNESSEE.

Clarksville—First Trust & Savings Bank; capital, $50,000; Pres., C. B. Lyle; Vice-Pres., C. C. Brown; Cashier, Sterling Fort; Asst. Cashier, Emory Kimbrough.

Covington—Farmers & Merchants' Bank; capital, $50,000; Pres., L. Hill, Jr.; Vice-Pres., J. H. Flippen; Cashier, E. L. Smith; Asst. Cashier, Jos. H. Ware, Jr.

TEXAS.

Humble—Heaton & Polk; Pres., John C. Heaton; Cashier, Charles S. Polk.

Kosse—Kosse State Bank; capital, $10,-000; Pres, W. G. Ainsworth; Vice-Pres., R. J. Garrett; Cashier, W. L. Forbes.

Montague—Citizens' State Bank; capital, $10,000; Pres., G. L. Arledge; Vice-Pres., G. F. Green; Cashier, G. W. Alcorn; Asst Cashier, W. W. Alcorn.

Sagerton—First Bank; Pres., W. M. Sager; Vice-Pres., R. C. Montgomery; Cashier, R. E. Caudle.

Winters—Winters State Bank; capital, $15,000; Pres., J. M. Johnson; Vice-Pres., W. M. Smiley; Cashier, John Q. McAdams.

VIRGINIA.

Gloucester Point—Bank of Gloucester; capital, $10,000; Pres., L. E. Mumford; Vice-Pres. and Cashier, M. E. Bristow.

Keller—Bank of Keller; capital, $25,000; Pres., L. L. Dirickson, Jr.; Vice-Pres., G. Walter Mopp; Cashier, Charles B. Mears.

Nassawadox—Bank of Northampton; Pres., W. E. Thomas; Vice-Pres. and Cashier, E. G. Tankoss.

Troutdale—Bank of Troutdale; Pres., J. W. Perkins; Vice-Pres., S. G. Parsons; Cashier, John F. Grear.

WASHINGTON.

Kiona—First Bank; capital, $5,000; Pres., J. H. Ehlers; Vice-Pres., M. B. Watkins; Cashier, H. A. Roff.

Pasco—First Bank; capital, $15,000; Pres., R. H. Russell; VicePres., Robert Gerry; Cashier, C. S. O'Brien.

South Tacoma — North Pacific Bank; capital, $15,000; Pres., D. Bunker; Vice-Pres., F. C. Tubbs; Cashier, J. F. Gear; Asst. Cashier, J. B. Gibbs.

Vancouver — Citizens' Bank; capital, $30,000; Pres., T. H. Adams; Vice-Pres., C. C. Gridley; Cashier, E. R. Reynolds.

WEST VIRGINIA.

Point Pleasant Trust Co.; capital, $100,-000; Pres. J. S. Spencer; Vice-Pres., T. Stribling; Sec. and Treas., H. L. Robey.

Rupert—Bank of Rupert; capital, $10,-000; Pres., Wm. H. McClung; Vice-Pres., John G. Dwyer; Cashier, A. S. Johnson.

WISCONSIN.

Cazenovia—State Bank; capital, $10,-000; Pres., J. C. Anderson; Vice-Pres., Benj. Adelmann and John Walsh; Cashier, J. E. Hanzlik.

Fountain City—First State Bank; capital, $10,000; Pres., F. J. Bohri; Vice-Pres., C. A. Kirshner; Cashier, H. E. Bohri.

Hazel Green—Hazel Green State Bank; capital, $10,000; Pres., John Burkett; Vice-Pres., James Harvey; Cashier R. M. Orchard; Asst. Cashier, M. E. Grindell.

WYOMING.

Lander—Central Trust Co.; capital, $10,-000; Pres., S. Conant Parks; Vice-Pres., E. Amoretti, Jr.; Sec. & Treas., W. E. Hardin.

CANADA.

MANITOBA.

Darlingford—Bank of Hamilton; C. G. Heaven, Mgr.

Holmfield—Bank of Hamilton; Ray McDonald, Mgr.

La Riviere—Bank of Hamilton; C. G. Heaven, Mgr.

NEW BRUNSWICK.

Fredericton—Bank of New Brunswick; C. H. Lee, Mgr.

ONTARIO.

Bright—Western Bank of Canada; G. E. Sterling, Mgr.

Brooklin—Western Bank of Canada; E. D. Warren, Mgr.

Burford—Bank of Toronto.

Kenora—Traders' Bank of Canada; H. E. Armstrong, Mgr.

Lefaivre—Sterling Bank of Canada; A. W. Cochrane, Mgr.

St. Clements—Western Bank of Canada; A. H. Rogers, Actg. Mgr.

Tiverton—Western Bank of Canada; R. E. Carswell, Mngr.

QUEBEC.

Drummondville — Molsons Bank; T. Temple Lawlor, Mgr.

SASKATCHEWAN.

Kamsack—Canadian Bank of Commerce; G. G. Bourne, Actg. Mgr.

Macoun—Macoun Security Co.; capital, $10,000.

Langenburg—Bank of Toronto.

CHANGES IN OFFICERS, CAPITAL, ETC.

ALABAMA.

Luverne—Bank of Luverne; A. L. Watts, Asst. Cashier, resigned.

ARKANSAS.

Alma—Bank of Alma; J. T. Jones, Pres. in place of W. R. Bolling, resigned.

CALIFORNIA.

Los Angeles—State Bank & Trust Co.; Clarence D. Hudson, Asst. Cashier in place of Frank R. Liddell, resigned.

San Francisco—Crocker-Woolworth National Bank; title changed to Crocker National Bank.

San Pedro—First National Bank; E. B. Moores, Asst. Cashier in place of H. C. Downing.

COLORADO.

Fort Collins—First National Bank; W. C. LeMaster, Cashier in place of G. F. Trotter.

Las Animas—First National Bank; W. C. Love, Cashier in place of C. H. Thomas.

CONNECTICUT.

Middletown—Middletown National Bank; Francis A. Beach, Asst. Cashier in place of F. C. Smith.

DISTRICT OF COLUMBIA.

Washington—Lewis Johnson & Co.; Lewis Johnson Davis, deceased.

GEORGIA.

Brunswick—National Bank of Brunswick; C. H. Sheldon, Asst. Cashier.

Camilla—Bank of Camilla; C. R. Twitty, Cashier, deceased.

Newnan—Coweta National Bank; Mike Powell, Pres. in place of W. C. McBride; W. C. McBride, Vice-Pres. in place of Mike Powell.

Talbotton—People's Bank; A. D. Brown, Cashier, deceased.

ILLINOIS.

Albany—First National Bank; no Vice-Pres. in place of Matthew Woodburn, deceased.

Chicago—Continental National Bank; Alex. Robertson, Vice-Pres. in place of N. E. Barker; no Asst. Cashier in place of John McCarthy.

Joy—Joy Bank; John H. Thomason, Pres., deceased.

Kinmundy — First National Bank; Abram W. Songer, Pres. in place of F. A. Pruett; William Morris, Vice-Pres. in place of Hugo Miller.

INDIANA.

Aurora—Aurora National Bank; no Cashier in place of A. B. Pattison, deceased.

Bloomington—First National Bank; C. L. Rawles, Asst. Cashier.

INDIAN TERRITORY.

Bennington—First National Bank; W. E. Utterback, Pres. in place of R. L. Williams.

Boswell—First National Bank; W. A. Williamson, Vice-Pres. in place of J. A. King.

McAlester—City National Bank; H. M. Stalcup, Asst. Cashier in place of M. B. Brewer.

Tulsa—Farmers' National Bank; C. N. Wickizer, Vice-Pres. in place of S. W. Marr.

IOWA.

Sheldon—Sheldon National Bank; W. H. Myers, Vice-Pres. in place of P. W. Hall; P. W. Hall, Cashier in place of E. E. Springer.

Sioux City — Northwestern National Bank; Abel Sanderson, Pres., deceased.

KANSAS.

Yates Center—Yates Center National Bank; J. W. Depew, Cashier in place of F. H. Conger.

KENTUCKY.

Barboursville—National Bank of Barboursville; Henry C. Black, Cashier in place of Edward England; no Asst. Cashier in place of Henry C. Black.

Inez—Inez Deposit Bank; capital reduced to $15,000.

Lexington—First National Bank; J. W. Porter, Second Asst. Cashier.

Louisa—First National Bank; P. H. Vaughan, Pres. in place of G. W. Gunnell.

Paducah—First National Bank; Dow Wilcox, Asst. Cashier.

LOUISIANA.

Minden—Bank of Minden; F. H. Drake, Pres. in place of A. Goodwill, deceased; capital increased to $40,000.

Napoleonville — Bank of Assumption; Henry A. Munson, Pres., deceased.
Shreveport—Louisiana Bank & Trust Co.; business transferred to Continental Bank & Trust Co.

MAINE.

Augusta—Augusta Trust Co.; J. M. Haynes, Pres., deceased.

MARYLAND.

Hyattsville—First National Bank; Jackson H. Ralston, Pres. in place of Francis H. Smith; E. Quincy Smith, Vice-Pres. in place of Jackson H. Ralston.

MASSACHUSETTS.

Amesbury—Amesbury National Bank; Charles H. Kimball, Cashier in place of C. E. Adkins.
Boston—E. C. Stanwood & Co.; Eben C. Stanwood, deceased.
Cambridge—Cambridge Savings Bank; Andrew S. Waitt, Vice-Pres., deceased.
Peabody—Warren National Bank; Harry E. Walker, Pres. in place of Nathaniel Symonds, deceased.
Wareham — Wareham Savings Bank; Peleg McFarlin, Pres., deceased.

MICHIGAN.

Detroit—Dime Savings Bank; capital increased to $500.000.
Muskegon — Hackley National Bank; Thomas Hume, Pres. in place of Thomas Munroe; J. C. Ford, Vice-Pres. in place of Thomas Hume.
Saginaw—Savings Bank of East Saginaw; Otto Schupp, Vice-Pres. in place of August Schupp, deceased.

MINNESOTA.

Frazee—First National Bank; J. A. Nichols, Vice-Pres.; W. F. Just, Asst. Cashier.

MISSOURI.

Excelsior Springs—First National Bank; Clark S. Packard, Cashier in place of F. M. Kern; W. J. Craven, Asst. Cashier in place of Clark S. Packard.
Memphis—Scotland County National Bank; E. Scofield, Vice-Pres. in place of R. M. Barnes; R. M. Barnes, Cashier in place of G. H. Lawton, Jr.
Palmyra—First National Bank; no President in place of R. L. Bowles, deceased.
Springfield—Gibson Savings Bank; Martin V. Lyndall, Pres. in place of S. R. Wright, resigned.

NEBRASKA.

Fremont—Fremont National Bank; Julius Beckman, Vice-Pres. in place of J. T. May; E. Williams, Cashier in place of Julius Beckman.
Wilcox—First National Bank; O. H. Johnson, Cashier in place of C. W. Price; L. Minkner, Asst. Cashier.

NEW JERSEY.

Flemington—Flemington National Bank; John Foran, Vice-Pres.
Jersey City—Second National Bank; S. Ludlow, Jr., Pres. in place of Wm. Hogancamp.
Rahway—Rahway Savings Instn.; Wm. C. Squier, Pres., deceased.

NEW YORK.

Dalton—Dalton Banking House; Cornelius D. Whitnack, Cashier, deceased.
Kingston—First National Bank of Rondout; L. Beeres, Cashier in place of F. D. Dewey.—Rondout Savings Bank; Alvah H. Staples, Pres., deceased.
Mineola—Nassau County Bank; Benjamin D. Hicks. Pres. deceased.
New Rochelle—National City Bank; no Asst. Cashier in place of S. B. Westervelt.
New York City — Fourteenth Street Bank; Louis V. Ennis, Cashier in place of I. C. Gaylord.—Lincoln Trust Co.; Irving C. Gaylord, Fourth Vice-Pres.—Corn Exchange Bank; capital increased to $3,000,000. — Seamen's Bank for Savings; William C. Sturges, Pres., deceased. — Bank of British North America; W. Lawson, Agent, retired.—Union Exchange Bank; David Wile, Vice-Pres., deceased.
Roslyn—Bank of Hempstead Harbor; Benjamin D. Hicks, Pres., deceased; also President Roslyn Savings Bank.
Utica—Second National Bank; F. R. Winant, Cashier in place of D. A. Avery.

NORTH DAKOTA.

Hankinson—Citizens' National Bank; E. Hunger, Pres. in place of F. B. Townsend; John Faissler, Vice-Pres. in place of F. V. Hunger; F. V. Hunger, Cashier in place of E. Hunger.
Hope—First National Bank; S. J. Danskin, Vice-Pres. in place of E. D. Wallace; M. B. Cassell, Cashier in place of S. J. Danskin.
Mayville—First National Bank; Geo. O. Stomner, Cashier in place of M. B. Cassell.

OHIO.

Butler—First National Bank; A. R. Byrns, Cashier in place of A. L. Byrns.
Cleveland—Union National Bank; E. H. Cady, Asst. Cashier, resigned.
Delphos—National Bank of Delphos; S. D. Chambers, Vice-Pres. in place of F. H. Stallkamp.
Fremont—First National Bank; John Fangboner, Vice-Pres. in place of Samuel Brinkerhoff, deceased.

Pomeroy—Pomeroy National Bank; John McQuigg, Pres. in place of P. B. Stanbery; Hart Stanbery, Vice-Pres.; E. M. Nye, Cashier in place of John McQuigg.

Toledo—Ohio Savings Bank & Trust Co.; E. H. Cady, Cashier.

Wooster—Citizens' National Bank; L. E Yocum, Pres. in place of W. D. Foss.

Youngstown — Commercial National Bank; capital increased to $300,000.

OKLAHOMA.

Grand—Day County Bank; capital increased to $10,000; E. K. Thurmond, Pres.; S. Jackson, Vice-Pres.; J. P. Johnson, Cashier.

Oklahoma—American National Bank; Frank P. Johnson, Pres. in place of J. H. Wheeler; Daniel W. Hogan, Cashier in place of Frank P. Johnson.

Temple—Farmers' National Bank; J. A. Williams, Pres. in place of J. C. Gipson; M. L. Henderson, Vice-Pres. in place of T. N. Gay; T. N. Gay, Cashier in place of J. A. Williams; H. A. Crawford, Asst. Cashier.

OREGON.

Grants Pass—First National Bank of Southern Oregon; L. B. Hall, Pres. in place of R. A. Booth.

PENNSYLVANIA.

Clairton—Clairton National Bank; A. B. Ingenito, Vice-Pres. in place of W. W. Payne.

Emporium—First National Bank; no President in place of B. W. Green.

Etna—First National Bank; Henry W. Ochse, Vice-Pres.

Greencastle—First National Bank; John H. Hostetter, Vice-Pres. in place of T. J. Nill.

Huntingdon—Union National Bank; J. F. Schock, Pres. in place of K. A. Lovell.

Mahonoy City—Union National Bank; Ira W. Barnes, Cashier in place of E. S. Reinhold.

Marion Center—Marion Center National Bank; H. G. Work, Cashier in place of W. A. Wick.

McKeesport—Joseph Roth & Son; Joseph Roth, deceased.

Muncy—Citizens' National Bank; Stephen Soars, Pres. in place of Wm. J. McCarty, deceased.

Philadelphia—Bank of North America; John H. Michener, Pres., deceased; also President Clearing-House Association.

Pittsburg—Farmers' Deposit National Bank; capital increased to $6,000,000. —Fourth National Bank; J. T. Wachob, Cashier.

South Fork—First National Bank; J. C. Stineman, Pres. in place of G. B. Stineman; B. W. Harding, Asst. Cashier in place of M. J. Carroll.

Waynesburg—Farmers & Drovers' National Bank; D. S. Walton, Pres. in place of E. M. Sayers; Harry L. George, Asst. Cashier.

Winburne—Bituminous National Bank; H. H. Thompson, Vice-Pres. in place of O. L. Schoonover, deceased.

RHODE ISLAND.

Newport—Union National Bank; Benjamin B. H. Sherman, Cashier, deceased.

SOUTH CAROLINA.

Batesburg—First National Bank; Ira C. Carson, Cashier.

SOUTH DAKOTA.

Sisseton—Citizens' National Bank; A. J. Norby, Vice-Pres.; O. P. Rask, Cashier in place of A. J. Norby.

TENNESSEE.

Lobelville—Bank of Lobelville; capital increased to $15,000.

TEXAS.

Bryan—City National Bank; G. S. Parker, Pres. in place of Ed. Hall; Ed. S. Derden and W. E. Crenshaw, Asst. Cashiers.

Center Point—First National Bank; W. D. C. Burney, Vice-Pres. in place of Alonzo Rees; Alonzo Rees, Cashier in place of G. P. McCorkle.

Comanche—Farmers & Merchants' National Bank; J. W. Cunningham, Pres. in place of A. J. Gray; N. Holman, Cashier in place of E. E. Anthony.

Grapevine—Grapevine National Bank; J. T. Morehead, Cashier in place of V. M. Washam.

Knox City—First National Bank; R. W. Warren, Pres. in place of J. L. Jones; E. C. Couch, Cashier in place of C. A. Benedict; W. B. Lee, Asst. Cashier in place of E. C. Couch.

Lindale—First National Bank; Fred W. Stewart, Vice-Pres.; Scott Cawthon, Cashier in place of Fred W. Stewart.

Lubbock—Citizens' National Bank; K. Carter, Vice-Pres. in place of R. C. Burns; W. L. Baird, Cashier in place of R. B. Tudor.

Mesquite—First National Bank; R. S. Kimbrough, Cashier in place of Frank Ellis.

Miles—Runnels County National Bank; no Vice-Pres. in place of A. E. Bailey.

New Braunfels—Comal National Bank; Leon N. Walthall, Pres. in place of John Dowell; no Second Vice-Pres. in place of F. Heierman.

Rockwall—Farmers' National Bank; M. L. Halford, Pres. in place of W. H.

Grove; B. H. Wisdom, Cashier in place of Mark Wheeler.

San Antonio—City National Bank; Geo. C. Saur, Pres. in place of M. Goggan; J. D. Anderson, Vice-Pres. in place of Geo. C. Saur; Aug. De Zavala, Cashier in place of J. D. Anderson; no Asst. Cashier in place of Aug. De Zavala.

San Marcos—First National Bank; S. A. Perkins, Asst. Cashier.

Sherman — Grayson County National Bank; C. N. Roberts, Vice-Pres.; G. P. McCorkle, Cashier in place of C. N. Roberts.

Venus—Farmers & Merchants' National Bank; C. D. Donaho, Vice-Pres. in place of Walter Barnes.

Vernon—Waggoner National Bank; C. E. Basham, Cashier in place of E. P. Hicks.

UTAH.

Salt Lake City—Zion Savings Bank & Trust Co.; Geo. M. Cannon, Cashier, resigned.

VERMONT.

St. Albans—Franklin Co. Savings Bank & Trust Co.; Aaron Wesson, Treas. in place of E. D. Worthen.

Winooski—Winooski Savings Bank; S. H. Weston, Pres., deceased.

VIRGINIA.

Purcellville—Purcellville National Bank; C. L. Robey, Cashier in place of T. M. Fry.

WASHINGTON

Odessa—German-American Bank; capital increased to $75,000.

Pullman—First National Bank; E. S. Burgan, Pres. in place of Levi Ankeny; Thomas H. Brewer, Vice-Pres. in place of Gay Lombard; Charles A. Brower, Cashier in place of F. T. Greer.

WEST VIRGINIA.

Clendenin—First National Bank; D. E. Stump, Cashier in place of P. W. Osborne.

Gary—Gary National Bank; M. M. Lockwood, Cashier.

WISCONSIN.

Antigo—First National Bank; W. B. McArthur, Cashier in place of H. G. Hambright.

Burlington—Bank of Burlington; G. A. Uebele, Cashier.

Superior—Union Commercial & Savings Bank; capital increased to $30,000.

Watertown—Wisconsin National Bank; H. Mulberger, Cashier in place of W. P. Brown.

BANKS REPORTED CLOSED OR IN LIQUIDATION.

ILLINOIS.

Kinmundy—Haymond State Bank.
Raritan—Exchange Bank.
St. Anne—Bank of St. Anne.

KANSAS.

Sedan—People's National Bank.

MISSOURI.

Butler—Bates National Bank; in hands of Receiver, September 20.

Seneca—First National Bank; in voluntary liquidation, August 31.

PENNSYLVANIA.

Philadelphia—Real Estate Trust Co.

TEXAS.

Belton—Farmers' State Bank; in voluntary liquidation.

WEST VIRGINIA.

Fayetteville — Fayetteville National Bank; in voluntary liquidation, September 15.

MONEY IN THE UNITED STATES.

Supply of Money in the United States.—The total stock of money in the country was increased $37,000,000 in September, $32,000,000 being in gold, $1,250,000 in fractional silver coin and $4,000,000 in national bank notes.

	July 1, 1906.	*Aug. 1, 1906.*	*Sept. 1, 1906.*	*Oct. 1, 1906.*
Gold coin and bullion	$1,475,841,821	$1,495,606,494	$1,507,503,849	$1,539,840,778
Silver dollars	568,250,855	568,250,855	568,250,855	568,250,855
Subsidiary silver	117,998,588	117,802,471	118,808,475	120,056,795
United States notes	346,681,016	346,681,016	346,681,016	346,681,016
National bank notes	561,112,360	561,481,045	569,852,303	573,903,108
Total	$3,069,884,640	$3,089,821,881	$3,111,096,498	$3,148,732,552

THE

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THE CURRENCY COMMISSION.

ALTHOUGH the time is short in which to perfect a currency measure before the assembling of Congress that will command the united support of the banks and that will receive the necessary popular and political support to carry it through, it is hoped that the labors of the currency commission appointed pursuant to the action of the convention of the American Bankers' Association will not be devoid of practical results.

As there is some apprehension that the long-continued period of extraordinary business activity may culminate in a crisis, it is probable that the commission may devote its attention largely to finding some expedient that will tide the country over such a contingency. It is to be hoped, however, that the work of the commission will not end here. Palliative remedies are well enough in an emergency such as now confronts us, but they leave the root of the difficulty untouched. It is desirable that provision be made to afford temporary relief should a crisis occur, but it is far more important that some measure should be devised that would, in so far as possible, prevent a recurrence of an era of speculation and inflation like that through which we have been passing for some years. Part of our trouble is due to an inflation of the bank-note currency, and the cure is to be found not in issuing more notes, but in providing a basis of issue related to the business demand. Every issuing bank should have a gold reserve of not less than twenty-five per cent. of its circulation, and a system of daily commercial redemption of notes at the leading centres should be enforced. In addition it should be made impossible for the Secretary of the Treasury to continue intermeddling in the money market.

EDITORIAL COMMENT

A PROPOSAL in favor of counting national bank notes as a part of the lawful money reserves of national banks was considered by the American Bankers' Association at its convention last month. No definite action was taken on the proposition, the matter being referred to the executive council. There was, however, a rather surprising number of bankers who seemed to favor the idea. This was perhaps due to the fact that the younger generation of bankers have not very seriously studied the question in all its bearings. The national bank notes are practically a permanent part of the circulating medium. Their volume tends, of recent years, toward a continual increase, and the notes are so well secured that their safety is unquestioned so long as the bonds on which they are based or the legal-tenders in which they are redeemable do not depreciate, as was the case during and for some time after the Civil War.

A great deal of severe criticism has been aimed at those who favor the use of national bank notes as reserves. It is probably true that those who advocate the employment of the roof of the house as part of the foundation have been led to this course by inability to distinguish between the two. And this is not so strange as might appear at first sight. The present national bank notes are Government paper money, just the same as the legal-tender notes. They are not in any sense obligations of the banks. Being redeemable in legal-tender notes, they are hardly inferior to the latter, except that the greenbacks have a special gold reserve behind them, while the bank notes have not. Considering the fact that both the greenbacks and the national bank notes are Government obligations, it is not very surprising that many bankers should arrive at the conclusion that the bank notes should not be discriminated against as reserves. It is well known that the state banks and trust companies actually count the bank notes in figuring their reserves. This gives the two classes of institutions named a slight advantage over the national banks, and it is this fact that has given rise to the agitation in favor of using national bank notes for reserve purposes. With the growing competition of the trust companies and state banks in discount and deposit banking, it is but natural that the national banks should resent anything that gives these rivals any advantage. The question is one that must be considered, however, from a broader standpoint than the rivalry of two classes of banking institutions. Our entire financial fabric is founded on the gold reserve held by the banks and the Treasury. To take gold from the banks, or titles to gold, and replace it with paper would be to weaken the foundation of the credit structure and seriously impair public faith in our currency and banking system. An analysis of the bank returns will show that the gold now held is but a small percentage of the bank credits. Already a considerable part of the banking reserves consists of greenbacks and silver certificates or silver dollars—all elements of more or less uncertainty. The credit structure is now sufficiently expanded, unless the area and stability of the foundation is to be increased. To add bank notes as a reserve element would be to inflate credits upon a paper basis.

Bankers of the present day have become so used to bond-secured bank notes that they have lost all conception of a bank note as a credit instrument, not remaining out permanently, but subject to daily commercial redemption. This misconception explains why so many able bankers have been misled into advocating the use of bank notes as reserves. Nevertheless the proposition is unsound and dangerous and ought to be opposed by all friends of sound currency. In this connection we cannot do better than quote the wise counsels of Comptroller Ridgely, in his address at St. Louis:

"Bank notes should never be used for reserves, their true use being for current cash business only. Bank reserves should be gold, or some paper certificates which can be quickly converted into gold. As long as the greenbacks are in circulation, and the United States carries a large gold reserve for their redemption, they may be considered as practically gold certificates and used for reserves. This is not a good arrangement, but as long as we have these legal-tender Government notes in circulation as part of our system, the banks should be allowed to use them for reserve. We may also have to continue to use the silver dollars and the silver certificates as bank reserves. Through the mistakes of our silver legislation, we have the silver on our hands, and the Government will for many years have to bear the burden of it. Having once shouldered it and provided for it, we must make the best out of it for the present. It will make the silver much better for reserves if Congress, as it should, makes it specifically redeemable in gold.

The gold coin and certificates and the clearing-house certificates for gold deposited are ideal bank reserves. As soon as it can be done, the greenbacks should be redeemed and retired, the silver also disposed of, and nothing but gold and gold certificates used as bank reserves. When this is done we shall be solidly and firmly on a real gold standard basis, and our financial system be such as we should have to take our proper place as the leading commercial nation of the world.

Bank notes are not money at all, but mere promises to pay money, which are used for currency. *They should never, under any circumstances, be counted as reserve for either national or state banks.* It is surprising how often the suggestion is made to permit this. Very recently an officer of one of the largest banks in New York told me he thought the three-million-dollar limit on retirement should be repealed, and the banks authorized to count notes of other banks as reserve. He gave the usual reason that the bank notes are much better than the greenbacks, as the bank's credit adds everything to the Government bond security.

There could hardly be a greater mistake than to ever use bank notes as reserve. Not that they are not good and safe enough, but that it removes all inducement for any one to send a bank note home for redemption, and puts an end to all possibility of making our currency elastic. Instead of decreasing the inducements for redemption, they should be increased in every reasonable way."

Mr. Charles A. Conant, the well-known authority on money and banking, in a recent address at Pittsburg, said:

"A bank note is not money, but only a certified check in printed form surrounded by safeguards which will permit it to pass freely without endorsement or special scrutiny.

As the bank note is not money, it should not be counted in bank reserves. If it could be so counted, then the link would be severed between the paper currency and the metallic reserve, whose fluctuations are related to the foreign exchanges and the solvency of the entire commercial system. If banks were allowed to count the notes of other banks as reserves, then any two banks by swapping notes could build up reserves without limit and having no relation to the gold stock of the country. What is necessary under a sound bank-note system is prompt and frequent redemption of the notes, in order to apply this very test of their equality with gold."

The opinion of one of the oldest bankers of Canada is also pertinent. In the series of articles by Mr. George Hague, now appearing in The Bankers' Magazine, it was recently stated that while the Canadian law requires forty per cent. of whatever reserves the banks may keep to be in Dominion notes, and though these notes are amply secured, there is not a banker in Canada who would not prefer to have the entire reserve in gold.

It is to be regretted that after so much discussion of the currency question, elementary principles yet remain unsettled; but the sentiments manifested at the bankers' convention clearly reveal the necessity of education of this primary character. It is to be hoped that the executive council of the American Bankers' Association will let the resolution in favor of counting national bank notes as reserves quietly sleep on the table where it was laid by the delegates at St. Louis.

ONE fact was clearly brought out at the recent meeting of the American Bankers' Association at St. Louis—that the present method of conducting the conventions will have to be radically changed. Expressions of dissatisfaction were too frequent to be disregarded. The same methods of procedure that were suitable to a convention representing a membership of less than 2,000 have become entirely unsuited to a convention representing over 8,000 members. Owing to the increased work of the association the reports of committees now take up a very large share of the time devoted to the proceedings. These reports give in a concise form the result of the work carried on during the year and are most important and valuable. Experience has shown, however, that the convention does not wish to listen to the reading of these reports. In fact, the chairman had to beg the delegates not to go away when one of the reports was being presented at the St. Louis convention. He took pains to state that the report was very short; but even then, the delegates refused to stay.

There is a lesson in this incident that the executive council would do well to consider. The bankers who go to the conventions do not wish to listen to long and tiresome reports of committees, however valuable in themselves these reports may be. They want to hear solid addresses by men of weight—the very best banking and commercial men of the country; and, more than all, they want an opportunity of discussing questions of live, practical interest to the bankers of the United States. This was so plainly manifest at the recent convention that no one could fail to note the keen disappointment felt at the course taken with reference to the currency discussion. The proceedings have come to be so overweighted with perfunctory addresses and routine reports that there is no time to devote to a consideration of those matters that would be of interest and profit to every banker who attends the conventions.

The manner of conducting the conventions has been the same for many years, consequently what is to be said does not apply, in any particular sense, to the convention at St. Louis. Bearing this in mind, let us see what can be done to lop off superfluities from the programme.

Usually the proceedings are, quite appropriately, opened with prayer. Doubtless the distinguished clergymen who conduct this part of the exercises would, if they should receive an intimation to that effect, be glad to make their petitions short. Much more time than necessary is consumed by the addresses of welcome, so called. Generally, these addresses are largely devoted to a description of the resources of the city and country where the convention is held. Besides, as if one address of welcome were not enough, there must always be three; surely two of these could be omitted. One brief, graceful welcoming speech, occupying not more than five minutes in delivery, would make every delegate feel more welcome than the floods of oratory now turned loose on the convention every year. Real welcome appears in other ways than words. The chairman's address very often traverses much of the same ground covered by the reports of committees, and could be shortened to great advantage. The reports of the secretary and of the treasurer should be made to the executive council and not to the convention. There is no reason why the reports of the council and of the several committees should not be printed and placed in the seats of the delegates; or, perhaps, even sent out to all members in advance of the meeting. Either of these plans would give an opportunity for the delegates to study the various reports and bring up for discussion in the convention any matter of special importance. As things are now, these reports, which should receive careful consideration, are treated with the greatest indifference.

At present some of the best work being done by the association is that of the Trust Company Section and the Savings Bank Section. These sections have not fallen into the routine rut, and therefore have ample time to devote to matters of practical concern. The quality of the papers presented before these sections is excellent, and the discussions are almost invariably interesting and practical.

If the conventions were relieved of this incubus of routine—if these reports were printed for distribution, as they ought to be—then there would be more time for hearing papers and addresses of solid merit, and freely discussing the topics in which bankers are interested.

If the practical usefulness of the conventions is to be preserved, the executive council of the American Bankers' Association should at once take steps toward a radical reform in the manner of conducting the proceedings.

IN an address before the recent bankers' convention at St. Louis, CHARLES I. HADEN of Atlanta, Ga., said:

"Under reasonably good storage, baled cotton will preserve unimpaired more than ten years. Instances have been know where, after being stored in a farmer's barn fifteen years, it brought the current market price. Gold from Copenhagen to Valparaiso goes in search of it as earnestly as the mediæval knight-errant went in search of the Holy Grail.

Again and again our Government, through the sub-treasury, has hastened to the rescue of the New York banks, amidst the giddy whirl of a stock gambling panic. Is America's foremost gold-yielding crop less sacred to the public weal than the paper properties of Wall Street? There has never been an hour for forty years that it could not be instantly reduced to cash. Is any promise to pay better security than the essence of wealth? Five hundred million dollars is required in the South every year within a period of about three months to handle this crop Our banking capital is inadequate. Why should we need to send our money to New York nine months in the year to gain the good will of the banks of that city, that they may lend it back to us in the harvest season to handle a crop for which the gold of the earth beckons? We feel kindly toward New York; that city has been our friend. But we want the fullest measure of independence that conditions justify."

Here is the whole asset currency question in a nutshell. Why should not the Southern banks issue their own circulating notes against the notes of the planters and cotton factors? There is no better security than the paper representing the production and exchange of our staple commodities. The only additional security the banks neeed have is a proper reserve of coin to insure current redemption.

When the country banks learn that there is no need for them to borrow of the city banks, or invest in Government bonds, in order to procure cash for crop-moving purposes, but that they may themselves, just as well as not, furnish their own notes to meet this emergency, then the movement in favor of an asset currency will gain fresh strength.

MR. ROCKEFELLER, contrary to his customary silence, has lately been talking to the newspapers. Early in October the "Plain-Dealer" of Cleveland printed an interview with the great oil magnate, in which the following appeared:

"If we limit opportunity, we will have put the brakes on our national development. Will the individual strive for success if he knows the hard-won prize is to be snatched from his fingers at the last by his Government? We are still too young a nation to begin tearing down. We must build up, build up, build up, for years to come. The very children in the schools should be taught the need of our development."

Mr. Rockefeller himself can hardly fear that the Government will prevent him from accumulating enough for the proverbial rainy day. He is now somewhat advanced in years, and according to accepted reports has already laid by a tidy sum. He cannot, therefore, be speaking from a personal standpoint.

We should not like to see the ambition of any man legitimately to amass wealth curtailed by the Government, nor have we observed any marked sentiment in favor of such limitations. But is it not possible that opportunity may be circumscribed by permitting a comparatively few individuals to get control of the country's sources of production and distribution by any means, good or bad. The concentration of wealth, to a certain extent, is necessary and beneficial, as only in this manner can great enterprises be successfully handled. But if this concentration is carried to such an extent that huge fortunes are piled up in the hands of a few individuals whose method of acquisition will not bear scrutiny, the result may be highly detrimental. A nation's real strength does not lie so much in the wealth of a ROCKEFELLER or a VANDERBILT as in the aggregate of the individuals composing it, and great precaution must needs be taken to see that opportunity is not circumscribed for the masses. Men like Mr. ROCKEFELLER and Mr. CARNEGIE will never become public charges under any system of Government regulation or control of production and trade.

BEGINNING with the 1907 convention of the American Bankers' Association, the membership of the executive council will be enlarged in accordance with the following plan: One member is to be chosen from each state and territory, the selection to be made on the basis of one member of the council for each fifty members of the association in each state, and one councilman for each additional 200 members of the association. The trust company section, the savings bank section and the clearing-house section are also to have three members each, and the president and vice-president of the association are to be members of the council, as heretofore. Instead of making the ex-presidents members for life, their terms will be limited hereafter to two years.

These changes are in the line of progress and will relieve the association of the charge sometimes heard, that its affairs were controlled by a coterie of officials who remained substantially the same from year to year. Whether this assertion was well founded or not, the comparatively small number of men who have heretofore exercised control lent a color of probability to the charge. With the more democratic form of organization, the basis for such complaints will be removed. Whether the increased membership will make the council unwieldy remains to be seen. It cannot be doubted, however, that in enlarging the membership of the council the convention took a step that will meet with the approval of a large majority of the members of the association.

PLANS for currency reform blossomed forth from every quarter at the St. Louis convention. The delegate who did not have a plan of his own was regarded as being something of a curiosity. The most conspicuous plans were those of Mr. FOWLER, the Federal legislative committee, and of Mr. CURTIS. The Comptroller of the Currency also made some suggestions, dealing in the main with the principles to be kept in mind in any changes to be made in the bank-note currency. He favored a gradual departure from the present principle of a bond-secured currency, the additional notes to be based on the general assets of the issuing banks, supplemented by a gold reserve of twenty-five per cent., and advocated a system of redemption that would be an effectual check against inflation.

Although Mr. RIDGELY's modest suggestions were to some extent overshadowed by the multiplicity of more pretentious plans, the principles he laid down are such as ought to be kept steadily in mind in any recommendations put forth by the commission provided for at St. Louis. The method of applying these principles is of secondary importance; but if there is a departure from these fundamentals of a sound bank-note currency in any law that Congress may enact, our last state will be worse than the first.

Mr. FOWLER, the chairman of the Banking and Currency Committee of the House of Representatives, in his address emphasized the importance of adhering to those principles, and no measure that does not have careful regard to them can gain his support. His own proposals for issuing "cashiers' checks"—in other words, bank notes—did not seem to be put in the most convincing light. He laid stress on the fact that when country banks called for their deposits at the reserve centres, this demand could be met by the issuing of "cashiers' checks," or bank notes, thus avoiding the disturbance of credit which now occurs when reserve money is taken from the vaults of the city banks to send to the country.

If the bank currency were properly issued and redeemed, there would be much less redepositing of banking funds than there is now. A large part of the currency, instead of being sent to the financial centres where it fosters undue speculation, would be retired until again called into existence by legitimate commercial demands. Then the country banks, having a free margin for issuing more currency to meet the crop-moving requirements, would not find it necessary to call on their correspondents. Again, when a bank in the country sends for its balance in New York or elsewhere, it has a right to expect that money will be sent—not "cashiers' checks." While the latter would serve to a considerable extent in meeting the crop-moving requirements, they would not be available as reserves. And if the country bank could not augment its reserves, its lending powers would be seriously restricted, and the lending power, through discount operations, is of immensely greater importance than the note-issuing function. Moreover, if a twenty-five per cent. reserve is to be required against asset currency, as it should be, the out-of-town banks will want to replenish their reserves for the purpose of increasing their note issues. It would seem to be essential that the bank deposits in the financial centres should always be available, at call, in cash. The "cashiers' checks," however, could be made use of by the city banks to supply their local demands for cash, thus releasing whatever till-money these banks held, and these "checks" could also be employed in making loans to such out-of-town banks as wished to borrow to meet temporary demands. These "cashiers' checks" would thus serve a very useful purpose, and would greatly relieve the present strain on the money market at certain seasons. They could hardly supplant cash, however, to the extent claimed by Mr. Fowler. It must be remembered that the country banks are not branches of the city institutions.

But as the country banks themselves could issue "cashiers' checks," or bank notes, they would be less dependent upon the city banks. The real efficacy of any system of bank notes, however, will depend upon a system of redemption that will compel retirement of redundant issues; or, rather, that will prevent them altogether. It is, in fact, the permanency of the volume of national bank notes that works mischief—a circulation that never contracts. Unless this defect is remedied, by providing a system of forced redemption, any other reform in our bank-note system will prove unavailing.

SOME suggestions on currency reform have been made by Mr. Alfred H. Curtis, president of the National Bank of North America, New York city, and former president of the New York State Bankers' Association. His first suggestion is that a commission should be appointed to further the revision of the National Bank Act. This suggestion was practically adopted by the convention of the American Bankers' Association, a committee or commission having been provided for, composed of the former committee on Federal legislation and ten other members to be chosen by the executive council. This commission will confer with the New York Chamber of Commerce committee, and will consider the various proposals for currency reform, and will probably report some definite plan to Congress early in December.

The second suggestion is that national bank notes be made part of the legal reserve of national banks. We have elsewhere considered this proposal at length, and need not further refer to it now.

Mr. CURTIS's third suggestion is that Government receipts from revenues and customs be redeposited in the national banks on the same day as they are received, and that the Government should be paid interest at the rate of two per cent. per annum.

This suggestion, if adopted, would go far towards correcting the violent fluctuations in the rates for money now experienced at New York. Under the existing practice, the money market is artificially influenced by the operations of the Treasury, large amounts being thrown on the market and withdrawn in a short time. If the funds of the Government were deposited from day to day, and withdrawn in the ordinary course as required, the stability of the money market would not be affected by the frequently recurring periods of plethora and scarcity that now so largely influence the situation from time to time. Were the Government to receive interest from the banks instead of paying them for caring for public deposits, as it virtually does at the present time, there would no longer be any necessity for requiring bonds to be deposited with the Treasury to secure the safety of the public funds deposited in the banks, since the interest received by the Government would more than reimburse it for any loss that could possibly occur.

Mr. CURTIS also proposes that a new kind of currency, to be known as "collateral currency," be authorized. It is to be based on securities acceptable to the clearing-houses in the reserve cities, and is to be issued first in the form of clearing-house certificates. Should actual circulating bills be required, the clearing-house certificates, together with the approved securities, are to be deposited with the Assistant Treasurers of the United States, who shall issue bills, known as "collateral currency," in convenient denominations. The issue of this currency is limited to twenty-five per cent. of a bank's capital and surplus, and is to be a first lien on assets. A tax equal to the maximum legal rate of the state where issued is to be imposed on the collateral currency.

The main principle embodied in this suggestion seems to be meeting with growing favor by bankers who have given the matter serious thought. It is recognized that the clearing-house organizations are clothed with the proper qualifications for judging of the value of the security offered as a basis for note issues. With the numerous small banks, of varying degrees of strength and of capacity in their management, it is more or less hazardous to entrust them all with authority to issue notes on the security of their general assets, remaining in their own custody. But if the assets behind the notes were lodged with the clearing-houses there would be no occasion for anxiety. It is apparent that before entrusting the banks with the power to issue notes without a special pledge of securities some precautions must be taken. In the opinion of many an adequate gold reserve, a safety fund and a carefully-devised system of redeeming the notes would afford sufficient safeguards. Others prefer that the clearing-houses should be given a qualified supervision over the bank-note issues. This would possess some advantages, as it would preserve the autonomy of the banks and assure the exercise of greater prudence in the issue of notes than would be the case were the matter left wholly to the discretion of the issuing bank. On the other hand, any suggestion of this character is apt to provoke the hostility of the country banks, which are jealous of handing over any of their prerogatives to the clearing-houses of the reserve cities. The same principle would be maintained, and the chances of hostility of this character lessened, by incorporating a Federal clearing-house of issue in each state, as proposed by Mr. Theodore Gilman. This would permit the state banks to issue notes exactly like those issued by the national banks, and would thus bring to the support of the plan a numerous and powerful element in the banking community.

HENRY CLEWS, the well-known Wall Street banker and broker, is the author of an interesting paper on "Publicity and Reform in Business," published in a recent number of "The Annals of the American Academy of Political and Social Science." He takes a strong stand in favor of publicity, and says that "corporations and banking and mercantile firms that become at all objects of suspicion should, in their own interests, speedily clear themselves by inviting the fullest examination and publicity. Unsoundness and irregularity, if such existed, would thus be exposed and weeded out, instead of being nursed in secret, and so doing harm and impairing confidence in corporations and firms perfectly sound and regular in their methods and practices. The sound concerns would stand better than ever after passing through this ordeal of publicity."

All this is true, and many of the best-managed banks are acting in accordance with these suggestions. They not only welcome the supervision and examination of the state and national governments, but supplement this by providing special expert examiners.

Mr. Clews believes in responding to the popular agitation for publicity by passing laws requiring all corporations, including banks and trust companies, to make at least semi-annual reports of their condition, certified to by registered public accountants, with power vested in the state authorities to order special examinations by such accountants, at any time, when deemed necessary; that is, whenever they were suspected of being unsound or irregular in their business methods. Publicity of accounts, it is declared, would be a protection to all solvent concerns and would expose and eliminate the unsound and the fraudulent, that would otherwise be a menace to them, and should be welcomed by all who have nothing to fear from such publicity.

Mr. Clews takes a hopeful view of the changes going on in the business world. He says: "We are passing through a reform—yea, a revolutionary period—in business affairs. But good will come out of it, for with our improved business methods will come a higher sense of responsibility and a keener perception of duty, which cannot fail to inspire correspondingly greater confidence and produce more certain results. We shall thus have more conservatism in business and fewer speculative hazards and less crookedness than before."

PRESIDENT ROOSEVELT reaffirmed his policy of Government supervision of great fortunes in a speech delivered at York, Pa., October 4, in which he said:

"There is every reason why the Government should exercise a constantly increasing supervision over and control of the great fortunes used in business, so as to see that the great corporations, the great fortunes generally, that are used in business shall be so used as to be in the interest of and not against the interests of the ordinary people, the general public. Never for one moment permit that movement for the supervision of wealth, that movement to see that wealth is used right, to degenerate into a movement of hatred and malice. Hatred and malice are mighty ugly sentiments, and are just as bad if you hate and envy a rich man as if you hate and look down upon a poor man. The safe doctrine is to give each man fair play, and just a little more than fair play if you can.

In the effort to reform existing conditions where they are wrong; in the effort to strive, for instance, as I am striving, to give a constantly increasing Governmental supervision over the use of wealth in railroads in big corporations, in all business, remember that our success is conditioned upon our neither being led astray by the reactionaries on one side, nor by the sinister or foolish extremists on the other. I want to see the relations of the Government, representing the people as a whole, as regards the supervision and control of these great corporations, determined by the moderates—the plain men merely want justice—who are resolute to see that the rich man does his duty and does not do anything wrong, but who are equally resolute to see that he does not have any injustice dealt out to him in return."

This declaration may be taken as a representation of sound public opinion, which the great corporations would do well to heed. If they antagonize reasonable public control, they will do much to arouse that spirit of hatred and malice which the President deplores.

STATE bank notes are suggested by the Richmond (Va.) "Leader" as a means of furnishing an elastic currency. There is no doubt that if the state banks were again permitted to issue notes, by the repeal of the ten per cent. tax, they would furnish a circulating medium well adapted to local needs, and but little inferior in safety to that now supplied by the national banks. But there does not appear to be any prospect whatever of a return to state bank notes. The growth of inter-state communication has made a purely state currency practically impossible. Yet there is no good reason why a currency national in character could not be issued by the state banks. This might be accomplished by incorporating Federal clearing-houses, authorized to issue notes to all banks conforming to certain requirements, or by permitting state banks to issue notes on depositing Government bonds with the Treasury.

Many of the state banks would like to have the privilege of emitting notes, but they will not give up the advantages of a state charter merely for the sake of acquiring this privilege. If the co-operation of the numerous state banks could be enlisted in the reform of the bank-note currency, there could be little doubt that the movement would gain such strength as would insure practical results within a comparatively short time.

PUBLICITY is now the panacea for many ills of an investment nature; but this remedy clearly has its limitations, and its value as a safeguard against losses also depends upon the intelligence of the investor as such. Though certain protective legislation may be and has been enacted in some countries—as England, France and Germany—the need for popular education in investment matters is becoming recognized as the most potent defence against unsound undertakings. Intelligent investment implies investigation along different lines which correspond to the several aspects of any venture. Every legitimate enterprise has its scientific basis, its commercial possibilities, its legal requirements, its proper or improper accounting features, and its financial phases. Financial results of operation show what a company has apparently accomplished, and its accounting methods disclose how those results were determined; but they say little as to its future, or the prospects of a new enterprise. Few persons, however, combine the information of an engineer, accountant, business man and lawyer. The large capitalist can and does employ these specialists to examine, along their several lines, his prospective investments. But for the small capitalist or trustee this course is impossible: the freedom and frequent invitation to "investigate the 'proposition' for yourself" are idle courtesies and mockery for the person who knows neither what nor where to investigate, had he the opportunity.

But, given a sound object of investment, the soundness of the investment depends also upon the character of the interest which the investor purchases; that is, on the nature of his "security." The general distinctions between stock and bond are comparatively well understood by most interested laymen; but the distinctions between bonds, the standard of investments, are not so evident, invariable or familiar. Differences of price and basis, however, imply that all bonds are not equally binding and safe—an idea confirmed by their examination; even among first mortgage bonds, the security of a minority is quite other than the name suggests. The varied forms nominated in the bonds and the diverse conditions of their issue have resulted in numerous differences of name as well as nature. The extant brief or specialized accounts of different bonds are thus far largely from the historical or corporation standpoint. A brief and unbiased exposition, accordingly, of the different prime types of bonds from the *buyer's* standpoint and for his general guidance, giving also the broad relative values of the different kinds, together with standard and typical illustrations of each, should be appreciated by the conservative and would-be intelligent investor.

In this and the succeeding number of this MAGAZINE we present such an article: the present issue contains a general introduction to bonds in general, with special reference to the questions of security and yield; the December issue will give similar details with regard to each of a half hundred particular bond types.

THE recommendations of the special Currency Committee of the Chamber of Commerce of the State of New York were published in the October issue of THE BANKERS' MAGAZINE.

Two main propositions were submitted—one for a central bank of issue, and the other providing that any bank whose bond-secured circulation equals fifty per cent. of its capital shall have authority to issue additional notes equal in amount to thirty-five per cent. of its capital, the additional issues to be taxed at a rate ranging from two to six per cent. per annum. Redemption agencies, to insure the prompt retirement of notes when not needed, are also proposed.

Were a great central bank, such as is suggested in these recommendations, politically possible, it would undoubtedly have some advantages as a regulator of the currency and of the money market. But there is so much opposition to a bank of this character that this recommendation of the committee can hardly be regarded in a practical light. That the people and the existing banks would regard such an institution with jealousy and suspicion cannot well be doubted.

The second recommendation looks to the introduction of a credit currency; or, rather, an emergency currency, since the greater part of it is taxed at a rate that would tend to restrict its issue to seasons when the interest on loans ranged above the normal. As a prerequisite to the issue of this credit currency, a bank must first issue bond-secured notes equal to fifty per cent. of its capital. This seems to be an invitation to all banks that have not already bond-secured circulation outstanding to this extent to increase their issues, and the suggestion might be criticised on that score as tending to an unwarranted increase of the bond-secured issues. If the credit currency were not so heavily taxed, the banks would realize on their bonds, retire the bond-secured notes in excess of fifty per cent. of their capital and issue credit notes. This would undoubtedly demoralize the bond market; but such a possibility has been carefully guarded against.

While the graduated tax will prove effectual in restricting the issues, it seems rather a costly device. An adequate gold reserve and an efficient system of redemption ought to be equally effective and less expensive. The amount of currency that would be actually issued in ordinary times, under this plan, would be quite small, which is probably a strong feature; but in emergencies a considerable amount would no doubt appear.

Of far greater importance than any of the committee's suggestions for the issue of additional bank-note currency is this recommendation: "That future issues of United States bonds be not made available as a basis for the issue of national bank notes." This would, of course, tend to enhance the value of the bonds now outstanding, and would prevent a further inflation of the volume of the paper circulation. As this MAGAZINE pointed out long ago, our present condition of over-expanded credits and extraordinary business activity was in part brought on by the steady growth of the bank-note circulation. By depriving future issues of bonds of availability as security for circulating notes we shall have taken a step that ought to have been taken long ago, viz., the placing of the function of note issues on a sound economic basis.

The report of the committee will take high rank in the financial literature of the country, and the recommendations made will stimulate interest in a reformation of the bank-note currency.

PRIVATE CORPORATION SECURITIES.

THEIR FORMS, SIGNIFICANCE AND RELATIVE INVESTMENT STATUS.

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PURPORT OF TERM "SECURITY."

AS applied to paper evidences of money ownership, the generic term "security" permits wide employment, though in practice it is commonly confined to corporate stocks and bonds. Properly, however, it may be restricted to those formal evidences of the ownership of invested funds which, as a class, possess some warranted assurance or guarantee that the principal will be regained. Of such "securities," the standard as investments and the most varied as to form are bonds or their equivalent.

MODERN CORPORATE BONDS AS COMPARED WITH COMMON-LAW BONDS AND ORDINARY PROMISSORY NOTES.

Certain characteristics distinguish the modern corporate bond from its common law prototype and from the usual promissory note. The former bond was a specific and unconditional written promise to pay money, given under the maker's seal and therefore known as a "specialty" and non-negotiable. But financial necessities and practice have forced some modification of the rigid rules which governed such instruments. First and most important is the feature of negotiability which now attaches to all these obligations as fully as to ordinary bills and notes; that is, title thereto is transferred simply by endorsement or delivery, so that a bona-fide holder may bring action on the bonds in his own name, and is not subject to the effect of equitable rights which existed as between prior parties thereto. In some states the seal is no longer required, and, where used, is considered to be merely the corporation's signature, which is presumptive evidence of consideration received; furthermore, the payee is necessarily unspecified or named only in general terms; while the time of payment may be often indefinite, as with "optional," "call" and "perpetual" bonds. Otherwise, though no fixed form is prescribed as essential to valid corporation bonds, they are uniformly drawn to comply with the requisites for "negotiable paper."

Compared with ordinary promissory notes, bonds have somewhat distinctive features: among minor ones are their issue in round sums of like amounts, with interest payable at stated intervals to registered owners or to holders of "coupons" or separate obligations for the regular interest installments; of the major peculiarities, their usual long term is secondary to that chief distinction which renders the bond characteristically binding, namely, the fact that they are generally, though not invariably, secured by a lien or mortgage on some specific property pledged for their ultimate payment, being therefore often termed "mortgage bonds."

Characteristics of Mortgages.

To secure the separate bonds of a given corporation issue, only one mortgage indenture is given. This is deposited with a trustee—uniformly a trust company—as intermediary between the obligor and obligees, and which is empowered to act, in case of the company's default, for and in behalf of all bondholders combined, or for a certain part of them, as may be provided, in proceedings necessary to protect and enforce their rights according to the provisions of the mortgage and the law.

Though detailed recitals of lien indentures vary widely according to the type of obligation each is designed to secure, their broad outlines are substantially similar; all begin with the usual statements concerning the time of and parties to the agreement (viz., the corporation and trustees), an account of the legal status of the company and the authorization of the issue, a recital of its design and general terms, a copy of the bond and details concerning the conditions and provisions of their issue, formal mortgage or transfer of the property to the trustee for the bondholders' benefit, and the important stipulations concerning defaults, foreclosure and other contingencies, closing with the official signatures and seal.

In the case of railroads, these mortgage indentures usually have the form of "trust-deeds" with power of sale; their practical effect in most jurisdictions, however, is the same as that of a mortgage where legal title remains in the grantor; the essence of the security is not changed by the form of instrument.

Relative Functions of Bond and Mortgage.

In effect, the bond is a company's basic obligation, which represents its promise to repay on which it is legally held, and the terms of payment. Since bonds may be issued without any mortgage assurance that they will be met, the former appears as the chief instrument, whose conditions govern the character and extent of the corporate liability. The mortgage, on the other hand, is incidental and supplementary to the bond; its function is that of a pledge or guarantee to insure the ultimate payment of the obligation.

For greater legal convenience, however, their relative position has been *practically* reversed, action being brought on the mortgage in case of the debtor's default, the bond being an additional resource in case of a deficiency in proceeds from "realization" on the pledged assets; though, for *corporation* creditors this recourse is seldom practically available.

To determine the relative rights of obligor and obligee, the terms of both mortgage and bond—all of whose leading stipulations are reproduced in the mortgage—are construed together— though, in case of conflict, the bond provisions prevail as those of the obligation itself.

Bases of Bondholders' Security.

The prime matter of investment "security" in its abstract sense of protection from loss of principal or revenue is plainly a conditional fact whose quality may vary within wide possible range. The fundamental conditions that importantly affect the character of security are those which may be considered normal and relate to an enterprise as a "going" concern, and secondly the abnormal situation which marks a company in process of liquidation.

As further useful to a clearer view of their grounds of security under different circumstances, bondholders are appropriately grouped into—— (*a*) those disposed to part with their bonds before the latters' maturity: many holders among those in closer touch with financial markets are buyers and sellers alternately of bonds and stocks, according to the course of prices of these respective corporate issues; (*b*) those who purpose to keep their securities until maturity: other bond investors, from preference or an unavoidable lack of intimacy with market movements, purchase such issues with an idea to retain them until their maturity; (*c*) bondholders of companies delinquent and in process of liquidation: a third class comprises those from both the above groups who chance to hold a company's bonds at the time of default and subsequent adjustment and settlement of the obligations.

The above idea of "security" may be restated to signify its strict purport of a warrant or assurance that an invested principal will or can be recovered—in whole or in part, according to circumstances. By a loose extension of meaning, the notion of stable interest return may be also included; though the exact reference is to a recovery of principal.

As to the factor which assures the consecutive and continued payment of interest revenue, it is apparent that there is practically but one basis (under any circumstances) for this kind of "security," and that is earnings above the costs of operation.

I.—Marketability as a Security for the Recovery of Principal.

To borrow money implies a present lack of funds and consequent temporary inability to repay the debt. Under these conditions, a lender virtually throws overboard his capital and surrenders the chance or expectation of its prompt availability in exchange for a definite annuity, or interest revenue, and a probability of principal repayment at some future date. The uncertainty of the borrower's future ability, however, demands a certain pledge of his property or assets to guarantee the fulfillment of his promise. But the debtor's means of production cannot be taken away if it is to continue and so long as it remains a "going" concern: recovery of principal can be had only by the creditor's acquisition of an equivalent amount of his debtor's assets or by waiting until the debtor is able to repay. Neither can the bondholder recover his principal through an abnormally large interest yield, like a shareholder's possible dividends from mines or other natural monopolies, since his rate of return is limited and fixed. Accordingly, the sole practical recourse for recovery of principal by any bondholder of the first class is marketability of the bond. This factor is of increasing importance to successive junior bondholders whose nominal security tends to become more apparent than real. "Security" on this basis will naturally fluctuate with the course of prices, though less in the case of bonds than of shares, and is affected by variations in the other bases of security, as the character of lien, earnings, specific security, etc., and occasionally by other possible factors, as value from the possession of voting power, etc. So long, however, as the normal prosperity of an undertaking continues, this possibility of sale furnishes a sufficient protection for bond and stockholder alike.

2.—Security Based on the Corporation's Ability to Repay.

For the investor who holds his bonds until maturity the question of their security—while the company continues "going"—is, that of the obligor's ability to repay. This rests on two factors: (*a*) ability to reborrow, under the guise of refunding, extension or similar processes. This is the favorite method among present American corporations, when market conditions are favorable, for settlement of their obligations, and involves practically no greater financial strength or credit of the corporation than at the first; it results merely in a substitution of new for old creditors and a continuation of the obligation itself, which is substantially equivalent to the perpetual indebtedness borne by English railroad corporations. The result of persistence in this practice is the gradual increase of corporate debt and the resultant tendency to lessen security, unless otherwise counteracted.

(*b*) Earnings are the source from which a general or special fund as a "sinking fund," may be accumulated to repay the principal by installments or at the bond's final maturity—when not extended or refunded as commonly. Such a fund is most appropriately provided for those junior issues whose tangible security is more nominal than real because of the prior claims against it. But the important function of earnings, from the bondholder's standpoint, is to secure the payment of fixed charges. When this is amply assured, bonds pass current, so to speak, in the market with only superficial reference to their actual security in the event of default; there being a kind of tacit understanding that the obligation will be renewed at maturity, unless there is special stipulation to the contrary as in "drawn," "sinking fund" or similar provisions.

3.—Substantive Property and Priority of Right Thereto as Security Bases.

But the fact of "security" implies a possibility of insecurity; when it becomes necessary to distinguish between the ordinary ability of a company to meet its liabilities, and the security or recourse of the creditor in case of its inability to meet its obligations, a quite different matter, which is overlooked by certain present academic financiers in their sage re-echo of a half-truth emphasized a decade ago by two well-known financial writers. With a serious impairment or failure of business, earnings, credit and marketability, the bondholder perforce must resort to the substantive assets of the corporation for a recovery of his principal. Accordingly, his security rests, first, on the enforceable priority of his claim to and lien upon such property, and, secondly, upon the intrinsic value of the property itself. The propriety of the customary lien on specific property for security has been criticised from pedagogical sanctums apparently through ignorance of the real situation of the ordinary English debenture holder. Its reasonableness, however, appears from the fact that, while all bondholders alike as creditors have a claim equitably prior to shareholders on the corporation assets, yet unless such claim is transformed into a legal right, as by conversion into a judgment, the priority and its value may be lost through the prompter action of other creditors, or even through a disposal of the property by the shareholders themselves. In other words, unlike a debenture holder subject to the rule of "First come, first served," the secured bondholder possesses, as it were, a "reserved seat" which prevents another from stepping in before, and which cannot be taken away from him. Furthermore, the potentiality which accompanies such specific lien gives its possessor a "standing" which compels recognition in a reorganization plan of his rights and interests, generally proportioned to their actual—not nominal—priority.

Finally, under the conditions here considered invested principal may be recovered through (1) a reorganization and repair of the marketability of the security: the strength of the bondholder's position in this event and the attendant value of his priority is modified by the relative importance of the specific property pledged as security: for example, in the case of railroads, a junior lien upon a vital section of a system may occupy a stronger position because of that importance than a senior lien on a portion of secondary consequence which may be ignored. (2) Operation of the foreclosed property, when of suitable nature, under management of the former creditors themselves, as a means for the production of revenue. (3) Sale of the concrete "security" for satisfaction of the debt: this security may be (*a*) real property, which safeguards the most part of bond obligations; (*b*) personal property, as equipment; (*c*) choses-in-action or evidences of money ownership, as stocks and bonds, termed "collateral;" another safeguard which may be properly considered a form of security and conveniently suggested in this connection, though not at all an object of sale, is (*d*) assumption or "guarantee" of one company's obligations by another and usually stronger company, the former being in effect, though not technically, a mortgage security. While the prime utility of a bond is that of a source of revenue, yet the cessation of income alone, though it depreciates, does not destroy its value so long as any prospect remains for a recovery of the principal in whole or part from the "security." The amount of what may be termed its "residual value" will naturally depend on the relative extent or sufficiency of the security to satisfy the claim; while the value of the security will depend on its marketable utility as affected by its nature, extent, productive possibilities, cost of duplication, peculiar advantages—as of position, and demand for the property for combination with others of its class—as one transportation property with another, or for elimination from the field of potential competition.

4.—Legal Enforceability.

Another factor in a bondholder's abstract security which deserves brief additional notice is the *legal enforceability* of the bond. This rests upon two general considerations:

A.—Validity of the obligations, which involves

(1) Authority of the company to issue.

(*a*) Bonds: in general and in the absence of statutory or charter restrictions, the power of a corporation to borrow money is incident to its right to do business along the lines for which it was created; hence, by implication, it may issue its negotiable acknowledgments for any lawful debt without express authority in either the general statute or special act or charter of its incorporation. Furthermore, where the directors are vested with the general control of the corporate business, the shareholders' concurrence is unnecessary for a valid bond issue; while any invalidity from the directors' lack of authority is remedied by a subsequent ratification or even implied assent of the company, as in the payment of interest on the obligation. But in those states where certain restraints are imposed on bond issues secured by a trust mortgage, any disregard thereof renders the bonds subject to repudiation both by the corporation and any later mortgage whose claim was not expressly made subject thereto.

(*b*) Mortgages: in a broad way, the power of a corporation to mortgage its property is governed by principles similar to those which apply to bonds. At common law a company may convey conditionally (mortgage), or absolutely (sell), any of its property holdings; but in no case can the power to mortgage be more extensive than the power to alienate absolutely. In a few states a railroad's right to mortgage its property is governed by special legislation; and where the law indicates the property that can be mortgaged, liens upon other property are invalid. Analogous to the case of bonds, however, an invalid mortgage may be subsequently validated by a legislature, directly or by implication, as by an authorization of the trustee to sell the property encumbered by the mortgage. As a rule, however, this matter is governed only by general statutes, which are usually broad enough to include any of the corporate property. In consequence, the question of what is properly included in a given lien involves only a construction of the terms of the mortgage itself. Railroads, however, because of their peculiar public nature, are exceptional as to their franchises: since a mortgage contemplates the contingency of a transfer of the thing mortgaged, the unqualified power of a corporation to pledge its privileges would be inconsistent with the principle that a franchise may not be alienated "without consent of the sovereign grantor;" hence, it is held that express legislative authority is essential for mortgages upon such property.

2.—Regularity of the Issue.

Granted the general authority to issue a given bond, its validity next rests upon its regularity or conformity with the legal rules regulative of bond issues. Any contrary procedure is an irregularity productive of partial or total invalidity. These irregularities and invalidities are of two classes; (1) curable, such as (*a*) the non-observance of certain preliminary formalities essential to a regular issue, and (*b*) issue made in contravention of certain legislative restrictions thereon, as on the amount or purpose of a bond issue, or the property which the company may legitimately incumber, etc. (2) Fatal: incurable invalidity, which might be considered more than irregularity, and which renders bonds so issued void even in a bona fide holders' hands, may arise from (*a*) an ultra vires act of the obligors, or one outside the scope of their authority and the legitimate purposes of the organization; or (*b*) a forgery of all or any material part of the instrument.

B.—Bona-fide Status of Bondholder: Enforceability of the obligation also depends on the good faith of the holder as such. The law normally assumes the bona fide ownership of every bondholder, though this legal presumption may be easily disproved by facts in the particular case, as where bonds were on their face non-negotiable. To favor so far as possible the negotiability of bond securities, the tendency is to regard the bondholder as one in good faith, even though he was aware of a defective—as distinguished from an invalid—issue, whenever any prior owner of the bonds was a bona-fide holder. This principle—as with other negotiable paper—extends to the case of stolen bonds and protects the title of an innocent purchaser for value. But a buyer with notice will take subject to the equities; nor can he perfect his title by sale to a bona-fide holder and repurchase from the latter.

A bond buyer in good faith has also a legal right to certain presumptions: thus, he is entitled to assume a proper compliance with all conditional formalities incident to a bond issue and which pertain to the internal management and affairs of the company. It is well settled that a bona-fide bond buyer need not take notice of the "indoor management" of the corporation. But every bondholder is supposed to know as a matter of public record the limit of the corporate powers, and an issue otherwise apparently regular and valid is generally void if issued outside the charter or statutory powers of the corporation, even in the hands of a bona-fide purchaser for value.

Effect of Certain Irregularities on Bona-Fide Bondholders' Security.

A few only of the many possible contingencies in this connection can be noticed. It is a fixed policy of the courts to protect and enforce to the furthest consistent limit the rights of bona-fide corporation bondholders; and it is equally well established that a company cannot benefit by a loan, and thereafter decline to repay obligees in good faith on the ground of a defective issue or borrowing power. In general, the negotiable quality of bonds[1] is applied also to the mortgage which secures them; since, otherwise, "the average corporate bond would be a very dangerous instrument if the mortgage were liable to be swept away by some defense which the bond purchaser knew nothing about."[2] A partial invalidity of the mortgage contract does not perforce invalidate the balance, and technical defects in its original execution can be remedied by subsequent express or implied ratification, though not to such extent as to dislodge the rights which have in the meantime intervened. Moreover, actual illegality of the mortgage, as when executed beyond the purposes and powers of the company, will not invalidate the mortgage debt or bonds secured thereby which continue in force as unsecured obligations.

Invalidity of a portion of the bonds, on the other hand, will not affect the force of the mortgage, nor of the balance of the bonds themselves. Thus, in case of over-issue, while the excess bonds are postponed as to payment, until those within the limit have been satisfied, the surplus are good in the hands of bona-fide holders and prior to the claims of subsequent incumbrances. In those comparatively few states where a maximum limit is set for corporate debt, an excess will not void the contract, but the assenting directors become personally liable for all unauthorized surplus. Furthermore, bona-fide holders are entitled to receive the face value of their bonds although they may have been issued for a price below par. Neither are bona-fide bondholders' rights adversely affected by such matters as violations of charter restriction on the sale price, unlawful interest rates, nor by misapplication of the bond proceeds by the directors. Where a bond or coupon has been lost or destroyed, the bondholder is not deprived of his rights but is entitled to another suitable evidence of his claim on condition of his tender of a proper indemnity to the company.

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1 See previous explanation of "negotiability."

2 Cook on Corporations—p. 2051.

BOND YIELD.

Three leading factors enter into a determination of the "basis," return or yield of a bond:

A.—Nominal rate: Over long periods, this rate appears to alternately rise and fall with the variable supply of and demand for loan capital. At present, the tendency seems upward, and the normal rate for first-class securities is about four per cent.

In view of this rise—which, like a fall, results from a combination of causes—an investment policy adverse to bond and favorable to stock purchases has been evolved by a recently-born financial magazine. As no modifications in the application of the theory are indicated, the indefinite implication plainly neglects several conditioning factors: the idea first ignores the historic rise and fall of interest rates, and apparently rests on the assumption that the present advance tendency is to be permanent. Yet it is quite within the range of probability that a bond interest rate which is slightly less than a prevailing interest rate may be equally above the standard at the bond's maturity fifty years hence. Again, the present yield on good bonds is fully as high as on the best stocks, such as "guaranteed." Furthermore, investment is essentially the purchase of income; yet it is a truism that but a minority only of common stocks pay dividends, and these subject to fluctuation, while a considerable per cent. of even preferred shares are without their stipulated income. Practically, it may be queried as to what would be the result on prices and consequent investment return of a concerted rush of former bondholders for the dividend-paying shares. But, aside from the question of nominal yield, it is well known that the market price of stocks fluctuates much more widely and rapidly than that of bonds. Accordingly, it may be asked as to how many years of increased gold supply and decreasing value of a given fixed interest return would be required to offset three days' decline in stock prices of ten to twenty-five points and over, following the San Francisco fire. If one wishes to offset speculation against investment, it is quite possible—though not necessarily probable—that for a short hold at a time of rising prices more money could be made from stock than from bond purchases. But to induce from the facts of an increased gold supply and appreciated interest rate a general investment principle which prefers stocks to bonds on the ground of greater profitableness over long periods is a perversion of economic theory and a plain absurdity.

B.—"Term" or Life—of a bond is the second item in its yield, and affects more especially those investors who hold their bonds until maturity.

C.—Price: As bond interest rates are fixed, and the "Terms" usually definite, the chief factor in variable returns—as distinct from security—is the matter of prices at which bonds are bought, sold or paid off.

Price Quotations.

Prices are quoted either "flat" or "net"—that is, "and interest." The former applies to bonds traded in on the exchange, and indicates that the public price includes interest accumulated during the last interest period up to date. The latter prices exclude interest. While bonds traded in "over the counter" are occasionally quoted "flat" also, they are generally dealt in at "net" prices to avoid the inconvenient necessity of repeated change in price quotations to private customers to compensate for constant interest additions; hence, accumulated interest must be added to prices to ascertain the cost.

Price Fluctuations.

Causes of price changes for bonds, as for stock, are numerous and sometimes indefinite; though the rapidity and extent of such fluctuations are uniformly far less in the first than in the second class. The periodic trends of bond prices, however, are well defined. In eras of steady and expanding commercial prosperity money is drawn from investments and put into business ventures, with a resultant general decline in bond prices; while the effect of a prolonged business depression is the reinvestment of funds in the stronger bonds, which accordingly rise in value and correspondingly fall in yield. Within these broad periods occur times of temporary dullness in the stock market, though with plenty of available loan funds; interest rates are accordingly low and normally stable for some time; under these circumstances, bonds may be advantageously bought when of a higher rate than the money market rate, and their price will correspondingly rise; while, when the speculative spirit anew prevails, money will be turned again from bond to stock purchases.

The minimum degrees of price change differ somewhat with cases: on the New York Stock Exchange, bond prices vary by eighths of one per cent.; among bond houses, variations of one-sixteenth are also common; while U. S. Government bonds dealt in "over the counter" often change by thirty-seconds or even sixty-fourths of one per cent.

Premium and Discount.

A premium on the par value of a bond may enter into and affect its return in two ways: first, the premium may be one payable by a company on the redemption of its obligation—see "call" and "optional redemption" bonds. Here, the premium fact and figure enter directly with the "term" into the mathematical computation of the bond's return.

The second and more common influence of premium, and of discount, is in the market price paid by the purchaser: comparatively few bonds are bought at par, the price being generally above or below that figure, toward which the market naturally trends as the bond approaches its maturity. Hence, it appears that any premium paid by the purchaser must be "amortized" or gradually canceled, to the consequent lessening of the bond's actual return.

Some investors decline to buy high premium bonds, even when the return thereon would be satisfactory; since, in the event of a company's financial embarrassment and re-adjustment, such premium is suddenly and entirely lost in the invariable settlement of the corporation's obligations at their face value—or less. However, such bonds are commonly the early issues of older roads, which bear a high nominal rate, and are also underlying securities which are unlikely to be adversely affected by financial difficulties. (See "optional redemption" bonds.) Furthermore, whenever the purchase premium coincides with a "call" or "optional" feature in the bond, the risk of a loss of the premium—above the "call" or redemption price is yet greater, and often deters trustees and other conservative lenders from making such investments. On the other hand, the reverse process and effect appear in cases where a bond is bought at a discount.

Brokers' Commissions.

Brokerage commissions must always be added to or subtracted from the market price of securities to reach their gross cost or net yield. On all stock exchange transactions, the uniform commission is $\frac{1}{8}$ of one per cent. of the par value, regardless of the class to which the security belongs; the commission on purchases or sales outside or "over the counter" vary with cases from 1-16 to $\frac{1}{4}$th on most bonds, inclusive of foreign government issues, though the customary allowance for negotiations of United States Government bonds is 1-32nd or .03125 of one per cent. of par.

The Market for Unlisted and Listed Securities.

The market machinery of stocks and bonds has been often described and is generally well known. All securities are either "unlisted" or "listed"—that is, recorded after examination by and compliance with certain rules and conditions prescribed by a "committee on stock list" of a stock exchange. Both classes of bonds are traded in on the "exchanges," where the majority of such purchases and sales are effected. Many bond transactions, however, are conducted "over the counter" of banks, private bankers, and bond houses; "curb" activities of the miscellaneous, unorganized traders who transact business on the street are generally confined to stock shares.

Variety of Bond Types.

Besides the simple and unmistakable differences of nominal interest rate and coupon versus registered form, corporate bonds have equally important but more unintelligible distinctions which appear in their various names and arise from a variety of causes. Purpose of issue, extent of security, character of lien, time of payment, means of payment, etc., have all contributed to the growth of a large number of distinct bond types; while the number is multiplied by frequent combinations of the typical terms.

These varieties find their fullest exemplification among the various securities which have evolved in the checkered career of American railroads, which are accordingly herein taken as illustrative of practically all extant security types.

Bond Groups.

Various superficial groups of bonds may be formed, but the one logical, significant and useful classification for the investor is that here first made, which shows in a broad way and so far as can be done by this method the relative investment value of different bond types as disclosed by their "bases" or yield; which, in turn, indicates the general investment consensus concerning their respective merits as expressed through market prices. While all bond types cannot be conveniently classified strictly in accord with their "basis," yet the major and more important part readily conform to such treatment.

It will be noticed that in few cases, and these chiefly in the first group, do the type names indicate anything regarding the characteristic underlying security. Furthermore, while the relative order expresses in a general way their relative excellence, yet, as an obligation's merit will vary considerably with the strength of the obligor, there are numerous cases where a theoretically weak bond ranks high as an investment.

Accordingly group one contains those bonds the quality of whose security may be on the whole considered prime, and which therefore sell at a low average basis for the entire group of around four per cent. The examples—as in all the following cases—may be considered illustrative of type standards, and this group as a whole one of "investment securities" in the correct sense of the phrase.

Group two includes certain bonds which, as a class, sell on a slightly higher basis of about 4¼ per cent. While the quality of the security here is sometimes excellent, it is not infrequently inferior; on the other hand, the quantity of the security embraced by these broad issues is a certain compensation for qualitative defects, since their lien covers property sufficiently extensive to be a valuable asset should it be acquired in cases of default: furthermore, this extensiveness of lien frequently brings the securities within the realm of institutional investments, while it is both the occasion and opportunity for large issues, all of which results in a wide marketability for these securities and a correspondingly good price under ordinary circumstances and in the absence of violent declines.

Group three contains those bonds which possess some attractive feature other than the quality or quantity of the security. It is divided into two sub-groups: the first on about a 4½ per cent. basis and distinguished by characteristic features given the bonds in the beginning by the issue company itself; the second sub-group is marked by features attached to the bonds after their issue and by another company, which frequently so improves their security that as a class they sell on a little lower basis than the first division, or about $4\frac{1}{4}$ per cent.

Group four departs from the investor's ground of classification, namely "basis," and is constructed from the corporation's standpoint or the idea of purpose of issue. Accordingly it contains types of various degrees of merit and corresponding basis, but without other bond of unity save that of purpose.

Group five varies somewhat from the chosen ground of classification, but has a rather higher average basis, the immediate feature common to all being maturity characteristics.

Group six holds a few bonds with still more incidental features, which chiefly relate to the medium in which the bonds are to be paid. As in the previous group, little can be predicated as to their "basis," since either of these features may be applied to any bonds.

Group seven embraces the usual unsecured issues, which, while theoretically low in the list of securities, are yet often issued by strong companies and sell on a low basis.

Group eight contains those which rank lowest in the list of investment securities and contain a large element of contingency and risk.

(To be continued.)

BANK SUPERVISION IN ILLINOIS.

A BILL is to be introduced in the Illinois Legislature at its next session providing for a more thorough supervision of the state banks. Among the features which will be embodied in the bill are:

Fee system to be abolished and bank examiners to receive a sufficient salary to secure men of ability.

Bank examiners to be certified public accountants, and to be retained permanently under civil service.

Assistants in sufficient number to be provided, and they must be experts on value of listed and unlisted securities, mercantile collateral, or real estate, and also experts on handwriting.

Examination to be not only a thorough audit, but to include valuation of all securities held as collateral.

Loans to stockholders to be itemized as part of the report.

State Auditor to have power to close suspicious banks immediately, and discretionary authority in refusing charters.

Directors to be live men, not "dummies," and to be required to certify in writing to the genuineness of notes and other security.

A PRACTICAL TREATISE ON BANKING AND COMMERCE.*

BANK INVESTMENTS.

RESERVES AGAINST EMERGENCIES—SHOULD BE NEGOTIABLE AND AVAILABLE—RESERVES OF A LONDON BANK—COMMENTS THEREON.

CLOSELY connected with the keeping of adequate reserves of cash for daily needs is that of maintaining what may be called a second line of safety and defence in the shape of *Investments*. These investments must, in the nature of things, if they are to answer the purpose, consist of securities that can at all times be easily realized. This primary condition arises out of the necessities of a banker's business, and at once differentiates his investments from those of a private individual. Such an individual has no large body of persons about him to whom he is indebted, whose funds have been lodged with him in trust, some of whom are making demands upon him every day in the regular course of business, and all of whom are resting upon the honor and wisdom of their banker to answer not only ordinary demands, but extraordinary ones. This is the first principle that dominates every movement that a banker makes, and in nothing is it so operative as in the selection of securities *for investment*.

In fact, the word "*investment*," as used in reference to a banker's business, has a radically different meaning from that which appertains to it in ordinary use. When a private individual thinks of making an investment, the primary condition he thinks of is *permanence*. If he is likely to want the money he has at his command, he keeps it in the bank. But when the need is for steady interest and security of principal, he takes it out of bank and buys something that can rest undisturbed, perhaps for years. He can purchase real estate, or take an interest in a well-established business, or lend money on mortgage for long terms. If he becomes a stockholder in a bank or other company, he thinks not of the realizableness of the security, but of the permanence of the corporation. And he acts with regard to investing in bonds on the same rule.

But with a banker this idea of permanence is out of place. His investments, so called, are really a part of his fund to meet liabilities. But not his ordinary and daily recurring liabilities, but such as are extraordinary, which arise under special circumstances and at intervals of time, such, for example, as when a bad harvest causes scarcity of money and a

* Continued from October number, page 582.

heavier demand for it both from depositors and mercantile customers, or when a season of bad trade supervenes and continues year after year with the same result.

If a banker's whole spare resources are employed in discounting bills and making business loans, he will find when such a time supervenes, and a drain of deposits or contraction of circulation sets in, that he cannot reduce his discounts without embarrassing his customers. In fact, at such a time the majority of his commercial customers could not respond at all to his demands for reduction. Instead of that they will want more money from *him*. Thus, instead of his being a tower of strength to the circle who do business with him, he may become weak himself.

THE INVESTMENTS OF AN ENGLISH BANK.

Experienced bankers in old financial centres like those of Great Britain have, therefore, long found the necessity of placing out a certain percentage of their resources in securities which can be realized without disturbance. In all the statements of English and Scotch banks, but of the London ones especially, we find the item of securities owned by the bank figuring prominently. These securities, let it be observed, are the actual property of the bank and must not be confounded with call loans.

Take, for example, the following, which may be looked upon as a typical instance, inasmuch as the bank in question combines within itself almost every description of bank business as carried on throughout England. With its head office in London, where the firm of Barclay Bevan & Co. was for generations known as one of the most conservative (and yet most prosperous) of the great banks of the metropolis, it is now a joint stock corporation (under the name of Barclay & Co., Limited), in perfect touch with the commercial interests of the whole country, its customers representing every class and interest.

The paid-up capital of the bank is $12,100,000 (the figures are given in dollars that they may be the more easily followed). The capital, of course, can never be demanded, and though sometimes considered as a liability for bookkeeping purposes, it is a great error to include it along with such liabilities as *can* be demanded.

But when we look at the item of deposits, that is, of moneys that can be actually called for, we are struck at once with the enormous amount. Deposits amount to $165,318,000. The reserve to meet this prodigal total consists, in the first instance, of cash in hand, or in the Bank of England, or out on call or short notice, $44,235,225.

This is what we have described as the ordinary reserve, kept against ordinary demands. But the bank has a provision for *extraordinary* demands also, in the shape of *investments* to the amount of $43,642,785, being nearly the same amount as the ordinary reserve.

These investments are summarized as follows in the balance sheet of the bank:

1.	British Government securities and Bank of England stock	$18,643,000
2.	Metropolitan and British corporation stocks and bonds	3,928,000
3.	Indian and Colonial Government securities, including guaranteed railways	7,550,000
4.	British railway debentures and guaranteed and preference stocks	5,592,000
5.	Other securities	7,928,000

It will be apparent at once that these fulfil the essential requirements of availability. They can be realized on as may be required within a short time, and so enable the bank to meet extraordinary demands without disturbance to those mercantile customers who depend upon it for supplies.

In looking over this summary of investments it is interesting to notice one or two points as to their classification. Thus, for example, while the leading position is given to Consols and other British Government securities, it is curious to note that Bank of England *stock* is grouped with them, thus placing the Bank of England, in point of stability and credit, on a par with the British Government itself. This, of course, reflects the opinion and judgment of the directors of only one of the many banks of London; but that judgment, let us remember, is the result of several generations of knowledge and experience; and is a striking tribute to the unique position occupied by the Bank of England amongst the financial institutions of the world. For there is really nothing like it, unless perhaps the Bank of France may be included in the same category. The stability of that great Bank, amidst the constant political upheavals of the country, is one of the most remarkable phenomena of modern times.

Reverting to the classification of the Barclay Company's investments, it is again interesting to note that *corporation stocks and bonds* are placed before Indian and Colonial Government securities.

The corporation bonds referred to are probably those of British municipalities—cities and towns chiefly—and it is interesting to see how high a place they hold.

But the *stocks* must be those of manufacturing or trading companies, of which there is an immense variety quoted on the London Stock Exchange, and of all possible degrees of stability. It is interesting to note that there are stocks of this description which are considered to be at least equal, as a banking investment, to the bonds of our own Government.

We, however, on this side of the Atlantic might classify the securities differently. For even with regard to the bonds of municipalities, it is a question if the element of municipal trading now so prominent will not introduce a very considerable amount of uncertainty as to the financial position of such corporations.

As to stocks of trading corporations, called on this side of the Atlantic Industrials, they surely cannot be compared for stability with the obligations of the great colonies and dependencies of the Empire. Their debentures are worth nearly as much as consols, and might well be placed immediately after them.

The next two classifications are natural enough. British railway bonds, with their guaranteed and preference stocks, are a class by themselves; and their stability has long been proved. It is noticeable that ordinary stocks are not included. They are all either guaranteed or preference, though even with these the question may arise, guaranteed by whom?

The final item of nearly $8,000,000 of "other securities" is one in which there may be endless scope for variations in value according to exigencies of the times, and the judgment of trained experts may find constant opportunities for exercise in considering them.

Investments of Canadian Banks.

It will also be interesting to compare this classification of investments with that of the Government statements of Canadian banks. This classification reflects generally, though not absolutely, the consensus of both the Finance Department of the Government and the Council of the Bankers' Association. It is divided into three heads, as follows:

1. Dominion and Provincial Government Securities.
2. Canadian Municipal Securities, and British, Foreign, or Colonial Securities other than Canadian.
3. Railway and other bonds, debentures and stocks.

This classification is not materially different from that of the London bank. The first item is the same, with the exception of the omission of bank stock. We have nothing analagous to the Bank of England in Canada.

The second and third items correspond to the second, third and fourth in the London statement; but they are less specific and more comprehensive.

In considering the Canadian classification it will be evident that other considerations than relative stability of value have governed it. Dominion and Provincial Government securities naturally come first, but there is a very wide difference between the value of the two.

The second item includes under one heading classes of investments that are as different from one another in stability and value as can be conceived. In the same column are included all sorts of *Canadian municipal* securities (town, city and country alike, in all the various provinces), and *British public* securities, which last item, of course, includes *consols*. Then, in the third, there is no distinction made between railway bonds and stocks, though it is evident that for purposes of bank investment these two are widely different in character. Railway *stocks* are subject to such fluctuations and manipulations as to put a majority of them rather into the category of speculative holdings than solid investments that should be chosen by a bank. (It will be noticed that in the London classification all the stocks are either *guaranteed or preference.*)

The Canadian bank statement might be amended with advantage in many particulars, and in none more than in the columns showing their investments. Thus, if the object of the differentiation of the assets be to show how much of a bank's funds is employed in discounting and how much in investments, one column for each would be sufficient. This distinction is one of the highest importance; for the total amount of the discounts and advances would show the total amount of service the bank is rendering to the commercial community of the country, and to that extent fulfilling the purposes of its charter; whilst the total amount of the investments would show what provision the rules of the bank thought necessary for extraordinary emergencies; that is, to secure its own protection.

It is evident that there should be a reasonable proportion betweeen these two. For, on the one hand, if an excessive spirit of caution were to prevail, the whole of the funds of the bank, over and above its reserve of cash and availables, might be invested in Government securities, and so save the authorities of the bank from all the anxiety arising from dealing with the commercial community. But the public, that granted the charter through its representatives, would certainly complain that this style of management was not fulfilling the object of the bank's existence, and might require its charter to be surrendered, and with good reason.

On the other hand, if it appeared that the bank had no investments at all, it would be apparent either that the managers were making inadequate provision for emergencies, or that their ordinary cash resources were maintained at an unusually high figure. In that case the stockholders might complain that the bank was not earning sufficient profit.

General Character of a Bank's Investments.

As to the *character* of the investments of a bank, unless the whole is to consist of Government securities, it is evident that the experienced judgment of a manager or board of directors would find ample scope in the selection. Even in municipal securities there is considerable difference in stability and value; although it may be stated, to the honor of Canadian municipal bodies, that none of them in the older provinces ever made default in the payment of either principal or interest. But this cannot be said of the municipalities of the Northwest. Some of them, in the excitement of the great "boom" of an early day, entered into engagements which, after the boom collapsed, they were entirely unable to fulfill. The result was a compromise with their creditors—a state of things however that may never be repeated.

But in the matter of railway securities, there is infinite scope for the exercise of judgment, and still more in those of enterprises such as shipping and manufacturing companies. It is to be supposed that no prudent banker will choose the *stock* of such companies as a subject for investment. The fluctuations are far too serious for such a field to be ventured upon, amounting as they do (experience shows it) to as much as fifty per cent. and upwards. Of the stocks of railway and other industrial corporations, Canada offers only a slender selection; and they would scarcely be thought of for investment by a banker. Prudence would suggest that he should confine himself to the bonds.

The bonds of railways of the whole continent offer a very large field of selection, and so do those of industrial and semi-public undertakings. These last are continually increasing, and are presented by their promoters and agents in every variety of attraction. This is especially the case with the more speculative varieties, and above all with those relating to gold mining. But these should be considered as out of the realm of a banker.

There remain to be considered the bonds of railways and of well-established undertakings of a commercial or semi-commercial character.

With respect to these, a banker must needs exercise a far more critical judgment than a private individual. That a man may do what he likes with his own is proverbial, and true enough within limitations. But no man may do what he likes with money he holds in trust. In investing such money he will do well to act on the established rule that high interest denotes poor security. Yet a banker can scarcely avoid feeling the attraction of high interest. He is investing for the sake of the interest; that is certain. And when a choice of investments is before him, as it continually will be, the higher figure will inevitably attract attention. A difference of one per cent. in the return on a considerable amount of bonds will make a perceptible difference in his profit and loss statement.

There are always two impulses in such cases—that of enterprise and that of caution, the former saying, take the risk and get the higher return; the other, be careful, for in seeking higher interest you may lose some of the principal. It need not be said that the latter is the voice to be listened to.

But mere caution will not be sufficient in the case. A banker, in considering investments, will take means to acquire *information;* he will make comparisons; he will look into antecedents and range of fluctuations; he will, perhaps above all, consider the personnel of the *parties* in control. If his information as to the last is unfavorable, he will do well to take the benefit of the doubt. For bonds, as well as stocks, though not to the same extent, may be subject to the operations of the giants of finance, whereby innocent "lambs" are fleeced. *Above all, with regard to bonds, he will choose out those that are first preference.*

A banker will certainly observe another rule of investment, viz., to *divide his risks.* And in so doing he will divide not only amongst corporations, but among classes. So much of ordinary railways, so much of street railways, so much of light and power companies, so much of navigation companies, so much of iron, cotton, wool, flour, and so on; this will be the rule, as well as so much under this control, and so much under that. He will thus ensure a general average of safety, for it is scarcely possible that the same cause, at the same time, can affect them all.

A banker will *revise* his investments from time to time as he does his discounts, and pass judgment upon them in detail. In so doing, he can scarcely fail at times to discern symptoms of weakness in certain directions leading to desirableness of change. For it is in this, as it is in all other spheres of action, that constant vigilance is the price of safety.

But one settled principle should never be departed from, viz., that *stocks should be lent upon, but not owned.* When a bank buys stock it makes itself a sort of partner in the enterprise—certainly an improper position; while in buying bonds it is occupying its proper sphere as a lender of money.

It may be thought that the foregoing observations have no bearing on the conduct of a commercial or manufacturing business. But in truth every merchant and manufacturer will find it to his interest to accumulate what corresponds to the rest or reserve fund of a bank. This indeed some of them do. But this surplus over ordinary capital is often invested in the business, and not available when wanted for emergencies. A reserve fund that is represented by buildings and machinery is no reserve fund at all.*

G. H.,
Former General Manager Merchants' Bank of Canada.

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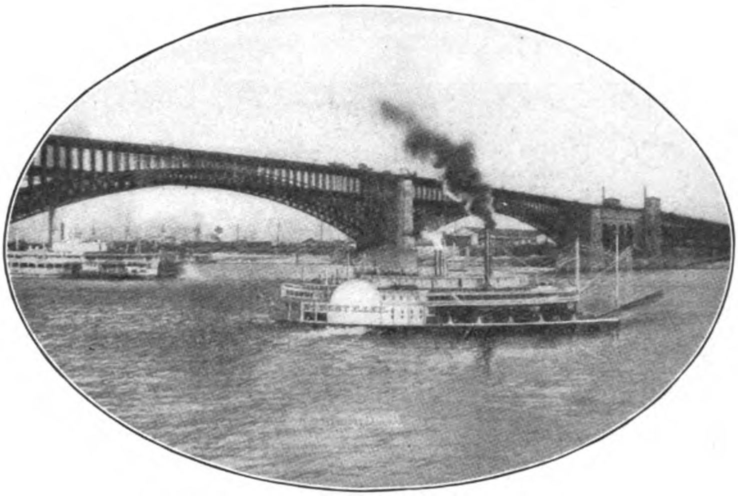
*One of the most prosperous of the many prosperous manufacturing concerns of Canada was managed, financially, on the principle, first of accumulating sufficient cash reserves to enable them to hold their bills receivable without discounting, and, after that, of investing surplus profits in Government securities and other negotiable bonds.

The business of this concern called at times for very heavy outlays that could not be foreseen, a state of things that might have been embarrassing but for their possession of this large reserve of bonds. When the emergency arose they would take their bonds to a bank and obtain advances on them at a much lower rate than that at which they could discount bills on their own credit, or on warehouse receipt. To this it may be replied that a commercial or manufacturing concern in good credit can always obtain advances from its bankers; and that it is rather a diversion of funds from profitable uses to invest in securities that yield a low rate of interest. But it is not true that a respectable concern can obtain advances from its bankers at all times. Bankers are themselves, at times, short of money, and are constrained to refuse even their soundest customers. The advantage, then, to a commercial house of having a reserve of negotiable bonds is that if an emergency arises, they can apply to any bank doing business in their district, or even beyond it; or, in the last resort, they can put their bonds on the market. But it is evident that a firm in this position can at times take advantage of favorable changes in the price of commodities, and buy for cash at a time when others are precluded from doing it. They can thus realize an exceptional profit, besides being in so strong a position that they can present a square front to all the winds that blow, no matter how stormy.



THE BANKERS' CONVENTION.

THIRTY-SECOND ANNUAL MEETING OF THE AMERICAN BANKERS' ASSOCIATION, ST. LOUIS, OCTOBER 16-19 — PROCEEDINGS AND INCIDENTS DESCRIBED AND ILLUSTRATED.

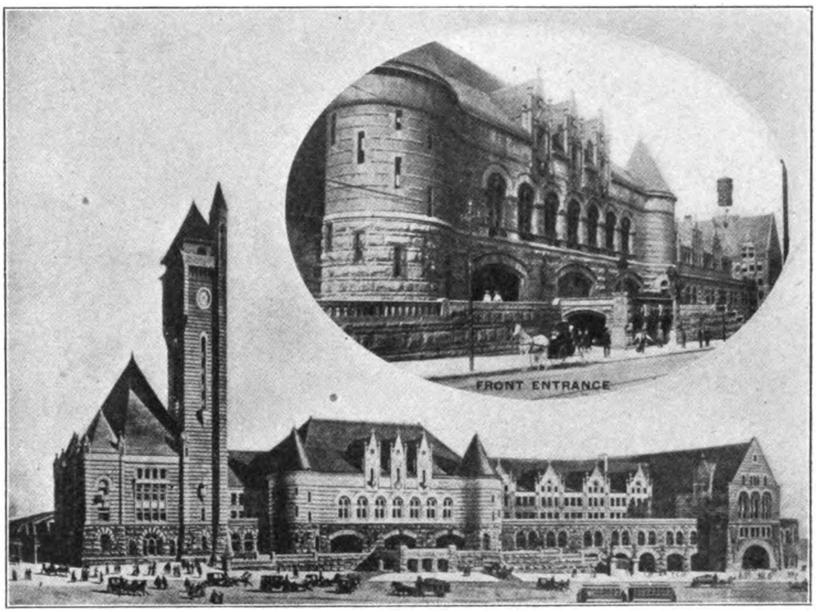
SAINT LOUIS gave a royal welcome to the thirty-second annual convention of the American Bankers' Association, held in that city on October 16, 17, 18 and 19. In point of attendance, and also of interest, this meeting will favorably compare with any in the history of the association. Many who have not closely followed the methods of procedure of these conventions expected that some decisive action would be taken respecting the currency question. Nothing was done except to refer the matter to a committtee. To those who are familiar with the proceedings of previous conventions, this action was not unexpected. The American Bankers' Association rarely takes any important step without very careful deliberation; and whatever action is finally decided on represents the matured judgment of the executive council, rather than the wishes of the convention *en masse*. While bankers are essentially cautious, when assembled together they act more or less impulsively, just as others do. This was strikingly shown at St. Louis in the frequency with which votes on various propositions were reconsidered and reversed. It was to prevent hasty and ill-considered action that the present method of governing through an executive council was devised. At Kansas City, in 1890, the convention narrowly escaped committing the association to the free coinage of silver. Experience has

G. S. WHITSON,

President American Bankers' Association. Vice-President National City Bank, New York.

shown that the delegates who attend a convention may represent the sentiment of the locality where the convention happens to meet; but not, necessarily, the sentiment of the association as a whole.

While, all things considered, this plan of government is probably the best that could be devised, it is not without some disadvantages. It not only prevents action, but practically cuts off discussion. In the opinion of many delegates the latter restriction is not only unnecessary but unwise. They hold that any proposition coming before the convention ought to be freely and fully discussed, so that the council may act in the light of the opinions expressed by representative delegates on the floor of the convention. The one subject of absorbing interest at St.



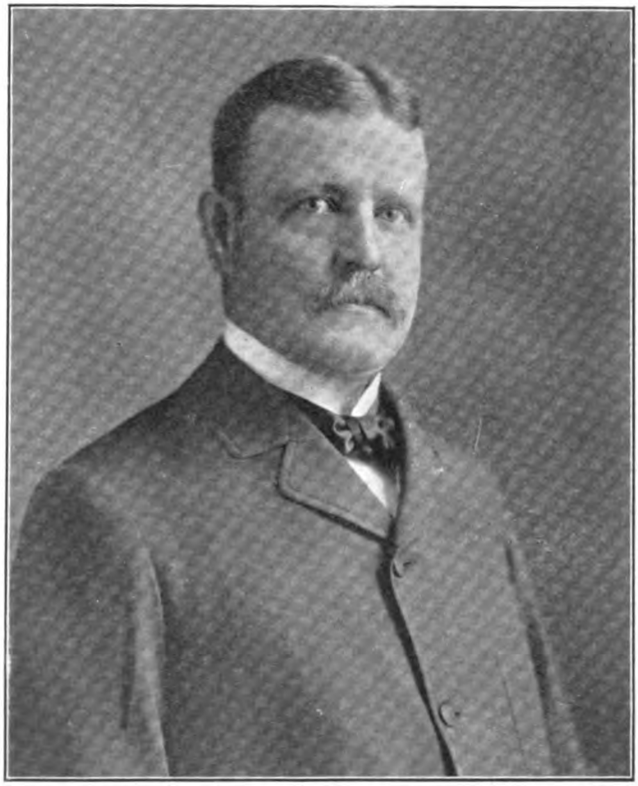
THE GREAT UNION STATION, ST. LOUIS.

Louis was the question of reforming the bank-note currency. From the great diversity of views on the subject, it was apparent from the first that nothing could be done; but it was at least hoped that there would be a full discussion of the various propositions, as many of those present had not made up their minds and were eager to hear the subject debated. After a number of vexatious delays it was decided that the discussion of one of the most important questions ever considered by the association should be limited to *one hour!* Furthermore, each speaker was given but *five minutes.* Of course, this practically cut off discussion altogether, as some of the speakers took advantage of the opportunity to read carefully-prepared essays and so consumed most of the time. It may be said that the convention itself is to blame; but this is not the case. The proceedings were so overburdened with routine or irrelevant matters that there was no time for considering the business which really interested

OLYMPIC THEATRE BUILDING, ST. LOUIS.
Where the Business Sessions of the Convention Were Held.

those present. A remedy for this condition of affairs is proposed elsewhere in this issue of the MAGAZINE.

Although the convention was a great success, both practically and socially, keen disappointment was plainly manifested at the failure to discuss the one subject in which everybody was interested—the reform of the bank-note currency. As this matter was not really debated at all, but referred to a special committee whose conclusions will be presented to Congress without being acted on by the convention itself, it is felt by many, and not unjustly, that whatever recommendations the special committee may make will represent the views of its members rather than of the St. Louis convention. As the special committee is made up of men eminent in the banking world, its report will doubtless command general approval, and had the delegates at St. Louis been given an

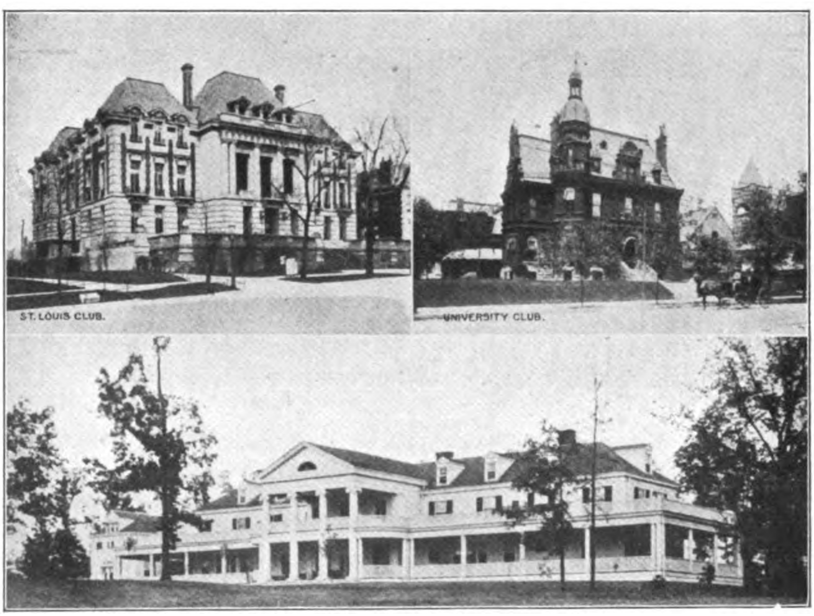


J. C. VAN BLARCOM.
President National Bank of Commerce and Chairman Reception Committee.

opportunity of expressing their views, so that the committee might have been guided to some extent by the convention's wishes, but little dissatisfaction would have been felt with this method of disposing of the question.

An attempt was made at this convention to enlarge the membership of the executive council; but action was postponed for another year. It was apparent, however, that this is a reform that cannot be much longer delayed. A resolution was presented providing that the council should

SOULARD MARKET.



SOME OF THE ST. LOUIS CLUBS.

consist of one member for each 200 members of the association; but it seemed to be the desire of a majority of those present that at least one representative be given each state and territory, and an amendment to the constitution providing for such representation will undoubtedly be adopted next year.

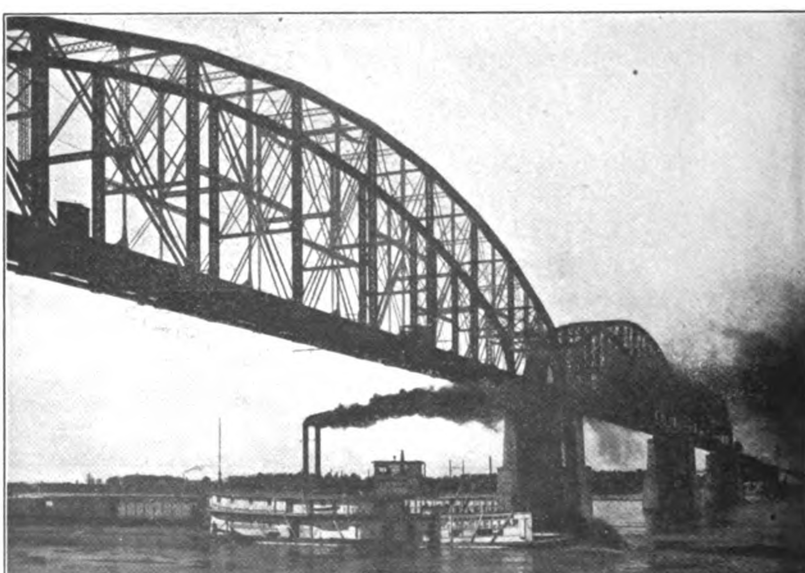
FIRST IMPRESSIONS.

The first idea that a New Yorker gets of St. Louis is that the city wears rather a dusky hue; but the banker, being a practical man, realizes that this is only a visible token of the city's marvellous industrial activity. Boarding a street-car, he finds to his amazement that the car is not

WALKER HILL.
President Mechanics-American National Bank, St. Louis, and Chairman Entertainment Committee.

crowded, standing being the exception and not the rule. The conductors are actually considerate and polite; the car may be stopped by a passenger without jerking a rope, or frantically waving the arms to attract the conductor's attention. And more wonderful still, he finds that the company has provided not only for the comfort of passengers, but of employees, and that the motorman sits peacefully on a leather-covered chair,

TWO TYPICAL ST. LOUIS BUSINESS STREETS.



THE MERCHANTS BRIDGE.

sheltered from the cold and rain, and that he stops the cars by a gentle touch of his finger and not by the laborious twisting of a hand-brake, as in certain other large cities. He rubs his eyes and wonders if the millennial sun is rising in the West. He is further impressed by the solid business structures—the banks, hotels, theatres, stores; and, most of all,

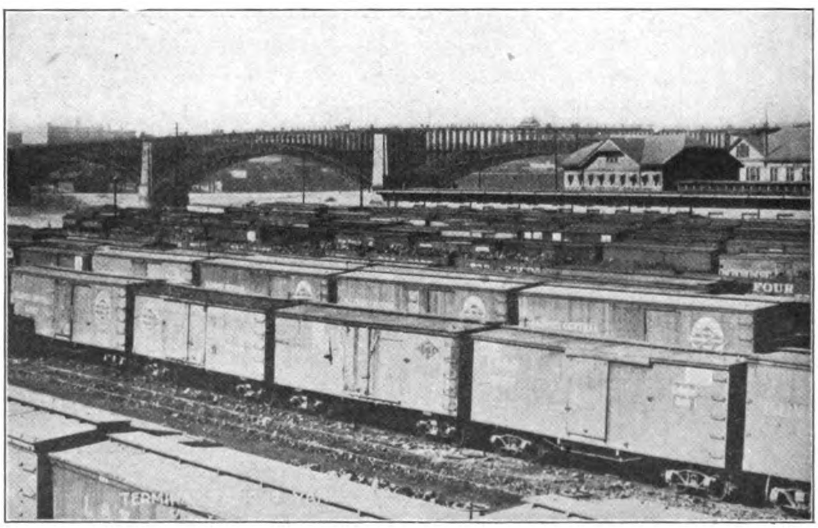
C. H. HUTTIG,
President Third National Bank, St. Louis, and Vice-Chairman Reception Committee.

by the vast number of homes occupied by single families. The immense building activity also attracts attention and comment.

About the hotel corridors are the delegates from all parts of the country; every man well dressed—Finley, in his silk-tile and broadcloth, the type of the old-school gentleman; Lowry in his tweed, the strikingly handsome representative of the old and new South; Smith, Brown and Jones, from here, there and everywhere, in clothes of all cuts, patterns and materials, but everyone of them looking his best. And they were a fine body of men, physically and mentally. They were enjoying themselves as well-balanced people do, but they were sober, dignified and earnest. Above the desire of having a good time could be seen the desire of benefiting their banks, their own people, and the people of the whole country. They had met that they might, by united action, make the currency better suited to the needs of production and commerce, and improve the methods of conducting their business. They sought not merely greater profit for themselves, but greater economy and safety for the business community.

THE CONVENTION.

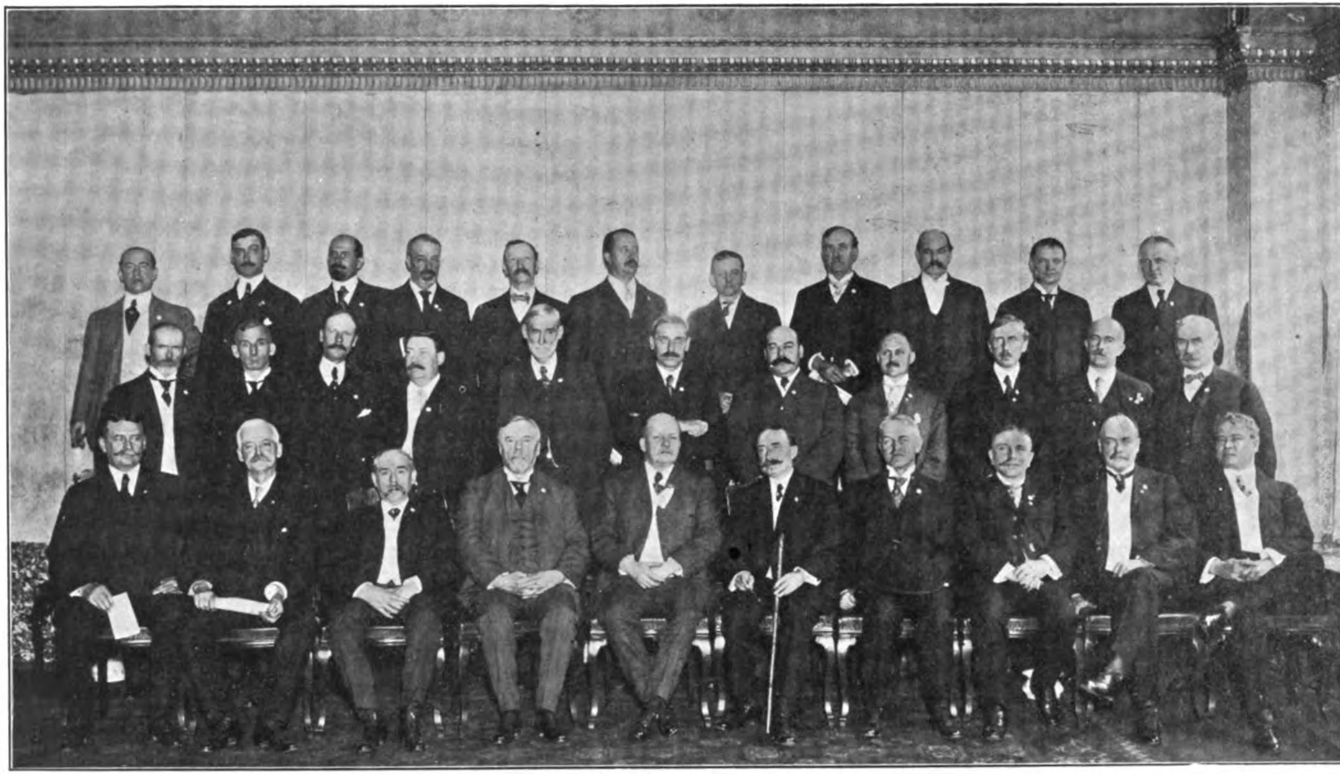
Nominally, the convention was held at the Olympic Theatre; actually, it was held in the hotel corridors—the Jefferson, the Southern and the Planters.' Here everybody could talk to his heart's content, and on any subject he chose, regardless of the chairman, the executive council, the



MODERN ARGOSIES.

time limit, the previous question, or any other hindrance to free speech. And the stories that were told, the ideas on banking that were swapped, the arguments about currency, the friendly greetings, the dinners, and visits here and there—all these made up the real, live doings of the convention, and not the formal proceedings under the chairman's gavel.

It was estimated that 3,000 delegates were at St. Louis, but only once—when the currency discussion was looked for—was the lower part of the theatre filled. At other times the attendance was small—the real convention going on outside.



A GROUP OF CLEARING-HOUSE OFFICIALS AT THE CONVENTION.

The bankers were welcomed by ex-Governor Francis, Governor Folk, Mayor Wells and J. C. Van Blarcom, president of the National Bank of Commerce, of St. Louis. President Hamilton's annual address told what the association had done, and recommended a number of practical reform measures. Secretary Branch's report showed the following:

Membership by States.

(To August 31, 1906, inclusive.)

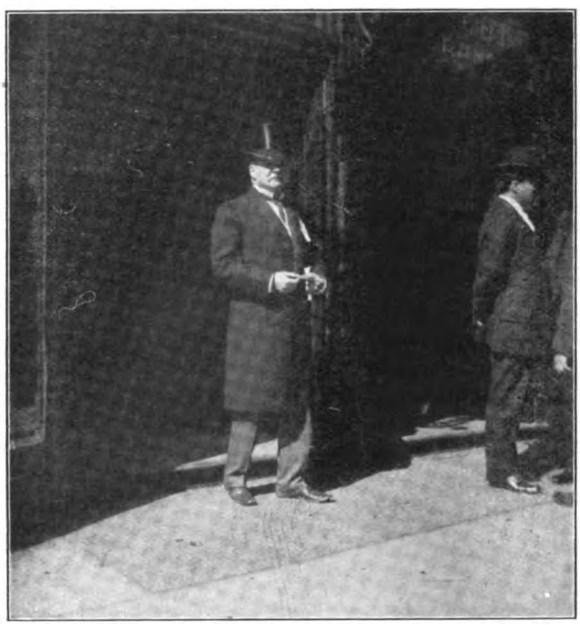
Alabama	100	New Hampshire	45
Alaska	6	New Jersey	195
Arizona	36	New York	756
Arkansas	114	New Mexico	29
California	318	North Carolina	111
Colorado	104	North Dakota	140
Connecticut	130	Oklahoma	80
Delaware	27	Oregon	81
District of Columbia	29	Ohio	421
Florida	78	Pennsylvania	694
Georgia	197	Rhode Island	40
Idaho	54	South Carolina	65
Illinois	578	South Dakota	122
Indian Territory	69	Tennessee	89
Indiana	269	Texas	196
Iowa	307	Utah	27
Kansas	261	Vermont	48
Kentucky	116	Virginia	155
Louisiana	111	Washington	125
Maine	63	West Virginia	103
Maryland	137	Wisconsin	247
Massachusetts	233	Wyoming	28
Michigan	286	Hawaiian Islands	8
Minnesota	256	Canada	5
Mississippi	117	Republic of Mexico	6
Missouri	259	Cuba	1
Montana	81	Porto Rico	1
Nebraska	218		
Nevada	16	Total	8,383

During the fiscal year 337 members were dropped from the association through failure, liquidation, consolidation and withdrawal, which brought the membership, September 1, 1905, to 7,340. One thousand and forty-three members have joined since that date, making the paid membership at close of business, August 31, 1906, 8,383. Their aggregated capital, surplus and deposits now amounts to $12,514,846,572.

Increase in Membership and Resources.

The membership and resources of the association have increased as follows:

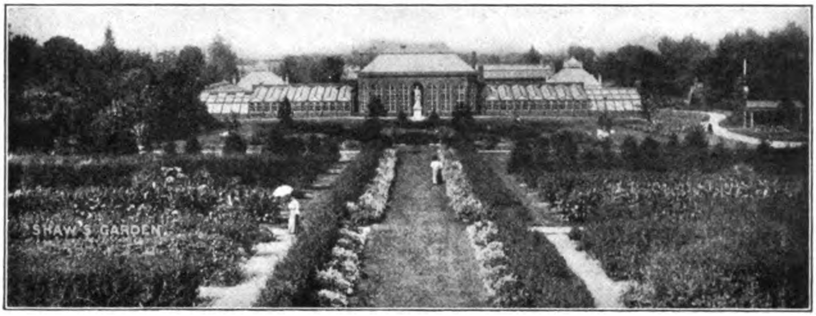
	Paid Membership.	Annual Dues.
Sept. 1, 1875	1,600	$11,606
Sept. 1, 1885	1,395	10,940
Sept. 1, 1895	1,570	12,975
Aug. 31, 1905	7,677	127,750
Aug. 31, 1906	8,383	137,600*
Interest on the following bonds, viz.:		
$10,000 4% Government bonds of 1925.		
$25,000 Atchison 4% bonds of 1995...		3,400
$50,000 C. B. & Q. Ill. Div. 4% bonds of 1905		
Making the total income		$141,000



WALKER HILL, LEAVING CONVENTION HALL.

J. D. Powers read the report of the executive council, reviewing the work of the association in detail for the past year.

Ralph Van Vechten, the treasurer, showed that the annual receipts, including the balance left over from last year, were $170,749.90, and the present unexpended balance $15,201.65.



SHAW'S GARDEN.

Reports were presented on uniform laws, bills of lading and other matters, and the convention then drifted into a discussion on making national bank notes available as reserves. One young delegate stated very positively that there could not be the slightest doubt that a bank should be permitted to count as reserve every kind of cash in its vaults. Many of those present seeemed to have the same opinion, but a banker whose gray hairs bespoke experience called attention to the fact that making bank notes available for reserves would merely displace gold, or its paper representatives, and the gold would go out of the banks and out of the country. The convention thought awhile and then decided in favor of the sage counsels of experience. Mr. Fowler, in his address, stated that he would blush for shame for the American Bankers' Association, and for his country, if a resolution had been adopted favoring the use of national bank notes as reserves. The address of Mr. Fowler was one of the marked features of the convention. Regarding the currency, he said:

During the present crop-moving period there will be taken from the bank vaults of the country approximately $200,000,000 of United States notes, gold certificates, silver certificates and other forms of lawful or reserve money, and sent into those parts of the country where checks are not used for the purposes to which this money will be put.

For the sake of being definite and comprehending fully the effect of this movement of reserve money from the banks to the country, let us assume that when the movement began the banks had loans outstanding up to the limit provided by law. What effect would this movement have upon the credits of the country?

The Actuary of the United States Treasury prepared for me a table showing that the credits which would grow out of deposits of $100,000, made respectively in a central reserve city bank, a reserve city bank and in a country bank, would reach an aggregate of $1,906,000. That is, the credit standing upon $300,000, deposited as stated, would be six and one-third times that amount. While the total credits of the reserve city banks would be exactly $1,000,000, or five times the $200,000 deposited with them.

It will be reasonable, therefore, to assume that, if $200,000,000 of money in actual use as reserves is taken out of the bank vaults and scattered over the wheat, cotton and corn districts to assist in moving the crops, credits to the extent of at least five times $200,000,000, or $1,000,-000,000, are disturbed and displaced.

With the Treasury concurrently withdrawing $50,000,000, or more, from the channels of trade, and our credits contracting to an extent approximating $1,000,000,000, does any one wonder that money runs up to 125 per cent., when the straining and breaking contraction is on?

Need any one wonder, when the flood of money returns to the centres, the wheat, the cotton, the corn, the cattle and the hogs, the products of about one-half of our entire population, having been marketed, and there is no further immediate need of these tools of commerce in the country districts, that money, so-called, but nothing but credit based upon these reserves, can be had for one per cent.? Need any one wonder that speculation runs riot and that we have an abnormal money condition all the year around? Now too much; now too little; and never anything like a natural relation between capital and business—all this because we do not recognize one simple truth about credit, and put it into operation.

What is this simple truth? It is this; that there is not the slightest difference in essence between the true bank note and a bank check.

The committee, appointed by the New York Chamber of Commerce, composed of some of the best scholars in the United States, used the following language in its report, just published:

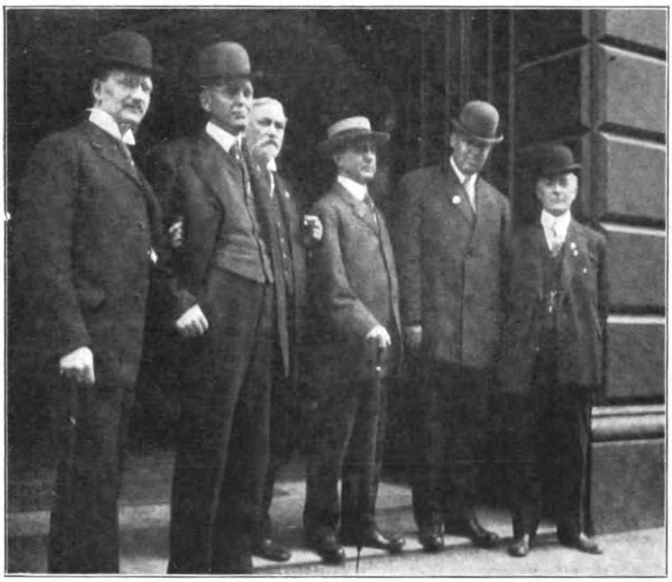
"Between a bank note and a bank check there is no essential difference. The depositor, to be sure, is a voluntary creditor of a bank, and the checks written by him do not circulate widely without endorsement, whereas a bank note is an acceptable substitute for money among people who have little or no knowledge of the issuing bank. Nevertheless both the check and the note are representatives of money, and both must be redeemed on presentation. They have, however, different fields of usefulness. The home of the bank check is in the town and the city, where people keep their funds in banks. The bank note, on the other hand,

A RESIDENCE STREET IN ST. LOUIS.

belongs in the country among people who have no bank accounts, with whom it is quite as effective as money itself. If our banks were permitted during the crop-moving season to increase their issues of bank notes by from $100,000,000 to $200,000,000, these notes would go into the harvest fields and do the work which now absorbs legal tender money. Since the banks under such circumstances would not be obliged to pay out lawful money from their reserves, they would be under no compulsion to contract their loans as at present."

Hon. Lyman J. Gage recently used this language:

"There is no difference *in principle* between the obligation of the bank, expressed by a credit on its books, and its note which may pass from hand to hand.



GROUP OF WELL-KNOWN BANKERS AT ENTRANCE TO SOUTHERN HOTEL.

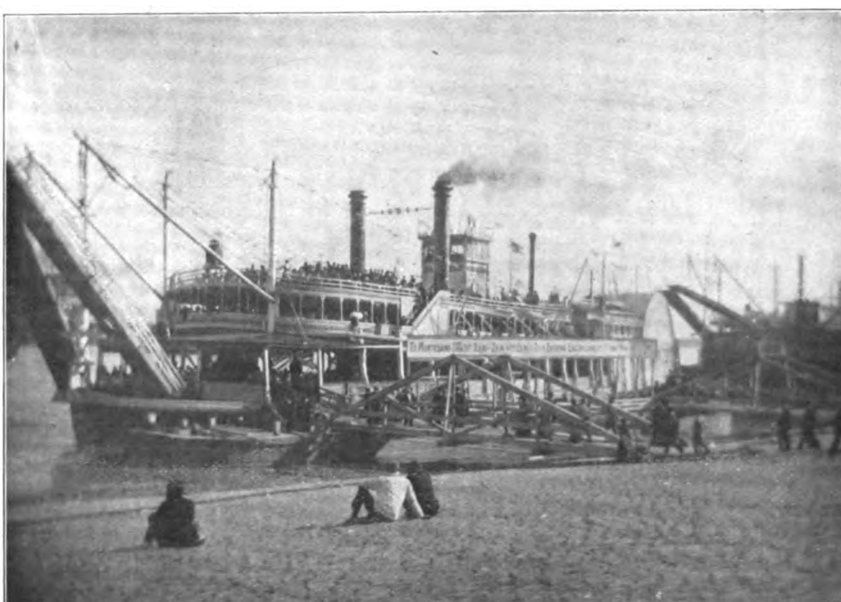
"The public is the best judge according to time, place and circumstances of what will best serve its needs, whether bank notes or credit on bank books; and, consistent with safety, the greatest freedom of choice should be allowed.

"In France the people hold claims against the Bank of France to a total of $1,045,000,000 dollars. Of these claims, $944,000,000 were evidenced by the notes of the bank and only $145,000,000 by credit entries (deposits).

"In Germany the Imperial Bank owes the people $330,000,000, evidenced by notes and $125,000,000 in so-called deposits.

"Quite in contrast with the countries named stands Canada. The banks in Canada owe the people eight or nine fold, by book account, what

VIEWS IN FOREST PARK.



A GLIMPSE OF THE LEVEE.
"City of Providence" Leaving for the Excursion on the River.

they owe them, as evidenced by circulation notes. It is to be observed, however, that in all these countries the relation between the two is constantly changing according to the desire and convenience of the peoples. By an easy process 'deposits' are converted into 'circulating notes' and 'circulating notes' are convertible into 'deposits.' They are, in their nature, reciprocal; the conditions that surround them are essentially alike; and the relative volume of each is governed, not by the will of the banks, but by the needs and convenience of the people."

How can we apply this principle to our own conditions?

Let us see. It has been observed that during the crop-moving period this year, from July 1st, there will have to be sent into our great agricultural sections $200,000,000 of currency or money for the purpose of moving the crops. Let us assume that this amount is due from the banks in the money centres to the banks located in the crop-growing territory; and that on the first day of July the demands for this amount were met in the denominations asked for by cashiers' checks drawn to bearer. What would the result be?

ENTRANCE TO FOREST PARK.

All the country banks would be paid off in full; but the city banks would have a corresponding liability to meet in the form of cashiers' checks or credit bank notes, for the two are identical. What has actually taken place? Bank book credits have been converted into bank note credits to the extent of $200,000,000.

The bank credits of the country have not been increased by a single dollar. There has been neither expansion nor contraction. It has been a simple transaction in bookkeeping; and yet the entire crop-raising and stock-producing regions have been served precisely as they would have been or are being served today by the withdrawal and transmission of $200,000,000 of reserve money requiring a contraction of credit approximating one thousand million dollars. I challenge any man in this audience to deny these statements and controvert these conclusions.

But will it be suggested that this is a large conversion of book credits into note credits at one time? Let us see. The book credits of the national banks alone are now $4,000,000,000. Therefore, the conversion of $200,000,000 of book credits into note credits is only five per cent. of the total.

Again, since the aggregate of all bank deposits in corporate and private institutions is now $12,000,000,000, it would be a conversion of only one and two-thirds per cent. of the total book credits into note credits.

But the fact is, that whether large or small relatively, it is wholly immaterial, as the transaction does not change the total bank credits to the extent of a single cent.

This state of facts brings me to this declaration: That since bank notes are not a legal reserve, they cannot be used to expand credit, nor will their creation result in the expansion of credit.

What we want, and this is the crux of the whole matter, is this: Place our note redemption so located in the United States that no banker will be out of the use of his money for more than twenty-four hours; and the cost of transmission paid by the Government. Then, bank note credits will be sent home when their mission is filled as directly and swiftly as now are checks and drafts; for the bankers will want the proceeds of the note credits precisely as they want the proceeds of their checks and drafts.

But will some one innocently inquire: "Will these note credits be safe?"

No one has ever lost anything by holding Canadian bank notes during the last fifty years. You, you American bankers, are just as clever as your Canadian brothers. If you can't work out something yourselves, you can adopt their plan.

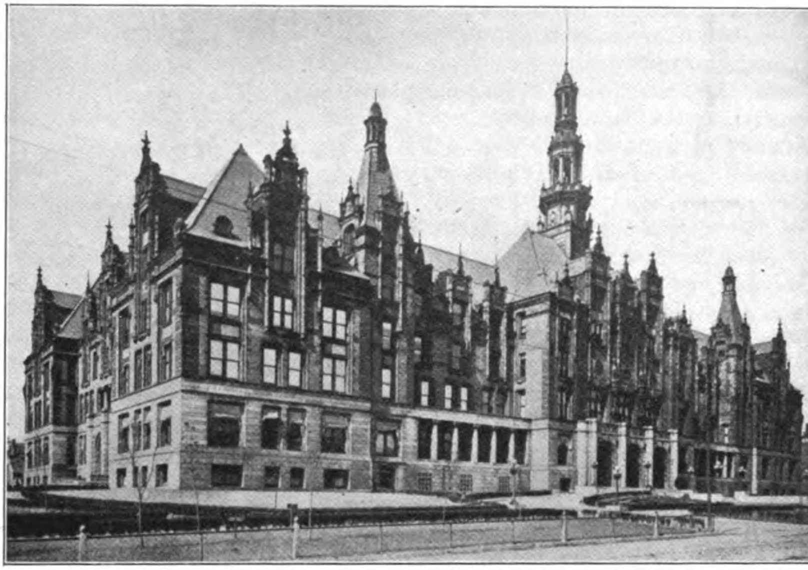
The Banking and Currency Committee has favorably reported a currency bill to the House of Representatives, providing for an issue of credit bank notes equal to fifty per cent. of the capital of the national banks; and the method of guarantee makes such an issue safe beyond peradventure.

Our present bank notes are a first lien upon the assets of the banks issuing them. With this law remaining in force, taking the entire history of the national banking system down to 1901, the average tax upon the outstanding note issue, after eliminating all the Government bonds deposited to secure circulation from our calculation, would have been eight one-thousandths of one per cent. per annum to secure the payment of the notes.

In other words, the reserve of five per cent. for current redemption and the proposed guaranty fund of six per cent. would be sufficient to last one thousand three hundred and seventy-five years, and the annual tax of two per cent. would be sufficient to pay the average loss of eight one-thousandths of one per cent. for two hundred and fifty years.

Again, assuming that the notes had not been a first lien and that the entire note issue of all the banks failing during that same period had been paid out of the guaranty fund, it would have taken twenty-two one-hundredths of one per cent., or about one-fifth of one per cent. per annum upon the outstanding notes. In other words, eleven per cent. would last over fifty years. Two per cent., or one year's tax, would last ten years.

The banks should pay the Government the same for these note credits that they are usually paying on large balances, viz., two per cent. per annum. They should also pay into the Treasury the same redemption fund of five per cent. that is now required for the redemption of our bond-secured circulation.



THE CITY HALL.

SIGHT-SEEING ON "THE FATHER OF WATERS."

The first banking bill I introduced ten years ago had a graduated tax in it for regulative purposes. But I have graduated from that graduated tax, which I should now regard as an almost fatal blunder. For the amount issued would be so small that the intended purpose would be completely neutralized; since banks never have been and never will be eleemosynary institutions. Therefore, they will not issue notes at a loss, which would be the case when the tax passed the three per cent. limit, if we can assume that our profit upon such circulation would be approximately what it is in Canada.

Again, banks are not going to subject themselves to the criticism of their competing neighbors, who will say that they are paying five and even six per cent. for money.

Furthermore, in the long run, if you assume for the sake of the argument that the banks will issue these highly-taxed notes, you have only saddled this burden upon commerce; for, under the pretence of these heavy taxes, you bankers will find a way not only to get the tax back, but more with it.

I assert that a graduated tax is indefensibe from any point of view, and that it will completely defeat its declared purpose.

Perfect facilities for redemption and freedom from cost of transportation will place note credits side by side with checks and drafts; and effect that facile interchange and transfer from one to the other that is absolutely essential to the complete and perfect accommodation of our currency to the ever varying needs of trade.

Do you want clean money? Join us, and fight for it.

Do you want more one and two dollar bills and a broader and better diffusion of the gold standard? Tell your Congressman that we must substitute five and ten dollar gold certificates for some of the $300,000,000 of five dollar silver certificates.

Do you want the Government to continue to withdraw ten or twelve millions of your reserves each month, and so contract our commercial credits from $50,000,000 to $60,000,000, at the same time? If not, then demand that all public moneys shall be deposited from day to day in the usual way.

Do you want to prevent one per cent. and one hundred per cent. money; riotous speculation half the time, and ruinous rates and panic stringency the other half? Adopt without delay the principle of converting bank book credits into bank note credits at the will of the depositor, in accordance with the demands of trade and commerce.

Comptroller Ridgely made a strong plea for such an amendment of our bank-note system as would make the circulation elastic. Here is his plan, in brief: "The most conservative and practical suggestion seems to be to make no change in the present bank circulation, but to allow the banks to issue in addition to the present notes a certain percentage of notes uncovered by any bond deposit, but against which the banks should be required to hold in gold or its equivalent the same reserves as against deposits, and at the same time to so add to the laws and regulations in regard to redemption and retirement. This redemption machinery can and should be made so complete and effective as to lead to constant and frequent redemption of these notes. It is also part of this plan to pro-

JOHN L. HAMILTON,
Retiring President.

JAMES R. BRANCH,
Secretary.

GEO. M. REYNOLDS,
Chairman Executive Council.

G. BYRON LATIMER,
President Savings Bank Section.

vide a guarantee fund for the payment of all these uncovered gold reserve notes. Each bank will be required to pay into this fund five per cent. of its uncovered notes before they are issued, and this fund is to be maintained by a tax on this circulation. The proportion of uncovered gold-reserve notes proposed varies from twenty-five to fifty per cent. Fifty per cent. could be permitted with safety."

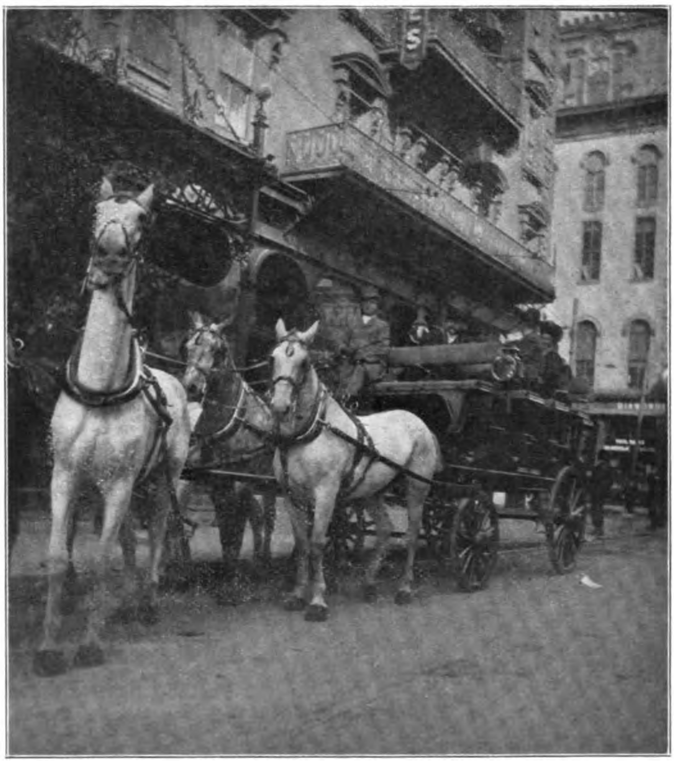
The convention tried to amend the constitution so as to permit an increased representation in the executive council. The "George amendment" provided for this, but not in a way that satisfied the majority, who desired to have a representative in the council from every state and territory. After much discussion the matter was passed over for a year. A great deal of time was lost in considering this reform, and also the

J. D. POWERS,
First Vice-President.

currency question, by the absence of orderly parliamentary procedure. The chairman observed that they did not care anything about parliamentary law, which caused a delegate to observe, "That is evident from what is being done." At one time the proceedings became so entangled that only a trained lawyer could straighten things out. Mr. Breckinridge Jones, of the Mississippi Valley Trust Company, very gracefully, yet firmly, led the convention out of the tangle into which it had become enmeshed by the various motions, counter motions and rulings.

A touch of humor was given to the proceedings during a speech by Mr. Festus J. Wade, president of the Mercantile Trust Company of St. Louis. Mr. Wade was arguing that if members of a certain committee were chosen in accordance with a plan that had been agreed upon, the selection would be made not so much with respect to merit as on account of the personal appearance of the one chosen (Mr. Wade himself is a good-looking man). Just at this juncture in Mr. Wade's speech a delegate with a stentorian voice called out: "Thou art the man, most noble Festus."

J. B. Finley, who has charge of the educational work that is being carried on by the American Institute of Bank Clerks, gave an interesting account of what is being done. He said it was the aim to bring the educational matters of the institute closer to the employees in country banks. Practical recognition was being given to the value of the examinations, one clerk who recently passed having been promoted from a small country bank to a large city institution.



THE START FOR A DRIVE AROUND THE CITY.

When the discussions and papers were all ended, the convention elected the following officers and then adjourned:

President, G. S. Whitson, New York; first vice-president, John D. Powers, Louisville, Ky.; members of the executive council, J. A. Lewis, St. Louis; F. H. Curtiss, Boston; D. A. Culver, St. Paul; J. K. Ottley, Atlanta, Ga.: J. T. Trenery, Pawnee City, Neb.; F. O. Watts, Nashville, Tenn.; Clay H. Hollister, Grand Rapids, Mich.; Edwin J. Chamberlain, San Antonio, Tex.; Frederick Kasten, Milwaukee, Wis., and C. Q. Chandler, Wichita, Kan.

The following members of the council to represent the three auxiliary sections of the association, previously elected, were ratified by the committee: Trust Company Section—Festus J. Wade, president of the sec-

THE RUSH TO THE ANHEUSER-BUSCH.

tion; Philip S. Babcock, first vice-president of section, and A. A. Jackson, chairman executive committee of section. Savings Bank Section—Byron J. Latimer, president of the section; Lucius Teter, first vice-president of the section, and John Johnson, chairman executive committee of section. Clearing-House Section—Walker Hill, president of section; Fred E. Farnsworth, first vice-president of section, and August Blum, chairman executive committee of section.

CONVENTION NOTES.

One of the most active men in the convention was Henry W. Yates of Omaha, who is a veteran, but still a vigorous fighter. He favors an emergency currency, but not asset or credit currency.

Joseph G. Brown of Raleigh, N. C., was kept busy shaking hands with friends from everywhere. Mr. Brown is an eloquent speaker and one of the most popular bankers in the country.

The weather man at St. Louis was a little slow in getting to work; but did all right on the last two days.

St. Louis bankers worked energetically and unitedly to make the convention a success, and their efforts were fully rewarded.

There was a strong representation of the South and Southwest. Bankers in these parts of the country are making so much money that they find it hard not to become "chesty."

It was very warm at St. Louis during the convention and some of the bankers were greatly disappointed at not finding the summer gardens open.

A straw vote was taken to decide who was the best dressed man at the convention. The result was a tie between Pugsley of New York and Finley of Pennsylvania. Col. Bob Lowry was awarded the palm as the handsomest man, with George H. Russel second.

Festus J. Wade of St. Louis was one of the effective and popular speakers. When he arose to speak, he was affectionately greeted with, "Wade in!"

A suggestion to the new chairman and others who will attend the next convention: Study Cushing's Manual and Reed's Rules. The quickest way to do business is to do it right.

Currency reform was "in the air," literally and otherwise.

Chairman Hamilton asked the indulgence of Mayor Wells, if any banker should be "overcome" while sojourning in St. Louis. But this special clemency was not needed. The bankers were sober all the time, every one of them.

The Committee on Education has organized forty-two chapters, an addition of five during the past year. The total membership of the chapters is now 6,700. Thirty-four students have passed preliminary examinations in practical banking, fourteen in commercial law and thirteen in political economy.

Seven hundred and sixty-six banks scattered all over the country have ordered a supply of the American Bankers' Association money order. This is an increase of 150 using the order during the last year. One bank has ordered and disposed of 50,000 orders and another bank 7,500. A large number of state bankers' associations have endorsed the order and recommended its use to their members.

The Cypher Code adopted by the association has been placed in the hands of every member, and is daily growing in importance, and being more freely used.

"If abuses exist in the banking business," said Governor Folk, "it is up to you bankers to correct those abuses; for if you do not, the people will correct them for you."

In his annual address, President Hamilton paid the following deserved tribute to the banking fraternity: "Think of the 20,000 bankers in the United States and the vast army of their employees—almost double in number the standing army. Think of the temptation for speculation that surrounds every one of them, and yet out of that grand army of employers and employees less than one-tenth of one per cent. are unfaithful to their trusts, a record that is unequaled by any class of business men in the world."

J. B. Finley of Pittsburg presented the report of the committee on education, dealing with the work of the bank clerks' institute. He referred to clerks from remote country towns winning the institute prizes in many cases, and was applauded when he paid the following tribute to the country banker: "New York goes West and South for its bankers, just as all cities go to the hills for their active business men. The bank clerk in the country town or small city today will be the head of the big financial institution tomorrow."

Charles J. Haden of Atlanta, in his address, "A Plea for the Cotton Fields," paid the following tribute to the Louisiana state banking system: "In the fierce light that now beats upon the despised state banking systems of the old days there was one whose name remains spotless, and that one the banking system of Louisiana. They were required by law and did maintain a specie reserve of thirty-three per cent. This system lasted twenty-two years. There were no failures. When the war came on and specie payment was suspended throughout America, the banks of New Orleans never hesitated, failed or refused to redeem their obligations in gold and did so up to the very hour that the Federal fleet, under Admiral Farragut, captured both the cash and the city."

Yeijiro Ono, Ph. D., of the Bank of Japan: We have a motto in Japan that says: "In getting rich we must be fortunate, patient and dull." A great many men are too sharp. They jump in without due consideration and lose what they've got. The dull man has much "stickness," and doesn't go off after these tempting opportunities that lead to disaster.

In editorially welcoming the convention, the "Post-Dispatch" gave the bankers the following advice: "The bankers must take the public into consideration in all matters pertaining to the operation of the banks. They must consider the public interest and the public confidence in the banking business. They cannot proceed successfully on any theory of public exploitation or of banking methods which do not, while guarding the safety of the funds intrusted to the banks, open full opportunity for legitimate business enterprise."

"A Woman's Qualifications as a Bank Official" was the topic of a paper by Mrs. V. F. Church of Jōplin, Mo. Here is one of the special qualifications she named:

"If time permitted I could give other qualifications that woman possesses to make her a good and safe officer of a bank, but I will mention in conclusion just one other, and that is, I believe, peculiar to herself. I speak of a woman's intuition; and while I speak of it

MRS. V. F. CHURCH,
Cashier Bank of Joplin, Joplin, Mo.

and dare to call it perhaps her chief asset in business life, yet I acknowledge my inability to describe or analyze it. Somehow, when the Lord made woman, he gave her a peculiar insight into persons and matters that enables her to discern at once without logical deduction whether a man or a proposition is good or bad. You may ask her why and she will probably say 'because,' and this may be the only reason she can give you, and yet I will risk the truth of my statement regarding this matter upon the experience of every man before me, if at some time in his life, if not many times, he has not been forewarned against certain persons by a faithful wife, sister or mother, which would have been well for him to have heeded. A woman seems to have the power to divine the purpose that actuates or the insincerity lurking behind an affable smile or cordial handshake, and having this power of discernment, she declines what many men would accept, and what would and has been the ruination not only of men but of the institution they represent."

On being asked the secret of getting rich, G. E. Lewis, cashier of the Gallatin National Bank, New York, said: "How to get rich? Man, don't ask me. I've been trying to find that out a long time myself, and when I do, I'll lock the secret up in the vault so that it can't escape me."

Several of the bankers were asked for advice about how to get rich. Here are some of the views obtained by the "Post-Dispatch:"

Mr. John Reddymoney, First and Last National Bank of Sixshooter, Arizona: "The way to make money is to dig. I always dug. When I was sixteen years old my father quit working, so I had to go to work. I worked overtime. I worked my hands until I had no finger nails, and I worked my head until I had corns on my brain. I have never taken any recreation. Plenty of time for that in the next life."

Mr. I. O. U. Spotcash, State Bank of Noah, Ark.: "The way to get money is to pinch. Pinch yourself. Pinch other people. Pinch a cent here and a cent there. Work hard, and pinch yourself when you slow down."

Mr. Green Bach, Red Gum Stashing and Savings Institution, Whoopeville, Mo.: "The way to get money is to marry it. I've have had five wives, averaging $619 each. I haven't made anything with what I married, but I've held my own with it. I had five brothers, and every one of them married for love. They're all working for me."

Mr. Franklin Schuylkill, the In-God-We-Trust Company, Philadelphia, Pa.: "The way to make money is to make friends with the big mitt, whoever he is. Never mind about learning the details of the business. Play close to the big mitt, and the boys who have mastered the details of the business and overlooked the chief essential will some day call you boss."

Mr. Hank Mazuma, the Rainy-Day Bank of Hardscrabble, Ind.: "The way to make money is to take no man's word and every man's money."

Mr. Josiah Dubbleagle, the Sailor's Sock of Boston, Mass.: "Making money is a personal equation. Each man must discover the way for himself. I chose a very simple way. I ascertained that the sea is very deep and that eventually the men who go down to it in ships do not return. I keep their money for them."

Mr. Stuyvesant Hudson, Bank of Gibraltar, New York City: "The way to get rich is to go where the money is. Up to the time I was twenty-five years old, I had never seen a $5 bill. I lived in Kansas. Since I went to New York I have never seen anything smaller than a five. My advice to a young man is to put his ear to the map and go where he hears something going tinkle-tinkle-tink."

Mr. John Dearborn, the Plymouth Rock Bank of Chicago, Ill.: "Work. Cut out baseball. Sleep in the office, so you'll be there late in the evening and early in the morning."

Mr. Zebulon Pike, the Solid-as-the-Mountain Bank, Denver, Colo.: "The way to get rich is to keep saying over and over to yourself every day, 'There is a sucker born every minute.' The man who never lets himself forget this is the man that rides in a whizzy-dizzy buggy."

Few bankers seem to have the ability to speak well in public. The banker is a business man, not an orator. Not half of those who spoke could be heard more than a few feet away from the stage. How would a megaphone do?

The story of the financial progress of St. Louis is concisely told in these figures relating to the banks and trust companies of the city:

	1896.	1906.
Capital and surplus....	$31,000,000	$85,000,000
Deposits	73,000,000	264,000,000
Loans	66,000,000	216,000,000
Clearings	1,158,602,359	2,949,786,779

In 1896 the bonded debt of St. Louis was $20,647,711.55, and in 1906, $20,790,278.30.

There are now 718 members of the Trust Company Section—the largest number ever reported. Although the disbursements on account of the section in the past year were $2,522.05, this amount was reduced to $1,184.80 owing to the sale of books printed and sold by the section for $1,327.27.

New York has the largest membership of any of the states—756. Pennsylvania follows with 694, and Illinois with 578.

For the year ending September 30 the association expended $31,-057.76 in apprehending and prosecuting professional forgers and bank burglars. There were 179 such criminals captured, 115 convicted, and thirty-five are now awaiting trial.

Much of the success of the convention was due to the excellent work of the entertainment committee, composed of the following: Chairman, Walker Hill, president Mechanics'-American National Bank; vice-chairman, Festus J. Wade, president Mercantile Trust Company; Breckinbridge Jones, president Mississippi Valley Trust Company; Tom Randolph, president Commonwealth Trust Company; G. W. Galbreath, cashier Third National Bank; John D. Davis, vice-president Mississippi Valley Trust Company; L. E. Anderson, vice-president Mercantile Trust Company; H. P. Hilliard, vice-president Mechanics-American National Bank; B. F. Edwards, vice-president National Bank of Commerce; August Schlafley, president Missouri-Lincoln Trust Company; Ephron Catlin, vice-president Mechanics-American National Bank; Edw. Hidden, vice-president Commonwealth Trust Company; J. A. Lewis, cashier National Bank of Commerce; W. L. McDonald, vice-president Commonwealth Trust Company; George W. Wilson, vice-president Mercantile Trust Company.

The bankers were individually welcomed by a reception committee composed of thirty-eight St. Louis bankers. J. C. Van Blarcom, president of the National Bank of Commerce, was chairman of this committee and C. H. Huttig, president of the Third National Bank, vice-chairman.

ENTERTAINMENT FEATURES.

Pleasure constitutes an important item in the assets of the bankers' conventions, and the meeting just held at St. Louis was rich in this regard. Some bankers go to the convention to listen to the reports and addresses, but others go mainly to have a good time. The committee of St. Louis bankers who had charge of the local arrangements certainly did everything possible to make everybody happy. The entertainments included a banquet to the executive council and officers of the trust company and savings bank sections; a drive over the beautiful residential districts; a reception at the art museum in Forest Park; a visit to Shaw's Garden and the Anheuser-Busch Brewery; an excursion on the Mississippi River; a theatre party for the entire convention, and finally a beefsteak dinner and entertainment. Many of the banks and trust companies also specially entertained their friends from out of town. The programme of entertainments was admirably arranged and carried out, and was thoroughly enjoyed by every banker present.

THE BANKER'S MORAL OBLIGATION.

Mr. Banker, quite likely the Benighted Knights of the Buried Treasure have a large membership in your vicinity. Of course, you do not know who they are, for the man who has a gold-lined hole-in-the-ground down in the orchard isn't going to tell you about it. He doesn't know anything about your steel-lined vault and double-doored safe, or your three or four per cent. interest, or your—why doesn't he know? Isn't it a fact that a man in the banking business is under a moral obligation to do what he can towards educating the money-hiders in correct methods of caring for their cash possessions?—*Bank Notes.*

TRUST COMPANIES

TRUST COMPANY SECTION OF THE AMERICAN BANKERS' ASSOCIATION.

THE tenth annual meeting of the Trust Company Section of the American Bankers' Association was held in the Olympic Theatre, St. Louis, Mo., October 16. In welcoming the delegates, President Festus J. Wade of the Mercantile Trust Company, St. Louis, said:

"It is particularly fitting that the tenth anniversary of the Trust Company Section should be held in the city of St. Louis. The father of the organization, Mr. Breckinridge Jones, president of the Mississippi

FESTUS J. WADE,
President Trust Company Section.

CLARK WILLIAMS,
Former President Trust Company Section.

Valley Trust Company, through untiring efforts and by reason of his indomitable will, created the organization known as the Trust Company Section of the American Bankers' Association, in a convention assembled in St. Louis just ten years ago. To him belongs the honor of bringing this organization to its present station, to its present condition of progress, to him belongs the thoughtfulness of creating an organization so beneficial to the trust companies of the United States.

"Those of us who are active in the conduct of trust companies in this section of the country, at least, are beginning to realize—and some of us have realized for a long time—that the trust company is second only in importance to the national banking system itself in the realm of finance;

PHILIP S. BABCOCK,

Vice-President Trust Company Section, American Bankers' Association; Vice-President Colonial Trust Co., New York.

and that it will, before another period of twelve years rolls by, provided those of you who have the administration of affairs of your respective companies will continue to manage them with the care and the fidelity and the conservatism that have marked the management of trust companies so far, exceed the national banking system itself in capital, surplus and deposits. I know if there is any national banker here he will probably take exception to that view, regard it as an extravagant statement. And yet, what are the figures of the last decade? Ten years ago the total resources of all the national banks of the United States, with the power of the government behind the national bank, and with thirty years of existence, amounted to $3,300,000,000 in round figures. Today the national banking system has grown 106 per cent. in ten years; and deducting the deposits of the government from the national banking system, you have approximately $7,000,000,000. What has the trust company done in that time? Ten years ago, from the best figures obtainable, the aggregate resources of all the trust companies of the United States amounted to only $900,000,000. Today they amount to over $4,000,000,000, an increase of over 300 per cent. in ten years, as against 106 per cent. increase in the national banking system. What does that mean? It means, gentlemen, that the people of the United States are realizing the value of the trust company as a financial institution. It means that the stamp of conservatism has been placed upon that organization and all that you have to do to continue to prosper and succeed and be an important factor, and the most important factor in the financial history of this country, is to keep up your strong cash reserve, and frequent examinations of your institutions, and prosecute relentlessly and remorselessly any offender or officer who violates his trust."

Clark Williams, president of the section and vice-president of the Columbia Trust Company, New York, replied to Mr. Wade's address of welcome. Mr. Williams referred to the splendid record of the trust companies of the United States, emphasized the duties of directors. favored a policy which would encourage clerks in calling the officers' attention to any irregularities discovered by them, and closed with a plea for the passage of laws, in states where they do not already exist, providing for adequate supervision of trust companies.

After the reading of a number of reports, the following addresses were delivered: "Defalcations: What Can Be Done to Prevent Them," by Hon. Pierre Jay, Bank Commissioner of the State of Massachusetts; "Bank Directors and Bank Examinations," by Hon. William B. Ridgely, Comptroller of the Currency. The subject of trust company advertising was also fully discussed, and a number of other matters of practical interest were considered. The Trust Company Section is doing some of the most valuable work of the association, and its usefulness is constantly growing.

NEW OFFICERS OF THE TRUST COMPANY SECTION.

President, Festus J. Wade, president Mercantile Trust Co., St. Louis.

First vice-president, P. S. Babcock, vice-president Colonial Trust Co., New York city.

Vice-Presidents.

Alabama—W. W. Crawford, president American Trust and Savings Bank, Birmingham.

Arkansas—Charles McKee, secretary Mercantile Trust Co., Little Rock.

California—W. L. Brent, president Merchants Trust Co., Los Angeles.

Connecticut—Charles E. Hoyt, secretary and treasurer South Norwalk Trust Co., South Norwalk.

Illinois—H. L. Chapman, vice-president People's Savings Bank & Trust Co., Moline.

Indiana—I. H. C. Royse, president Terre Haute Trust Co., Terre Haute.

Louisiana—L. E. Thomas, president Continental Bank and Trust Co., Shreveport.

Maryland—Douglas H. Gordon, president International Trust Co., Baltimore.

Massachusetts—Charles F. Adams, vice-president City Trust Co., Boston.

Missouri—A. J. Enright, secretary Missouri Valley Trust Co., St. Joseph.

New Jersey—J. Herbert Case, secretary and treasurer Plainfield Trust Co., Plainfield.

New York—Oscar L. Gubelman, vice-president Guaranty Trust Co., New York city.

North Carolina—John S. Hill, vice-president Home Savings Bank, Durham.

Ohio—Frank A. Scott, secretary and treasurer Superior Savings and Trust Co., Cleveland.

Pennsylvania—Charles E. Willock, treasurer Fidelity Title and Trust Co., Pittsburg.

Rhode Island—Hunter J. Wells, president Rhode Island Hospital Trust Co., Providence.

Tennessee—Robert L. Brown, president City Bank, Memphis.

Texas—J. S. Rice, president Union Bank and Trust Co., Houston.

West Virginia—C. B. Hart, vice-president Security Trust Co., Wheeling.

TAX ON FOREIGN BANK NOTES.

The Commissioner of Internal Revenue has decided that foreign bank notes in this country are not subject to a ten per cent. tax unless they have been used for circulation in the United States. They are not to be regarded as having been so used unless they have passed from hand to hand in lieu of the money or currency of the United States.

TRUST COMPANIES—THEIR ORGANIZATION, GROWTH AND MANAGEMENT.*

BY CLAY HERRICK.

FORMS AND RECORDS FOR THE BANKING DEPARTMENT.—*Continued.*

THE LOAN DEPARTMENT—Continued.

BILLS DISCOUNTED.

ALTHOUGH trust companies are in many states forbidden to discount paper, there are several states in which they are permitted to handle this business, and the necessary forms are therefore included here.

By some companies all applications for discounts are entered in an "Offering Book," wherein are shown the maker or makers of each note, the endorsers, the name of the person or firm by whom the discount is desired, the amount and time of the note, and any remarks which will aid in forming a judgment as to the desirability of the paper. A column is

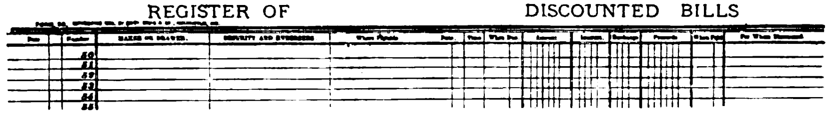
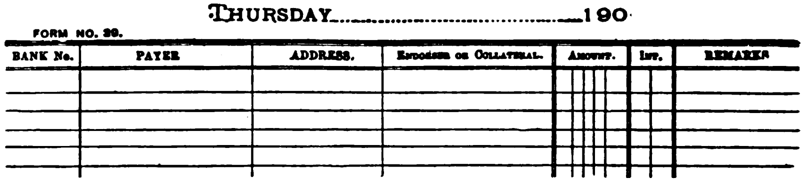

REGISTER OF DISCOUNTED BILLS

FIG. 194.—DISCOUNT REGISTER.


DISCOUNT TICKLER

THURSDAY 190

FORM NO. 20.

BANK No.	PAYER	ADDRESS.	ENDORSER OR COLLATERAL.	AMOUNT.	INT.	REMARKS

FIG. 195.—DISCOUNT TICKLER.

also provided in which to note whether the paper is accepted or rejected. But many companies dispense with the use of this book, and depend for this record upon the minutes of the finance committee.

When paper offered for discount has been accepted, it is entered in the Discount Register, a form of which is shown in Figure 194. This

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* Publication of this series of articles was begun in the January, 1904, issue of the MAGAZINE, page 31.

record shows all necessary data regarding each note. The notes are entered in the order in which they are received, and are numbered in consecutive order, the numbers being written or printed in the register, and from there copied on the notes.

At the close of the day the columns of the register showing the amounts of bills discounted and of discount or interest are footed for the day's work, and the totals are usually entered in the general journal

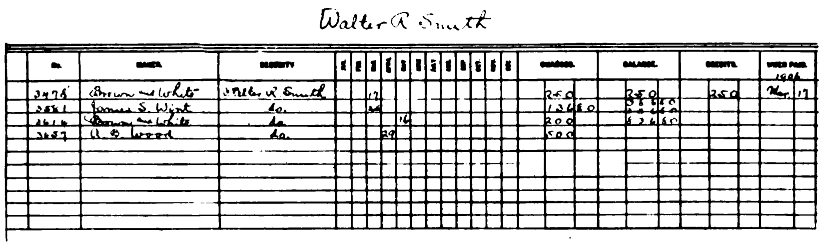

Walter R. Smith

FIG. 196.—LINE LEDGER.

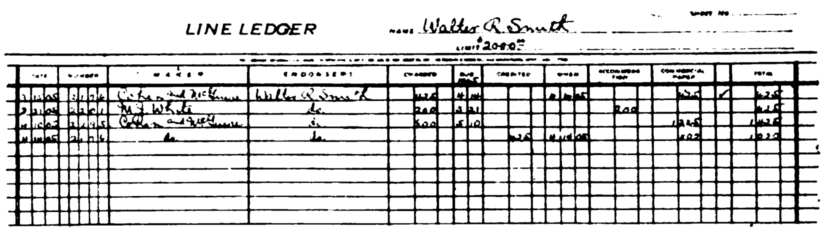

LINE LEDGER Walter R. Smith

FIG. 197.—LINE LEDGER.

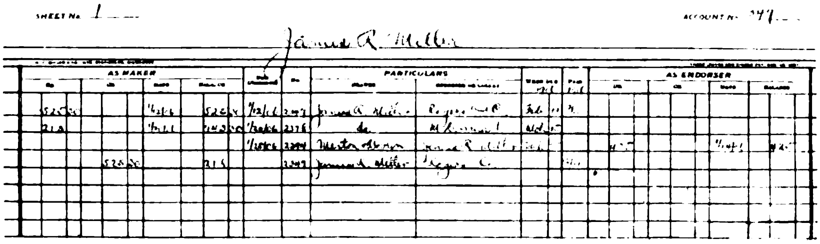

AS MAKER
PARTICULARS
AS ENDORSER

FIG. 198.—LINE LEDGER.

directly from the register, although some companies prefer to have each note entered separately in the general journal from debit tickets furnished by the discount clerk. The credits for the Bills Discounted account on the general books are generally made from credit tickets furnished by the discount clerk; but discount registers are in use which provide for the record of discounts paid. If such a register is used, the general bookkeeper gets the total credits, as well as the total debits, for the Bills Discounted account directly from the register.

Form No. 30.

$350.00 Cleveland, O. June 7 – 1906

Sixty days after date I promise to pay

to the order of Charles S. Spring

Three hundred and fifty Dollars,

at The Fourth Trust Company Value received, with interest

at 6 per cent. per annum, payable semi-annually.

Walter J. Moon

No. —— Due 8/6/06

FIG. 199.—COMMON FORM OF NOTE.

After a note has been entered in the register, a memorandum of its due date should be made in the discount tickler, a common form of which is shown in Figure 195. If preferred a card tickler may be used instead of the book.

The note should next be entered in the Discount Line Ledger (also called the Customer's Liability Ledger), three different forms of which are shown in Figures 196, 197 and 198. The headings of the columns make these figures self-explanatory. It will be noted that the ledger shown in Figure 197 separates accommodation and commercial paper, while that shown in Figure 198 separates paper on which the customer is maker from that on which he is endorser. The object of this record is to show the amount of paper that is being carried for each customer, so as to prevent any one from getting more than his proper amount of credit; and also to show the kind of paper usually offered by the customer and the parties whose paper he handles.

INVESTMENT No. 738

BONDS ~~STOCK~~ Chicago, Rock Is. & Pacific 6's coup. DUE 1917

INTEREST OR DIVIDENDS DUE Jan. 1 and July 1 RATE 6%

Par or Shares	Description	Broker	Price	Date	Bought	Sold	Par or Shares	Age	To Net	Balance
20000	Bonds nos. 211-230 incl.	R.M.	121	9 15 [illegible]	24200		20000	121	4.95	24200

FIG. 201.—INVESTMENT LEDGER.

A common form of a note is shown in Figure 199.

Applicants for discounts are usually required to fill out statements showing the condition of their business, as a means of determining the amount of credit, if any, which it is safe to give them. A standard form for such statements has been adopted by the American Bankers' Association, which is shown in Figure 200. This form is for the use of corporations asking for accommodation. The form for individuals and partnerships is much the same, except that it omits the items applicable only to corporations.

To the..

Name (Corporate style under charter) ....

Business ....

Location .... *Branches* ....

For the purpose of procuring credit from time to time from you for our negotiable paper or otherwise, we furnish you with the following statement which fully and truly sets forth our financial condition on the .... *day of* ....190...; *which statement you can consider as continuing to be full and accurate unless notice of change is given you. We agree to notify you promptly of any change that materially reduces our pecuniary responsibility.*

In consideration of the granting of such credit, we agree that if we at any time stop payment or become insolvent, or commit an Act of Bankruptcy, or if any of the representations made below prove to be untrue, or if we fail to notify you of any material change as above agreed, then and in either such case all our obligations held by you shall immediately become due and payable without demand or notice, and the same may be charged against the balance of any deposit account kept by us with you, we hereby giving a continuing lien upon such balance of deposit account from time to time existing to secure all our obligations held by you.

ASSETS.			LIABILITIES.		
Cash in .... Bank			Bills Payable for Merchandise		
Cash on hand			Bills Payable to own Banks		
Bills Receivable, good			Bills Payable for Paper Sold		
Accounts Receivable, good			Open Accounts		
Bills or Accounts Receivable, owing by Officers			Bonded Debt (When due............)		
Merchandise, finished (How Valued.......)...			Interest on Bonded Debt............		
Merchandise, unfinished (How Valued.....)...			Mortgages or Liens on Real Estate............		
Raw Material, (How Valued ....)...			Chattel Mortgages............		
Real Estate			Deposits of Moneys with us		
Machinery and Fixtures			Other Indebtedness and of what composed.		
Other Assets, and of what composed.			....		
....			....		
....			....		
....			....		
....			Total Liabilities............		
....			Capital		
....			Surplus, including Undivided Profits............		
Total			Total		

Contingent Liability. { Accommodation Endorsements..
Endorsed Bills Receivable Outstanding..

Specify any of above assets or liabilities pledged as, or secured by, collateral, and state collateral..

....

FIG. 200.—FORM FOR STATEMENTS OF BORROWERS.

The determination of lines of credit is a difficult task, and if done on a large scale requires a special equipment. The larger banks maintain

CAPITAL.

Authorized.................................Subscribed ....Paid in ....

Held by Company as Treasury Stock ....

How paid in: Cash $................................ Other Property ....

Description of other property and how valued..

What portion of Real Estate, if any, has been acquired through bad debts................................

In whose name is title to Real Estate held..

Incorporated in what State and under what general Law or Special Act................................

Date of Charter................................Commenced Business................................

Are Stockholders liable beyond amount of stock subscribed ....If so, to what extent................................

Amount of annual business................................Annual Expenses................................Annual Dividends................................

When was last Dividend declared................................Rate................................

Insurance carried on Merchandise................................Real Estate ....

Is Mortgage above stated a first lien on all the assets..

Regular times of taking inventory..

Give basis of statement, whether actual inventory, by whom taken and date, or if estimate, by whom made and date. { ....

What amount, if any, of Accts. and Bills Rec. not charged off, is past due, extended or renewed................................

Amount charged off for bad debts last year................................ Amount recovered during same period................................

Amount charged off account of plant preceding year..

State last date of taking trial balance and if same proved................................Regular times of balancing books ....

Number of Bank Accounts and where kept ....

OFFICERS.

NAME IN FULL.	ADDRESS.
President	....
Vice President	....
Secretary	....
Treasurer	....

DIRECTORS.

NAME IN FULL.	ADDRESS.
....	....
....	....
....	....
....	....

Please Sign Company's Name here ....

By..

Date Signed................................190....

FIG. 200.—FORM FOR STATEMENTS OF BORROWERS (Continued).

separate credit departments devoted to this work and furnished with ample equipment. The subject belongs to a treatise on commercial banking rather than the work of the trust company, and readers interested are referred to discussions of the credit department of banks in current banking periodicals and in published books on the subject.

Investment Records.

To a larger extent than banks, trust companies usually invest a portion of their funds in bonds and standard stocks. Journal records of such investments are usually made in the general journal, although some companies use a special investment journal, the general arrangement of which is similar to the loan journal shown in Figure 163, separate columns being provided for Bonds, Stocks and Sundry Investments. The total amount of investments at any time is shown in the investment account or accounts in the general ledger. Sometimes all investments are carried in one account, and sometimes separate accounts are carried for bonds and stocks. The detail of investments should be shown, except in small companies where the number of investments is small, in an invest-

BONDS ~~STOCK~~ C. R. I. & P. 6's

INT. OR DIVIDENDS DUE Jan. 1 & July 1 RATE 6%

MEMORANDA	DUE			AMOUNT			PAID			AMOUNT		
	1	1	06	1	600		1	2	06	1	600	
	7	1	06	1	600		7	1	06	.	600	

FIG. 202.—RECORD OF INCOME ON INVESTMENTS.

ment ledger, which may be either in book or card form. Figure 201 shows the face and Figure 202 the back of a card form for this purpose. The face is devoted to a description of the securities and the ledger account, while the income record appears upon the back. Book records are in use which follow much the same form, the upper part of the page containing the matter shown on the face of the card, and the lower part of the page providing for the income record. These records may be kept, according to local conditions, either by the general bookkeeper, the loan clerk or a junior officer.

(To be continued.)

THE BEST BANK INSURANCE.

"DIGNIFIED Advertising," says Cashier M. A. Graettinger of the Merchants and Manufacturers' Bank, Milwaukee, "is the best insurance a bank can have against loss of confidence, and perhaps against panic. Secrecy invites suspicion, publicity dispels it. Bank advertising might be called bank insurance—it not only brings new accounts, but makes all accounts secure by stimulating confidence."

SAVINGS BANKS

SAVINGS BANK SECTION OF THE AMERICAN BANKERS' ASSOCIATION.

THE annual meeting of the Savings Bank Section of the American Bankers' Association was held at Schuyler Memorial Hall, St. Louis, Mo., October 16, Edward E. Duff presiding. Breckinridge Jones, president of the Mississippi Valley Trust Company, welcomed the convention to St. Louis. Mr. Jones said that there were no savings banks in that city, their place being filled by the savings departments conducted by the trust companies.

The address of President Duff and the reports of the various committees reviewed in a thorough manner the work done in the past year.

OFFICERS OF THE SAVINGS BANK SECTION.

Secretary Hanhart reported a present membership of 1,047, compared with 734 at the Washington convention.

A resolution was passed instructing the state vice-presidents to report to the executive committee whether the existing laws in the respective states are sufficiently broad and comprehensive to protect savings depositors, and that in the event of insufficiency the executive committee be requested to lend all possible aid to bring about the enactment of proper laws.

Francis R. Morison, manager of the Citizens' Savings and Trust Company, Cleveland, Ohio, read an instructive paper on "Judicious Bank Advertising." Other papers were: "Sociology of Savings," by George E. Allen; "System in Savings Banks," by William M. Hayden, president Eutaw Savings Bank, Baltimore; "Evolution of the Depositors' Ledger," by Charles E. Sprague, president Union Dime Savings Institution, New York; "The Savings Department of a Trust Company," by Thornton Cooke, treasurer Fidelity Trust Company, Kansas City, Mo.; "Legal Aspects of Payment to Survivor of Joint Account," by Thomas B. Paton. Prior to adjournment these officers were chosen: President, Byron G. Latimer, secretary Irving Savings Institution, New York city; vice-president, Lucius Teter, cashier Chicago Savings Bank; secretary, William Hanhart of New York, and treasurer, J. H. Johnson, cashier Peninsular Savings Bank, Detroit.

Some of the principal papers follow.

SYSTEM IN SAVINGS BANKS.

BY WILLIAM M. HAYDEN, PRESIDENT OF THE EUTAW SAVINGS BANK OF BALTIMORE.

Responding to an invitation to contribute a paper on "System in Savings Banks," I can do so only from the standpoint of home experience, so that practically it resolves itself into a general illustration of the system of one bank, the "Eutaw Savings Bank of Baltimore." If not instructive it may be interesting to those who, as we ourselves do, endeavor to keep in touch with savings banks affairs in other states. We have aimed to make our system the best that observation and study can devise. Naturally we feel that much has been accomplished, but we are still in a receptive mood for practical suggestions.

Administrative System.

Installed about seventeen years ago, it was adopted after inspection of the systems of sundry New York city savings banks, especially, I think, that of the excellent Emigrant Industrial Savings Bank, embracing transactions by ticket, sectional register, post and proof and book ledger having deposit, payment and balance columns. It requires two clerks to complete a transaction, all clerks sharing in posting and proving, none being permitted to prove his own posting; those posting deposits proving payments, etc.

We were incorporated in 1847; have $22,000,000 in funds; about 46,000 depositors. Banking hours, 10 A. M. to 1 P. M. Clerical force, two tellers, each with an assistant; one account clerk; one general assistant (6). The force affords prompt service, unusual demands having the aid of one or all officers. A stenographer gives certain additional service after hours. Temporary clerks are employed during the rush of the interest period.

Interest and Deposits.

Interest is computed annually to the first of every April; the interest rate for some years has been three per cent. Deposits are limited ordinarily to $100 a month, $1 being the minimum. Tellers may receive up to $300 or $400, larger sums being referred to an officer. The president has authority to receive any amount, but the object of the bank is adhered to and unusual amounts accepted only from those whom we deem worthy of our protection. The largest amount ever received at one time was $6,000, which a railroad company donated to a widow, whose husband, a locomotive engineer, had been killed in its service, but whilst deposits are limited or scrutinized, normal accumulations of worthy depositors are permitted. We feel that most of our depositors need continued protection.

Duplication of Accounts.

With apology for a momentary digression, I desire to say here that this matter of deposits recalls a condition in certain states where, owing to limitations prescribed by law and to the "in trust for" form of account, their savings banks appear unable to protect themselves from unworthy accounts and from their duplication.

This condition does not confront us, our scrutiny of deposits in excess of an ordinary or reasonable amount appearing to protect us from both. I cannot instance a duplication of an account with us with the same object in view, and it has occurred to me that with the same scrutiny, and in the case of trust accounts the required presence also of the so-called beneficiary for the purpose of recording his or her signature as a test of the true intention of the depositor, much of the abuse continually complained of might be overcome. On the other hand, duplication doubtless results, to some extent, from the specified law limit of accumulation, which debars worthy people from continued increase of their small savings and in the institutions of their choice. It is a subject worthy of separate discussion.

Payments.

Payments are made on demand; sixty days' notice being a reservation. Transactions in both payments and deposits are generally limited to one a week

Accounts—How Opened.

Accounts are opened in one or two names: For societies and similar organizations; for trustees without naming the trust, except by order of court; for minors, subject to the order of parent or parents, guardians and others. Guardians may deposit for the benefit of their wards, but only by order of court. The signature of every depositor is required.

Our regular form for accounts in two names reads: "Subject to the order of either and the survivor." Whilst this form bears no reference to any ownership, we endeavor to carry out its terms and we have been invariably protected by the court.

Another form for two names, which we feel compelled to keep in reserve owing to its general use by most of our banks here, reads, "——— in trust for himself and ——— joint owners, subject to the order of either, the balance at the death of either to belong to the survivor." The strength claimed for this is based upon a favorable decision of our Court of Appeals, which in a certain case held that the declaration of the depositor *according to the testimony* constituted her a trustee and operated to divest the title "out of her" individually and to "veil it in her" as trustee for the purpose expressed. The regular use of this form we hesitate encouraging at this time, but when asked for, its effect will be clearly explained to the depositor.

Record Cards.

The Signature Card is used in connection with the signature book, two signatures therefore being required, which adds by a fraction to the time consumed in opening an account. We are not reconciled to a discontinuance of the signature book. It preserves compactly and more desirably the record of every signature and identification, and is more convenient in referring to closed accounts, as the dead cards are filed according to date of closing.

The card record embraces "Residence," "Birthplace," "Mother's Maiden Name," "Occupation," "Age." Except in special instances we do not exact "occupation" or "age," as this would not have popular approval here. Indeed, beyond the desirability of "residence" as a means of communication, if needed, the record "mother's maiden name" is in itself a strong test of identity. Attempted withdrawals other than by members of the same family or by some one familiar with the signature through association, are rare (I do not recall any attempt to withdraw from a lost book), and whilst the ordinary recording of fathers's and mother's given name can be answered by almost any one knowing the family, the mother's maiden name is rarely known. In opening an account the depositor is often unprepared for this question.

We use a card cabinet having a capacity of 62,000 medium weight cards, and under it are slides holding the old signature books. We also use the card index with a cabinet capacity of 216,000 light weight cards. The greatest care is necessary in order to overcome what would otherwise be a weak feature of this valuable system of indexing—the possibility of inaccurate filing. This is satisfactorily overcome by the "filer" being followed later by an "examiner," who looks for the names, using the signature book as the basis.

Interest.

Interest, as stated, is computed annually to April 1 of every year, is ready for entry in depositors' books on and after the third Monday, and is allowed for every calendar month the deposit may be continued. It is accurate, being calculated either mentally or by table and proved by a peculiar reverse proof which space will not permit illustration of, or by the aggregate of the monthly balances. The first calculation is placed below the account in pencil and its proof is indicated by a check above it.

From April 1st to the third Monday the balance and interest of every account are separately transferred to interest books (2) from which the pass-book is balanced, interest entered therein and check made on the interest book. By this system depositors present their pass-books at the desk in single file and are promptly and quickly served in the order of their coming, which would not be done as well in any other way; and the check indicates what pass-books have been presented for balancing.

The interest books form also one-half of our system of proving the ledgers, also annually, the other half being a transfer to trial balance books (one for each ledger) of the balances, including interest credited, having on each page the accounts corresponding to those on a particular page of the interest book, so that the footing of each page of the trial balance books must prove page by page with the footings of the interest book.

In addition to the transfer of balances and interest to the interest books, which absorbs the period from April 1st to the third Monday, this work is verified by calling back from the interest books to the ledgers. The amount of the annual interest is then arrived at from the interest books and handed to the Treasurer before the end of the month, all of which exacts the close application of our regular force before and after banking hours.

With our staff held closely to the regular desks, the employment of two temporary clerks at the inception of our system became essential for the purpose of balancing the deposit accounts and taking charge of the interest desk. This extra assistance, needed for a period of from four to six weeks only, was deemed preferable to permanent additions to the force and the experiment was undertaken and was made a permanent feature.

We obtain well recommended and capable material, good men, often temporarily out of employment. We only require and rigidly exact good figures, rapidity and correctness. This work begins with the changing of the old balance of each account to a new balance, which is done in red ink by a simple proof process of addition and subtraction, the old balance being changed by the mental addition of the interest as computed in pencil, and proved by the subtraction into the deposit or credit column of the difference between the old and new balance.

During the banking hours their attention is devoted to re-balancing disturbed accounts of each day in order to facilitate and safeguard the posting. They have entire charge for the time of balancing pass-books and crediting interest therein; discrepancies, if any, being referred to an officer. We are thus enabled to practically prove the correctness of our accounts, the number of pass-books balanced by them being from 11,000 to 13,000, or twenty-five per cent. of the total. This feature of our system affords us great satisfaction and its continuance we consider imperative.

In closing I beg to express my thanks for the cordial invitation extended by your Section to make this, an imperfect, contribution. As clearly as prescribed space will permit I have endeavored to tell something of the work of an institution in Baltimore, where mutual savings banks have deposits approximating $80,000,000.

EVOLUTION OF THE DEPOSITORS' LEDGER.

BY CHARLES E. SPRAGUE, PRESIDENT OF THE UNION DIME SAVINGS INSTITUTION, NEW YORK.

A glance at the first savings bank ledger to which I put pen thirty-six years ago suggests the thought that the art of bookkeeping has been almost completely transformed during that time. While the science of accounts remains the same in its immutable principles, the mechanics of the art have vastly improved, partly through actual invention and partly through the rejection of traditional formalities.

The Old Time Ledger.

The old ledger which lies before me was a ponderous volume containing 5,000 spaces, four to the page. The idea of a big book was one strongly impressed on the mind of the old-school bookkeeper; like Cap'n Cuttle, who "made it a point of duty to read none but very large books on a Sunday."

The arrangement of columns was as follows: Date; by or to; drafts; deposits. The second column may need explanation. It was considered essential that the prepositions "By" or "To" should precede all transactions, as abbreviations of the phrases "By Cash" and "To Cash," without which ceremonial words no orthodox double-entry bookkeeping was supposed possible. This superstition lingers still to some extent, especially in England, where a few accountants even make up balance sheets headed "Liabilities" on the left and "Assets" on the right, with a "To" prefixed to each liability and a "By" before each asset, thus apparently making the liabilities into debtors and the assets into creditors.

The oldest savings bank in the state of New York was from the beginning bold enough to abbreviate these mystic words and reduced them to the letters B and T. An old porter infused some common sense into these initials by explaining that B stood for what they Bought and T what they Took away. In course of time, however, these venerable relics fell into disuse and it was found that the place in the column was sufficient distinction.

Evolution of the Trial Balance.

While there was room for "by's" and "to's" there was none for a balance column and this contrivance, now deemed indispensable, was unknown. If the paying teller wished to know the balance of an account, each side had to be added in pencil and the difference obtained by substraction. There was no check on the accuracy of this operation. But for the annual trial-balance a more elaborate method was used. The depositor was debited "To Bal.," the sums of the two sides were written down with a red line above and two red lines below, then the balance was brought down "By Bal." Four sets of figures were thus written where now one suffices.

By the process of evolution this formula became reduced to a single red line with the credit balance below it, eliminating the debit entry and the two footings. Some banks went a little further, and required that a balance should be struck every few lines without waiting for the trial balance time.

This trial-balance was certainly a trial, but it seldom or never proved a balance. After going over the same figures several times in the same order (which is the surest way *not* to find an error) there was always a residue of difference, more or less, which was finally "given up" as a hopeless mystery. This plan of frequently bringing down a balance in the account was a first step in the evolution of the perpetual balance column now almost universal.

Archaic Ledger Entries.

But the way in which the entries in the ledger were made was even more archaic (as compared with modern ideas) than the actual form of the book. The "big book" was an obsession which held dominion here also. There were tickets, as now, for each deposit and each draft, but these were only transcribed into two big books and then never used again. The posting was done from book to book, how else could it be "book"-keeping? In an extreme case the original figures might be about four feet from the place where they were entered. After finding the place of the account, perhaps tracing its course through several unfilled spaces to which it had been carried, the eye and finger had to recur to the deposit book or draft book to make sure of the number and name, then back to the account, carrying the amount as a precious burden, sometimes spilling it on the way, and usually making the voyage across the expanse of those two big books two or three times, till it finally reached the haven where it would be.

Some irreverent and radical spirit among the clerks proposed to take the ticket in his hand and thence write the amount in the ledger, but this was frowned upon by the conservatives. First, no one had ever done so; second, it was not according to the definition of the word "posting"; third, it "might not be safe." Every improvement is always characterized as "unsafe." But the innovator did his posting from the ticket to the ledger and then verified the tickets from the deposit or draft book. On the second day he found an error in the deposit book which had been counter-balanced by an error in the cash and it was concluded that short-distance posting was quite as safe as the long range work from the book. And now nearly everyone posts from the ticket.

"Carried" Accounts.

Many accounts overflowed the boundaries of the original space allotted to them and had to be carried into the unused portion of the territory of some short-lived depositor near by, and so on, until the complication became inextricable and fruitful in postings to the wrong account. Finally this became intolerable and the space so exhausted that all the surviving accounts had to be carried to a nice big new book. This was one of the most irksome of jobs and nobody wanted it. This difficulty of "carried" accounts was to a limited extent overcome by a device introduced in some banks, consisting of spare columns on each page or pair of pages, to which accounts were first carried when their original space had been filled. This postponed the evil day, but did not abolish it. Many attempts were made to adapt the horizontal, or Boston, ledger to savings bank use, but the experiment showed that the disparity between accounts, some very active and others entirely dormant, made this plan more space-wasteful than the old one.

The Modern "Loose-Leaf" Ledger.

Such was the ledger in the days of my youth. Time and the need of saving labor have laid violent hands upon it and torn it into component leaves. The old definition of a book was a collection of leaves held together by a binding so that none could be removed. In the modern sense it is still a collection of leaves, but their removability is a virtue rather than a defect. If they are bound at all, it is in a binder which allows the removal of defunct leaves; or instead of a binding they are loose in a drawer confined, if at all, by a rod alone. This looseness may have some disadvantages as claimed by those who have never tried it; I have never heard any of those who had actually installed it making these complaints of its dangers.

Advantages.

On the other hand, it has such great advantages that they outweigh the drawbacks of the possibility of loss or misplacement of a leaf or card or the fabrication of a page for the concealment of fraud. The latter may be guarded against by having the depositors' own signature at the top of the card, taken at the same time as the signature card. Then absolute forgery would be the only means for such fraudulent substitution, with the constant risk of detection through comparison with genuine signatures. I don't think a defrauder would be apt to take this risk, but would use the eraser, to which the bound book is equally subject.

In the daily work of posting, the comparatively recent accounts can probably be found and posted a little more rapidly with the bound book than with cards or loose leaves, but in a section of older accounts where the cards or loose leaves represent only open accounts, the closed ones having been eliminated and filed elsewhere, the book will take much longer to post. But the greatest advantage is seen in the two periodical operations of balancing and of crediting interest, which tax the energies of the staff most severely. Instead of searching for the next account in a wilderness of dead wood, it is right at hand the instant its predecessor has been turned down and the work proceeds without hesitation. Hesitation constitutes in any process the greater part of the difference between slow and swift operation.

Again the tedious task of opening transfer ledgers is completely abolished, and with it the referring back to previous ledgers for interest or for information. As long as the account remains open, its cards or leaves *ab initio* remain all together in the open ledger; when closed they all repose together in the file of dead accounts; in either case the record is unbroken.

Card Ledger Preferable.

It seems, therefore, to be a settled fact that the modern ledger consists of separate pieces of paper, one for each separate account, and united in either two ways: (1) the *Card Ledger,* the account standing on edge in drawers like the library catalogue; (2) the *Loose-Leaf Ledger,* the accounts temporarily but firmly held together by some mechanical device. Ideally, there would seem to be much merit in the loose-leaf plan; but practically I have never yet seen a device of the kind which would approach the card ledger in utility and convenience, assuming the conditions to be those of one of our mutual savings banks as to number of transactions and minimum initial space required by each account. Ingenuity will have to wrestle with the problem still further.

The form of the account itself has also been somewhat modified and it now always embraces the following columns: Deposits, Drafts, Date and Balance. The great majority of the forms shown in various orders. Comparatively few contain also a column for interest credits as distinguished from cash credits, and where interest is immediately credited and added to principal, the utility of the interest column is not very apparent.

Modern Methods of Posting.

Still more change has taken place in the methods of posting. Almost universally the original tickets are used for the source of the entries. The old deposit and draft books, so far as they served as a standard for balancing the cash, are replaced by lists of amounts without number or name, rapidly written up by machine from the tickets. In some large institutions these lists are still made in handwriting, but are sectional lists which serve the further purpose of a test of the posting. They contain the number and name, also two money columns, the furthest of which is alone filled and at the close of the day is torn off and retained by the teller. After the section has been posted from the tickets, the two skeleton lists for that section, one containing the deposits and one the drafts for that particular section, are taken in hand for the purpose of verifying the postings. Turning to the respective accounts, the amount there found is copied off into the proper line of the list; when this has been done in every case and all the lines added up, the total of each agrees with the total of the portion retained by the teller. If it does not agree the error is quickly located by placing the torn-off strip opposite to where it was torn from.

The Balance.

This method insures the accuracy of the posting, but not necessarily that of the balance. It is vitally important that the balance should be correct, more important than that the transactions should be correctly posted.

An extension of the slip method has therefore been made by some banks in adding two more columns entitled "Old Balance and "New Balance." When these columns have been filled, then the difference of their footings will, if the balances are correctly made, equal the total deposits in case of those accounts where deposits have occurred and the total of the drafts as to the accounts drawn upon. This plan is effective, but somewhat tedious, as it involves entering and footing a great many figures. Another method exists which does not seem to be very generally known and which has been named "Balance Posting." Apparently, it provides exactly the same security against error as the one last described, but with much less labor.

In balance posting the first step is taken by the use of the tickets, but in a peculiar way. Nothing whatever is entered in the debit and credit columns, but the new balance is written down under the old one. Thus if the previous balance is $29.25 and the transaction is a deposit of $5.60, the new balance, $34.85, is written down below the $29.25.

Testing.

When all the transactions have thus been applied to increasing or reducing the balances, the testing takes place. For this purpose sheets are provided ruled for the number, name, debits, credits. From the tickets, assorted numerically and grouped sectionally, the numbers and *three letters* of the surname are written in order, but no amounts whatever. The tickets are then turned in to the chief bookkeeper. The testing clerk turns to the numbers in succession, completes the name (which compels him to attend to that feature) and infers whether the transaction was a deposit (which increases the balance) or a draft (which decreases it) and by mentally subtracting ascertains its amount, which he posts to its proper column in the ledger. He (or another, for sometimes it is thought best to make this a separate operation) also inserts the same amounts in the columns of the test sheets.

The chief bookkeeper then compares these test sheets with the original tickets, discovering any error whether of balance or of transaction. Finally, he adds up all the test sheets, keeping a separate total of each section, and aggregating the whole proves the results with the tellers' reports of the day.

It is almost miraculous if any error remains undiscovered in the day's work after this reverse process, beginning with the balance and working back to the transactions.

The semi-annual trial balance is facilitated by knowing in advance what amount of balance should be contained in each section of the entire work, and proving each one separately.

The Modern Depositors' Ledger.

To summarize the peculiarities of the modern depositors' ledger:

1. Movable cards or leaves instead of a rigid book.

2. A perpetual balance column.

3. Postings from the original slip.

4. Verification by an independent method, not by simply checking over.

5. Dividing the entire set of accounts into a number of sections so that each can be balanced separately.

LEGAL ASPECTS OF PAYMENT TO SURVIVOR OF JOINT ACCOUNT.

BY THOMAS B. PATON, EDITOR "BANKING LAW JOURNAL," AND HONORARY COUNSEL TO SAVINGS BANK SECTION.

I propose to confine my remarks to the single inquiry whether, by the terms of a deposit account made payable to both, or either, or to the survivor, a savings bank may safely pay the balance of account to the survivor, after learning of the death of the other party, in the absence of notice of adverse claim by representatives of the deceased.

Savings bank accounts opened in the names of two persons, payable to either, or payable to either or the survivor, whether originally thus opened or afterwards so constituted by the addition of a second name to a single account, may either be owned by one of such persons singly or by both jointly. An account in precisely the same form of entry may, under one state of facts, represent sole ownership by one of them only. The courts have been called upon in numerous cases to decide the question of ownership as between the survivor and the legal representative of the decedent. In the case of husband and wife accounts, the form of the account is held in some states to be evidence of joint ownership, or of ownership by entireties, and that the survivor is entitled to the whole; but not so in all states. It has also been suggested in one or two cases that an account in two names, other than husband and wife, payable to either or the survivor, is prima facie evidence of joint ownership, or creates a presumption of joint ownership, subject, however, to be negatived by contrary facts. In the great majority of cases, the intention and acts of the parties, outside the form of the account, is the controlling consideration. The bank cannot know whether the survivor is or is not joint owner, entitled to the fund by right of survivorship, or whether the deceased was the sole owner of the deposit. The terms of the deposit entry are not conclusive, and the controlling outside facts are entirely beyond its knowledge; they may be developed only after a trial and the cross-examination of witnesses, and the verdict and judgment as to ownership may be reversed by a higher court. Clearly the bank cannot know or determine this off-hand.

That is, the bank is justified in paying the survivor, according to the terms of deposit, in every case, although subsequently developed facts in numerous cases where payment has been made, will establish that the survivor was not entitled to the money, and that ownership of the deposit was in the estate of the deceased depositor. Banks generally regard it as perfectly safe to pay the survivor according to the terms of the deposit, irrespective of the question of ultimate ownership. I quote the opinion of a prominent savings bank attorney to this effect: "The entry of account on the books of the bank, and the issue of the pass-book, constitute a contract between the bank and the parties making the deposit. If the books of the bank show that the deposit is made payable to both, or either, or to the survivor, that is the contract, and the bank is protected by its payment in accordance with the terms of the contract, and after the death of one it can safely pay the survivor. The question of ownership of the money as between the parties, is a question the bank has nothing to do with. The bank never pays any attention to the ownership; it is simply a question with the bank to whom they can properly pay the money under the terms of the deposit. The fact that the bank has paid one of the depositors does not, in any way, affect the rights as between the depositors themselves. If, as between themselves, one depositor has drawn out more money than he should have drawn out, the remedy of the other is by a suit against the depositor who has drawn out the money, and not against the bank, as the bank, under the terms of the deposit, has properly paid out the money. This is a matter of contract, and the bank is protected as long as it follows its contract."

This view seems to be supported by the language of the New York Court of Appeals in the Mulcahey case, 89 N. Y. 435, where it says: "The principle seems to be settled that the right of action on a bond held by two joint obligees, or on a promise for the payment of money to two joint promisees, vests on the death of one in the survivor, but the right of the deceased obligee or promisee is not extinguished by his death. The survivor will hold the security, and the proceeds, as trustee to the extent of the interest of the deceased joint obligee or promisee in the debt or fund."

But it is clear, beyond question, that the bank is safe in paying the survivor in every case according to the terms of the deposit. I have been unable to find a single case wherein this precise question has been the point at issue, or made the subject of decision, in an action against a bank by the representatives of a decedent, sole owner of a deposit payable to either or to the survivor, after the bank had paid away the deposit to the survivor, according to the terms of the deposit, such survivor having in reality no right of ownership in the money, and having made away with it, so that recourse upon him would be futile. We all know that in the case of an ordinary bank account, death of the depositor stops its payment. The bank is under contract with its depositor to pay his checks according to his authority and direction. The depositor issues his checks payable to B and to C. By virtue of its contract the bank agrees to pay the deposit to B and to C when the checks are presented. But before presentment of the checks A dies, and of his death the bank is aware. The effect of A's death is to cancel the authority of the bank to pay B and C. The bank's contract to pay B and C cannot now be performed. How is a savings bank account payable to A or B or the survivor, where A is single owner and dies, to be differentiated? The bank's contract is to pay either or the survivor, but the survivor is not owner, and whatever authority he had to receive payment, not being coupled with an interest, is terminated by A's death.

In a Maryland case, Gorman vs. Gorman, 87 Md. 338, the deposit was "A and B, joint owners, payable to the order of either or the survivor." Upon A's death, under the facts in the case, the deposit was held to belong to A's estate and not to the survivor. Discussing the question whether in such a case the bank would have been protected in paying the survivor according to the terms of the deposit—which question was not, however, a point at issue in the case, as the bank had not paid the survivor—the court used this language: "As between depositor and bank, perhaps the entry in the bank-book might be conclusive, and if the bank had paid the money according to the terms of the entry it might be protected; but as between depositor or her executor and the niece (survivor), the entry is not conclusive. It is a fact to be considered in connection with the other circumstances of the case to determine the donor's intention." This language indicates that while the Maryland court was of the opinion that the bank "might" be protected in paying a survivor, it was not certain upon the point, and regarded the question as more or less doubtful.

There would seem, then, to be a possible danger or risk in making payment to a survivor according to the terms of a deposit account where such survivor had no ownership in the deposit, but a mere authority to draw, which would be terminated by the death of the real owner, and, in view of the absence of controlling authority upon this important question, it would seem to be desirable in the interest of the bank's safety, that a short form of statute be enacted in the different states, conferring authority on a bank to pay the survivor of a joint account, which would protect the bank beyond all question in making the payment, and relegate the question of ultimate ownership as between the survivor and the estate, or creditors of the decedent, to a direct proceeding between the interested parties as to which the bank should have no concern. At the last convention of this section I suggested such a statute, and the subject was debated pro and con. Since then the Legislature of New Jersey has enacted a statute of this character during the present year, being the first of the states so to do. At the convention of the Washington Bankers' Association held this year, a resolution was adopted calling for the enactment of such a statute in that state, and the same thing is being actively agitated by the bankers in Montana.

EFFECT OF LIQUOR LAW ON SAVINGS.

ACCORDING to the "Christian Intelligencer," the "Bishops' Law" in New Jersey is benefiting the savings banks. It says:

"It has been stated by those opposed to Sunday closing that thousands of dollars have gone out of Newark every Sunday into New York for liquor. If the assertion were true, that in their eagerness for Sunday drink the workingmen of Newark were taking all their wages out of town on Sundays, it is a logical conclusion that they would have less money on Mondays to put in the savings banks. But six of the savings banks of Newark reveal the fact that the Monday deposits since the Sunday closing law has been enforced are one-third larger than on corresponding Mondays last year, when the Sunday law was not enforced. For the first eight Mondays under the Bishops' law the increased savings deposits for this year in four banks over corresponding Mondays of last year amounted to nearly $150,000. If this average increase applies to all the banks of the city it means that in eight weeks the workingmen of Newark have been able to put away for future emergencies more than $300,000 over the amount of last year. It means that they are putting in the bank $40,000 a week, a large part of which they had spent in the saloons before the Sunday closing law went into effect."

ELASTIC BANK RESERVES.

A MEETING of the Chamber of Commerce of the State of New York was held on November 1 to adopt the report of the special currency committee. In the course of the meeting the following interesting address was made by Jacob H. Schiff, the well-known banker:

"It is well that the committee, while it has sought to make it clear that a bond-secured currency, such as our present national bank notes form, is of little if of any real value to trade and commerce, has at the same time suggested how without unduly disturbing the existing system and Government bond values, a beginning can best be made for the creation of an elastic credit or asset currency, such as has been adopted by most of the great commercial nations, and which protects these nations against the financial revulsions, from which in this country we have to suffer from time to time so considerably.

One grave objection has presented itself, however, to me against the proposition of the committee. It cannot, I believe, be advisable to give to some 6,000 banks separately the privilege to issue credit notes, as the committee recommends should be done. Even with all the safeguards proposed, some of the banks are certain to make illegitimate use of the proposed privilege and if any bank, however unimportant, should get into difficulties, without being able to provide for the prompt redemption of its outstanding circulating notes—the guarantee fund being for some time to come at least an uncertain quantity—the whole volume of outstanding credit notes would likely become discredited, with consequences so serious in their aspect, that such a risk, however remote it may appear, should not be taken.

A Central Issue Association.

A remedy against such an eventuality can, as I believe, best be obtained, if the banks for the purposes of the issuing of circulating notes would, under the sanction of law, form a central association, which shall issue to the individual banks for their purposes the credit currency upon some such basis as proposed by the committee. It cannot be a difficult problem to work out a plan for the proper government of a Central Issue Association, and it will readily be conceded that an association of the banks themselves will be in a far superior position to supervise effectively and to determine far better than any other agency whether an individual bank, desirous of issuing credit notes, possesses the qualifications which the law shall prescribe for the issue of credit notes. It follows, that under such a system the banks would have to assume joint liability for the circulating medium issued through their central association, and it will be only right and proper that this should be so. If, as your committee correctly points out, through operation of a guarantee fund and other safeguards, then there is certainly no reason why the banks cannot readily accept joint liability. The public should not be expected to freely accept a circulating medium, for which the banks themselves are not prepared to accept full responsibility. It should, however, be left to the banks to evolve the system under which such a central issue association be established and governed, so that the joined liability they must assume be upon lines and within limits which they themselves have determined.

Use of the Reserves.

May I now, Mr. President, in addition to what I have just suggested, point out a way in which I believe the elasticity of the money supply in times of stress and extraordinary conditions could be increased without resort to an emergency currency. It is this: The law rigidly prescribes that national banks in the so-called reserve cities must hold at all times a reserve of twenty-five per cent. against their liabilities and fifteen per cent. in country towns. This is sound and proper. A reserve has, however, not alone the purpose to remain in the vault, not to be touched under any circumstances. It exists to protect, in part at least, against extraordinary conditions and emergencies. Indeed, it happens not infrequently, notwithstanding the rigid prohibitions of the law, that reserves of national banks become temporarily impaired. The combined reserves of the national banks, according to recent figures, amount to something like $650,000,000 in specie and legal tender. Now, if it were made permissible that upon the payment of a tax of, say, at least six per cent. per annum banks may infringe upon their reserves to an extent not exceeding one-fifth thereof we should in times of financial stress —for in no other time would a bank be willing to obtain funds at a cost of 6 per cent. per annum—obtain new supplies of actual money, amounting, upon the basis of present reserves, to $125,000,000, a sum sufficient to tide over disturbances of very considerable magnitude and severity. Certainly such an expedient would be at least as sound as the issuance of emergency currency or clearing house certificates; it would bring relief more promptly than either and readjust itself automatically and readily the moment the difficulty has passed."

MEXICAN GOLD BASIS.

Mexico has begun her second year of the gold basis under particularly auspicious circumstances. Finance Minister Limantour has budgeted $1,000,000 additional Federal revenue for the current fiscal year. The annual $40,000,000 silver production is expected to show a substantial increase, while the production of copper, amounting to over $12,000,000 annually, promises this year to reach the $15,000,000 mark. Its high price is in Mexico's favor.

THE CURRENCY COMMISSION.

OWING to the diversity of views on the subject of currency reform at the recent convention of the American Bankers' Association at St. Louis, and the number of plans presented, it was found impossible to take any definite action on this important subject. It was therefore decided to refer the matter to a special commission, made up of the Federal legislative committee of the association, re-enforced by ten other representative bankers, selected by a committee of the executive council, composed of G. S. Whitson, president of the association and vice-president of the National City Bank, New York; J. D. Powers, vice-president of the association and director of the United States Trust Company, Louisville, Ky.; and George M. Reynolds, chairman of the executive council and president of the Continental National Bank, Chicago. This committee, after consultation with the executive council, chose the following-named gentlemen to serve as members of the Currency Commission:

A. B. Hepburn, chairman, president Chase National Bank, New York.

James B. Forgan, president First National Bank, Chicago.

Myron T. Herrick, Society for Savings, Cleveland.

Festus J. Wade, president Mercantile Trust Company, St. Louis.

Joseph T. Talbert, vice-president Commercial National Bank, Chicago.

Charles H. Huttig, president Third National Bank, St. Louis.

John Perrin, president American National Bank, Indianapolis.

Luther Drake, president Merchants' National Bank, Omaha.

Sol Wexler, vice-president Whitney-Central National Bank, New Orleans.

Robert Wardrop, president People's National Bank, Pittsburg.

The Federal legislative committee, which will also be a part of the commission, is made up as follows:

Arthur Reynolds, president Des Moines National Bank, Des Moines, Iowa.

E. F. Swinney, president First National Bank, Kansas City, Mo.

Joseph A. McCord, cashier Third National Bank, Atlanta, Ga.

W. V. Cox, president Second National Bank, Washington, D. C.

John L. Hamilton, vice-president Hamilton & Cunningham, Hoopeston, Ill.

The above-named constitute the Currency Commission of the American Bankers' Association, which will confer with the special Currency Committee of the Chamber of Commerce of the State of New York, comprising the following:

John Claflin, of H. B. Claflin & Co., New York.

Frank A. Vanderlip, vice-president National City Bank, New York.

Isidor Straus, of R. H. Macy & Co., New York.

Dumont Clarke, president American Exchange National Bank, New York.

Charles A. Conant, treasurer Morton Trust Company, New York.

The first conference will be held at the New Willard Hotel, Washington, on November 12, and it is expected that a plan will be agreed on by the time Congress meets in December.

AUSTRALIAN CURRENCY SYSTEM.

MEMBERS of the American Institute of Bank Clerks who consider themselves qualified to offer a system of paper currency for the Australian Commonwealth will be interested in the announcement of the Institute of Bankers of New South Wales of the offer of a prize of fifty guineas for the best essay on the subject, "What system of paper currency is likely to be best adapted to the conditions of the Australian Commonwealth?" The conditions of the competition are as follows:

1. Competitors are restricted to *bona fide* members of any bankers' institute in the world.
2. Contributions shall be original. Authorities quoted or referred to should be mentioned.
3. Essays to be typewritten in English, and on one side of the paper only.
4. No essay to exceed in length 25,000 worls, nor to be less than 15,000 words.
5. Each essay to be identified by a motto; and the writer's name and address, with an official certificate of his membership of a Bankers' Institute, to be sent in a sealed envelope, on the outside of which the identifying motto is to be written. Only the envelope bearing the motto of the successful essay will be opened.
6. The successful essay (or any part or abridgment thereof) may, at the option of the board of management, be published with the competitor's name. The same to apply to unsuccessful essays, except that the writer's name would not be disclosed.
7. Any essay which shall have previously appeared in print or shall have been published prior to the award in the competition, will be disqualified. The right to publish any essay to belong to the Institute of Bankers of New South Wales for a period of six months after the award, or for a period of one month after publication by the Institute.
8. The competition to close on January 31, 1907, at which date all competing essays shall have been received by the Secretary of the Institute of Bankers of New South Wales at the Equitable Buildings, George street, Sydney, N. S. W.
9. In the management of the competition, and the awarding of the prize, the decision of the Board of Management of the Institute of Bankers of New South Wales shall be final.

BANKING AND COMMERCIAL LAW

IMPORTANT LEGAL DECISIONS OF INTEREST TO BANKERS.

All the latest decisions affecting bankers rendered by the United States courts and State courts of last resort will be found in the MAGAZINE'S Law Department as early as obtainable.

Attention is also directed to the "Replies to Law and Banking Questions," included in this Department.

DRAFT—BILL OF LADING—INDORSEMENT—ATTACHMENT OF GOODS—TITLE IN SAME—SALES—DELIVERY—ADVERSE CLAIM.

AMERICAN NATIONAL BANK VS. LEE.

Supreme Court of Georgia, February 16, 1906.

Judgment for the American National Bank, claimant in the suit of S. S. Lee vs. Pilcher & Co., was made by the Supreme Court of Georgia, it being held that where a person ships goods to his own order to the station of the contemplated purchaser, title still vests in him, so that if he makes a draft in favor of a third person prospective upon the purchase for the price of the goods and indorses the bill of lading and delivers it. with the draft attached, to such third party, the latter acquires title to the goods and a subsequent attachment against the original owner is of no avail.

In this case, Pilcher & Co., of Nashville, Tenn., shipped twelve barrels of flour to T. J. Reeves at Thomaston, Ga. On March 30, four days after the goods were shipped, but before Reeves had accepted or paid for the same, Pilcher & Co. indorsed the bill of lading with draft on Reeves for the purchase price attached, to the bank, intending thereby to sell the flour and the right to collect for its own account the draft. The bank paid the face value of the draft, $50.22, by crediting the same to Pilcher & Co., against which they were authorized to check or draw. The bill of lading, with draft, was forwarded to the bank in Thomaston for collection and to surrender to Reeves the bill of lading, which would authorize him to demand the flour from the common carrier. Lee attached the goods as belonging to Pilcher & Co.

ATKINSON, *J.:* The claimant, by clear proof, which is not substantially contradicted, showed that several days before the levy of the attachment, the bill of lading, with draft for purchase money attached, for value had been sold to claimant. This sale passed title to the flour from the defendant in attachment to the claimant.

The transaction between Pilcher & Co. and the claimant took place on March 30 and the attachment was not levied until five days thereafter, to wit, on April 4. It is clear, therefore, that the property at the time of the levy did not belong to the defendant in attachment, but was the property of the claimant.

The testimony of Reeves cannot be accepted as sufficient to show title in the defendant. In fact he does not undertake to say that the title was in the defendant at the time of the levy. He qualifies the statement to that effect by the words, "according to my understanding," and does not attempt to give the facts upon which he based his conclusion. He evidently based his understanding upon the facts that inasmuch as the flour had been shipped to him with draft for the purchase money attached to the bill of lading and he had not paid the draft, that the flour was not his, and had not taken into consideration the fact which afterwards was made to appear by claimant's testimony, that Pilcher & Co. in the meantime had transferred the draft and bill of lading to claimant. So upon the whole, the claimant has clearly and conclusively established his title, and the jury should have found the property not subject, and the court below erred in ruling to the contrary.

Judgment reversed. All the Justices concur.

MORTGAGES—CONSIDERATION—FORECLOSURE.

CHADBOURN VS. DURHAM, *et al.*

Supreme Court of North Carolina, March 13, 1906.

In the suit of W. H. Chadbourn vs. R. I. Durham, et al., where it appeared that the solvent sureties on a forfeited sheriff's bond paid the amount due on the judgment and caused the same to be assigned for their benefit and protection, that the plaintiff, one of the sureties, was designated as agent to collect what he could from the insolvent sureties, and took from the defendant, an insolvent surety, a note secured by mortgage, that the pro rata due from the defendant was more than the amount of the note, the Supreme Court of North Carolina holds that in an action to foreclose the mortgage, a verdict for the plaintiff was proper.

The opinion of the court, which is brief, follows:

PER CURIAM: The plaintiff and defendants and some others were sureties on the bond of E. M. Johnston, ex-sheriff of Pender county. Said Johnston having failed to account properly for county funds, judgment was rendered against him and his sureties for $5,075.85. The property of said Johnston was sold to satisfy said judgment, and several thousand dollars was realized from said sale, leaving a balance due.

The solvent sureties, the plaintiff being among them, paid the amount due to the county on said judgment and caused the same to be assigned for their benefit and protection. The plaintiff was designated as agent to collect what he could on the respective amounts due by the insolvent sureties, and as such agent holds and controls the balance due on the judgment against Johnston and others. In pursuance of this arrangement, the plaintiff took from the defendant, who was an insolvent surety, the note for $150 secured by the mortgages sued on. Both the plaintiff and the defendant testified that the same was given by Durham in payment of the amount due from him on the judgment aforesaid, and that it was to be in full payment and discharge of any and all liabilities of said Durham on the judgments. It was found that the pro rata due from the defendant was more than the amount of the note. On these facts the court correctly instructed the jury that if they believed the evidence they would render a verdict for the full amount of the note and interest. The jury so rendered the verdict, and judgment was thereupon rendered for the plaintiff.

There is no error. The note was given by Durham in payment of the pro rata amount due from him on the judgment, and was to protect him from further liability. The plaintiff is in a position to comply with the agreement, and the judgment of foreclosure is affirmed.

Both the plaintiff and the defendant having testified that on payment of the note and interest Durham would be relieved of any and all liability by reason of the judgment, the final decree should be so drawn as to afford him protection in accordance with this stipulation.

Affirmed.

RECEIVERSHIP OF BANK—SETTLEMENT OF CLAIM DIRECTED BY COURT—INTERESTS OF CREDITORS AND STOCKHOLDERS.

M'GREGOR VS. THIRD NATIONAL BANK OF ATLANTA.

Supreme Court of Georgia, December 22, 1905.

During the pendency of a receivership of a defunct bank, the court having jurisdiction of it may direct the receiver to accept the terms of settlement offered by a creditor in the event of the receiver failing to show cause, upon being cited so to do, why the contemplated compromise should not be made. Thus held the Supreme Court of Georgia in the suit of the Third National Bank of Atlanta against C. E. McGregor, receiver of the Bank of Warrenton and others. The court below found for the plaintiff and the receiver carried the case to the appellate court on a writ of error.

The Third National Bank sued Peter F. Smith on September 30, 1902, on a promissory note for $1,500, dated February 11, 1901, payable to J. F. Allen, indorsed by him to the Bank of Warrenton, which transferred it to the plaintiff.

The payment of this note was secured by a deed to Allen, concurrently executed by Smith, covering a house and lot in the town of Warrenton, known as his "home place." In its suit against Smith, the plaintiff bank asked for a judgment for the amount due on the note, and for a special lien on the premises described in the security deed.

At the appearance term Smith filed an answer, in which he admitted the giving of the note, and that the plaintiff was the legal holder thereof, but alleged that the note included usury to the amount of $150, and that the deed was void because tainted with usury. On July 21, 1902, Smith made to his wife a deed to the premises for an alleged valuable consideration, which deed was properly attested and duly recorded; and she asserts that her title is superior to the claim of the plaintiff bank. It holds the note and deed given to Allen as collateral security for the payment of a note against the Bank of Warrenton, which is indebted to plaintiff in the principal sum of $869.75, besides interest from April 6, 1904; and plaintiff contends that there was no usury in the note to Allen, that the deed from Smith to his wife is inferior to the security deed previously given by him to Allen, which was duly recorded on February 15, 1901, and that its demand is just and the property is subject to its claim.

On February 17, 1902, the Bank of Warrenton became insolvent and executed to James A. Anderson, as assignee, a deed of assignment for the benefit of its creditors. Its indebtedness to the plaintiff now amounts to more than $1,000, the value of the property covered by the security deed is doubtful, and if plaintiff should prevail in the aforesaid suit, and the property were put up for sale at public outcry, it would bring but little, if anything, more than the amount due plaintiff by the Bank of Warrenton. Smith is insolvent, and plaintiff cannot hope to realize anything on its claim against him save by subjecting the property to the payment thereof; and, should it fail in this, then there would be a complete loss of the debt, falling both upon the plaintiff and upon the Bank of Warrenton. In that event, plaintiff would have the right to come in and share with the other creditors of the Bank of Warrenton in whatever assets might be in the hands of its assignee, as well as the right to join with them in making a call on the stockholders of that bank to make good whatever amount might be due to its creditors after exhausting its assets. The property in question is worth very little more than enough to pay the debt due plaintiff by the Bank of Warrenton.

There is room for long litigation in the matter, and it will be to the best interest of all parties concerned to come to a settlement. With this end in view, plaintiff is willing to accept $700 in full settlement of its claim against the the Bank of Warrenton, this amount to be paid free from any court costs; Mrs. Smith is willing to pay to that bank $700 and the costs of court in full settlement of its demands on the claim originally held by Allen and now by plaintiff, upon the court relieving the land from any liability therefor; and this compromise of a disputed claim asserted by her will inure to the benefit of the Bank of Warrenton and its creditors and stockholders.

The prayers of the petition were: (1) That the Third National Bank be authorized to make the proposed settlement with Smith and his wife, and be relieved from accounting to the Bank of Warrenton, or its assignee or receiver, for the difference between its indebtedness and the amount due on the note executed by Smith; and (2) that C. E. McGregor, the receiver of the Bank of Warrenton, be made a party to the petition of the plaintiff for leave to make this settlement of the controversy.

The court passed an order calling upon the receiver to show cause why the prayers of the petition touching the proposed settlement should not be granted, and he appeared and filed both a demurrer and an answer to the petition. By this demurrer he raised the point that the plaintiff bank had a complete remedy at law, by simply prosecuting its suit against Smith, and that the facts alleged did not warrant a court of equity to grant the relief prayed against him. In his answer he admitted that the Third National Bank was the holder of the note and security deed executed by Smith, the same having been transferred to it as collateral security for the payment of a note given the plaintiff by the Bank of Warrenton, but asserted that the total amount due on this note was only $992.39, that the house and lot covered by the security deed were worth at least $2,000, and that the proposed compromise would not operate to the benefit of all parties at interest. The receiver further alleged that if the Third National Bank would continue to prosecute its suit against Smith, and should be successful, he would, as the representative of the Bank of Warrenton, receive the difference between $992.39, the amount of its indebtedness to the plaintiff, and $1,900, the amount due on the note given it by Smith, and that if the plaintiff were permitted to settle the litigation, he, as receiver, would be unable to realize any sum whatever on the equity of redemption which the Bank of Warrenton had with respect to that note and the deed given to secure its payment. Mrs. Smith was subsequently made a party to the proceeding.

Evans, *J.:* After stating the facts: "The receiver was, indeed, an officer of court; but he was appointed for the express purpose of representing not only the defunct bank, but also all of its creditors and stockholders. It was within the discretion of the court to permit its receiver to be sued. When he was called on, by order of the court, to show cause why the prayers of the petition filed by the plaintiff bank should not be granted, he became a party defendant to the action, and it was his duty to defend it in behalf of all those of whom he was the duly appointed representative. Not only did he have a right to present his defense, but the very purpose of bringing him before the court as a party defendant was that he might urge any defensive matter to the suit which the creditors or other persons interested in the proper administration of the affairs of the defunct bank could urge, if themselves made parties defendant. Unless he represented them in the litigation, it would be necessary to bring all of them before the court; else any judgment rendered therein would not conclude or be binding upon them. It was through the receiver that these interested parties had to resist the granting of the relief sought by the plaintiff; and, the judgment being adverse to him, it was his right and duty, as their representative, to except thereto, if he or any of them was not satisfied therewith. Their right of review by the Supreme Court was certainly not cut off merely because he was an officer of court, and was, under ordinary circumstances, subject to its orders without question.

It is unnecessary to enter into a discussion of the question whether or not the petition filed in this case is such as can technically be termed a "bill of peace," as it is styled in the bill of exceptions. We have long since departed from the forms and niceties of equitable pleading which were once in vogue. Taking the allegations of the petition as true, the proposed termination of the pending litigation, to which neither the receiver of the bank nor its creditors and stockholders had been made parties, will prove advantageous and beneficial to all persons concerned in a proper administration of the affairs of the Bank of Warrenton. The plaintiff is one of its creditors, and seeks authority of the court, which has assumed exclusive jurisdiction in winding up the affairs of the defunct Bank of Warrenton, to make a settlement of a valid and just claim against it. The relief sought will not prejudice the rights of any other creditor or any stockholder of that bank. It is hardly to be doubted that the receiver would be permitted to make such a settlement if, upon proper application to the court for leave to do so, the judge, having all parties at interest before the court, should deem the settlement expedient and to the common advantage of all. A creditor of the bank might with equal propriety apply to the court for permission to settle a claim against the receiver, if the former could in this way bring to the attention of the court a feasible plan for properly administering the affairs of the defunct bank, then before the court for direction and adjudgment through its receiver.

We may treat the petition, then, as an intervention filed by a creditor who presents to the court his claim against the receiver appointed under a creditors' bill, and asks that the receiver be authorized to settle it on terms which will be beneficial to all parties whom he represents.

That the court had jurisdiction to entertain the petition we cannot doubt; for the court had undertaken to administer the assets of the insolvent bank in such way as to best protect and serve the interests of its creditors and stockholders, and certainly had the incidental power, pending the reecivership, to call upon them to show cause why its receiver should not be granted leave to effect a settlement to which the judge was willing to give his sanction, believing it preferable to the prosecution of long and tedious litigation, the result of which could not be foretold and might be adverse to them. It is equally clear, we think, that the judge could with propriety order the receiver to accept the offer of compromise, in the event he did not, as the representative of those whose interests might be affected thereby and whose consent to it had not been secured, show cause why it should not be effected at the instance of the petitioners. What reasons he assigned for rejecting the offer of settlement are disclosed by the answer which he filed to the petition; but, since the evidence adduced on the hearing is not before us, we are not informed whether he sustained by proof the allegations of fact upon which he based his objections to the compromise.

We accordingly confine our inquiry to the merits of the objections raised by demurrer, and hold that for no reason assigned therein should the prayers of the petitioner have been ignored and the petition dismissed.

Judgment affirmed. All the Justices concurring."

TAXATION OF NATIONAL BANK STOCK—REAL ESTATE ASSESSMENT—PREMATURE INJUNCTION.

FIRST NATIONAL BANK OF ALBUQUERQUE VS. ALBRIGHT, ET AL.

Supreme Court of New Mexico, June 29, 1906.

The Supreme Court of New Mexico, in the case of the First National Bank of Albuquerque vs. George F. Albright, et al., held that the assessments of capital stock of a national bank should be made against the stockholders individually, and not as a whole against the bank; that the real estate owned by the bank should be assessed against it, but not at a higher percentage than the other realty of the same class and character situated in the county and municipality where the tax is sought to be levied.

MILLS, C. J.: This action was brought on the equity side of the court, and as a result of the decree entered by the trial court the assessor and collector of Bernalillo county were restrained from reassessing or making additional assessments on any of the property of the First National Bank or any of its shares of stock for the year 1903. An examination of the complaint shows that both the return made by the bank and the assessment made by the assessor, Albright, are incorrect, and do not comply with the requirements of the statutes of this territory. The return made by the bank returns the shares of stock in solido, and not to the several owners, as required by section 257, Comp. Laws 1897; nor is the actual cash value of said stock set out, as is also required by said section 257. Each parcel of real estate is not listed and valued separately, but the whole, including the stock and surplus of the bank, is valued in bulk. The assessment sought to be made by the assessor, Albright, also assesses the stock in solido, and does not attempt to set any actual cash value on such stock. It appears from the complaint that the capital stock of the bank, at the time Albright attempted to make his assessment, was $200,000, and its surplus in March, 1903, was $24,634. The total of the return made by the bank, and which included capital, surplus and real estate, was $90,000, while the assessment as made by the assessor, acting under the directions of the board of county commissioners, was $150,542.

The principal points in this case are that assessments made in Bernalillo county are not uniform, and that property, other than banks, is only assessed at one-third of its real value, and that thus a discrimination is made against banks, which are assessed according to a ruling of the territorial board of equalization at the rate of 60 per cent. of the par value of its capital stock and surplus, and that, if shareholders of banks are taxed at the rate of 60 per cent. of the par value of their stock and surplus, there must be deducted from the amount so found due the value of the real estate owned by the bank. That the territorial board of equalization has the power to fix the valuation of 60 per cent. as that at which the capital stock and surplus of banks shall be assessed has been expressly decided by this court in the case of Territory of New Mexico vs. First National Bank of Albuquerque, 10 N. M. 283, 65 Pac. 172, and we see no reason to make any change in or recede from the position taken by this court in deciding that case. It may be possible that in some, and perhaps many, cases in the territory, real estate is assessed at a lower rate than 60 per cent. of its actual value, and we also know from experience and observation that in many cases personal property which is represented by cash, stocks, bonds and other forms of indebtedness, is not listed by their owners and escapes taxation altogether; but this would be no reason to say that, because this class of property was not taxed, bank stocks and real estate should also be exempted from taxation. Assessors, like other human beings, are liable to err. The mere fact that one class of property is assessed at a higher percentage of its value than other classes does not vitiate an assessment.

Congress has given states and territories the authority to tax national banks.

The taxing power cannot go outside of this act of Congress and tax national banking associations otherwise than as therein provided. There is nothing in the complaint to show that the proposed action of the defendants conflicts with this act of Congress. The complaint does not allege that the assessment would be at a greater percentage than is assessed upon moneyed capital in the territory. Such capital, no matter in what invested, is treated uniformly and equally by the territorial board of equalization. There is no restriction in the act of Congress saying that the capital of a bank shall be assessed at the same percentage of value as real estate.

Let us suppose that the bank in question, in order to protect itself, had to take real estate outside of this territory—perhaps in Arizona. If such was the case, there can be no doubt but that the authorities of Arizona would tax such real estate; and, when the assessor of the county in this territory where the bank is situated came to assess the stock of the shareholders of such bank, could the bank reply: "Our shareholders owe you nothing. We have deducted from the assessed value of their stock the value of the real estate we own in Arizona, and there is nothing coming to you?" Assuredly not. It would be absurd to make such a contention. A bank is different from the stock held by its shareholders. The shareholders can be taxed upon their stock according to the laws prescribed by the sovereign, and the bank itself can be taxed upon the real estate owned by it. This power is given by act of Congress. Section 5219, Rev. St. U. S. [U. S. Comp. St. 1901, p. 3502]. The act of Congress above referred to clearly allows taxes to be levied upon the real estate belonging to national banking associations. The English language does not contain words which gives this right more plainly than those employed by the framers of the act: "Nothing herein shall be construed to exempt the real property of associations from either state, county or municipal taxes, to the same extent, according to its value, as other real property is taxed."

It must, hovewer, be borne in mind that the real estate of national banking associations must not be assessed at a higher percentage than other real estate of the same class and character situated in the county and municipality where the tax is sought to be levied.

Another question is, however, presented in this case other than those we have above discussed, and that is, should the demurrer interposed to the complaint by the defendants in the trial court have been overruled, and an injunction granted restraining the defendants, George F. Albright, as assessor, and Frank A. Hubbell, as collector, from reassessing or making additional assessments on any of the property of the First National Bank of Albuquerque or any of its shares of stock for the year 1903? Assessors and collectors, under the laws of this territory, have the right to make additional assessments. This power is given by sections 4055 and 4056 of the Compiled Laws of 1897, and as the return made by the bank, as well as the assessment made by the assessor, were incorrect, and did not comply with the laws of the territory, the assessor has the authority to make a new and correct assessment. Granted that he has this authority, then the injunction issued by the learned trial court was improvidentially issued and should be vacated. Until the assessment is made and a tax levied thereon, no one is injured and suit will not lie. It may be that the officer finds other property, owned by the bank, which has not been returned for taxation; and, if such is the case, it would be manifestly improper for any court to hold that the assessor could not assess the same and enjoin him from so doing, as until the assessment is made no one can determine whether or not it is a proper one.

For reasons stated above, the cause is reversed, and remanded to the district court of Bernalillo county, with instructions to dismiss the complaint; and it is so ordered.

EQUITY—DRAFT—INJUNCTION—WANT OF NOTICE.

MEIER VS. FIDELITY NATIONAL BANK.

Supreme Court of Washington, July 31, 1906.

In an action against the Fidelity National Bank, brought by the receiver, the Supreme Court of Washington upholds the contention of the bank that it is not liable for a diversion of the proceeds of a draft, notwithstanding the issuing of an injunction against it and others restraining any disposition of certain property, whether in the form of bank drafts, moneys or other property, of one Narver, for the reason chiefly that it was not made a party to the proceedings and had no notice of the application of an injunction which rendered the injunctive order void as against it.

Root, *J.:* This appeal is from a judgment entered in favor of the respondent against appellant dismissing the action upon appellant's failure to plead further after the court had sustained a demurrer to the amended complaint. The material facts appearing in the complaint were about as follows: The Sprague General Supply Company, on February 13, 1904, recovered a judgment against one A. F. Narver for $744.92, upon which execution ran, certain property was sold, and the proceeds applied, leaving a balance of $331.36 unsatisfied. Payment of said balance was demanded of Narver, who refused to pay. Thereupon proceedings supplemental to execution were instituted under section 908, Pierce's Code (Ballinger's Ann. Codes & St. section 5323), and an injunction was issued against said Narver and against this respondent and another bank, enjoining them from "disposing of any of the property of said A. F. Narver, whether in the form of bank draft, moneys or any other property, until further order of the court herein."

Respondent was not made a party to said proceeding, and said injunction was issued without any notice to it, and without the execution of any bond. Said injunction was served on Narver at 6 o'clock in the evening of May 17, 1905, and on respondent at the opening of its bank at 10 o'clock A. M., May 18, 1905. Narver had left with the sheriff of Whitman county the sum of $500 as security for his appearance upon a criminal charge. Upon being released, the balance of $420.55, in the form of a draft on the Traders' National Bank, addressed to said Narver, was sent to Spokane, arriving there at about 7:30 P. M., May 17, 1905, after the restraining order had been served upon Narver. Said draft was indorsed by Narver and delivered to respondent, and the latter received and retained the proceeds thereof. Upon the examination of Narver in said supplemental proceedings, the fact was developed that he had concealed a portion of his assets, to wit, the sum of $420.55, and a receiver was appointed and was duly qualified at the time of bringing this action, which is for damages against respondent because of the alleged diversion of the proceeds of said draft.

Respondent contends that, inasmuch as it was not made a party to the proceedings betweeen the Sprague Company and Narver, and had no notice of the application for the injunction, and no emergency being shown in the complaint or affidavit or otherwise for the issuance of the injunction without a notice, and no return day being named in the injunctive order, and no bond being given, said injunctive order was absolutely void. Under the statutes and former decisions of this court we think the contention must be upheld.

BILLS AND NOTES — CHECK — CONSIDERATION — RESCISSION OF CHECK—MORTGAGE NOTE—THIRD PARTY.

NATIONAL BANK OF NEWBURY VS. SAYER.

Supreme Court of New Hampshire, June 5, 1906.

With a view to discharge a note secured by a mortgage which the holder sought to collect against the maker by threats to seize the chattels mortgaged, a third person gave a check for which the Supreme Court of New Hampshire in the case of the National Bank of Newbury vs. W. M. Sayer, Jr., holds there was a valid consideration, and that the drawer thereof could not repudiate the check on the ground that the note had not been indorsed to the holder by the payee.

WALKER, *J.:* It appears that the defendant, at the express request of Plant, gave the check in suit in order to discharge the claim which the bank was attempting to enforce against Plant. Notwithstanding Plant's claim that he had paid the note, the bank insisted upon its validity. It did not concede that it was worthless, and threatened to take the horse covered by the mortgage unless the amount of the note was forthwith paid to it. In order to avoid this result and escape litigation with the bank, Plant induced the defendant to pay the note for him to the plaintiff. It is found that no fraud or deceit was practiced by the plaintiff upon the defendant. What the arrangement was between the defendant and Plant does not clearly appear, and in this action it is not material. The consideration for the check was legal and binding.

The fact that the note was not formally indorsed to the bank by Nutter is not important, and the discovery of that fact by the defendant after he had given the check to the bank did not authorize him to rescind his executed contract with the bank. It is not apparent what difference it made to him whether it bore the indorsement of the payee or not. When he received the note and mortgage the latter bore the bank's memorandum of the transaction that both had been discharged, and the verdict is consonant with the theory that it was not the intention of the parties to vest any title to the note and mortgage in the defendant. Hence, as he had no legal interest in the question of the previous informal transfer of the note, he is not entitled to avoid his obligation, entered into upon a sufficient consideration, by a rescission of it. It is therefore unnecessary to consider what his rights might have been if the bank had attempted to transfer the note and mortgage to him.

Exception overruled. All concurred.

CHATTEL MORTGAGE—NECESSITY OF RECORDING NOTE —EXTENT OF SECURITY—FUTURE DEBTS—RIGHTS OF MORTGAGEE—WAIVER.

GREESON VS. GERMAN NATIONAL BANK.

Supreme Court of Arkansas, March 10, 1906.

For want of equity the Supreme Court of Arkansas dismissed the suit of the German National Bank against M. W. Greeson seeking to have established a lien on certain rails claimed by the defendant. The rails had been pledged to the bank to secure a note which provided that if it were not paid and the property not sold, the bank might at its election apply the surplus over the amount required to pay the note to any other indebtedness. The property was sold by the trustees in bankruptcy of the maker of the note, and the purchaser paid the note and received it from the bank marked "paid." On these facts the court held that the bank waived any lien it might have had otherwise on the property as security for an indebtedness of the maker incurred subsequent to the making of the note. The court further holds that it was not necessary to record the note, which was secured by a bill of sale absolute in form that had been recorded. For a mortgage given to secure a note to stand as security for subsequent debts, there must be an unequivocal agreement to that effect.

Riddick, *J.:* This is an appeal from a judgment of the Pulaski Chancery Court, holding that the German National Bank had a lien on certain rails claimed by defendant Greeson. The rails were at one time the property of the Longview Lumber Company, and, while they were the property of that company, the company borrowed $3,000 from the bank, gave a note therefor, and executed a bill of sale for the rails to the bank to secure the note. Afterwards the company became bankrupt, and the rails were sold by the trustee in bankruptcy and purchased by Greeson. The $3,000 note to the bank has been paid, but the bank claims that by virtue of the note and bill of sale above referred to, the bank had a lien on the rails, not only for the $3,000 and interest, but also for subsequent loans made by it to the lumber company.

Now, in the first place, there is no claim that there was any subsequent agreement by the lumber company with the bank that the bank should hold the rails for these subsequent advances. These subsequent advances were in each instance secured by transfer of bills of lading for shipments of lumber. When the cashier of the bank was asked whether at the time they were made anything was said about the rails standing as security for them also, he replied that he did not remember that anything was said about it at the time the loans were made, but he said that, on several occasions when the bank refused to make such advances to the company, Howell, the president of the company, had said that the bank had the rails, which were greater in value than the specific obligation they were given to secure. This testimony, which is all the evidence on that point, shows clearly that there was no agreement subsequent to the execution of the note for $3,000 that these rails should be held by the bank as security for subsequent advances, so, if the bank has any lien on these rails, it must rest on the note and bill of sale, given at the time the loan for $3000 was made to the company. This bill of sale, though in the form of an absolute transfer of title, was executed to secure a debt and was in equity only a mortgage. Now we agree with the contention of the bank that, as the bill of sale was absolute in form, there was no requirement that the note given at the same time should be recorded, for equity would not set aside such conveyance and permit a redemption without requiring the mortgagee or party holding under him to do equity by paying the debt secured by the absolute bill of sale. The bill of sale was recorded, and that was sufficient to notify all persons dealing with the property conveyed that the bank claimed an interest in it. But to create a lien on this property for subsequent debts it should appear that there was, to quote the language of Judge Cockrill, "an unequivocal agreement to that effect." Now there does not appear to be an express stipulation in the note sued on that the bank should have a lien on these rails for subsequent debts. The note is, no doubt, in the usual form required by the bank of borrowers where collateral was deposited to secure the loan. It speaks of these rails as having been deposited with the bank as security for the payment of the note and interest, though as a fact the rails were never delivered to the bank.

The only reference to subsequent debts in the note is found in that part of the note which deals with the disposition of the proceeds of the rails in the event they were sold to pay the debt. The language of the note clearly intimates that the debtor has the right to redeem the rails at any time before such sale by paying the amount of the $3,000 loan and interest. But the note provides, in the event that the debt is not paid and the rails are sold by the bank, that "the surplus, if any, * * * shall be paid to the drawer of the note, or, at the election of the holder thereof, be paid on any other obligation of the drawer hereof." This language seems to give the bank a lien, not on the rails, but any funds arising from the sale of the rails by the bank in the event that the note was not paid. But, if we treat this rather equivocal language as creating a lien on the rails in favor of the bank for any subsequent debts due from the lumber company to the bank, it was a lien that the bank could waive. If the rails had been sold by the bank, and after payment of the note a surplus had remained, it could perhaps under this provision have applied it to other debts due it from the company. The note says that it could be done at "the election" of the bank.

But if, instead of making such a disposition of the proceeds, it had elected to return such funds to the maker of the note, it is clear that afterwards the bank could not recall such action and demand the return of such funds. In this case the rails were never sold, for the party who purchased the rails at the sale by the trustee in bankruptcy, and who succeeded to the rights of the owner thereof, paid the note and interest in full. The bank thereupon returned to him the bill of sale and the note marked "Paid."

This was an election by the bank not to claim any lien on the rails for other indebtedness, and if it had any lien for such debts it thereby waived it. But this action of the bank, together with the doubtful language of this note and the other circumstances under which the note was made, convinces us that this bill of sale was executed to the bank as security only for the loan of $3,000 and interest, and that the bank has now no right to hold these rails for loans made to the lumber company after the execution of the bill of sale in question. After consideration of the matter we are of the opinion that there is no equity in the complaint.

The judgment is therefore reversed, and the action of plaintiff is dismissed for want of equity.

FRANCHISE TAX ON SAVINGS BANK.

STATE VS. GERMAN SAVINGS BANK OF CUMBERLAND AND THE FIDELITY SAVINGS BANK OF FROSTBURG.

Court of Appeals of Maryland, March 28, 1906.

Decisions were handed down by the Court of Appeals of Maryland in the suits of the State against the German Savings Bank of Cumberland and the Fidelity Savings Bank of Frostburg to recover a franchise tax under section 86 of article 81 of the Code of Public General Laws of 1888, on the deposits held by it on January 1, 1904. Each bank demurred, and the demurrer was overruled. The German Bank pleaded that it was not a savings bank, but an ordinary state bank of discount. The state demurred to the plea; the demurrer was overruled, judgment was entered against it and it appealed. The Fidelity Bank, after its demurrer was overruled, pleaded the general issue and payment, but later withdrew its pleas and went up on appeal. The difference in the defense set up by the banks was that the German Bank contended it was in fact not a savings bank, while the Fidelity Bank admitted it was a savings bank, but insisted that the provisions of section 86, article 81, imposing the franchise tax, applied only to savings banks having no capital stock. It was admitted that the Fidelity Bank had a capital stock of $25,000.

Taking up the defense of the German Bank, that it was not in fact a savings bank, the court held that its defense was meritorious, since the act applied only to such banks and institutions. It further held that the acts of 1898, p. 808, c. 266, citing that the bank had conducted a savings bank, but that it desired to have its corporate powers increased and enlarged to enable it to conduct a general banking business, and then authorizing it and empowering it to borrow money, receive money on deposit and pay interest thereon, to lend money on real or personal security, discount, buy or sell commercial paper, and to do or transact a general banking business, gives the bank adequate authority to transact a general banking business, notwithstanding ambiguity and inconsistency in provisions of the acts, including a provision that the bank should be subject to the provisions of Acts 1892, p. 153, c. 109, as amended by Acts 1896, p. 249, c. 160, relating to security and guarantee companies

The court held the true character of the business of the bank could only be determined upon proof of the nature of the transactions of which that business consisted and it could not be finally determined upon the issue made by the demurrer to the plea, so the judgment of the circuit court in favor of the bank stands.

In regard to the case of the Fidelity Bank the court decided against its contention that the act imposing the franchise tax applied only to banks having no capital stock. Both decisions were written by Schmucker, J.

The decision in the German Bank case is substantially as follows:

* * * * * * * * *

The defendant filed a plea in the case, averring that it was not, at the time in the declaration alleged, a savings bank, but had from long prior to January 1, 1904, been an ordinary state bank, with a paid-up capital of $100,000, upon which it had duly paid the state taxes for the years 1904 and 1905; that it had been duly authorized to carry on a general banking business by Acts 1898, p. 808, c. 266, which is set out at length in the plea; that since the passage of that act it had not conducted a banking business for receiving deposits and paying interest thereon, but had done a general banking business, and had not received, and does not receive weekly or monthly deposits or deposits at any regular interval or in regular amounts, but receives deposits in any amount and at any time, and pays a fixed rate of three per cent. upon deposits to the credit of accounts standing six months or longer, but pays no interest on other deposits, and that all deposits with it are subject to check at any time. The plea further alleges that the defendant also discounts negotiable paper, lends money on real or personal security, and transacts its business in the same manner as all other ordinary commercial state banks, and that its deposits are not subject to the franchise tax imposed on savings banks by section 86 of article 81 of the Code. The state demurred to this plea, and its demurrer having been overruled, it declined to reply, whereupon a judgment on rule replication was entered for the defendant, from which the present appeal was taken.

The appellee, both in the court below and in this court, relied, in support of its demurrer to the declaration, upon Acts 1904, p. 349, c. 212; it being conceded by both parties to the suit that if that act be valid the declaration is bad, but if the act be invalid the declaration is good. The act provides that section 86, article 81, of the Code, imposing the franchise tax on savings banks, shall not "apply to or in any manner affect any savings bank, institution or corporation which has a capital stock of $20,000 or over subject to taxation under the laws of this state and which merely receive time deposits at a fixed rate, but do not receive weekly and monthly deposits." It is admitted that the appellee has a capital stock of $100,000. The state insists that the act of 1904 is unconstitutional, first, because its title is defective, and, secondly, because it provides an unequal and unfair rate of taxation of savings banks with different amounts of capital stock.

The title of the act is "An act to add an additional section to article 81 of the Code of Public General Laws of Maryland, title 'Revenue and Taxes,' subtitle 'Payment of Taxes by Corporations,' to follow section 81a and be designated as section 81b." The body of the act then enacts the additional section already mentioned "to follow section 86a, and to be known as section 86b." There was in fact at the date of the passage of the act of 1904 no section 81a in the article. There was at that time a section 81, but it did not have relation to the franchise tax on the deposits of savings banks, so that if any person had looked at that section to ascertain the purpose of the act he would have been misled. We have then before us the question of the validity of an attempt to declare inoperative, as to a large number of corporations, the provisions of an important section of the Code by an act whose title neither indicates its contents nor correctly mentions the section of the Code to be affected by it. Does this title gratify the requirements of section 29 of article 3 of the Constitution of this state? We have repeatedly had occasion to consider and pass upon the purpose and operation of this section of the fundamental law of the state.

The act now under consideration fails in our opinion to gratify the second of the two constitutional purposes referred to in the last-mentioned case, in that its title does not fairly advise the Legislature and the people of the real nature of the legislation sought to be accomplished by the passage of the act. If the title had stopped with the designation of the article, title and subtitle to which the additional section was to be added, we would have been authorized to hold it sufficient under the rulings in State vs. Norris, 70 Md. 94, 16 Atl. 445; Lankford vs. Co. Com'rs, 73 Md. 118, 20 Atl. 1017, 22 Atl. 412, 11 L. R. A. 491; Second German Am. Bldg. Ass'n vs. Newman, 50 Md. 62; and Garrison vs. Hill, Md. 551, 32 Atl. 191. But the title goes further and locates the new section to be enacted as a subsection of No. 81 to follow 81a, and be designated as 81b. As there was at the date of the passage of that act no section 81a in article 81, and section 81 of that article related to the failure of any collector of county or city taxes to account for taxes collected by him, a subject wholly foreign to the purpose of the new section to be enacted that reference in the title tended to create a false impression as to the purpose of the act. In our opinion the title to the act now under consideration was so misleading as to be obnoxious to section 29 of article 3 of the Constitution, and the act was therefore void, and the demurrer to the declaration was properly overruled.

The defendant in the attempt to uphold the validity of the act of 1904 relied especially upon the case of Strauss vs. Heiss, 48 Md. 296, in which chapter 471, p. 911, of the Acts of 1868, that enacted the general corporation law of the state, was held valid, although its title, in addition to other matters, purported to repeal sections 99-103 of article 16 of the Code, which sections relate to chancery proceedings and have no reference to corporations. What the court held in that case was simply that a whole law otherwise constitutional would not be rendered void by the introduction of a single foreign element. The act under consideration in that case had been prepared and reported to the Legislature by a commission appointed for that purpose, and it contained no less than 219 sections, all relating to the formation and government of corporations and the rights and liabilities of parties incident thereto. The court in defining its position in that case say:

"It is obvious from the examination of the act itself in connection with the report made by the commissioners who framed the law and who were appointed for that purpose by the Governor in pursuance of the requirements of the Constitution of 1867, that sections 99-103 intended to have been named in the title, are sections 99-103 of article 75, which will be found to relate to incorporations, and to be embodied with amendments in the act of 1868. But be that as it may, the mere fact that part of the title of an act refers to a subject-matter foreign to and inconsistent with other parts of the title, and which finds no corresponding provision in the body of the law, would not in itself render the act invalid. In such a case so much of the title as was repugnant to and inconsistent with the act would be rejected as mere surplusage." The action of the court in holding Acts 1868, p. 911, c. 471, valid under the circumstances set forth in their opinion, can furnish no just support for the defendant in asserting the sufficiency of the title to the act now under consideration, which relates to a single subject, and contains but one section which is erroneously described in the title. Having held the present act to be invalid by reason of its defective title, it is unnecessary to consider what would have been its operation if it had been validly enacted.

We will now consider the action of the circuit court in overruling the demurrer filed to the defendant's plea. The defense intended to be set up by the plea was that the defendant, during the period for which the franchise tax was claimed, was not a savings bank, institution or corporation organized for receiving deposits and paying interest thereon. That was a meritorious and substantial defense, which if properly pleaded and established by evidence would have defeated the action, for it was only upon such corporations that section 86 of article 81 of the Code imposed the franchise tax sought to be recovered by the suit. The plea distinctly avers that "the defendant is not and has not been since a long time prior to the first day of January, 1904, a savings bank institution or corporation organized for receiving deposits and paying interest thereon." The further statement in the plea contained, that during the period of time aforesaid the defendant had been an ordinary state bank with a paid-up capital of $100,000, on which it duly paid its taxes to the state for the years 1904 and 1905, was not inconsistent with the first averment, but was merely an ampliation thereof.

Acts 1898, p. 808, c. 266, set out in the plea as the authority under which the defendant carried on its general banking business, is not very skillfully drawn, nor in all respects consistent in its terms. That act describes the defendant as a savings bank and recites that it has ever since its organization conducted a savings bank in the city of Cumberland, but that it desires to have its corporate powers increased and enlarged, so as to enable it to conduct a general banking business. It is then authorized and empowered by the act "to borrow money, receive money on deposit and pay interest thereon," to lend money on real or personal security, discount, buy or sell commercial paper, etc., and "to do and transact a general banking business." The act, by its next section, rather singularly, provides that the defendant shall be subject to the provisions of chapter 109, p. 153, of the Acts of 1892, as amended by chapter 160, p. 249, of the Acts of 1896, which relate neither to savings banks nor to banks transacting a general business, but to security and guaranty companies. Despite the ambiguity and inconsistency in the provisions of this act, it certainly furnishes the defendant adequate authority to thereafter transact a general banking business. The plea concludes with the statement that since the passage of the act of 1898 the defendant has conducted a general banking business and not a banking business for receiving deposits and paying interest thereon and has not received "weekly or monthly deposits or deposits at any regular interval or in regular amounts, but received deposits in any amount and at any time" and paid "a fixed rate of interest of three per cent. upon deposit to the credit of accounts standing six months or longer," but paid interest on no other deposits, and that all of its deposits were subject to check at any time.

Tested by the strict rules of pleading as applied to actions at law, this plea may be open to the objections of ambiguity and inconsistency, but as those defects are matters of form, and the plea, in definitely asserting that since the passage of the act of 1898 the defendant has not conducted a savings bank institution or corporation for receiving deposits and paying interest thereon, sets up a defense sufficient in substance to the action, the circuit court committed no error in overruling the demurrer to the plea and entering the judgment appealed from after the state had declined to reply further. If the state had joined issue on the plea and gone to trial, the fact as to whether the defendant was or was not conducting a savings bank would have been determined from what the evidence showed to be the real nature of the transactions of which its business was made up. The character of a banking or other institution depends not upon its name or title, but upon the nature of the business conducted by it or the enterprises in which it is engaged. Banking institutions have generally received a three-fold classification; i. e., of deposit, of discount, and of circulation. It has, however, come to be not unusual for the same institution to exercise two or even all three of these functions at the same time. In some cases this is done through the agency of separate departments of the institution. In other cases there is no such subdivision of the activities of the organization.

It is a matter of common knowledge that banks of discount and circulation have in recent times been driven by the competition of other financial institutions to allow interest, on some portion of the deposits received by them, to so great an extent that the practice has become almost universal, but such banks have not been regarded as thereby bringing themselves under the operation of the laws passed for the regulation of savings banks. In some of the states savings banks are permitted to discount and purchase commercial paper without thereby becoming banks of discount. But, under the decision of this court in German Bank v. Katz, supra, the appellee, which was incorporated as a savings bank under the general laws of this state, would have been prohibited from discounting commercial paper if its powers had not been enlarged by the Act of 1898, p. 808, c. 266.

As banks of discount and circulation are not mentioned in section 86, art. 81, Code Pub. Gen. Laws, by which the franchise tax now under consideration is imposed, and the taxation of banks of that description is provided for and regulated by other sections of the Code, if the defendant had in fact on January 1, 1904, ceased to be a savings bank and had become an ordinary state bank of discount, there being now no state banks of circulation, the state is not entitled to recover in this case. As the appellee was for some years a savings bank and conducted a savings bank business, if it still carried on substantially the same business, the mere fact that under its enlarged powers it incidentally or collaterally did some other banking would not relieve the deposits received in connection with its savings bank business from liability to the franchise tax. If, on the other hand, the business carried on by the appellee since prior to 1904 has been and is a general banking business the mere fact that it allows interest on deposit accounts of over six months standing would not reconvert it into a savings bank, and make its deposits liable to the franchise tax. The true character of the appellee's business can only be determined upon proof of the nature of the transactions of which that business consists. It cannot be fully determined upon the issue made by the demurrer to the plea.

The judgment appealed from will be affirmed.

In the Fidelity Bank case, the court, in taking up the contention that the act imposing the franchise tax applied only to banks having no capital stock, says:

The position thus taken by the appellant is in our opinion untenable. There is nothing in the language used in section 86 to indicate an intention on the part of the Legislature to exempt, from the tax there imposed, any class of savings banks. On the contrary, the expressions there used in describing the institutions to which the law is intended to apply are of the most comprehensive character, the exact language of the section in that respect being, "every savings bank, institution, or corporation organized for receiving deposits of money and paying interest thereon." Not only would the construction contended for by the appellant give a restricted meaning to the broad terms of the section under consideration, but it would defeat the manifest purpose of the Legislature in enacting the section. Under that construction of the law any savings bank having $1,000,000, or $10,000,000, of deposits, as some of them have, could entirely evade taxation thereon by simply so amending its charter as to have a small capital stock.

This question has not heretofore been before this court as a direct issue, but in the case of Westminster vs. Westminster Savings Bank, 92 Md. 65, we had occasion to consider very fully the operation of section 86 upon a savings bank which had a capital stock. We there held that, although no other tax than the franchise tax could, under the provisions of that section, be laid on such a bank in respect to its deposits, its capital stock was liable to taxation "in the same manner as the capital stock of other corporations chartered by this state," and its surplus, if it had any, would be taken into consideration by the state tax commissioner in estimating the assessable value of the stock. It is true that in that case the bank did not resist the payment of the franchise tax on its deposits, but the entire scheme of taxation of savings banks by the state received consideration at our hands and it did not occur to us that the fact of the bank having capital stock released it from the obligation to pay the franchise tax on its deposits.

Although we have been compelled to hold invalid, because of its defective title, chapter 212, p. 349, of the Acts of 1904, which exempted from the payment of the franchise tax savings banks having a capital stock of $20,000 or over, the fact that the Legislature passed that act is evidence that section 86, article 81, which imposed the tax, was intended to apply to such banks having capital stock. If that had not been the case, there would have been no occasion to pass the act of 1904 to relieve from the tax savings banks having a certain amount of capital stock.

The circuit court committed no error in its ruling on the demurrer and entering the judgment appealed from, which will be affirmed.

Judgment affirmed, with costs.

BILLS AND NOTES — FORGED CHECK — PAYMENT—RECOVERY BACK.

FIRST NATIONAL BANK OF LISBON VS. BANK OF WYNDMERE.

Supreme Court of North Dakota, June 28, 1906.

Having paid a forged check, the drawee may recover from the party who received the amount, upon discovering the forgery, notwithstanding that the latter might have been a holder in good faith; provided, however, that the latter has not been misled or prejudiced by the drawee's failure to detect the forgery; the burden of showing he has been thus prejudiced or misled rests upon him who asserts his right to retain the money. For the first time the Supreme Court of North Dakota passed upon the question relating to the drawee's right to recovery under the circumstances alluded to, in the suit of the First National Bank of Lisbon vs. Bank of Wyndmere, though it has been determined by numerous other states, resulting in a sharp diversity of opinion, the majority of the courts adhering to the rule followed in this decision.

Engerud, J.: This is an appeal from an order sustaining a demurrer to the complaint on the ground that it does not state a cause of action. The complaint states the following facts: The plaintiff and defendant are banking corporations, located, respectively, at Lisbon and Wyndmere, in this state. On July 1, 1905, the defendant caused to be presented to plaintiff for payment a forged check purporting to have been drawn by Bixby & Marsh upon the plaintiff bank in favor of Theodore Larson for $60.25, dated June 27, 1905, and indorsed in blank by the payee. It also bore the indorsement of the defendant, and each of the several banks through whose hands it had passed in the usual course of transmission from defendant to plaintiff. Each indorsing bank had expressly guarantied the genuineness of previous indorsements. Bixby & Marsh were depositors in plaintiff bank, and had to their credit subject to check a sufficient amount to pay the check in question. The plaintiff bank believing the check genuine, paid it and charged it to the account of Bixby & Marsh. The name of this firm had been forged, but this fact was not discovered until July 20th, when Bixby & Marsh, who were ranchmen living more than 20 miles from Lisbon, called at the bank and examined the canceled vouchers. Bixby & Marsh declined to allow credit to plaintiff for the spurious voucher. Immediately on that day, the plaintiff notified the defendant bank of the forgery, and demanded repayment, at the same time returning the forged check to defendant. The defendant refused to refund. Judgment is demanded for the amount of the check and interest.

The question presented by this case is one that has never heretofore come before this court. It will be noticed that the complaint does not charge the defendant with any bad faith or neglect of duty in indorsing and putting in circulation the forged check, and we must therefore assume that the defendant indorsed, and caused the check to be presented for payment in good faith in the mistaken belief that it was genuine. The plaintiff upon whom the check was drawn, accepted and paid the check under the same mistaken belief that the drawer's signature was genuine. If we had not read the numerous cases which have been cited dealing with this question, we would have thought the proposition was a very plain one, readily solved by the application of fundamental principles of law and common sense. The plaintiff had received from the defendant without consideration a sum of money which it was not rightfully entitled to, and the sole moving cause which induced the exchange of money for the spurious check was the mutual mistake of the parties to the transaction with respect to the genuineness of the writing. In the absence of any showing that the defendant had been misled or prejudiced by the plaintiff's mistake so as to render it inequitable to compel repayment, the defendant ought to refund the money had and received. Unfortunately, however, this just and simple solution of what seems to us a plain proposition, has not generally prevailed. A number of courts have laid down the unqualified rule that where the drawee of a check to which the name of the drawer has been forged, pays it to a bona-fide holder, he is bound by the act, and cannot recover the payment. According to this line of cases the whole duty and risk of determining the genuineness of a draft or check rests upon the drawee, and as Lord Mansfield is reported to have said in Price vs. Neal, the holder "need not inquire into it," provided he acquired the paper for value in good faith. Of this extreme view it is well said in 2 Morse on Banking (4th Ed.) § 464: "This doctrine is fast fading into the misty past, where it belongs. It is almost dead, the funeral notices are ready, and no tears will be shed, for it is founded in misconception of the fundamental principles of law and common sense."

Most of the courts now agree that one who purchases a check or draft is bound to satisfy himself that the paper is genuine; and that by indorsing it or presenting it for payment or putting it into circulation before presentation he impliedly asserts that he has performed this duty. Consequently it is held that if it appears that he has neglected this duty, the drawee, who has, without actual negligence on his part, paid the forged demand, may recover the money paid from such negligent purchaser. The recovery is permitted in such cases, because, although the drawee was constructively negligent in failing to detect the forgery, yet if the purchaser had performed his duty, the forgery would, in all probability, have been detected and the fraud defeated.

While all these authorities agree that negligence on the part of the purchaser in taking a forged check subjects him to liability for the loss, they are not in accord as to what constitutes such negligence. These authorities, it seems to us, have had the effect of substituting uncertainty and confusion for a rule which, although manifestly arbitrary and unjust, had at least the merit of simplicity and clearness. It must be conceded that the majority of the courts that have passed on the question are committed to the doctrine that the drawee who has paid a spurious check can recover the payment from a good-faith holder only when the latter has been negligent. If the law of this state is to be determined by the mere weight of authority alone, as evidenced by the decisions in other states, then we should be constrained to hold that this complaint shows no liability on defendant's part, because it does not show that the defendant has been in any degree negligent.

However valuable the decisions of courts in other jurisdictions may be as guides to aid us in coming to a correct decision, it cannot be admitted that such decisions, however numerous and uniform, conclusively establish the law for this jurisdiction. They are, after all, only arguments in support of the views entertained by the judges who uttered them. Unless the doctrines advocated by them have become part of the law of this state by the adoption of them by positive law or general usage and opinion, they must be received and considered by us merely as arguments to be weighed, and adopted or rejected according as we deem them sound or unsound. If, in our opinion, a doctrine advocated by the courts of other states is an unwarranted departure from the fundamental principles of law, it is our duty to reject it, unless the rule so advocated, even though fundamentally erroneous, has become part of our common law by general usage and custom; or has been expressly or impliedly made part of our law by statute. There has been no statutory adoption of such a rule, and we have no hesitation in saying that there is no general usage or custom prevailing in this state that the checks and drafts of individuals shall circulate, and be treated and dealt with as bank or government currency. Yet, as indicated by the language quoted from the Minnesota decision (Germania Bank vs. Boutelle, supra), the rule that the drawee must, save in exceptional cases, bear the consequences of his mistake in honoring a spurious check, was adopted in deference to such a supposed usage.

The fact that the cases advocating this doctrine all cite as authority Bank of U. S. vs. Bank of Georgia, 10 Wheat, 333, 6 L. Ed. 334, and Gloucester Bank vs. Salem Bank, 17 Mass. 33, which involve forged bank notes, shows that the rule rests on the assumption that the checks and drafts of individuals are to be placed in the same class with bank bills which are issued and intended to circulate as money. There is no statute or business usage in this state to warrant that assumption. The decisions which advocate the rule that a drawee may recover in case of negligence on the part of the holder who presents and receives payment of a spurious check, all recognize the fallacy of those decisions which apply the same rule to checks and drafts as is applicable to bank notes which circulate as money. Yet, strange to say, nearly all of them expressly or impliedly accept as true the proposition that a drawee of a check or draft should be excepted from the operation of that fundamental rule which permits one who parts with money by mistake to recover it from one who in equity and good conscience ought not to retain it. They simply hold that this exception should not apply in cases where the purchaser or indorsee was negligent in not taking proper precautions to guard against forgery.

It is evident at a glance that this proposition, which these cases thus accept as proper, has no other foundation than the same premise which they very properly hold to be fallacious—namely, that checks and drafts on banks or individuals should be governed by the same rules as apply to bank notes which circulate as money. If it is conducive to the best interests of the business world to put checks and drafts on the same footing as bank currency, and if it would tend to make checks and drafts a more safe and convenient circulating medium of exchange, to shift the whole risk of loss by forgery upon the drawee instead of letting it rest upon those who are credulous enough to assume the risks of parting with value for such paper, the legislative branch of the government can be trusted to establish that rule, if such a radical departure from fundamental principles of law is deemed wise. The court has no power to do so.

Being convinced, as we are, that this doctrine advocated by the great majority of the cases which have come to our attention, to the effect that a drawee of a check should be excepted from the ordinary rules relating to the right to recover money paid by mistake, is unsound and has never been adopted in this state by usage or statute, it would be nothing less than unsurpation of legislative power by this court to declare that rule to be the law of this state because courts in other states have so held. That the rule in question is unsound in principle and unjust, is almost universally admitted, and the courts are showing an increasing tendency to discard it. We think, therefore, that we are showing no disrespect to precedent in taking the stand towards which the modern decisions are unmistakably tending, and from which it is generally conceded there should have never been any departure. We, therefore, reject as unsound the doctrine that a drawee of a check should be excepted from the general rule in relation to the recovery of money paid by mistake. The drawee is presumed to know the signature of the drawer of the check or draft; and the holder of such check or draft who has acquired it in good faith has the right to act in reliance on that presumption, provided he himself has omitted no duty, the performance of which would have prevented the success of the fraud. Consequently, if the drawee pronounces the check genuine by paying it or otherwise honoring it, the holder who has acted in good faith and without negligence, may safely rely upon the judgment of the drawee, and act accordingly. The drawee cannot, under such circumstances, recall his acceptance or payment to the detriment of the party who has rightfully relied upon his decision. In such a case the party who received the money has the superior equity, and he may justly retain the money although he was not originally entitled to receive it.

But, as is usually the case, when the party who has collected the check had previously cashed it or taken it in exchange for commodities, there is no reason why he should not refund. Every one with even the least experience in business knows that no business man would accept a check in exchange for money or goods unless he is satisfied that the check is genuine. He accepts it only because he has proof that it is genuine, or because he has sufficient confidence in the honesty and financial responsibility of the person who vouches for it. If he is deceived he has suffered a loss of his cash or goods through his own mistake. His own credulity or recklessness, or misplaced confidence was the sole cause of the loss. Why should he be permitted to shift the loss due to his own fault in assuming the risk, upon the drawee, simply because of the accidental circumstance that the drawee afterwards failed to detect the forgery when the check was presented?

We, therefore, hold that drawees of checks and drafts are not to be excepted from the general rule which permits the recovery of money paid by mistake. We hold that a drawee who has by mistake paid a spurious check or draft may recover the money paid unless the party receiving the money has been misled to his prejudice by the drawee's mistake. If any such facts exist, they are best known to the defendant, and it is his duty to prove them. The complaint discloses prima facie cause of action by alleging the payment by mistake.

The order appealed from must be reversed, and the demurrer overruled. All concur.

REPLIES TO LAW AND BANKING QUESTIONS.

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department.

A reasonable charge is made for Special Replies asked for by correspondents—to be promptly sen by mail.

BILLS OF LADING ATTACHED TO DRAFTS.

MACON, GEORGIA, Oct. 26, 1906.

Editor Bankers' Magazine:

SIR: I want to ask your opinion regarding bills of lading, which are attached to drafts, and sent to banks for collection. I desire to know the relation of the bank to the bill of lading, and whether or not it becomes the duty of the bank to endorse such bills under the following conditions:

We will first assume that A is the shipper, B is the railroad, C is the bank and D is the consignee.

A makes a shipment and instructs B to draw the bill of lading to read, "Shipper's order; notify D." On A receiving from B the bill of lading, he endorses it on back in blank, and attaches a draft to it for amount of shipment, and sends it to C for collection, with instructions to surrender the bill of lading on payment of draft. D calls in and pays C amount of draft; C delivers the bill of lading to D and remits proceeds, less exchange, to A. D presents the bill of lading to B, who refuses to deliver shipment because C has not endorsed the bill of lading. D returns to C, who refuses to endorse, saying that he is not a party to the shipment, and knows nothing about it, but is simply a party to the draft, which has been paid and remitted, and that his obligations then ceased.

CASHIER.

Answer.—We can see no reason why the indorsement of the bank should be required. It was not the indorsee of the bill of lading, and as it did not discount the draft, it never had any property in the goods represented by the bill. Its position was merely that of collecting agent for the seller. As its name did not appear on the bill, and it had no interest in the property, any indorsement by it was wholly unnecessary.

IMPORTATION OF PRECIOUS STONES.

AN evidence of the prosperity of the people is to be found in the fact that thirty-five million dollars' worth of diamonds were imported into the United States in the fiscal year 1906, against twenty-seven millions in 1905, nineteen millions in 1904, and twenty-six millions in 1903. These figures, just announced by the Bureau of Statistics of the Department of Commerce and Labor, show that the importation of diamonds in 1906 was of greater value than in any earlier year in the history of our import trade.

AMERICAN BANK NEEDED IN MEXICO.

Vice-Consul A. W. Brickwood, of Nogales, reports an excellent opportunity for the investment of capital in the consular district of which Nogales is the leading city. He writes:

"It would seem that among all the vast mining interests controlled by American enterprise in this district the advantages to be derived from banking transactions conducted by Americans and fortified by American capital could not fail to enlist the attention of astute financiers. At present there are two American institutions of this kind, and they are of a private nature, both located at Cananea. The only bank of established commercial character in this district is a branch of the Banco de Sonora, in Nogales, the parent being at Hermosillo, Sonora.

When it is considered that nearly one-half of the importing mercantile firms (excluding Chinese merchants) within this consular district are American, that the only two prominent manufacturing establishments are American also, while but four mining companies among the 150 are foreign corporations, the remaining 144 being American enterprises, it does seem as if the field should look inviting to American financiers. There is much complaint among American business firms in this district of the hardships they encounter in matters of loans and exchange. Instead of generous treatment and reasonable rates of interest a most exacting policy in regard to security is pursued, while the interest rates are almost ruinous. Twelve per cent. is the minimum rate for loans, with hardly any limitations, the prevailing rates above the minimum being fifteen and eighteen per cent., or even more. An institution established by Americans and conducted upon conservative banking principles, ready to make loans at non-prohibitive interest rates and affording exchange in the same spirit, would easily have the preference of depositors and would soon control the banking transactions of Americans engaged in mining, commercial and all other pursuits in this consular district."

BANK NOTES AS RESERVES.

DEAN Joseph French Johnson of the New York University School of Commerce, Accounts and Finance recently began a course of lectures on the History of Banking in the United States, before the New York Chapter of the American Institute of Bank Clerks. He began with an analysis of the functions of a bank, showing that its main services to a community consisted in the rendering of credit available for business purposes, and then said:

"The bank deposit yields a credit currency which expands and contracts exactly as the needs of business require. This deposit currency, however, is limited in acceptability, and can be used as a medium of exchange only among people who have bank accounts. On the other hand, the bank note, which is a form of bank credit essentially like the bank deposit, is a medium of exchange possessing general acceptability, and is a convenient substitute for money among people not accustomed to the use of checks. An ideal banking system would furnish each of these forms of credit in the exact quantity needed by the country.

Credit is a promise to pay money, and no credit system can be sound unless the promise is subjected to a daily test. In this country there is in circulation a great mass of deposit currency. It amounts to several billion dollars, and is secured solely by the assets of the banks, not a dollar's worth of collateral being deposited to secure it. Nevertheless it is the favorite currency of our business men and the losses from its use are so slight as to be practically negligible in character. The safety of this deposit currency is due entirely to the daily meetings of our clearing houses. These insure constant redemption. Banks are permitted to make loans far in excess of the amount of money they have on hand, but if they extend their credit rashly they know well that they cannot escape the penalty.

On the other hand, in the issue of note credits our banks are so fettered by law that this form of credit is of very little service in the United States. Before they can issue notes national banks must first buy Government bonds and deposit them as collateral with the Treasurer of the United States. In other words, they must first lend part of their capital to the Government before they are permitted to extend their credit to the public in this form. Since credit thus secured is considered unimpeachable, the redemption of bank notes is treated as an unimportant matter. It is discouraged rather than encouraged. There are hundreds of clearing houses in this country for bank checks, but there is only one for bank notes. As a result the volume of bank notes, unlike that of bank checks, is a comparatively rigid mass, not increasing or decreasing in response to changes in the demand.

Bank notes of this character are worse than useless. They contain an element of danger which is liable at any time to become a serious matter. We have only recently had an illustration of this. On account of the 'goodness' of the national bank note and of the expense of securing its redemption, bankers in many parts of the country are insisting that it ought to be treated as if it were money itself. At least one of our state banking associations has put itself on record as favoring the idea that the national bank note, since it is as good as the greenback, ought to be counted as lawful money in the banking reserves. A convention of milkmen might with equal sanity resolve that the town pump is a cow. Certainly watered milk could not do so much harm as watered bank reserves. The major premise from which certain bankers have drawn the conclusion that bank notes should be counted in the reserves is an unsound proposition. It is the assumption that greenbacks are as good as gold. Experience has taught us that greenbacks are a very dangerous substitute for gold, and no one knows this fact better than the banker. Yet the only essential difference between the greenback and the national bank note is the fact that the one is reserve money and the other is not.

It will be my purpose in these lectures to make clear to you the important truth that redemption alone can be relied upon to give us a sound and safe and useful bank note. During the nineteenth century this country has experimented with almost every possible kind of bank currency. I shall show you that when facilities for redemption have not been lacking our bank currency has been good, and that when redemption has been difficult we have had 'wild cat' and 'red dog' money. Redemption is of more importance than collateral. Bank notes issued against a deposit of bonds may be issued to excess and bring about all the evils of inflation. The requirement of a bond deposit for the protection of noteholders is a snare and a delusion. The secret of a sound bank note system lies in the one word 'redemption,' and there never has been found a safe substitute for it."

INCREASE OF NATIONAL BANK CIRCULATION.

In their "Monthly Bulletin" for November, Messrs. Fisk & Robinson say:

"The announcement by the Secretary of the Treasury on October 22 that he would stimulate an increase in national bank circulation to the extent of $18,000,000, had no appreciable effect on the Government bond market, because banks taking advantage of the Secretary's offer would simply have to transfer the Government bonds released thereby to circulation account, and substitute in their public deposit account 'approved securities' at ninety per cent. of their market value. Banks taking out this additional circulation are required to make immediate application for its retirement between March 15 and August 10 of next year, at such dates and in such amounts as the Department may determine. Although the announcement was not made until toward the end of the month, about $14,000,000 circulation had been applied for up to October 30.

There is one phase of the Secretary's offer which is of particular interest. It is proposed to retire this $18,000,000 circulation during the six months from March to Setpember, 1907, or at the rate of $3,000,000 per month, the full amount per month allowed by law. This will prevent other banks from retiring circulation during the spring and summer of 1907, and is a pertinent example of the inadequacy of the present law limiting the amount of national bank circulation that may be retired in any one month to $3,000,000."

BANKING PUBLICITY

THE BANKING PUBLICITY ASSOCIATION.

THE annual meeting of the Banking Publicity Association, which was organized a year ago at the convention of the American Bankers' Association at Washington, was held in St. Louis during the recent convention of 1906. In his annual report, President H. A. Davidson reviewed the first year's work of the association and said:

"The experiment which it was proposed to try has been proven a success, and it only remains for the future to develop the aims of the association to such position where its members will, as a matter of course, make use of the services for which it is so peculiarly adapted.

"Briefly, the first year of the Banking Publicity Association shows that an organization which has for its object the bestowing upon its members of opportunities for improvement in publicity methods by association with the best banking advertisers throughout the country, can be made a success as an organization, and be of value to its members. Through the work of its officers the association has fulfilled the purpose for which it was intended. It has placed new members in touch with recent and up-to-date literature and methods; it has brought a large number of the advertising men of older institutions into better acquaintance and mutual respect; it has, by dint of constant effort, secured a fine collection of advertising matter which it holds for the use of its members; its secretary, with his usual zeal, has published, unaided, a copy of the Bulletin; it has assisted in the establishment of local bodies, and when so requested, has been represented at their meetings.

"It must be remembered that the officers of the Association have served without compensation or price, giving their time and labors to an extent not to be realized by one ignorant of the situation.

"Too much cannot be said of the faithful duty of Mr. Frederick Phillips, secretary, and Mr. E. F. Feickert, the treasurer of the Association. Without their helpful activity, the position of the president would have been one of arduous labor and responsibility.

"I strongly recommend the designation of two prominent monthly banking publications as official organs of the Association; to which journals the secretary may each month send a statement of new literature received, and new facts obtained in connection with publicity matters, thereby doing away with the time, expense and responsibility of the publication of the Bulletin.

"In conclusion, the retiring president urges upon the members of the Association the importance of their assistance to the officers by the showing of an increased interest, and by their co-operation in the performance of the duties for which the Association was formed."

Secretary Frederick Phillips submitted his annual report, saying among other things:

"The articles of this Association state that the secretary shall report in writing as to the results accomplished during the year. I respectfully submit that the Bulletin of the Association is in full compliance with the articles.

"Perhaps the most interesting feature of the Banking Publicity Association is the warmth with which its expressed purpose is received. The object of the Association is the interchange of ideas and information regarding advertising publicity for the purpose of systematically educating the public in the discriminating use of the various classes of financial and fiduciary institutions.

"It is doubtful if any department of financial or fiduciary business has, since the organization of this Association, received so much attention in the newspaper press of this country as the Banking Publicity Association, while the membership of the Association itself, now numbering approximately sixty, including some of the leading institutions of the country, speaks for itself.

"It is to be assumed that the first inquiry will be as to what the organization has accomplished as a body. Frankly, the material achievements of the Association as a body, by and for itself, and for its members call for no special comment. The completion of the organization in so short a time is of itself an achievement and a matter for congratulation, while the thought and study devoted by banks today to their advertising publicity may be set down as one of the more substantial results of the labors of this Association. If, indeed, it had done no more than this the Association has been well worth the effort; but, as a matter of fact, it has led to the formation in various states and cities of local and independent clubs and associations for the promotion of banking publicity, and these local associations have accomplished excellent work. One association in particular calls for note, to wit, the Bankers' Association of Pittsburg, which is a practical working body.

"There have been few calls upon the Association for the valuable services which it has so freely urged upon its members. Most of the calls have come from non-members, and in the spirit of this body these calls were responded to. This lack of demand upon the Association on the part of members is only to be explained by the suggestion that there are enrolled in the membership the leading bank advisors of the country. Those whom the Association will most benefit have probably not yet awakened to its great usefulness.

"The publication of the Bulletin, little as it may show it, was the work of many days and weeks spent in trying to secure from members the necessary material, and this time, it may be said, in extenuation of what the Bulletin is not, was taken from hours which if they did not belong to other work, were yet taken from that time which might appropriately have been devoted to recreation. This is not a complaint, but rather an apology. It was a labor of enthusiasm and has been well repaid by the compliments which have been generously bestowed upon it both by the press and by the banks.

"This Association, now a going concern, is today tendered to a new group of officers, who, it is hoped and believed, will find in administering its affairs not only pleasure but profit, if for no other reason than the congenial acquaintanceships and the friendly letters which it will continue to bring to the officers. It is doubtful if there is an officer who, the pressure of business permitting, would not gladly again undertake the trying work of the first year.

"I personally tender to my fellow officers and to every one of you, my appreciation of your support; and my time and services will always be at your disposal.

"I wish to add, while this Association has not, as yet at least, official standing with the American Bankers' Association, we are indebted to them for the use of this theatre today and for other courtesies. I am looking forward to the day when the larger association shall take an official interest in the smaller."

Treasurer Edward F. Feickert submitted the following official report:

RECEIPTS.

Dues turned over by Organization Committee	$480.00
Dues, eight new members at $10	80.00
Dues, three new members at $5	15.00
Total	$575.00

DISBURSEMENTS.

Expenses, printing, postage, etc., of Organization Committee	$447.51
Printing and stationery	14.65
Typewriting	4.00
Incidental postage	2.54
Cost of Banking Publicity Bulletin	41.00
Refund of dues and interest National Underwriting and Bond Co., San Francisco*	10.45
Balance on hand	54.85
Total	$575.00

The election of officers for the ensuing year resulted in the following choice:

President, Charles B. Hart, Security Trust Co., Wheeling, W. Va.; first vice-president, Herbert Wenig, Windsor Trust Co., New York; secretary, George E. Robertson, Northern Trust Co., Chicago; treasurer, James E. Brock, Mississippi Valley Trust Co., St. Louis; vice-presidents, Benjamin I. Cohen, Portland Trust Co., Portland, Oregon; H. A. Davidson, Home Trust Co., Brooklyn; C. E. Bennett, Tioga County Savings Bank, Wellsboro, Pa.; Frederick Phillips, Lincoln Trust Co., New York; G. W. Galbreath, Third National Bank, St. Louis; Percy D. Haughton, City Trust Co., Boston; Charles N. Hanna, Iron City Trust Co., Pittsburgh.

* Not eligible under by-laws of Association.

Mr. Robertson having declined to serve as secretary, Mr. Phillips will continue in the office until his successor is appointed.

The present membership of the association is made up of the following institutions:

Union Savings Trust Co., Cincinnati; Interstate Trust & Banking Co., New Orleans; Long Island Loan & Trust Co., Brooklyn; American Trust Co., South Bend, Ind.; Security Trust Co., Wheeling, W. Va.; Portland Trust Co. of Oregon, Portland; Guarantee Title & Trust Co., Pittsburgh; Barre Savings & Trust Co., Barre, Vt.; Granite Savings Bank & Trust Co., Barre, Vt.; Title Guarantee & Trust Co., Atlanta, Ga.; Lowry National Bank, Atlanta, Ga.; Union Bank & Trust Co., Helena, Mont.; Security Storage & Trust Co., Baltimore; State National Bank, Bloomington, Ill.; United States Trust Co., Louisville, Ky.; Trust Co. of Dallas, Dallas, Texas; National Bank of the Republic, Chicago; City Trust Co., Boston; Central Trust Co., Camden, N. J.; United States Mortgage & Trust Co., New York; Union Bank & Trust Co., Houston, Texas; Yakima Trust Co., North Yakima, Wash.; City Bank & Trust Co., New Orleans, La.; Woods National Bank, San Antonio, Texas; Mercantile Trust Co., St. Louis; First National Bank, Chicago; Citizens' Bank, Henderson, N. C.; National Underwriting & Bond Co., San Francisco; New Castle Savings & Trust Co., New Castle, Pa.; Tioga County Savings & Trust Co., Wellsboro, Pa.; Newton Centre Trust Co., Newton Centre, Mass.; State Savings Bank, Detroit; the People's Savings Bank, Detroit; Pacific National Bank, Tacoma, Wash.; Third National Bank, St. Louis; Guarantee Trust Co., Atlantic City, N. J.; Dominick & Dominick, 100 Broadway, New York; Equitable Trust Co., Chicago; Royal Trust Co., Chicago; Commonwealth Trust Co., St. Louis; Iron City Trust Co., Pittsburgh; National Bank of Republic, Chicago; Cleveland Trust Co., Cleveland; Van Norden Trust Co., New York; Northern Trust Co., Chicago; Plainfield Trust Co., Plainfield, N. J.; Windsor Trust Co., New York; Redmond & Co., New York; Guardian Trust Co., New York; Los Angeles Trust Co., Los Angeles, Cal.; Union Trust Co., Detroit, Mich.; First National Bank, Oswego, N. Y.; Diamond National Bank, Pittsburgh; Central Trust & Savings Co., Philadelphia; American Security & Trust Co., Washington, D. C.; Home Trust Co. of New York, Brooklyn; Lincoln Trust Co., New York; Old Colony Trust Co., Boston; Mississippi Valley Trust Co., St. Louis; Union Trust Co., Philadelphia.

FIDELITY NATIONAL BANK, SPOKANE, WASHINGTON.

IN a neat, tinted folder issued by the Fidelity National Bank of Spokane, Washington, the statement of its September 4 condition is supplemented by the graphic reminder that the Fidelity is the pioneer bank of the Spokane country, established in 1882, and by the striking figures showing two years' progress: "Deposits August 31, 1904, $432,000; August 31, 1905, $642,000; August 31, 1906, $1,032,000; September 4, 1906, $1,086,287.50." Clever wording in a bid for business is a good thing, but the strength of the appeal that presents itself in substantial figures is not to be underrated.

NATIONAL BANK OF THE REPUBLIC, CHICAGO.

THE National Bank of the Republic, Chicago, has sent out to banks and bankers throughout the country a "Banking Notice," printed in colors on heavy paperboard convenient for hanging, directing attention to the bank's especial facilities for transferring money to the Northwest Provinces of Canada. It contains a small map of the Canadian Northwest, showing the railroads in existence and under construction, with marginal alphabetical lists of the principal towns in Manitoba, Saskatchewan and Alberta, and among other things says: "Send all your Canadian business, including collections, to the National Bank of the Republic, Chicago. It will be pleased to serve you, notwithstanding you may have no account on its books." With the card or poster is sent a facsimile letter, personally addressed, explaining the bank's methods and describing in detail its facilities, and accompanied by several forms of reading notices as suggestions for publication in the local newspapers.

SECOND NATIONAL BANK OF JERSEY CITY.

IN publishing its statement of condition on September 4, the Second National Bank of Jersey City, N. J., includes with it a statement of its facilities, enumerating twenty-seven different kinds of business which it is qualified, equipped and permitted by law to transact. In prefacing its statement it says:

"The facilities which we have to offer are submitted herewith as evidence that the National Bank Act under which our charter was obtained in 1865, and by which we are still regulated, is not so circumscribed as to prohibit us from cheerfully extending to the residents of Jersey City and to others every banking accommodation that their business and financial operations naturally demand." On the back of the folder it is stated that the management and policy of the bank changed on April 6, 1906, since which time, to September 4, a period of less than five months, there had been an increase in deposits of thirty-five per cent.

CLEVELAND TRUST COMPANY.

THE Cleveland Trust Company of Cleveland, Ohio, utilizes one of the lessons of the San Francisco fire in an ingenious and attractive manner. It has issued a little folder presenting on the cover a picture of San Francisco in flames, while the inside pages are devoted to an engraved reproduction of an article that headed the editorial column of the San Francisco "Call" shortly after the catastrophe.

"In the midst of that fierce conflagration," it says, to quote an extract, "when ordinary 'fire and burglar proof' safes were bent, warped or sprung open and their valuable contents destroyed, in some instances to the actual fusion of money, watches and jewelry into one shapeless mass, the careful citizen who had stored his precious documents and family relics in a safe deposit box felt no anxiety concerning them. He knew that they were practically safe, as they turned out to be."

Then follows the statement that "There are no stronger safety deposit boxes on earth than those of the Cleveland Trust Company. They afford absolute safety and security."

CENTRAL TRUST COMPANY OF ILLINOIS, CHICAGO.

AN especially attractive example of modern banking publicity is the series of postal cards issued by the Central Trust Company of Illinois, Chicago. The first shows the architecturally beautiful new home of the company at 152 Monroe street; the others are miniature productions, in colors, of the sixteen historical mural paintings by Lawrence C. Earle which adorn the walls of the banking-rooms, depicting scenes indicative of Chicago's marvellous growth. The titles deserve mention here: Winter Quarters of Father Marquette, 1674; the First Fort Dearborn, built 1803; the Kinzie House, near Fort Dearborn, in 1804; Last Council of the Pottawatomies, 1833; the Chicago River in 1833; First Bridge Across the Chicago River, 1834; First Grain Elevator in Chicago, 1838; First Railway Station in Chicago, 1849; the Great Flood in the Chicago River, 1849; Chicago Office of Frink & Walker's Stage Lines, 1850; Illinois Central Railroad Station, 1856; Clark Street, between Lake and Randolph, 1857; the Ogden Residence after the Fire of 1871; World's Columbian Exposition, 1893; the Rock Cut in the Drainage Canal, 1899; Chicago River at Lake Street Bridge, 1900. The cards are real works of art, and the publicity idea is excellent.

FIRST NATIONAL BANK OF SCRANTON, PENNSYLVANIA.

THE foregoing is the title of a handsomely-bound volume of over 200 pages, giving a historical and descriptive account of the institution whose name it bears. The compilation and necessarily limited distribution of so voluminous and costly a work can hardly be classed as belonging to the methods of modern banking publicity; yet it serves a most useful purpose, and is an example well worthy of emulation by pioneer banking institutions.

The history of a long-established bank is in truth the material history of the community in which it has lived and flourished. Its origin, life and progress are co-incidental and co-ordinate with the industrial and commercial growth of the city or town whose interests it has served. Its officers and directorates are representative of the merchants and manufacturers of sterling worth who have made the embryo town the prosperous business centre of today. These founders and developers ought, not only as deserving on their account, but as an example to the rising generations, to be perpetuated in the memories of the townspeople, by having the records of their deeds and accomplishments compiled and inscribed in some enduring form. It should be a duty, as well as a pleasure, on the part of someone among their associates or successors, to see that this is done, and certainly no biographer could be better fitted for the work by inclination and resources than the banking institution, organized for the business welfare of the community, which they served so long and well.

For these reasons the work in question, and others of a similar character, telling the story of the bank's rise and progress in painstaking but interesting detail, printed in large, clear type and abundantly illustrated, is not only a worthy tribute to the business pioneers and founders and a valuable addition to the historical lore of its community, but a meritorious contribution to the banking literature of the nation.

FROM CURRENT ADVERTISING.

UNITED States government bonds are absolutely safe, but they yield only 2 per cent. or 3 per cent. This bank offers you in its savings department an investment which is just as reliable, just as safe, and which yields 4 per cent. interest, compounded semi-annually. Send for Booklet No. 6.—Citizens Savings and Trust Company, Cleveland, Ohio.

Your correspondent should be more than a depository for idle money. —Reserve Trust Company, Cleveland, Ohio.

You will save time and interest on your live-stock business by having an account with us.—National Live Stock Bank of Chicago.

This bank is pleased to place at the disposal of its customers the facilities gained during forty years of continuous service and growth. —Commercial National Bank of Chicago.

With net assets double its capital. Pays no interest on deposits but does a legitimate banking business. We solicit and will appreciate your patronage.—Mercantile Bank, Memphis, Tenn.

Coupon certificates of deposit issued by the Pittsburg Trust Company bear 4 per cent. interest from date of issue—coupons collected through any bank—absolutely private when payable to "bearer"—collateral for loans—cashed on 60 days notice—after death of non-resident owner, the funds may be obtained without local administration. —Assets $16,000,000. Write for free booklet F.—Pittsburg Trust Company, Pittsburg, Pa.

A CURRENCY REFORM SUGGESTION.

WAVERLY, N. Y., Oct. 2, 1906.

Editor Bankers' Magazine:

SIR:—Receiving the abstract of the condition of the National Banks for September 4th today from the Comptroller of the Currency, I was curious to figure out the result if the present Trust Company Reserve Law for this state were applied.

If I have made no error, it would add to the present volume of currency in use, provided the banks lived up to the exact percentage—ten per cent. for country banks and fifteen for reserve banks—over $233,000,000, and to this could be added for use in business ways the excess amount now carried in the reserve banks, for the first item means cash only. If to this could be added the cash in the Government vaults, and with national bank notes received for all purposes the same as Government notes, as they should be, the law changed so that cash was not required always for payment to the Government (or nearly so), I think it would come to pass that there would be plenty of currency for all uses. By adding cash in Government vaults, I mean that it should be deposited in the regular way and not held out of circulation as now.

This would be true currency reform and would get our financial system down to a common-sense basis.

F. E. LYFORD,
President First National Bank.

MODERN FINANCIAL INSTITUTIONS AND THEIR EQUIPMENT

CENTRAL TRUST COMPANY OF ILLINOIS, CHICAGO.

THE beautiful home of the Central Trust Company of Illinois, 152 Monroe street, Chicago, was purchased and occupied by that institution in January, 1906. Erected from plans by Architects Jenney & Mundie, it typically represents the highest development of modern ideas in bank designing, construction and equipment.

CHARLES G. DAWES.
President Central Trust Company of Illinois, Chicago.

Of the Corinthian order of architecture, with four immense columns fifty feet in height ornamenting its facade, the building is a striking symbol of strength and solidity. To a depth of fifty feet the structure is four stories. The remainder of the ground area, 138 feet deep, is covered by the banking-room, one story, and roofed entirely with glass.

This room is a model of elegance and artistic decoration. The great public space between the counters partially enclosing three sides of the room is floored with Vermont marble, the counters are of green marble, and the walls to a height reaching nearly to the ceiling are covered with inlaid panels of Pavanazzo marble. In the space between the marble paneling and the glass ceiling are sixteen semicircular oil-paintings representing striking scenes and incidents in the history of Chicago, from

CENTRAL TRUST COMPANY OF ILLINOIS, CHICAGO.

the first treaty with the Indians to the present time. All the woodwork in the main banking-room, as also in the officers' and customers' rooms, is mahogany, and the railings and grillework are of solid bronze.

Ten immense vaults at the rear of the banking-floor provide security for the company's books, money and valuables at the close of the day's business. In the basement are the safe deposit vaults, which with their various lobbies, women's room, committee and coupon rooms, are among the most completely equipped and luxuriantly furnished in the world. Electric elevators furnish connection with the offices and rooms on the floors above. The building has a unique and effective system of heating and ventilating, and is absolutely fireproof. Altogether it is safe to say that no banking institution in the United States is better housed or better equipped for efficient service than is the Central Trust Company of Illinois in Chicago.

The Central Trust Company of Illinois was established in 1902. It does a general banking, savings and trust business, and its safe deposit vaults are one of the notable institutions of Chicago. It has a capital of $2,000,000, surplus and undivided profits of more than $900.000, and its deposits are over $10,000,000. The officers are: President, Charles G. Dawes, ex-Comptroller of the Currency; vice-presidents, W. Irving Osborne and A. Uhrlaub; cashier, William R. Dawes; assistant-cashiers, L. D. Skinner, D. H. Rood and W. W. Gates; secretary, Albert G. Mang; assistant secretary, Malcolm McDowell.

The exceptionally strong directorate consists of A. J. Earling, president Chicago, Milwaukee & St. Paul Railroad; P. A. Valentine, vice-president Armour & Co.; Arthur Dixon, president Arthur Dixon Transfer Co.; Charles T. Boynton, of Pickands, Brown & Co.; Alexander H. Revell, president Alex. H. Revell & Co.; S. M. Felton, president Chicago & Alton Railroad; T. W. Robinson, vice-president Illinois Steel Co.; Chandler B. Beach, of C. B. Beach & Co.; George F. Steele, Port Edward Fibre Co.; W. Irving Osborne, vice-president, and Charles G. Dawes, president.

CASSATT & COMPANY, BANKERS AND BROKERS.

AMONG the financial houses of Philadelphia whose careers are marked by a long and honorable record of progressive conservatism, the firm of Cassatt and Company, bankers and brokers, stands in the first rank. Established in 1872, it has continued in business uninterruptedly since that time, buying and selling stocks and bonds on commission for a widely extended and constantly increasing clientele, and conducting a general banking business.

On the 1st of May last, the firm was augmented by the admission to membership of Robert K. Cassatt and W. Plunket Stewart, at which time the capital and facilities were also increased, making it one of the strongest and best-equipped banking-houses in the city. The business is conducted along thoroughly up-to-date but conservative lines, orders being executed for any class of sound and marketable listed or unlisted securities on commission, and deposit accounts of corporations, firms and individuals received. The firm makes investment securities a specialty.

Cassatt and Company's offices, located in the Arcade Building, adjoining the Broad Street Station, are in the center of the city's business activity and convenient to the shopping district, and while provided with every modern facility for transacting business with dispatch, are especially arranged and equipped for the comfort and convenience of customers.

MERCHANTS' LOAN AND TRUST. COMPANY, CHICAGO.

PRESIDENT ORSON SMITH of the Merchants' Loan and Trust Company of Chicago is a thorough Chicagoan, having been born in that city in December, 1841, and his rise to the presidency of one of Chicago's most widely known banking institutions has been won by merit and individual effort.

Mr. Smith's first banking experience was with F. Granger Adams, a private banker on Clark street in the old-time banking days of Chicago.

ORSON SMITH,
President Merchants' Loan and Trust Company, Chicago.

After serving a number of years with Mr. Adams, he became assistant cashier of the old Traders' Bank. When the Corn Exchange Bank was organized in 1870, he was made cashier, serving that institution until 1884, when he was called to the vice-presidency of the Merchants' Loan and Trust Company. In 1898 he succeeded John W. Doane as president.

At that time the Merchants' Loan and Trust Company had a capital of $2,000,000, surplus of $1,000,000, and the deposits were about $18,-000,000. Since Mr. Smith assumed the presidency the company has increased its capital to $3,000,000 and surplus to $3,800,000. The deposits have increased to $50,000,000.

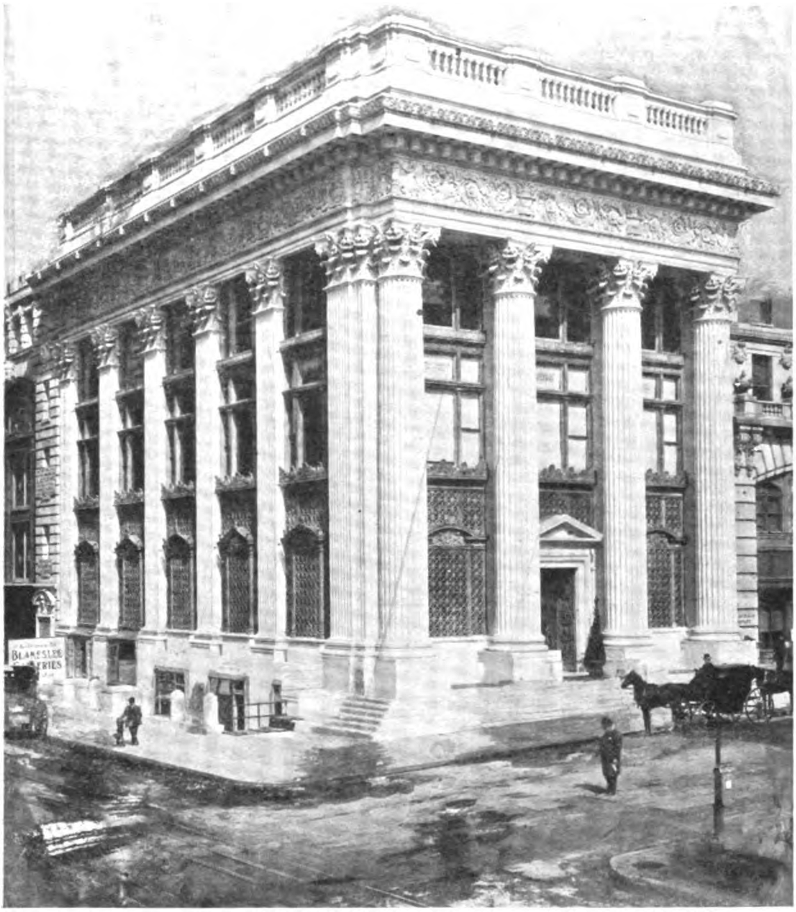
The Bond Department was organized in 1899 and transacts a large business in high grade bonds. The Trust Department was established in 1901, and is growing rapidly. In 1902 the Savings Department was opened, securing a particularly high class of depositors. The Farm Loan Department was created in 1904, and already has established a local demand for farm loans. It is the first bank in Chicago to have such a department.

The stability of the Merchants' Loan and Trust Company and its well-known reputation for conservatism was recognized by the late Marshall Field, who, while being a large shareholder in many other banks, named it as executor and residuary trustee of his vast estate.

KNICKERBOCKER TRUST CO., NEW YORK.

WE show on another page a new view of the beautiful building of the Knickerbocker Trust Co. of New York, which adorns Fifth avenue at Thirty-fourth street. This company has had a remarkable career, even in New York where remarkable banking careers are more or less usual. Organized in 1884 with a capital of $300,000, and no surplus, its management has been such as to bring to it a total of assets at the present time of approximately $75,000,000. Its capital has been increased from time to time until it now stands at $1,200,000, while its earned surplus totals $5,150,000. Deposits aggregate over $67,000,000. The stock of the company is quoted at $1,200 on a par value of $100.

The company has three branch offices—one at 66 Broadway, one at Lenox avenue and 125th street, and one at Third avenue and 148th street. The officers are as follows: Charles T. Barney, president; Frederick L. Eldridge, first vice-president; Joseph T. Brown, second vice-president; Benj. L. Allen, third vice-president; Wm. Turnbull, fourth vice-president; Frederick Gore King, secretary and treasurer; J. McLean Walton, assistant secretary; Harris A. Dunn, assistant treasurer. Trust department: Wm. B. Randall, trust officer; H. M. DeLanoie, assistant trust officer. Harlem branch, Wm. F. Lewis manager. Bronx branch, John Bambey manager.



THE KNICKERBOCKER TRUST CO. BUILDING, FIFTH AVENUE, NEW YORK.

ISLAND CITY NATIONAL BANK, KEY WEST, FLA.

THE new building of the Island City National Bank, Key West, Florida, is of unique interest as being the home of the southernmost national bank in the United States. An excellent postal-card picture of the building, distributed as a souvenir of the Island City, is one of the bank's enterprising methods of publicity. Another is a financial statement printed on a neat folder and personally addressed. "The Island City National Bank," it says, "wishes the account of Mr. ...., and will extend the utmost liberality consistent with safe banking. 'WE HOLD THEE SAFE.' We are very young, but watch us grow."

The Island City Bank is scarcely more than a year old, having commenced business October 16, 1905. It has an authorized capital of $100,000, a surplus fund of $1,500, and its deposits on September 26, 1906,

ISLAND CITY NATIONAL BANK, KEY WEST, FLA.

representing less than a year of growth, were $62,166.98. The officers are: George S. Waite, president; Charles R. Pierce, vice-president; E. M. Martin, cashier. Directors: George S. Waite, John T. Sawyer, Theodore Sweeting, Charles R. Pierce, Richard Peacon, J. M. Phipps and E. M. Martin.

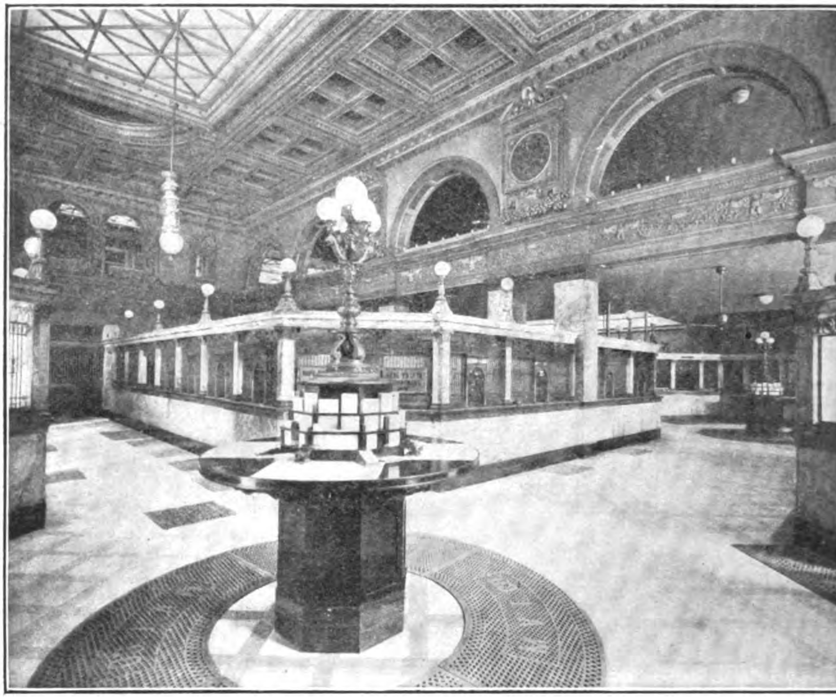
MISSISSIPPI VALLEY TRUST CO., ST. LOUIS.

DURING the recent annual convention of the American Bankers' Association in St. Louis the Mississippi Valley Trust Company entertained its guests in a very fitting manner. Prior to and during the convention handsomely engraved invitations were issued inviting visitors to inspect the company's offices and safe-deposit vaults and ex-

MISSISSIPPI VALLEY TRUST CO., ST. LOUIS.

tending them the privileges of its private library and reading-rooms, where a stenographer rendered free service. Many took advantage of a beautiful souvenir post-card, showing the exterior of the company's building to let "the folks at home" hear a word of news. A dainty and

JAMES E. BROCK,
Secretary Mississippi Valley Trust Co., St. Louis.



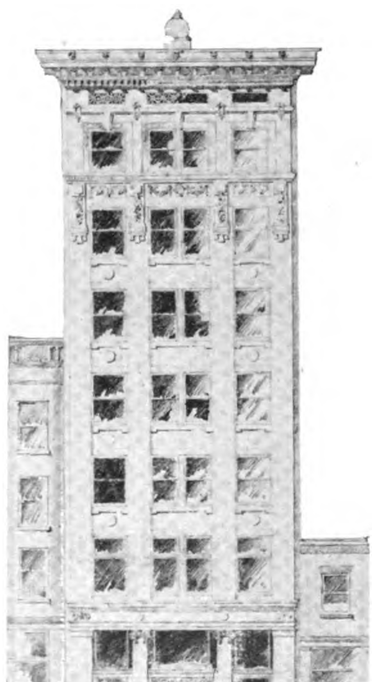
BANKING ROOM—Showing Bond, Safe Deposit, Financial and Real Estate Departments and Executive Offices on Main Floor, and Library and Trust Department in the Entresol.

IN THE LIBRARY—Where Luncheon was Served During the Convention.
MISSISSIPPI VALLEY TRUST CO., ST. LOUIS.

substantial luncheon was served in the entresol of the building, and a reproduction of the table, which seated about thirty at a time, is herewith presented. Other views are also shown in this issue. All those who visited the offices of the company were cordially received, and many compliments were expressed on the manner in which the Mississippi Valley Trust Company entertained. Several officers of the company held prominent positions on the executive, entertainment and reception committees, and assisted largely towards the general success of the convention. Five clerks from this institution were detailed as aides, and devoted the entire week to the entertainment of visitors and to duties at the convention hall.

UTAH SAVINGS AND TRUST CO., SALT LAKE CITY.

ONE of the modern financial institutions of the Far West that is signalizing its prosperity by the erection of a new banking building is the Utah Savings and Trust Company of Salt Lake City, which has under construction a seven-story fireproof structure of marble and reinforced concrete on Main street, between Second and Third streets, that will be one of the handsomest and most completely equipped business edifices in the city. The first story and basement will be de-



UTAH SAVINGS AND TRUST COMPANY BUILDING, SALT LAKE CITY.

voted to the uses of the trust company, and the floors above will be rented for office purposes.

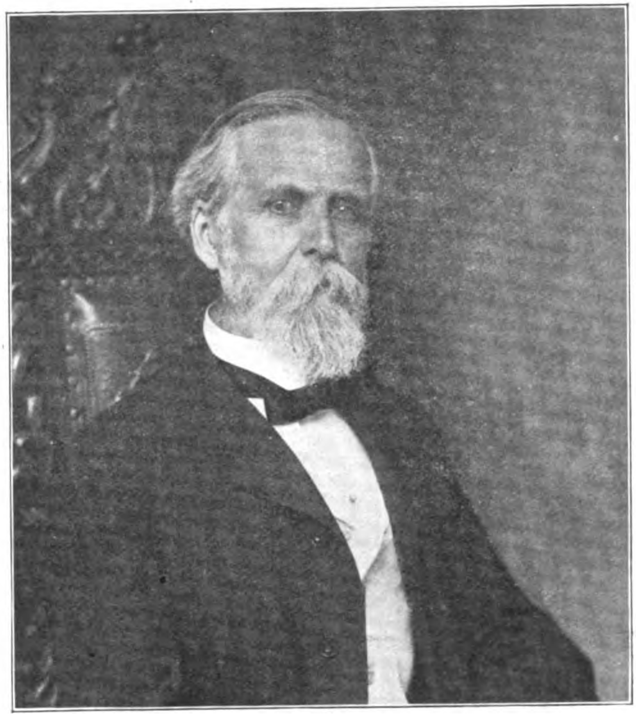
The Utah Savings and Trust Company was established in 1889, and has a capital of $250,000 and nearly $1,000,000 deposits. The officers are: W. S. McCormick, president; J. J. Daly, vice-president; Heber M. Wells, secretary and manager; George E. Forrester, assistant manager.

OLD NATIONAL BANK, GRAND RAPIDS, MICH.

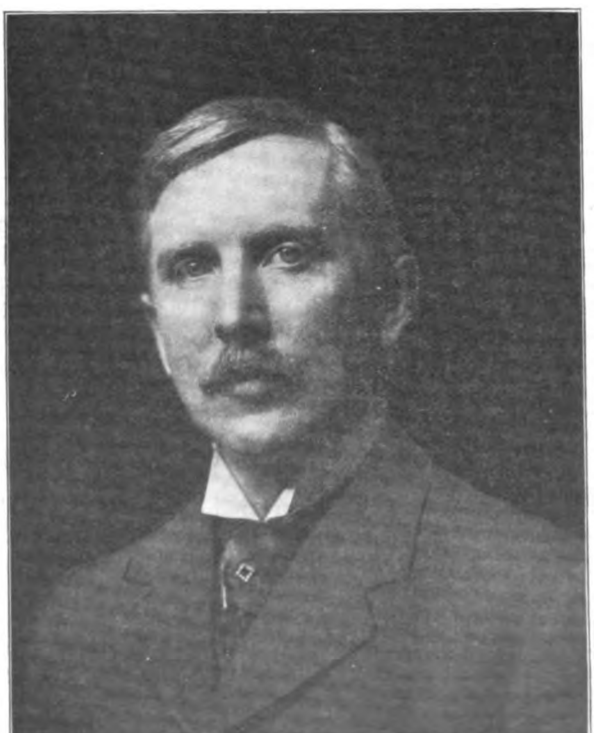
WE show in this issue portraits of some of the officials of the Old National Bank of Grand Rapids, Michigan. The Old National was organized in 1854, is the largest bank in Western Michigan and well known throughout the country. Its capital is $800,000,

J. M. BARNETT,
President Old National Bank, Grand Rapids, Mich.

surplus and profits $500,000, deposits $5,000,000 and total assets over $7,000,000. The officers are as follows: President, J. M. Barnett; vice-presidents, Willard Barnhart and Harvey J. Hollister; cashier, Clay H. Hollister; assistant cashier, Herbert A. Woodruff.



HARVEY J. HOLLISTER,
Vice-President Old National Bank, Grand Rapids, Mich.



CLAY H. HOLLISTER,
Cashier Old National Bank, Grand Rapids, Mich.

NATIONAL DEPOSIT BANK, PHILADELPHIA.

A REMARKABLE record of banking growth is that of the National Deposit Bank of Philadelphia. Opened for business on October 2, 1905, with capital stock of $200,000, fully paid, and surplus of like amount, its report to the Comptroller on November 9,

WM. B. VROOMAN,
Cashier National Deposit Bank, Philadelphia.

1905, showed deposits of $184,121, and total assets of $497,388. In the succeeding ten months, as shown by the report of September 4, 1906, the deposits increased to $730,792 and the assets to $1,415,483.

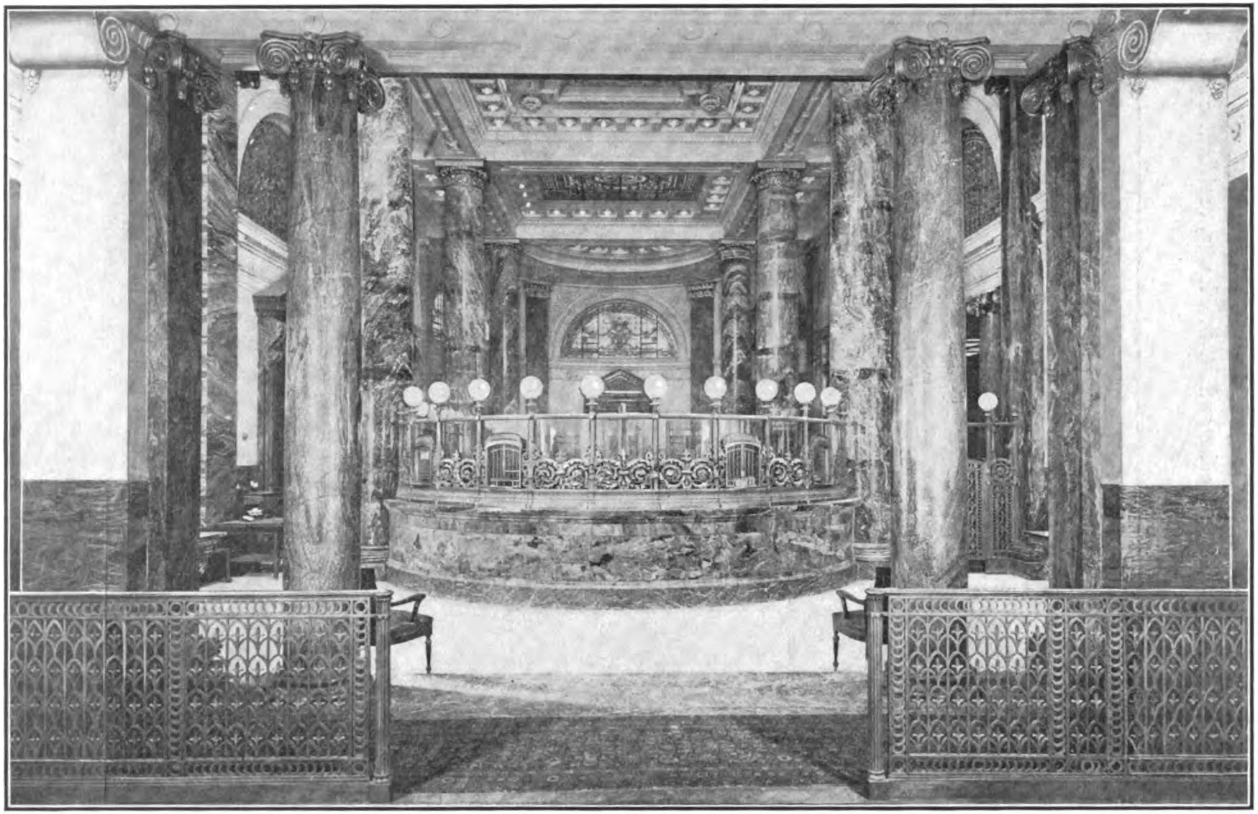
The officers of the National Deposit Bank are: President, John F. Finney; vice-presidents, A. C. Woodman and W. R. Paul; cashier, William B. Vrooman; general counsel, F. B. Bracken; notary, F. X. Connolly.

THIRD NATIONAL BANK OF SAINT LOUIS.

THE picture shown herewith represents the proposed bank and office building to be erected by the Third National Bank of Saint Louis, from plans by Architects Eames & Young of that city. The structure will be eighteen stories in height, fronting 75 feet on Olive street and 127 feet on Broadway, and will cost with the site about $2,000,000. It will be of steel, brick and granite, and modern in every respect as to construction and appointments. The banking-rooms will occupy the entire first floor and a part of the second. It is expected that the building will be completed during 1907.

The Third National Bank of Saint Louis has a capital of $2,000,000 and a like surplus, and its deposits aggregate about $27,000,000. C. H. Huttig is president; W. B. Wells, vice-president; G. W. Galbreath, cashier; J. R. Cooke, D'A. P. Cooke and R. S. Hawes, assistant cashiers; H. Haill, auditor.

PROPOSED NEW BUILDING OF THE THIRD NATIONAL BANK, ST. LOUIS.



MAIN BANKING ROOM, UNITED STATES MORTGAGE AND TRUST CO., NEW YORK.

PUBLISHERS ANNOUNCEMENTS

THE BANKERS' MAGAZINE FOR 1907.

ANOTHER year is drawing to a close, and THE BANKERS' MAGAZINE is already arranging to more fully meet the requirements of its large and growing circle of readers for the coming twelve months. It is believed that the improvements inaugurated in the past year have been such as to sustain the promises made at the beginning of 1906.

During 1907 the features that have given the MAGAZINE its present standing as the representative banking and financial periodical of America will be maintained and strengthened wherever possible. The new departments devoted to Trust Companies, Savings Banks and Banking Publicity will be continued, as well as the regular departments, and plans have been perfected for enhancing their interest and practical value.

Questions of great concern to the bankers of the country will be prominent before Congress this winter, and these questions will be fully and impartially treated by the Editor, as well as by leading bankers and financial experts.

THE BANKERS' MAGAZINE has labored earnestly for sound currency, a just system of government, and such regulation and control of banking as would insure the highest possible standard, and thus contribute to the safety and prosperity of all classes of banks, and the well-being of the people.

Desiring to keep thoroughly in touch with the interests of its readers, THE BANKERS' MAGAZINE will welcome suggestions and criticisms from its subscribers, offered with a view to increasing the usefulness of the publication.

APPRECIATION OF THE BANKERS' MAGAZINE.

FROM the many letters of appreciation received at this office we have selected the following for publication. It is from Mr. Alphonse Desjardins, president of La Caisse Populaire de Levis, at Levis, Quebec, who writes under date of October 20:

"Allow me to state here my admiration for the way your MAGAZINE is made. It is to my mind the most valuable financial review that one can read. The variety and value of the subjects treated, as well as the high authority of your contributors, is really a marvel to me, and offers the greatest possible interest to anyone desiring to keep himself well posted in these matters."

How to Buy Life Insurance. By Q. P. New York: Doubleday, Page & Co.

In this work a sharp distinction is made between insurance and investment, the author stating that insurance is not investment, but protection, and therefore has to be paid for. "Industrial" insurance is strongly condemned, and the other kinds are fully described and their comparative advantages explained with apparent impartiality. Contrasting the cost of administering the savings banks and some of the insurance companies, it is said:

"The savings banks of New York State have more assets than the three greatest insurance companies. Their expenses in 1904 were $4,441,026. The expenses of the three largest life insurance companies—the Equitable, the Mutual and the New York Life—were for 1904, $50,950,308. The number of their policyholders almost equals the number of depositors in the New York State savings banks. The cost of management of each of the depositor's accounts was $1.81. The cost of managing each policyholder's account averaged $23.76."

A great deal of money is paid to insurance companies by people who do not need insurance, in the belief that they are wisely investing their savings. For those who require protection life insurance has obvious advantages; but for those who merely desire to invest their surplus earnings the savings bank offers superior attractions.

The author has contributed much valuable information about a subject but little understood. Indeed, if those who so generously contribute to swelling the huge aggregate funds of the life insurance companies really knew what they were doing, the growth of the companies would not be so rapid as it has been. "How to Buy Life Insurance" is worthy of careful study by every present or prospective policyholder. It clearly upholds principles that cannot be disregarded if popular faith in life insurance is to be maintained.

The Pitfalls of Speculation. By Thomas Gibson. Price, postpaid, $1.10. New York: The Moody Corporation.

In a foreword to his book, Mr. Gibson says: "So great are the opportunities offered by speculative changes, that, with proper methods and self-control, the poor man cannot afford to overlook them." This seems to be about the worst possible advice to the poor man, whatever it may be to others. If there is any one who ought to shun speculation it is the man of limited means. Even with the employment of proper methods, and the exercise of self-control, the chances of loss are such as no poor man can afford to take. For him there can safely be no such thing as speculation. He must be an investor purely until his accumulations put him in a different category.

But for the well-to-do or the rich who can afford to take the risk of loss inseparable from speculation, Mr. Gibson has provided much sound and valuable information. He has clearly and admirably stated the principles that should govern operations in the market and has removed a number of popular misconceptions about speculation. In contending for the substitution of judgment based upon intelligent investigation in place of haphazard methods and "systems" in speculative trading, Mr. Gibson has given the speculator a valuable tip, which he should follow; but which, being a speculator, he probably will not. The man who can afford to speculate will get many excellent hints from "Pitfalls of Speculation," while others cannot act upon any better advice than Punch's to those about to marry—"don't."

Oppenheim's Universal Interest Tables. Compiled by Frederick Oppenheim. London: Effingham Wilson.

These tables have been compiled to facilitate calculations of interest on bills of exchange, loans, accounts, etc. Calculations are given based both upon 360 and 365 days to the year, commencing at one-sixteenth per cent. a year and advancing by one-sixteenth per cent. up to six per cent.

Foibles of the Bench. By Henry S. Wilcox. Price, $1.00. Chicago: Legal Literature Co.

The author defines judicial functions, and under the guise of various cognomens presents types of several kinds of judges. There is humor as well as sound sense in the book.

The Teller's Tale. By Phil A. Rush. Price, $1.25. New York: The Knickerbocker Press.

Mr. Rush has written an interesting story dealing with the embezzling of a bank's funds, the assumption of guilt by an innocent clerk, and the rewards which are properly supposed to appertain to self-sacrifice. Incidentally a plan is given for making it difficult for a bank clerk to cover up irregularities in depositors' accounts.

Canadian Annual Financial Review. Compiled by W. R. Houston. Toronto: Houston's Standard Publications.

This is a carefully-revised presentation of facts relating to banks, railway, industrial and other corporations in the Dominion of Canada.

MONEY, TRADE AND INVESTMENTS

New York, November 3, 1906.

THE DEMAND FOR MONEY has been the unsettling influence of the past month. The plan of the Secretary of the Treasury, put in operation on September 10 last, to encourage imports of gold, worked to the advantage of this country for a time. Its net result was the drawing of more than $43,000,000 gold from abroad, with enough more engaged to make a total of about $50,000,000 when all has arrived.

In the month of September more than $29,000,000 gold net was imported, and for the nine months of the calendar year the gain in gold exceeds $75,000,000. October imports will probably bring the total to $100,000,000. Such an addition to the basis of our currency system, with the large increase that has taken place in bank-note circulation, ordinarily would have been more than sufficient to guarantee easy money for some time to come.

But the general activity in all lines of business and the great increase that has taken place in values of securities, commodities and real estate, to say nothing of particular lines of speculation, such as is now witnessed in mining properties, have pushed the demand for money even ahead of the supply, and at the present time there is no little uneasiness as to the future of money.

After standing the drain of its gold for some time the Bank of England took heroic measures to check it. On October 11 it advanced its rate of discount to five per cent. At the next weekly meeting of the directors nothing more was done, but on the following day, Friday, the 19th, it raised the rate to six per cent. Both the rate and the time of advancing it caused dismay. Six per cent. is the highest rate that the Bank of England has made since 1873, and only three times before in the last twenty years has the rate been even as high as six per cent. That rate was maintained from December 30, 1889, to February 20, 1890; from November 7, 1890, to December 4, 1890, and from November 29, 1899, to January 10, 1900.

Rarely has the Bank of England made a change in its rate of discount except on Thursday, and when it has acted on some other day of the week there have been exceptional causes to require prompt action. On Tuesday, October 3, 1899, when the Boer War caused a panic, the rate was raised from 3½ to 4½ per cent., two days later, on October 5, to five per cent., and on November 29 following to six per cent. During the Baring troubles the Bank of England advanced its rate to six per cent. on Friday, November 7. Again, on Monday, December 30, 1889, when money was lending in New York at forty per cent., the Bank of England undertook to protect itself with a six per cent. rate.

The present emergency arose out of the drain of gold from two quarters—this country and Egypt. Between August 30 and October 18 the Bank of England had lost $45,000,000 of gold and the demand showed no sign of cessation. A large amount of loans had been made in London for New York and the Bank of England decided to discourage these loans.

That the bank would take some action was not unexpected. The following record of the reserve of the bank for each week of the current year shows in what position it was when it advanced its rate last month:

BANK OF ENGLAND RESERVES.

	Reserve Amount.	Per Cent.		Reserve Amount.	Per Cent.		Reserve Amount.	Per Cent.
Jan. 4......	£28,748,596	29.87	Apr. 19......	£33,795,396	43.70	Aug. 2......	£36,757,012	47.41
" 11......	29,797,458	33.50	" 26......	33,102,326	39.32	" 9......	36,312,391	48.73
" 18......	30,973,515	42.89	May 3......	32,504,720	38.76	" 16......	37,033,197	50.07
" 25......	32,441,150	40.90	" 10......	31,242,165	39.35	" 23......	37,797,410	50.36
Feb. 1......	32,761,730	42.52	" 17......	31,601,725	41.46	" 30......	38,514,765	51.05
" 8......	33,575,356	46.14	" 24......	33,360,349	44.11	Sept. 6......	38,010,988	50.10
" 15......	34,105,344	45.92	" 31......	33,672,322	43.90	" 13......	35,045,706	47.85
" 22......	36,012,971	44.67	June 7......	33,565,371	48.24	" 20......	34,711,211	47.56
Mar. 1......	37,263,884	43.18	" 14......	34,767,926	47.38	" 27......	34,022,166	42.83
" 8......	37,664,219	46.98	" 21......	37,173,152	49.04	Oct. 4......	31,634,753	38.50
" 15......	38,112,003	47.55	" 28......	37,567,502	47.44	" 11......	29,119,163	35.45
" 22......	38,630,343	46.63	July 5......	36,789,509	41.23	" 18......	29,175,010	37.70
" 29......	38,450,218	45.12	" 12......	37,365,965	48.45	" 25......	28,429,264	36.64
Apr. 5......	37,175,809	45.28	" 19......	37,331 992	49.17	Nov. 1......	28,549,851	36.51
" 12......	35,011,655	44.10	" 26......	37,189,724	48.12			

The reserves of the bank on October 18 were not as low as at the beginning of the year, but they were falling so rapidly that there was danger of going even below the minimum point of the year. On January 4 the reserve was below £29,000,000 and the ratio was only 29.87 per cent. At that time the rate of discount was four per cent., and this rate was maintained until April 5, when it was reduced to 3½ per cent., the reserve then being £37,000,000 and the ratio 45.28 per cent. On May 3 the rate was raised to four per cent., the reserve then being £32,000,000 and the ratio 38.76 per cent. On June 21 the rate was again lowered to 3½ per cent., the reserve having increased to £37,000,000 and the ratio to 49.04 per cent. No further change was made in the rate until September 13, when it was restored to four per cent., but the reserve was then £35,000,000 and the ratio 47.85 per cent. When the five per cent. rate was made the reserve had fallen to £29,000,000 and the ratio was down to 35.45 per cent. At the close of the month the reserve was slightly lower, but the ratio was about one per cent. higher.

The effect of the action of the Bank of England was temporarily to disturb the stock and money markets here. The Secretary of the Treasury announced that he would permit national banks to substitute $18,000,000 of state, municipal and railroad bonds for Government bonds as security for public deposits, on condition that the Government bonds so released should be used as the basis of new bank circulation. The Secretary also required that at the same time application should be filed to retire the additional circulation betweeen March 15 and August 10 next

Advantage was taken of this offer of the Secretary and a considerable portion of the bonds substituted. About the same time the Secretary withdrew his offer to permit the deposit of securities against the withdrawal of gold in anticipation of gold imports.

The September 28 circular of the Secretary authorized the deposit of $26,000,000 public funds in national banks, only $8,000,000 of which was allotted to New York banks. Some of the outside banks were unable to comply with the terms of the offer and $4,500,000 additional was turned over to the banks here. Some of the outside banks also transferred to New York correspondents a part of their allotment.

The effort of the Secretary of the Treasury to give relief to the money market by extending the privilege to national banks to substitute municipal bonds to the amount of $18,000,000 for Government bonds deposited to secure public deposits, on condition that the Government bonds should be used as a basis of new circulation, invites inquiry as to the present relation of the national banks with the Government. The expansion of bank circulation has been stimulated until it might well be questioned if it can go much further.

On October 31 the national banks held Government bonds amounting to $539,653,180 as security for bank circulation, or more than fifty-eight per cent. of the entire bonded debt of the Government. They have $91,889,450 additional Government bonds now used as collateral to secure public deposits. Altogether about seventy per cent. of the entire Government bond issues is in use for circulation and Government deposits. Of the $30,000,000 Panama bond issue the national banks hold $29,583,080, and out of the total issue of $595,942,350 of two per cent. bonds those institutions have $547,167,650.

By replacing more of the Government bonds securing public deposits with municipal bonds, the banks might further increase their circulation, but at the present time they have $53,584,480 of state, city and railroad bonds deposited out of a total of $155,578,930. The national banks have $583,000,000 of notes outstanding and nearly $149,000,000 of Government deposits. Were these obligations based upon Government bonds exclusively, it would require the employment of more than eighty per cent. of the entire public debt.

An additional point of interest is the position of the Government as regards its ability to make further deposits of public funds in the banks. The deposits have been larger at times than at present, but are not very far below the maximum record. The public debt statement of October 31 shows that the available cash balance on that date was $223,300,810, while the amount of money on deposit in national bank depositaries was $148,975,346, leaving $74,325,464 actually in the Treasury. This might not seem to be too large a balance for the Government to carry compared with average monthly disbursements of about $50,000,000, but the fact is to be noted that this balance is obtained by deducting $62,130,192 for disbursing officers' balances. Instead of the balance in the Treasury being $74,000,000, therefore, it is in fact more than $136,000,000, and may be safely counted as at least $120,000,000, for rarely in the past eight years have the balances credited to disbursing officers fallen below $50,000,000, the lowest amount reported since October, 1898, being $48,-223,572 on June 30, 1905.

A study of the financial statements of the Government leads to the conclusion that the Treasury is in a much stronger position than it appears to be. This is indicated in a comparison with fifteen years ago, as presented in the following table:

UNITED STATES TREASURY ASSETS AND LIABILITIES.

	October 31, 1891.	*October 31, 1906.*
Certificates and notes	$560,879.410	$1,103,897,869
Bank note redemption fund	5,781,539	23,028,346
Outstanding checks and warrants	3,407,288	13,826,941
Post office and miscellaneous accounts	4,815,258	5,449,089
Total	$574,883,495	$1,146,202,245
Reserve	$100,000,000	$150,000,000
Disbursing officers' balances	26,474,844	62,130,192
Surplus	39,671,920	223,300,810
Total reserve, surplus and balances	$166,146,764	$435,431,002
Total assets	$740,530,259	$1,581,633,247

In fifteen years the assets have increased from $740,000,000 to $1,581,000,000. The largest increase in liabilities is $543,000,000 in certificates and Treasury notes, which now amount to $1,103,897,869, and against which the Treasury holds an equal amount of cash. The bank-note redemption fund has increased $17,000,000 and now exceeds $23,000,000. Increases in other current liabilities amount to $11,000,000.

The Government has increased its reserve against legal tenders from $100,000,000 to $150,000,000. It charges itself with $62,000,000 for disbursing officers' balances as compared with $26,000,000 in 1891, and still has a surplus of $223,000,000 or $183,000,000 more than it had fifteen years ago. Here is an aggregate fund of $435,000,000, most of which is not likely to be drawn upon, or $269,000,000 more than was held in 1891. The Government has in hand sufficient to retire every dollar of its $346,000,000 legal tender notes and after leaving a sufficient sum to meet the drafts of its disbursing officers, still be able to apply some $50,000,000 to the payment of bonds maturing next year.

In the following table is shown the growth of assets and liabilities of the Government yearly since 1896:

GROWTH SINCE 1896.

Oct. 31.	*Total Assets.*	LIABILITIES.			*Surplus.*
		Certificates and Notes.	*Reserve.*	*Other Liabilities.*	
1896	$836,676,221	$564,340,923	$100,000,000	$38,762,537	$133,572,761
1897	831,669,957	580,456,953	100,000,000	43,456,904	107,756,100
1898	933,249,397	553,631,933	100,000,000	79,379,189	200,238,275
1899	1,025,155,849	656,664,903	100,000,000	79,099,406	189,391,540
1900	1,111,071,877	740,965,679	150,000,000	83,101,166	137,005,032
1901	1,213,048,111	803,897,089	150,000,000	83,495,325	175,655,697
1902	1,302,695,753	860,316,569	150,000,000	85,957,306	206,421,878
1903	1,391,066,907	919,843,869	150,000,000	92,585,635	228,637,402
1904	1,409,935,390	1,021,556,969	150,000,000	92,025,624	146,352,797
1905	1,338,792,535	1,009,384,969	150,000,000	97,592,278	131,815,288
1906	1,581,633,247	1,103,897,869	150,000,000	104,434,568	223,300,810

The surplus on October 31 was $223,000,000, the largest reported on the corresponding date in any year in the last eleven years, excepting only 1903, when it was $228,000,000. Another table here presented shows the amount carried in liabilities as "disbursing officers' balances," the effect upon the surplus were this item excluded and the amount held in banks and in the Treasury:

SURPLUS IN TREASURY AND BANKS.

Oct. 31.	*Disbursing Officers Balances.*	*Surplus (including Disbursing Officers Balances).*	*Deposits in Depositary Banks.*	*Balance in United States Treasury.*
1896	$23,715,489	$157,288,250	$16,119,096	$141,169,154
1897	26,891,085	134,647,185	17,159,616	117,487,569
1898	58,911,586	259,149,861	95,014,970	164,134,891
1899	57,031,598	246,423,188	82,050,939	164,372,199
1900	57,059,672	194,064,704	96,478,145	97,586,559
1901	55,480,074	231,135,771	110,840,438	120,295,333
1902	56,203,467	262,625,845	146,885,012	115,740,333
1903	62,939,918	291,577,320	167,329,841	124,247,479
1904	58,424,963	204,777,780	114,558,482	90,219,298
1905	59,511,457	191,326,745	65,726,312	125,600,433
1906	62,130,192	285,431,002	148,975,346	136,455,656

The amount now charged for disbursing officers' balances, $62,000,-000, is nearly the largest ever carried as a liability. If not so charged, the surplus would be $285,000,000. Of this amount, $136,000,000 is in the Treasury and nearly $149,000,000 in the national banks. This is in addition to the $150,000,000 gold reserve held in the Treasury. With the evidence of this large amount of money lying in the Treasury so indisputable, it is not surprising that appeals for help are carried to Washington whenever there is a period of stringent money.

The effort further to expand bank circulation attracts attention to the increase that has already taken place in this form of currency. The last detailed statement of the national banks prior to the passage of the Act of March 14, 1900, which has been largely responsible for the expansion of bank currency, showed that on February 13, 1900, the bank notes outstanding amounted to $204,912,546, while on September 4 last they had reached $517,964,511, an increase of $313,051,965, or 152.7 per cent. The accompanying table shows the location of this circulation, by sections, on both dates and the increase for each section:

NATIONAL BANK CIRCULATION.

	Feb. 13, 1900.	*Sept. 4, 1906.*	INCREASE. *Amount.*	INCREASE. *Per Cent.*	*Ratio of Total Increase. Per Cent.*
New England	$46,301,031	$59,597,31	$13,296,280	28.7	4.2
Eastern	74,133,232	173,116,352	98,983,120	133.4	31.6
Southern	21,837,207	79,193,918	57,356,711	262.6	18.3
Middle Western	49,589,110	142,175,337	92,586,227	186.7	29.6
Western	8,675,188	33,764,980	25,089,792	289.2	8.0
Pacific	4,376,778	29,762,263	25,385,485	580.0	8.2
Island Possessions	....	354,350	354,350	....	0.1
	$204,912,546	$517,964,511	$313,051,965	152.7	100.0

The largest increase is in the Eastern States, closely followed by the Middle Western States, each section gaining more than $90,000,000, while the Southern States gained $57,000,000. The largest percentage of gain is in the Pacific States, 580 per cent.; the Western States next, with 289.2 per cent., and the Southern States third, with 262.6 per cent.

The stock market was irregular at times during the month, but up to the close was generally firm. The political situation had little influence upon the market, the feeling prevailing that the conservative element would predominate and elect Mr. Hughes Governor of New York State.

Several increases in dividends gave evidence of the prosperity which many lines of industry are enjoying. The Pennsylvania Railroad increased its rate of dividend to seven per cent., the highest since 1884. It paid five per cent. until 1900, then increased to six per cent., and now is again on a seven per cent. basis. Atchison declared a semi-annual dividend of 2½ cent., making the annual rate five per cent. This caused some disappointment, as it was expected that the rate would be made six per cent. Norfolk & Western increased its semi-annual dividend on the common stock to 2½ per cent. Last December the rate was raised from three per cent. per annum to four per cent. Amalgamated Copper declared an extra dividend of one-half per cent. in addition to the regular 1½ per cent. The railways are reporting increased earnings almost universally, but their employees are now demanding increased wages, and the Pennsylvania is reported to have conceded a ten per cent. advance. While the railroads admit the justice of increasing wages, the difficulty of readjusting them in the future to meet less favorable conditions is recognized as a serious problem.

The iron and steel industries are showing further improvement. Pig iron production in September increased for the first time in any month since March. The United States Steel Corporation reported net earnings for the September quarter of $38,114,624, as compared with $31,-240,582 in 1905 and $18,773,932 in 1904. The unfilled orders amount to 7,936,884 tons, as against 5,865,377 tons in 1905 and 3,027,436 tons in 1904.

The final returns of crop yield in 1906 show 740,000,000 bushels for wheat, an increase of 47,000,000 bushels over the previous year. Corn is the largest crop ever raised, and is estimated at 2,770,000,000 bushels, exceeding last year's maximum yield by 62,000,000 bushels.

Silver is advancing in price again and is now higher than at any previous time since 1893.

The Money Market.—The month started in with money ruling at high rates, call loans touching nine per cent. on the first of the month. Until the middle of the month the tendency was towards an easier market, but a call from Canada for gold as a result of a defalcation in one of the banks of the Dominion, followed by an advance in the Bank of England rate of discount to six per cent., caused another sharp advance in money here. There was a subsequent decline, but on the last day of the month there was another advance, due to the approaching disbursements for interest and dividends on November 1. At the close of the month call money ruled at 6@9 per cent., with the majority of loans at 7 per cent. Banks and trust companies loaned at 3 per cent. as the minimum. Time money on Stock Exchange collateral is quoted at 7 per cent. for sixty days, 6½@7 per cent. for ninety days and 6 per cent.

for four months to six months, on good mixed collateral. For commercial paper the rates are 6@6½ per cent. for sixty to ninety days' endorsed bills receivable, 6@6½ per cent. for first-class four to six months' single names, and 6½@7 per cent. for good paper having the same length of time to run.

MONEY RATES IN NEW YORK CITY.

	June 1.	*July 1.*	*Aug. 1.*	*Sept. 1.*	*Oct. 1.*	*Nov. 1.*
	Per cent.	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*
Call loans, bankers' balances	2 —4½	2¾ · 6	2 — ½	8 —12	4½—7	6 —9
Call loans, banks and trust companies	3 —	3 —	2 —	3½—	3 —	3 —
Brokers' loans on collateral, 30 to 60 days	4 — ½	4½ 5	3½—4	6½—	7 —	7 —
Brokers' loans on collateral, 90 days to 4 months	4 — ½	4½—5	4¼—5	6½—	7 — ½	6 —7
Brokers' loans on collateral, 5 to 7 months	4½—5	5 — ¾	5 — ½	6 — ½	6½— ¾	6 —
Commercial paper, endorsed bills receivable, 60 to 90 days	5 — ½	5 — ½	5½— ¾	6 —7	6½—7	6 — ½
Commercial paper, prime single names, 4 to 6 months	5 — ½	5 — ½	5½— ¾	6 — 7	6½—7	6 — ½
Commercial paper, good single names, 4 to 6 months	5½—6	5½— 6	6 —	7½—	7½—	6½—7

NEW YORK BANKS.—More and more the weekly statements of the New York Clearing-House banks are coming to be looked upon as wholly misleading. In the two weeks following the advance in the Bank of England rate the loans of the local banks appear to have decreased nearly $30,000,000. It has been wholly impossible to explain this decrease, or to reconcile it with such facts as are generally known. When the Bank of England decided upon this extraordinary course it was understood that the purpose was to force a return to New York of loans held in London, which had become very large. Although loans to a considerable amount have thus been transferred, the New York banks report this large decrease. Some of the loans may have been shifted to the trust companies, and the high rate for money in New York has probably caused interior banks to take over a portion, but allowing for this there is still reason to believe that the statements do not disclose the actual situation. In the first three weeks of the month the banks reported an increase in loans of $31,000,000, so that this item at the end of October is $1,000,000 larger than it was a month ago. Deposits increased $28,000,000 in three weeks, but fell off $46,000,000 in the last two weeks. The surplus reserve is only about $3,000,000, while the total reserves have decreased $14,000,000.

NEW YORK CITY BANKS—CONDITION AT CLOSE OF EACH WEEK.

DATES.	*Loans.*	*Specie.*	*Legal tenders.*	*Deposits.*	*Surplus Reserve.*	*Circulation.*	*Clearings.*
Oct. 6...	$1,052,381,200	$192,084,000	$75,173,800	$1,081,338,700	$9,423,125	$45,749,200	$2,255,022,400
" 13...	1,065,657,800	202,511,200	73,207,200	1,050,776,000	13,024,400	46,154,800	2,101,120,100
" 20...	1,082,358,500	200,395,700	71,388,400	1,062,332,600	6,200,950	46,471,700	2,054,023,100
" 27...	1,082,333,200	194,349,600	69,998,600	1,034,698,100	5,673,675	46,724,600	2,066,619,600
Nov. 3...	1,052,790,900	187,652,200	69,353,600	1,015,824,100	3,049,775	49,024,700	1,973,259,500

DEPOSITS AND SURPLUS RESERVE ON OR ABOUT THE FIRST OF EACH MONTH.

MONTH.	1904.		1905.		1906.	
	Deposits.	*Surplus Reserve.*	*Deposits.*	*Surplus Reserve.*	*Deposits.*	*Surplus Reserve.*
January	$866,178,900	$9,541,850	$1,104,049,100	$13,683,425	$977,651,300	$4,292,575
February......	1,023,943,800	25,129,050	1,189,828,600	26,979,550	1,061,403,100	11,127,625
March.........	1,027,920,400	32,150,200	1,179,824,900	14,646,075	1,029,545,000	5,006,755
April..........	1,069,369,400	27,755,050	1,138,661,300	8,664,575	1,004,290,500	5,181,270
May...........	1,114,367,800	33,144,250	1,146,528,600	16,665,250	1,028,683,200	10,367,400
June..........	1,098,953,500	29,692,325	1,136,477,700	6,050,275	1,036,751,100	6,816,025
July...........	1,152,988,800	36,105,300	1,166,038,900	11,658,875	1,049,617,000	12,055,750
August	1,204,965,600	55,989,600	1,190,744,900	15,305,975	1,060,116,900	18,892,475
September....	1,207,302,800	57,375,400	1,166,587,200	5,498,785	1,042,057,200	2,869,400
October.......	1,212,977,100	19,913,425	1,080,465,100	7,440,025	1,034,059,000	12,540,350
November....	1,204,434,200	16,793,650	1,042,092,300	12,430,925	1,015,824,100	3,049,775
December	1,127,878,100	8,539,075	1,023,882,300	2,565,375	....	....

Deposits reached the highest amount, $1,224,206,600, on September 17, 1904; loans, $1,146-163,700 on August 5, 1905, and the surplus reserve $111,623,000 on Feb. 8, 1894.

NON-MEMBER BANKS—NEW YORK CLEARING-HOUSE.

DATES.	*Loans and Investments.*	*Deposits.*	*Specie.*	*Legal tender and bank notes.*	*Deposit with Clearing-House agents.*	*Deposit in other N. Y. banks.*	*Surplus Reserve.*
Sept. 29.....	$132,524,100	$139,132,500	$5,468,900	$7,507,600	$13,234,800	$4,512,500	* $4,059,825
Oct. 6.....	133,208,700	141,604,800	5,325,800	7,397,800	14,912,400	5,000,700	* 2,764,375
" 13....	133,599,800	141,499,100	5,476,500	7,771,600	13,758,100	4,744,700	* 3,623,875
" 20.....	132,727,700	141,445,800	5,463,200	7,521,400	14,016,500	4,820,000	* 3,540,350
" 27.....	132,580,000	140,084,600	5,719,400	7,422,000	12,601,600	4,434,800	* 4,843,350

* Deficit.

BOSTON BANKS.

DATES.	*Loans.*	*Deposits.*	*Specie.*	*Legal Tenders.*	*Circulation.*	*Clearings.*
Sept. 29........	$185,070,000	$206,909,000	$17,561,000	$5,374,000	$7,755,000	$188,860,000
Oct. 6........	185,316,000	216,608,000	17,914,000	4,946,000	7,772,000	182,216,400
" 13........	190,563,000	225,005,000	18,220,000	4,962,000	7,784,000	180,566,500
" 20........	193,923,000	229,545,000	17,556,000	5,147,000	7,781,000	187,890,400
" 27........	192,400,000	222,686,000	18,629,000	4,975,000	7,770,000	171,039,100

PHILADELPHIA BANKS.

DATES.	*Loans.*	*Deposits.*	*Lawful Money Reserve.*	*Circulation.*	*Clearings.*
Sept. 29..................	$219,633,000	$249,334,000	$56,606,000	$14,285,000	$148,429,000
Oct. 6..................	222,879,000	252,917,000	58,048,000	14,291,000	165,030,400
" 13..................	224,595,000	257,574,000	61,083,000	14,178,000	139,939,400
" 20..................	225,800,000	262,133,000	62,023,000	14,301,000	162,260,200
" 27..................	225,836,000	259,252,000	59,863,000	14,338,000	151,888,600

FOREIGN BANKS.—The three principal European banks last month lost in the aggregate $58,000,000, of which the Bank of England lost $27,000,000, the Bank of France $11,000,000, and the Bank of Germany $20,000,000. The Bank of Russia gained $10,000,000. Compared with a year ago all four of these banks hold less gold to the amount of $54,000,000, the loss being quite evenly distributed between them.

GOLD AND SILVER IN THE EUROPEAN BANKS.

	September 1, 1906.		October 1, 1906.		November 1, 1906.	
	Gold.	Silver.	Gold.	Silver.	Gold.	Silver.
England	£38,514,765	....	£34,022,126	....	£28,549,851	....
France	116,733,107	£42,076,811	114,793,101	£41,918,969	112,515,480	£40,772,894
Germany	35,633,000	11,878,000	31,627,000	10,542,000	27,684,000	9,212,000
Russia	110,880,000	5,942,000	110,634,000	5,469,000	112,846,000	4,460,000
Austria-Hungary	47,109,000	12,248,000	47,015,000	11,948,000	46,880,000	11,770,000
Spain	15,227,000	24,846,000	15,278,000	24,642,000	15,315,000	24,257,000
Italy	29,712,000	3,887,800	29,886,000	3,816,900	30,988,000	3,744,400
Netherlands	5,522,600	5,743,100	5,529,000	5,678,000	5,581,300	5,572,900
Nat. Belgium	3,322,000	1,661,000	3,466,000	1,743,000	3,252,000	1,626,000
Sweden	3,880,000	....	3,879,000	....	3,875,000	....
Totals	£406,533,472	£108,282,711	£396,124,827	£105,747,869	£387,881,581	£101,414,694

FOREIGN EXCHANGE.—The sterling exchange market was strong early in the month, influenced by the easier money market in New York. The advance in rates of discount by the Bank of England and the Bank of Germany further strengthened exchange, but the sudden advance in call money here on October 17 brought about a drop. Another advance in the Bank of England rate turned sterling upward again. At the close of the month the market was irregular, but gold imports have been checked.

RATES FOR STERLING AT CLOSE OF EACH WEEK.

WEEK ENDED.	BANKERS' STERLING.		Cable transfers.	Prime commercial, Long.	Documentary Sterling, 60 days.
	60 days.	Sight.			
Oct. 6	4.8015 @ 4.8025	4.8390 @ 4.8400	4.8460 @ 4.8475	4.79⅞ @ 4.80	4.79½ @ 4.80⅝
" 13	4.8075 @ 4.8100	4.8470 @ 4.8480	4.8530 @ 4.8540	4.80¾ @ 4.80⅞	4.80¼ @ 4.81⅛
" 20	4.8015 @ 4.8025	4.8525 @ 4.8535	4.8610 @ 4.8625	4.79⅛ @ 4.79¼	4.78½ @ 4.79¾
" 27	4.8060 @ 4.8075	4.8570 @ 4.8580	4.8675 @ 4.8680	4.80⅛ @ 4.80¼	4.80 @ 4.81¼
Nov. 3	4.8060 @ 4.8085	4.8580 @ 4.8585	4.8700 @ 4.8710	4.80¼ @ 4.80⅜	4.79½ @ 4.81

FOREIGN EXCHANGE—ACTUAL RATES ON OR ABOUT THE FIRST OF EACH MONTH.

	July. 1.	Aug. 1.	Sept. 1.	Oct. 1.	Nov. 1.
Sterling Bankers—60 days	4.81⅞— 2	4.82⅛— ¼	4.80¼— ⅜	4.79½— ¾	4.80½— ⅝
" " Sight	4.84⅝— ¾	4.85 — ⅛	4.83¼— ⅜	4.83¼— ⅜	4.85½— ⅝
" " Cables	4.85 — ⅛	4.85¼— ⅜	4.83⅞—84	4.84⅛— ¼	4.86⅝— ¾
" Commercial long	4.81⅝— ¾	4.81⅞— 2	4.79¾— ⅞	4.79⅛— ¼	4.80 — ⅛
" Docu'tary for paym't.	4.81 — 2	4.81⅜— 2⅜	4.79¼—80½	4.78⅝—80	4.79⅝—81
Paris—Cable transfers	5.18⅛—	5.18⅛—17½	5.20 1/16—20	94 11/16— ¾	5.18⅛—
" Bankers' 60 days	5.21¼—20⅝	5.20⅝—	5.22½—21⅞	94¾— ⅞	5.22½—21⅞
" Bankers' sight	5.18¾—	5.18⅛—	5.20⅝— 1/16	94 7/16— 9/16	5.19⅜—18¾
Swiss—Bankers' sight	5.18¾— ⅛	5.17½—	5.20 1/16—20	5.20⅝—20	5.18¾—
Berlin—Bankers' 60 days	94⅛— ¼	94⅛— ¼	93¾— ⅞	94¾— ⅞	93⅞—94
" Bankers' sight	94 11/16— ¾	94 11/16— 13/16	94⅜— ½	94 7/16— 9/16	94 11/16— ¾
Belgium—Bankers' sight	5.20¼—19⅜	5.20 —19⅜	5.21⅞— ¼	5.22½— 1⅞	5.21⅞— ¼
Amsterdam—Bankers' sight	40 — 1/16	40 1/16— ⅛	40 — 1/16	39⅞— 15/16	40 — 1/16
Kronors—Bankers' sight	26¾— ⅞	26⅝— ⅞	26 9/16— 11/16	26 9/16— 11/16	26⅝— ¾
Italian lire—sight	5.18⅛ -17½	5.18⅛- 17½	5.20 1/16—20	5.19⅜—18¾	5.17½—

MONEY RATES ABROAD.—The Bank of England on October 11 advanced its rate of discount from four to five per cent., and on Friday, October 19, to six per cent., making an advance of 2½ per cent. since September 13. The Bank of Germany, which advanced its rate from 4½ to five per cent. on September 18, followed it with another advance to six per cent. on October 10. No advance was made by the Bank of France, while it was rumored at the close of the month that the Bank of England might put its rate up to seven per cent. Discounts of sixty to ninety-day bills in London at the close of the month were 5⅞@6 per cent., against 4⅛@4¼ per cent. a month ago. The open market rate at Paris was 3½ per cent., against 2⅞ per cent. a month ago, and at Berlin and Frankfort 5¼@5½ per cent., against 4⅝@4¾ per cent., a month ago.

BANK OF ENGLAND STATEMENT AND LONDON MARKETS.

	July 31, 1906.	*Aug. 31, 1906.*	*Sept. 30, 1906.*	*Oct. 31, 1906.*
Circulation (exc. b'k post bills)	£30,577,000	£29,205,000	£29,091,000	£28,842,000
Public deposits	9,493,000	10,566,000	11,326,000	9,603,000
Other deposits	42,394,000	43,751,000	43,196,000	40,095,000
Government securities	15,977,000	15,972,000	15,938,000	15,956,000
Other securities	29,420,000	28,739,000	33,584,000	33,421,000
Reserve of notes and coin	24,629,000	27,758,000	23,383,000	18,158,000
Coin and bullion	36,757,012	38,514,765	34,022,166	28,549,851
Reserve to liabilities	47.41%	51.05%	42.83%	36.51%
Bank rate of discount	3½%	3½%	4%	6%
Price of Consols (2½ per cents.)	87 3/16	87⅛	86⅛	85 15/16
Price of silver per ounce	30 1/16d.	30⅞d.	31⅝d.	32 7/16d.

SILVER.—There was a steady advance in the price of silver in London in the past month until it reached 32 9-16d. on October 29, the highest price recorded since 1893. The closing price for the month was 32 7-16d., a net gain of 13-16d. since September 30.

MONTHLY RANGE OF SILVER IN LONDON—1904, 1905, 1906.

MONTH.	1904.		1905.		1906.		MONTH.	1904.		1905.		1906.	
	High	*Low.*	*High*	*Low.*	*High*	*Low.*		*High*	*Low.*	*High*	*Low.*	*High*	*Low.*
January..	27 3/16	25⅛	28⅜	27 3/16	30¼	29 11/16	July......	27	26⅜	27 3/16	26⅞	30 7/16	29 13/16
February	27⅛	25⅝	28 3/16	27⅝	30 13/16	30⅛	August ..	27	26 3/16	28¾	27⅛	30 13/16	29⅞
March....	26 13/16	25⅛	27 11/16	25 13/16	30 7/16	29	Septemb'r	26⅞	26	28¾	28	31¼	30 15/16
April.....	25⅛	24 7/16	26⅝	25 1/16	30 3/16	29⅝	October..	26 13/16	26⅛	28 13/16	28⅝	32 9/16	31 11/16
May......	25 13/16	25⅛	27 5/16	26½	31⅝	30 3/16	Novemb'r	27 1/16	26¾	30 3/16	28 13/16	....	....
June.....	26⅛	25 5/16	27⅛	26¾	31 1/16	29⅝	Decemb'r	28 3/16	27 3/16	30 1/16	29⅝	....	....

FOREIGN AND DOMESTIC COIN AND BULLION—QUOTATIONS IN NEW YORK.

	Bid.	*Asked.*		*Bid.*	*Asked.*
Sovereigns	$4.85	$4.88	Mexican doubloons	$15.55	$15.65
Bank of England notes	4.84	4.86	Mexican 20 pesos	19.55	19.65
Twenty francs	3.86	3.89	Ten guilders	3.95	4.00
Twenty marks	4.74	4.77	Mexican dollars	.54½	.56½
Twenty-five pesetas	4.78	4.82	Peruvian soles	.49½	.53½
Spanish doubloons	15.55	15.65	Chilian pesos	.49½	.53½

Bar silver in London on the first of this month was quoted at 32 7/16d. per ounce. New York market for large commercial silver bars, 70⅝ @ 72c. Fine silver (Government assay), 70⅛ @ 72⅛c. The official price was 70¼c.

GOVERNMENT REVENUES AND DISBURSEMENTS.—The expenditures of the Government in October were $1,000,000 less than in the same month last year, while the receipts were $6,700,000 larger. As a result a surplus of $2,600,000 is shown this year, as compared with a deficit of $5,200,000 in 1905. Customs receipts were nearly $28,000,000 this year, as compared with nearly $26,000,000 in 1905, while internal revenue receipts were $24,700,000, an increase of $2,500,000. The principal decrease in expenditures was $1,500,000 for the navy, while war expenditures increased $1,000,000. The receipts for the four months since July 1 are $19,500,000 larger than in 1905, of which $9,600,000 was in customs receipts. Expenditures during the same time decreased $3,700,000. The excess of receipts this year is nearly $8,500,000, while for the same period last year there was a deficit of $14,700,000.

United States Treasury Receipts and Expenditures.

Receipts.

Source.	*Oct., 1906.*	*Since July 1, 1906.*
Customs	$27,775,891	$110,244,705
Internal revenue	24,730,121	90,177,021
Miscellaneous	4,735,937	16,623,913
Total	$57,241,999	$217,045,639
Excess of receipts	$2,624,211	$8,495,524

Expenditures.

Source.	*Oct., 1906.*	*Since July 1, 1906.*
Civil and mis.	$18,632,011	$46,011,288
War	11,055,803	42,481,688
Navy	8,131,448	33,004,307
Indians	1,261,670	6,155,654
Pensions	10,123,864	46,091,170
Public works	6,367,877	24,999,298
Interest	4,045,115	9,806,710
Total	$54,617,788	$208,550,115

United States Public Debt.—The total interest and non-interest bearing debt is practically the same as it was a month ago, and the net balance in the Treasury was increased only about $2,000,000, the total debt less cash in the Treasury being reduced about the same amount. The

United States Public Debt.

	Aug. 1, 1906.	*Sept. 1, 1906.*	*Oct. 1, 1906.*	*Nov. 1, 1906.*
Interest-bearing debt:				
Loan of March 14, 1900, 2 per cent	$595,942,350	$595,942,350	$595,942,350	$595,942,350
Funded loan of 1907, 4 per cent	116,755,150	116,755,350	116,755,450	116,755,550
Refunding certificates, 4 per cent	26,230	26,120	26,040	25,990
Loan of 1925, 4 per cent	118,489,900	118,489,900	118,489,900	118,489,900
Ten-Twenties of 1896, 3 per cent	63,945,460	63,945,460	63,945,460	63,945,460
Panama Canal Loan of 1916, 2 per cent	....	26,974,200	30,000,000	30,000,000
Total interest-bearing debt	$895,159,090	$922,133,380	$925,159,200	$925,159,250
Debt on which interest has ceased	1,126,585	1,126,375	1,126,375	1,123,205
Debt bearing no interest:				
Legal tender and old demand notes	346,734,298	346,734,298	346,734,298	346,734,298
National bank note redemption acct.	43,935,011	44,195,967	45,574,178	45,590,183
Fractional currency	6,865,757	6,865,237	6,865,237	6,865,237
Total non-interest bearing debt	$397,535,067	$397,795,503	$399,173,713	$399,189,719
Total interest and non-interest debt	1,293,820,742	1,321,055,258	1,325,459,289	1,325,472,174
Certificates and notes offset by cash in the Treasury:				
Gold certificates	563,984,869	569,739,869	581,740,869	619,617,869
Silver certificates	477,637,000	481,392,000	478,562,000	477,368,000
Treasury notes of 1890	7,232,000	7,129,000	7,021,000	6,912,000
Total certificates and notes	$1,048,853,869	$1,058,260,869	$1,067,323,869	$1,103,897,869
Aggregate debt	2,342,674,611	2,379,316,127	2,392,783,158	2,429,370,043
Cash in the Treasury:				
Total cash assets	1,473,763,231	1,516,178,999	1,546,307,374	1,581,633,247
Demand liabilities	1,153,799,289	1,165,492,124	1,175,094,278	1,208,332,437
Balance	$319,963,941	$350,686,875	$371,213,096	$373,300,810
Gold reserve	150,000,000	150,000,000	150,000,000	150,000,000
Net cash balance	169,963,941	200,686,875	221,213,096	223,300,810
Total	$319,963,941	$350,686,875	$371,213,096	$373,300,810
Total debt, less cash in the Treasury	973,856,801	970,368,383	954,246,193	952,171,364

item showing the greatest change, however, is gold certificates, the increase in which was about $38,000,000. The issue of these certificates has been increased $60,000,000 since July 1. There are now $1,103,000,000 of gold and silver certificates and Treasury notes outstanding and in addition other liabilities amounting to $104,000,000, against which the Government holds in the Treasury cash dollar for dollar. The total assets of the Treasury amount to $1,581,000,000, of which $150,000,000 is a reserve fund to secure legal-tender notes outstanding, and $223,000,000 is a balance over and above all current liabilities. These cash assets have increased $110,000,000 since July 1.

FOREIGN TRADE.—The statistics of foreign trade movements for September show that the exports of merchandise are increasing to record-breaking figures again. The total for the month was almost $139,000,000, an increase of $3,000,000 over that of September last year, which made the record for that month. The increase over August is $9,000,000 and over July $27,000,000. The imports were $3,000,000 less than in August, but about $300,000 more than in September last year, thus making a new record for September imports. The excess of exports for the month is $36,664,537, which is larger than in 1905, but smaller than in 1904 and 1901. The exports for the nine months ended September 30 are valued at $1,238,000,000, an increase over 1905 of $136,000,000. Imports for the same time were $948,000,000, an increase of $75,000,000. The net balance of exports is $290,000,000, or $60,000,000 more than in 1905, and larger than for any other year since 1901. In the latter year the balance was nearly $400,000,000. The most striking feature of the foreign trade statement is the net imports of gold in September, which exceeded $29,000,000. This makes the net imports for the nine months about $76,000,000. The exports of silver are falling off, the net shipments in September being only $340,725, against $1,687,000 in the same month last year.

EXPORTS AND IMPORTS OF THE UNITED STATES.

MONTH OF SEPTEMBER.	MERCHANDISE.			Gold Balance.	Silver Balance.
	Exports.	*Imports.*	*Balance.*		
1901	$106,989,926	$66,826,813	Exp., $40,163,113	Imp., $11,742,069	Exp., $2,639,456
1902	121,236,384	87,736,346	" 33,500,038	" 4,451,101	" 2,236,396
1903	110,364,840	81,816,642	" 28,548,198	" 4,186,782	" 680 776
1904	134,265,424	84,124,975	" 50,140,449	" 1,496,587	" 1,375,739
1905	135,983,816	101,987,330	" 33,996,486	" 4,130,788	" 1,687,454
1906	138,950,930	102,286,393	" 36,664,537	" 29,141,010	" 340,725
NINE MONTHS.					
1901	1,046,319,267	646,477,569	Exp., 399,841,698	Exp., 2,719,473	Exp., 18,996,785
1902	943,165,484	702,149,643	" 241,015,841	" 6,089,827	" 16,876,695
1903	989,276,471	758,798,236	" 230,478,235	" 9,896,179	" 8,282,166
1904	985,468,881	751,394,339	" 234,074,542	" 14,345,238	" 19,452,869
1905	1,102,551,375	872,272,528	" 230,278,847	" 12,338,319	" 14,936,212
1906	1,238,277,400	947,935,187	" 290,342,213	Imp., 75,973,949	" 12,456,243

NATIONAL BANK CIRCULATION.—On October 31 the amount of national bank notes in circulation was $583,171,985, an increase for the month of $9,268,877. Practically all this increase is based upon Government bonds, the increase in which was nearly $9,000,000. Of the total circulation nearly $537,000,000 is based on Government bonds and

$46,000,000 on lawful money deposited to retire circulation. There was an increase of about $19,000,000 in bonds held to secure Government deposits, while the increase in miscellaneous securities used as collateral for these deposits was $24,000,000.

NATIONAL BANK CIRCULATION.

	July 31, 1906.	*Aug. 31, 1906.*	*Sept. 30, 1906.*	*Oct. 31, 1906.*
Total amount outstanding	$561,481,045	$569,852,308	$578,903,108	$583,171,985
Circulation based on U. S. bonds	516,573,399	524,439,160	527,768,924	536,933,169
Circulation secured by lawful money	44,907,646	45,413,148	46,134,184	46,238,816
U. S. bonds to secure circulation:				
Funded loan of 1907, 4 per cent	17,954,850	19,482,850	21,506,250	25,124,650
Four per cents. of 1925	4,719,000	3,544,200	4,446,100	4,602,100
Three per cents. of 1908–1918	2,681,660	2,506,120	2,526,340	3,273,700
Two per cents. of 1930	495,033,100	492,568,300	490,920,000	492,170,650
Panama Canal 2 per cents	....	8,843,560	12,371,580	14,482,000
Total	$520,388,610	$526,944,030	$530,772,270	$539,653,180

The National banks have also on deposit the following bonds to secure public deposits: 4 per cents. of 1907, $9,022,200; 4 per cents. of 1925, $6,877,550; 3 per cents. of 1908–1918, $5,891,700; 2 per cents. of 1930, $54,997,000; Panama Canal 2 per cents. $15,101,000; District of Columbia 3.65's, 1924, $778,000; Hawaiian Islands bonds, $1,526,000; Philippine loan, $7,801,000; state, city and railroad bonds, $53,584,480; a total of $155,578,930.

MONEY IN CIRCULATION IN THE UNITED STATES.—An increase of $54,750,000 in the amount of money in circulation is reported for the month of October, all kinds of money excepting silver certificates and Treasury notes taking part in the gain. There were $34,000,000 of gold certificates put out and $10,000,000 of national bank notes. The per capita of circulation was raised to $33.68, an increase for the month of sixty cents.

MONEY IN CIRCULATION IN THE UNITED STATES.

	Aug. 1, 1906.	*Sept. 1, 1906.*	*Oct. 1, 1906.*	*Nov. 1, 1906.*
Gold coin	$675,979,661	$676,179,514	$684,268,074	$687,685,761
Silver dollars	77,115,655	78,938,609	81,662,707	83,606,468
Subsidiary silver	111,976,129	113,399,532	116,091,510	120,278,648
Gold certificates	529,313,879	519,965,889	541,857,929	575,958,419
Silver certificates	470,792,688	473,292,991	474,338,310	473,419,449
Treasury notes, Act July 14, 1890	7,214,996	7,112,252	6,988,562	6,894,518
United States notes	336,459,392	338,728,846	342,858,598	344,516,149
National bank notes	548,497,538	559,295,666	564,148,004	574,522,874
Total	$2,757,849,438	$2,766,913,299	$2,812,133,694	$2,866,882,786
Population of United States	84,779,000	84,897,000	85,014,000	85,131,000
Circulation per capita	$32.52	$32.59	$33.08	$33.68

SUPPLY OF MONEY IN THE UNITED STATES.—The stock of money in the country was increased in October nearly $40,000,000, of which $27,000,000 was in gold, nearly $4,000,000 in fractional silver, and $9,000,000 in national bank notes.

SUPPLY OF MONEY IN THE UNITED STATES.

	Aug. 1, 1906.	*Sept. 1, 1906.*	*Oct. 1, 1906.*	*Nov. 1, 1906.*
Gold coin and bullion	$1,495,606,494	$1,507,503,849	$1,539,840,778	$1,566,619,131
Silver dollars	568,250,855	568,250,855	568,250,855	568,251,530
Subsidiary silver	117,802,471	118,808,475	120,056,795	123,785,299
United States notes	346,681,016	346,681,016	346,681,016	346,681,016
National bank notes	561,481,045	569,852,303	578,908,108	583,171,985
Total	$3,089,821,881	$3,111,096,498	$3,148,732,552	$3,188,508,961

Money in the United States Treasury.—By depositing in the national banks part of its surplus the United States Treasury shows a decrease of $15,000,000 in its net holdings of money for October. The net gold held was reduced $20,000,000.

Money in the United States Treasury.

	Aug. 1, 1906.	*Sept. 1, 1906.*	*Oct. 1, 1906.*	*Nov. 1, 1906.*
Gold coin and bullion	$819,626,833	$831,824,335	$855,572,704	$878,982,870
Silver dollars	491,185,200	489,312,246	486,588,148	484,645,062
Subsidiary silver	5,826,342	5,408,943	4,055,285	3,506,651
United States notes	10,221,624	7,952,170	3,822,418	2,164,867
National bank notes	12,983,507	10,556,637	9,755,104	8,649,611
Total	$1,339,793,506	$1,344,554,331	$1,359,793,659	$1,377,898,561
Certificates and Treasury notes, 1890, outstanding	1,007,321,063	1,000,371,132	1,023,194,801	1,056,272,386
Net cash in Treasury	$332,472,443	$344,183,199	$336,598,858	$321,626,175

BANKS AND BANKING IN THE UNITED STATES.

On September 4, 1906, there were in active operation 6,137 national banking associations with authorized capital of $839,934,775, of which $835,066,796 has been paid in. The surplus and undivided profits aggregated $670,814,981; circulation outstanding, $517,964,511; individual deposits, $4,199,938,310.

The principal resources were as follows: Loans and discounts, $4,298,983,316; United States bonds on deposit to secure circulation, $524,036,980; United States bonds on hand and with the Treasurer to secure public deposits, $109,850,438; specie, $464,437,290; legal tender notes, $161,575,120; aggregate resources, $8,016,021,066.

Reports relative to the condition of 11,852 State and other banks on or about June 30, 1906, have recently been compiled under the direction of the Comptroller of the Currency and include returns from 8,862 State banks, 742 loan and trust companies, 1,319 savings banks, and 929 private banks and bankers. The aggregate resources of institutions of this character amount to $10,363,350,846, the principal items of which are as follows: Loans and discounts, $5,656,832,201; stocks, bonds and other investments, $2,790,159,501; cash, $334,938,185; capital stock, $739,163,401; surplus and undivided profits, $893,679,524; deposits, $8,159,894,029.

BANKING AND FINANCIAL NOTES

NEW YORK CITY.

—The certificate of incorporation of the New Netherlands Trust Company of New York was filed with tho State Banking Department on October 30. The institution is to have a capital stock of $1,000,000. The directors are: Benjamin Altman, George B. Case, Thomas Cockran, Jr., E. C. Converse, Henry P. Davison, Thomas W. Lamont, Edgar L. Marston, Gates W. McGarrah, George W. Perkins, William H. Porter. Seward Prosser, Daniel G. Reid, John F. Thompson, Albert H. Wiggin, of New York City.

—New York Chapter of the American Institute of Bank Clerks has mapped out a lot of interesting and valuable work for the winter. Professor Joseph French Johnson, dean of the School of Commerce, Accounts and Finance, New York University, will give six lectures on "The History of Finance and Banking in the United States;" Prof. Thomas Moore, of the College of New York, will lecture on "Bank Reserve;" Prof. W. H. Lough, of New York University, will lecture on "Panics, Their Causes and Conditions Favorable to Them;" Prof. Oren R. Judd, of the New York University and the Knickerbocker Trust Company, will lecture on the "Trust Department." April 11, 1907, has been set aside for a debate among Chapter members.

Newton D. Alling, of the Nassau Bank, and R. P. Kavanagh, of the Fifth Avenue Bank, are president and secretary of the Chapter.

—The Clearing House transactions for the year ended September 30, according to the report submitted at the annual meeting on October 2, were the largest on record. They amounted altogether to $107,721,586,115. The exchanges for the year were $103,754,100,091, also a new high record, and comparing with exchanges of $91,879,318,369 in 1905 and $59,672,796,804 in 1904. The balances for the year were $3,832,621,023, as against $3,953,875,974 in the previous year.

The largest daily transactions on record were those of January 3, with exchanges of $686,844,890 and balances of $25,622,145, a total of $712,467,035. The largest balances of any day were $42,331,709 on October 3. The smallest transactions on any one day were $151,089,119 on August 6, on which day the exchanges, $143,848,416, were also the smallest of the year. March 19 was the low day for balances with but $5,429,765.

Alexander Gilbert, president of the Market and Fulton National Bank, was elected president of the association, and Albert H. Wiggin, vice-president of the Chase National, was chosen secretary, William Sherer and William J. Gilpin were reelected manager and assistant manager, respectively. The following were appointed members of the clearing house committee: James Stillman, president National City Bank; J. Edward Simmons, president Fourth National Bank; Richard Delafield, president National Park Bank; James T. Woodward, president Hanover National Bank; William A. Nash, president Corn Exchange Bank.

—R. N. Oakman and others have been authorized to organize the Madison Square National Bank, capitalized at $200,000.

—The increase of the stock of the Lincoln Trust Company of New York from $500,000 to $1,000,000, which went into effect October 1, will be appreciated by the clients of this company as an additional safeguard, inasmuch as under the laws of the State of New York the capital of trust companies must be invested in United States bonds, bonds of the State of New York, certain municipal bonds or first mortgages of a valuation not in excess of sixty per cent.

The Lincoln Trust Company now has a capital of $1,000,000 and surplus and undivided profits of over $1,000,000, thus offering, besides increased protection to deposits, increased banking facilities to the more substantial mercantile element of the community. The Lincoln Trust Company began business in 1902, and in its last report to the Banking Department showed deposits in excess of $21,000,000.

SOUTHERN STATES.

—The National Union Bank, of Rock Hill, S. C., is one of the largest banks in upper South Carolina. It was one of the first banks in the state to make a flat rate of six per cent. to its customers. In addition to being under Government supervision the bank employs expert accountants to make a careful examination of the bank once a year. W. J. Roddey, the president, has been in banking all his business life, and the other officers have also had extensive experience in local banks.

—On September 16 the Mississippi Bank and Trust Co., of Jackson, reported: Loans and discounts, $383,-852.68; cash and sight exchange, $94,-375.31; capital, $100,000; surplus and profits, $27,598; deposits, $299,365.

WESTERN STATES.

—Early in the new year the Rockford (Ill.) National Bank will remove into its new building now in course of construction. The bank will occupy the corner rooms, covering a space 36x48 feet. New vaults and safety deposit boxes and all other necessaries of modern bank equipment will be installed.

—F. L. Bramble, Public Examiner of South Dakota, furnishes the following comparative figures relating to the banks of that state other than national;

	1899	1906	Increase
Loans & disc'ts	$6,464,252	$22,203,029	$15,738,777
Cash and exch'ge	3,145,393	9,993,842	6,848,449
Surplus & undiv'd profits	209,319	2,101,232	1,891,913
Deposits	8,651,859	28,750,369	20,098,510

—An increase of $9,790,690 in deposits between May 17 and September 4 is the showing made by the 510 savings and 255 state banks of Iowa, according to Auditor of State Carroll's summary of their reports.

In the state and savings banks alone the deposits now amount to $179,400,437. There has been a total increase in deposits of state and savings banks in the past year of $27,841,285, and an increase of sixty-four in the number of banks within the year. Their reserve is now 23.7 per cent., which is an increase of about 2 per cent. as compared with May 17.

Twenty Iowa state and savings banks have more than $1,000,000 deposits each, and more than a dozen others have nearly $1,000,000.

—From September 1, 1904, to September 1, 1906, the period covered by the recent report of State Bank Commissioner Royce, there were 156 banks organized in Kansas, having an aggregate capital of $2,094,800. Total deposits of all classes of banks in the State are now over $140,000,000, an increase of $10,000,000 in six months.

—Success is attending the new Merchants and Manufacturers' Bank, of Milwaukee, Wis., which opened for business on July 23 last. Deposits on October 25 amounted to $500,000.

PACIFIC SLOPE.

—San Francisco bank clearings continue to increase over the figures for 1905, despite the great calamity of April 18.

—In the near future, the Canby (Oregon) Bank and Trust Co. will occupy its new building, which is now being constructed. The building is of stone with tile flooring and interior finishings in solid oak. A fire and burglar-proof vault will be an important part of the equipment.

—The American National Bank directors at their last meeting unanimously approved the plan then pending before the clearing house association, providing for the employment of a bank examiner to examine, from time to time, members and banks clearing through members of the association.

—George S. Brooke and officers of the Fidelity National Bank of Spokane, Washington, recently entertained their employes at "a million dollar dinner" to commemorate the reaching of the $1,-000,000 mark in deposits. Mr. Brooke presided and made an address covering the history of the bank during its twenty-four years. Addresses were also made by Thomas H. Brewer, D. K. McPherson, James C. Cunningham, A. W. Lindsay, E. R. Anderson, John A. Hurd and Lamont Barnes. Others present were Cyrus Cooper, A. C. Longshore, Lynn Morrill, Joseph Shields, Miss Holcomb and R. W. Coblontz.

—Bank clearings in Spokane for ten months and twelve days this year exceed by almost $2,000,000 the record for the entire twelve months of 1905, when the figures were $164,099,042. The increase so far in 1906 is $41,168,039 more than in the entire year 1904. Should the same ratio of increase continue the rest of this year the clearings will exceed $200,000,000 in 1906. The clearings for Oct. 12 were $1,193,837, the highest since May 7. Business is better than ever before and the bankers of Spokane are highly pleased with the increase.

CANADA.

—The Canadian Bank of Commerce announces new branches at Fort William, Ontario; Kamsack, Saskatchewan; Kingston, Ontario; Lashburn, Saskatchewan; Lindsay, Ontario, and Norwood, Manitoba.

This bank has $10,000,000 capital, $4,500,000 surplus, $58,871 undivided profits and $74,373,490 deposits.

IDAHO BANKERS' CONVENTION.

Members of the Idaho State Bankers' Association met in Sanders' hall at Coeur d'Alene, Oct. 12 and 13, under the presidency of B. F. O'Neill of Wallace, who gave them a royal welcome, which was supplemented by the keys of the thriving city presented by Mayor R. W. Collins and greetings by the Coeur d'Alene Clearing House Association by Boyd Hamilton, also a welcome by J. C. White, president of the Coeur d'Alene Commercial Club. Many bankers from Spokane and other towns and cities in the Inland Empire were in attendance, and the convention was declared to have been the most successful in the history of the organization. Boise was selected as the place for the next convention on May 21, 1907, and these officers were elected for the year: President, A. B. Moss, Payette; vice-president, F. W. Kettenbach, Lewiston; secretary, A. K. Steunenberg, Caldwell; treasurer, M. B. Gwinn, Glenns Ferry. Executive committee, the foregoing officers and D. W. Stanrod, Pocatello; J. E. Clinton, Boise; E. M. Shelly, Weiser; D. E. Thomas, Lewiston; Charles E. Patton, Moscow; F. R. Johnson, Wallace; Boyd Hamilton, Coeur d'Alene.

Banking legislation came in for a great deal of discussion and a committee composed of these men was named to gather suggestions for use at the next convention: F. W. Kettenbach, W. S. Bruce, F. R. Coffin, T. N. Brewer and W. W. Brown.

GULF AND SHIP ISLAND RAILROAD.

Capt. J. T. Jones, President of the Gulf & Ship Island Railroad Company, writes as follows regarding the storm which swept over parts of the South late in September: "The ships in Gulfport harbor sustained no injury. Gulfport harbor, piers and the channel sustained no injury that $300 to $500 will not repair. We had in the harbor seven steamships and ten or fifteen sailing vessels, which we were loading as usual the following day. The Gulf & Ship Island Railroad sustained no damage worth mentioning, except that trees were blown across the track in many places, breaking down our telegraphic communication. Our trains were delayed but a few hours while the trees were removed from the rails."

BURROUGHS ADDING MACHINE.

"One of the costliest wastes in your business is the waste of time," says an attractive circular issued by the Burroughs Adding Machine Company, which proceeds to give a striking illustration by showing two columns of like figures—one, containing several erasures and corrections, written and added in the old way by an eight-dollar-a-week clerk, the other done by the same man with a Burroughs. It is stated that there is a difference of seven and a half minutes in the time, and there is no comparison between them in the style and neatness of the work.

AN EVIDENCE OF SOUTHERN PROSPERITY.

Messrs. Fisk & Robinson, of New York city, have furnished The Bankers' Magazine with a synopsis of the annual report of the Gulf & Ship Island Railroad for the year ending June 30, which affords an evidence of the continued prosperity of the country tributary to the road. The net earnings for the year were $681,667, an increase of $201,512 over 1905. By the completion of the Columbia Division, fifty-six miles is added to the previous mileage of the road.

NEW BANKS, CHANGES IN OFFICERS, ETC.

NEW NATIONAL BANKS.

The Comptroller of the Currency furnishes the following statement of new National banks organized since our last report.

APPLICATIONS TO ORGANIZE NATIONAL BANKS APPROVED.

The following notices of intention to organize National banks have been approved by the Comptroller of the Currency since last advice.

Citizens' National Bank, East Mauch Chunk, Pa.; by J. H. Leibenguth, et al.
First National Bank, Gary, Ind.; by T. T. Snell, et al.
American National Bank, Shreveport, La.; by S. W. Smith, et al.
First National Bank, Pine River, Minn.; by Chas. W. LaDu, et al.
First National Bank, Greenfield, Ill.; by John R. Sheffield, et al.
First National Bank, Fruita, Colo.; by W. A. Merriell, et al.
Copelan National Bank, Greensboro, Ga.; by E. A. Copelan, et al.
Gregory National Bank, Gregory, S. D.; by John D. Haskell, et al.
First National Bank, Mays Landing, N. J.; by Charles D. Makepeace, et al.
Farmers' National Bank, Cross Plains, Texas; by Fred Lane, et al.
First National Bank, Virden, Ill.; by J. P. Henderson, et al.
Fremont County National Bank, Canon City, Colo.; by M. S. Raynolds, et al.
First National Bank, Carthage, Ohio; by W. T. S. Blackburn, et al.
First National Bank, Exeter, Cal.; by E. J. Norcross, et al.
Mercantile National Bank, Evansville, Ind.; by Henry C. Murphy, et al.

Canaan National Bank, Canaan, Conn.; by J. H. Roraback, et al.
First National Bank, Emma, Texas; by L. T. Lester, et al.
Madison Square National Bank, New York, N. Y.; by R. N. Oakman, et al.
First National Bank, Richwood, W. Va.; by J. W. Oakford, et al.
Boston National Bank, South Boston, Va.; by D. L. Traynham, et al.
Farmers & Traders' National Bank, Clearfield, Pa.; by W. T. Hill, et al.
First National Bank, Sunnyside, Wash.; by C. M. Scott, et al.
Commercial National Bank, St. Louis, Mo.; by Edward S. Lewis, et al.
Bloomington National Bank, Bloomington, Ind.; by James K. Neck, et al.
Corning National Bank, Corning, N. Y.; by James C. Hood, et al.
Nixon National Bank, Reno, Nevada; by Geo. S. Nixon, et al.
Corona National Bank, Corona, Cal.; by W. J. Pentlow, et al.
First National Bank, Tuttle, I. T.; by John A. Daugherty, et al.
First National Bank, LaHarpe, Ill.; by John H. Hungate, et al.
First National Bank, Schleswig, Iowa; by L. Cornwell, et al.
Zollarsville National Bank, Zollarsville, Pa.; by Robert W. Murell, et al.
First National Bank, Jefferson, N. C.; by T. C. Bowie, et al.
First National Bank, Dunellen, N. J.; by Peter W. Grakeley, et al.

NATIONAL BANKS ORGANIZED.

8375—Lawton National Bank, Lawton, Okla.; capital, $50,000; Pres., P. T. Benbow; Cashier, T. H. Dunn; Asst. Cashier, A. E. Long.

8376—People's National Bank, Elkins, W. Va.; capital, $50,000; Pres., Thomas J. Arnold; Vice-Pres., Richard Chaffey; Cashier, J. T. Lingamfelter.

8377—National Bank of Riverside, Riverside, Cal.; capital, $100,000; Pres., A. Aird Adair; Vice-Pres., H. A. Westbrook; Cashier, W. W. Phelps; Asst. Cashier, J. B. Neel.

8378—First National Bank, Chaska, Minn.; capital, $25,000; Pres., J. G. Lund; Vice-Pres., Mathias H. Muyres; Cashier, P. H. Simons; Asst. Cashier, O. N. Hoel.

8379—Farmers' National Bank, Tbilene, Kans.; capital, $50,000; Pres., R. M. White; Vice-Pres., Edward E. Hazlett.

8380—Hazelhurst National Bank, Hazelhurst, Pa.; capital, $25,000; Pres., John M. Blair; Vice-Pres., S. C. Beers; Cashier, C. E. Stimmel.

8381—Second National Bank, Towson, Md.; capital, $50,000; Pres., Thomas W. Offutt; Vice-Pres., Elmer J. Cook and Harrison Rider; Cashier, Thomas J. Meads.

8382—First National Bank, Belleville, N. J.; capital, $50,000; Pres., Erwin R. Graves; Vice-Pres., J. F. Emanuel, Emil C. Mertz and Richard P. Scaine; Cashier, John F. Bowne.

8383—German National Bank, Johnson, Neb.; capital, $25,000; Pres., Peter Berlet; Vice-Pres., J. F. Holtgrewe; Cashier, Louis J. Lintz.

8384—People's National Bank, Jonesville, Va.; capital, $25,000; Pres., J. P. Albert; Vice-Pres., D. C. McClure; Cashier, Jno. W. Hyatt.

8385—Central City National Bank, Central City, Neb.; capital, $40,000; Pres., T. B. Hord; Vice-Pres., Geo. P. Bissell; Cashier, G. H. Gray.

8386—Morton National Bank, Madisonville, Ky.; capital, $50,000; Pres., W. C. Morton; Cashier, W. J. Ruby.

8387—Union National Bank, Union, Ore.; capital, $25,000; Pres., E. T. Kaster; Cashier, James W. Ethington.

8388—National Bank of Whitehall, Whitehall, N. Y.; capital, $50,000; Pres., D. D. Woodard; Cashier, R. G. Hays.

8389—Arlington National Bank, Rosslyn, Va.; capital, $25,000; Pres., E. Willey Stearns; Vice-Pres., John B. Henderson, Jr.; Cashier, John S. Buckner.

8390—First National Bank, Guttenberg, N. J. (P. O. Station No. 2, Weehawken); capital, $50,000; Pres., James F. Minturn; Vice-Pres., O. M. Nilson; Cashier, Edward Hunke; Asst. Cashier, Frank J. Adelberg.

8391—Texico National Bank; Texico, N. M.; capital, $30,000; Pres., W. O. Oldham; Vice-Pres., S. F. Wooding; Cashier, B. D. Oldham.

8392—Farmers' National Bank, Gonzales, Texas; capital, $50,000; Pres., Thomas B. Palfrey; Vice-Presidents, J. P. Randle and C. T. Rather; Cashier, J. S. Douglass.

8393—Union National Bank, Mount Carmel, Pa.; capital, $125,000; Pres., Thomas M. Righter; Vice-Pres., David Camp; Cashier, Geo. E. Berner.

8394—Closter National Bank, Closter, N. J.; capital, $25,000; Pres., Matt. J. Bogert; Vice-Pres., David D. Ackerman; Cashier, William Tate.

8395—Hope National Bank, Hope, N. D.; capital, $50.000; Pres., John E. Lasham; Vice-Pres., C. S. Moores; Cashier, Geo. A. Warner; Asst. Cashier, John D. Foley.

8396—First National Bank, Barnard, Kans.; capital, $25,000; Pres., M. S. Atwood; Vice-Pres., J. E. Wilfong; Cashier, F. F. Bracken.

8397—First National Bank, Melrose, N. M.; capital, $25,000; Pres., R. C. Reid; Vice-Pres., A. J. Matheny; Cashier, M. E. Whipple.

8398—Peekskill National Bank, Peekskill, N. Y.; capital, $100,000; Pres., B. Reinecke; Vice-Pres., N. H. Stabb; Cashier, John Towart, Jr.

8399—National Bank of Commerce, Wellington, Kans.; capital, $50,000; Pres., Geo. W. Robinson; Vice-Pres., E. B. Roser; Cashier, Charles P. Haugen; Asst. Cashier, Amos A. Belsley.

8400—First National Bank, Marquette, Neb.; capital, $25,000; Pres., W. I. Farley; Vice-Pres., C. A. Phillips; Cashier, A. W. Hickman.

8401—First National Bank, Edgewater, N. J.; capital, $25,000; Pres., John Eisele; Vice-Pres., Daniel A. Higgins; Cashier, S. L. Doremus.

8402—Citizens' National Bank, Saint Jo, Texas; capital, $25,000; Pres., James R. Wiley; Vice-Pres., A. U. Perryman; Cashier, L. A. Dowlen.

8403—First National Bank, Santa Cruz, Cal.; capital, $100,000; Pres., F. D. Baldwin; Vice-Pres., F. A. Hihn; Cashier, T. G. McCreary; Asst. Cashier, Ed. Daubenbis.

8404—Collegeville National Bank, Collegeville, Pa.; capital, $25,000; Pres., A. D. Fetterolf; Cashier, W. D. Renninger.

8405—Lemasters National Bank, Lemasters, Pa.; capital, $25,000; Pres., J. R. Lamaster; Vice-Pres., Ed. B. Diehl and R. S. McDowell; Cashier, Frank S. Ebersole; Asst. Cashier, D. W. Greenawalt.

8406—First National Bank, Trenton, Tenn.; capital, $30,000; Pres., Robert R. Boone; Vice-Pres., W. T. Ingram; Cashier, R. J. Dew; Asst. Cashier, John W. Vick.

8407—First National Bank, Cainesville, Mo.; capital, $25,000; Pres., J. R. Girdner; Vice-Pres., A. J. Bush; Cashier, R. W. Boeger; Asst. Cashier, Charles Girdner.

8408—First National Bank, New Point, Ind.; capital, $25,000; Pres., John J. Puttmann; Vice-Pres., John Hoff; Cashier, E. H. Spilman.

8409—First National Bank, Kinsburg, Cal.; capital, $25,000; Pres., D. S. Snodgrass; Vice-Pres., Levi Garrett; Cashier, A. T. Lindgren.

8410—Farmers' National Bank, Exchange, Pa.; capital, $25,000; Pres., James L. Brannen; Vice-Pres., Alfred H. Litchard; Cashier, James F. Ellis.

8411—First National Bank, Sabina, Ohio; capital, $25,000; Pres., C. R. Ellis; Vice-Pres., O. J. Waddell; Cashier, L. E. Whinery.

8412—First National Bank, Eads, Colo.; capital, $25,000; Pres., J. H. Slater; Vice-Pres., George Weisbrod; Cashier, E. M. Scheline.

8413—First National Bank, Wolbach, Neb.; capital, $25,000; Pres., Geo. E. Lean; Vice-Pres., F. E. Seavey; Cashier, C. W. Norton.

NEW STATE BANKS, BANKERS, ETC.

ARIZONA.

Bisbee—Citizens' Bank & Trust Co.; capital, $50,000; Pres., I. W. Wallace; Vice-Pres., A. W. Wood; Cashier, R. M. Moore.

Prescott—Yavapai County Savings Bank; capital, $25,000; Pres., M. B. Hazeltine; Vice-Pres., John Lawler; Cashier, H. W. Heap.

ARKANSAS.

Hunter—Hunter State Bank; capital, $10,000; Pres., Wm. Penrose; Vice-Pres., J. W. Murray; Cashier, F. C. Moseley.

Summit—Citizens' Bank of North Yellville; capital $5,550; Pres., W. R. Jones; Vice-Pres., T. M. Seawell; Cashier, T. L. Bond.

CALIFORNIA.

Alhambra—Alhambra Savings Bank; capital $12,500; Pres., H. D. McDonald; Vice-Pres., J. A. Green and R. F. Bishop; Cashier, W. F. Lawson; Asst. Cashier, James McLaren.

Fruitvale—Bank of Fruitvale; capital, $12,500; Pres., D. L. Westover; Cashier, R. W. Westover.

Greenwater—Greenwater Banking Corporation; capital, $50,000; Pres., Geo. S. Nixon; Vice-Pres., Lewis A. Parkhurst; Cashier, H. B. Gee; Asst. Cashier, F. G. Smith.

San Francisco—Mission Savings Bank; capital, $100,000; Pres., James Rolph, Jr.; Vice-Pres., E. W. Hopkins; Cashier, DeWitt C. Treat.

Sherman—Bank of Sherman; capital, $25,000; Pres., H. Eller; Vice-Pres., R. I. Sherman; Cashier, Thomas Feron.

FLORIDA.

Monticello—Farmers & Merchants' Bank; capital, $25,000; Pres., J. A. Sasser; Vice-Pres., S. D. Clarke.

Pensacola—Pensacola Bank & Trust Co.; capital, $200,000; Pres., O. L. Bass; Vice-Pres., O. L. Wilkinson; Cashier, G. C. Scudamore.

GEORGIA.

Newton—Baker County Bank; capital, $15,000; Pres., David C. Barrow; Vice-Pres., C. E. Norris; Cashier, C. C. Baggs.

Sale City—Sale City Bank; capital, $15,000; Pres., David C. Barrow; Vice-Pres., C. C. Findlea; Cashier, L. I. Brown.

Spread—Bank of Spread; capital $5,000; Pres., J. T. Neal; Vice-Pres., James Stapleton; Cashier, J. T. Neal, Jr.

IDAHO.

Bellevue—Bellevue State Bank; capital, $10,000; Pres., J. W. Ballantine; Vice-Pres., A. E. Cahoon; Cashier, C. W. Wilson.

Crawford—Intermountain State Bank; capital, $10,000; Pres., L. M. Gorton; Vice-Pres., S. M. Sisk; Cashier, H. C. Sims; Asst. Cashier, J. D. Patterson.

Marysville—Marysville State Bank; capital, $10,000; Pres., J. E. Cosgriff; Vice-Pres., John D. C. Kruger; Cashier, C. C. Shetler.

ILLINOIS.

Chebanse—State Bank; capital, $25,000; Pres., J. E. McMahon; Vice-Pres., H. C. Berns; Cashier, Wm. M. Hickey; Asst. Cashier, Thos. J. McMahon.

Weldon—State Bank (successor to J. & C. Swigart); capital, $25,000; Pres., Carl Swigart; Vice-Pres., P. M. Smallwood; Cashier, H. T. Swigart; Asst. Cashier, Charles C. Lisenby.

INDIANA.

Gas City—First State Bank (successor to First National Bank); capital $25,000; Pres., J. Wood Wilson; Vice-Pres., L. C. Frank; Cashier, R. T. Calender; Asst. Cashier, Lillian Prickett.

Ligonier—Farmers & Merchants' Trust Co.; capital, $50,000; Pres., F. H. Green; Vice-Pres., W. A. Cochran; Cashier, J. L. Henry.

INDIAN TERRITORY.

Muskogee—Corn Belt Trust Co.; capital, $14,000; Pres., T. H. Dunn; Vice-Pres., F. I. Moffatt; Sec. & Treas., W. F. Moffatt.

IOWA.

Buxton—Buxton Savings Bank (successor to Bank of Buxton); capital, $10,000; Pres., B. C. Buxton; Vice-Pres., R. R. MacRae; Cashier, L. C. Baxter.

Hardy—People's Savings Bank (successor to State Bank); capital, $10,000; Pres., G. H. Cheever; Vice-Pres., R. R. Smith; Cashier, J. T. Nervig.

KANSAS.

Lindsborg—Commercial State Bank; capital, $40,000; Pres., G. I. Toevs; Vice-Pres., N. J. Thorstenberg; Cashier, G. E. Eberhardt.

Ottawa—Franklin County State Bank; capital, $15,000; Pres., O. Clayton Bodley; Cashier, W. K. McCall.

Sedgwick—Farmers' State Bank; capital, $10,000; Pres., Wm. Nightser; Vice-Pres., A. S. Thomas; Cashier, Chas. B. Harling.

KENTUCKY.

Berry—Farmers' Deposit Bank; Pres., B. G. Gillespie; Vice-Pres., R. H. Lang; Cashier, J. E. Renakers.

Irvine—Farmers' Bank; capital, $7,500; Pres., J. A. Haynes; Vice-Pres., T. C. Fuller; Cashier, James A. Wallace; Asst. Cashier, C. H. Bowlds.

Louisville—Commercial Bank & Trust Co.; capital, $500,000; Pres., Sam P. Jones; Vice-Pres., Caldwell Norton, Clarence Dallam and I. P. Barnard; Asst. Cashier, R. C. Head; Secretary, J. H. Dickey.

MICHIGAN.

Empire—Empire Exchange Bank; Pres., D. H. Power; Cashier, W. F. Ruegsegger.

Palms—Palms Bank; Pres., Frank W. Hubbard; Vice-Pres., John Ryan; Cashier, William Babcock; Asst. Cashier, Bert D. Wright.

MINNESOTA.

Baudette—Security State Bank; capital, $10,000; Pres., J. P. Hedberg; Vice-Pres., J. A. Mathine; Cashier, Albert Berg; Asst. Cashier, E. O. Hedberg.

Bethel—State Bank (successor to Bank of Bethel); capital, $10,000; Pres., M. R. Waters; Vice-Pres., S. M. Waters; Cashier, G. B. Sigurdson.

Freeborn—First State Bank; capital, $10,000; Pres., L. T. Scott; Vice-Pres., Wm. H. Miller; Cashier, C. B. Howard.

Gibbon—Citizens' State Bank; capital, $12,000; Pres., Peter Mauderfeld; Vice-Pres., John Friede; Cashier, John W. Boock.

MISSISSIPPI.

Oakvale—Oakvale Bank (Branch of Hebron Bank, New Hebron).

Brumley—Bank of Brumley; capital $10,000; Pres., J. M. Hawkins; Cashier, E. C. Hawkins.

Gilman City—Citizens' Bank; capital, $15,000; Pres., D. W. Fair; Vice-Pres., John Brown; Cashier, Ed. S. Case; Asst. Cashier, T. O. Oliphant.

Joplin—Joplin State Bank; capital, $12,500; Pres., A. P. Clark; Vice-Pres., H. R. Conklin; Cashier, H. M. Ramsey; Asst. Cashier, H. M. Ramsey, Jr.

Kansas City—Jones Bros. Banking Co.; capital, $10,000; Cashier, C. A. Middaugh.

Lees Summit—Citizens' Bank; capital, $35,000; Pres., J. R. Blackwell; Vice-Pres., John Leinweber; Cashier, W. B. George.

McFall—Citizens' Bank; capital, $5,000; Pres., A. Whitton; Cashier, C. M. Rash.

Old Monroe—Bank of Old Monroe; capital, $10,000; Pres., H. Hemmersmeyer; Vice-Pres., Henry Holtzman; Cashier, Henry Bothe; Asst. Cashier, H. H. Goos.

MONTANA.

Musselshell—Bank of Musselshell; (Handel Bros.)

NORTH CAROLINA.

Halifax—Bank of Halifax; Pres., Wm. H. S. Burgwyn; Vice-Pres., E. L. Travis; Cashier, Fletcher H. Gregory.

Oriental—Bank of Oriental; capital, $15,000; Pres., Geo. L. Roberts; Vice-Pres., L. F. McCabe; Cashier, J. W. Miller.

NORTH DAKOTA.

Backoo—First State Bank; capital, $10,000; Pres., J. W. Whaler; Vice-Pres., Edward Florance; Cashier, C. W. Clow.

Goodrich—Citizens' State Bank; capital, $10,000; Pres., J. E. Davis; Vice-Pres., John Wittmayer; Cashier, J. P. Thompson.

Kermit—First State Bank; capital, $10,000; Pres., A. Wagner; Vice-Pres., J. M. Hynes; Cashier, W. E. Vadnais; Asst. Cashier, E. J. Vadnais.

Pekin—Bank of Pekin; capital $10,000; Pres., W. C. Hagler; Vice-Pres., O. G. Arnison; Cashier, Albert Lonson.

Sawyer—First State Bank; capital, $5,000; Pres., J. E. Tofflemire; Vice-Pres., A. Tofflemire; Cashier, F. S. Tofflemire.

Walum—Farmers' State Bank; capital, $10,000; Pres., J. E. Jaconson; Vice-Pres., L. Enger; Cashier, Geo. I. Jacobson.

OHIO.

Columbiana—Columbiana Bank & Savings Co.; capital, $25,000; Pres., J. R. Jeffreys; Vice-Pres., C. S. Lehman; Cashier, E. P. Funkhouser; Asst. Cashier, J. M. Felger.

Covington—Union Bank; capital, $40,000; Pres., E. I. Green; Vice-Pres., J. O. Weaver; Cashier, J. C. Brown; Sec., C. H. Sidener.

Jeffersonville—Citizens' Bank; capital, $25,000; Pres., Ira D. Booco; Vice-Pres., E. L. Janes and Jos. Straley; Cashier, Silas M. Taggart.

Luckey—Exchange Bank; Cashier, Allen D. Rees:

Perry—Euclid Avenue Trust Co. (Branch of Cleveland); G. H. Cowdery, Mgr.

OKLAHOMA.

Capitol Hill—American State Bank; capital, $10,000; Pres., D. W. Hogan; Vice-Pres., J. M. Owen; Cashier, W. K. Ransom.

OREGON.

Newport—Leese & Scarth; Pres., Thomas Leese; Vice-Pres., William Scarth; Cashier, G. T. Holmden.

PENNSYLVANIA.

Philadelphia—Gimbel Bros.; Cashier, G. A. Lowther.

SOUTH DAKOTA.

Draper—Draper State Bank; capital, $5,000; Pres., W. T. McConnell; Vice-Pres., O. J. Marshall; Cashier, W. T. George.

Frederick—Farmers' State Bank; capital, $5,000; Pres., C. A. Russell; Cashier, R. G. Townsend.

Lennox—Exchange Bank; capital, $16,-000; Pres., B. C. Jacobs; Cashier, Louis Jacobs; Asst. Cashier, A. B. Jacobs.

Seim—Farmers & Drovers' State Bank; capital, $5,000; Pres., W. E. Briggs; Cashier, H. H. Aldrich.

Wagner—Farmers' State Bank; capital, $10,000; Pres., Valentine Rezler; Vice-Pres., Paulina Heil; Cashier, L. L. Heil.

TENNESSEE.

Hendersonville—Bank of Hendersonville; capital, $15,000; Pres., R. J. Lyles; Vice-Pres., D. C. Kellet, Jr.; Asst. Cashier, Geo. S. Wherry.

TEXAS.

Eagle Pass—State Bank & Trust Co.; capital, $50,000; Pres., A. H. Evans; Vice-Pres., L. F. Dolch; Cashier, W. J. Niggli.

Hondo—Hondo State Bank; capital, $30,000; Pres., I. H. King; Vice-Pres., Joe Ney; Cashier, T. A. White.

Kilgore—Kilgore State Bank; capital, $10,000; Pres., L. P. Griffin; Vice-Pres., P. E. Barton; Cashier, F. D. Oberthier.

Klondike—First State Bank; capital, $15,000; Pres., Wm. R. Allen; Vice-Pres., J. J. Hunt; Cashier, W. A. Thomason.

Nixon—Nixon State Bank; capital, $25,-000; Pres., Robert F. Nixon; Cashier, C. S. Penfield; Asst. Cashier, F. P. Penfield.

UTAH.

Provo—Farmers & Merchants' Bank; capital, $50,000; Pres., Thomas N. Taylor; Vice-Pres., Homer J. Rich; Cashier, J. D. Dixon.

WASHINGTON.

Brewster—Bank of Brewster; capital, $25,000; Pres., J. G. Ostby; Vice-Pres., J. O. Ostby; Asst. Cashier, S. O. Ostby.

Ephrata—Bank of Ephrata; Pres., J. D. Bassett; Vice-Pres., J. W. Brewer; Cashier, Geo. E. Snedecor.

Hunters—Hunters Exchange Office of Lincoln County State Bank, Davenport; Mgr., J. P. Lawrence.

KRUPP—Farmers' Bank; Pres., M. A. Wiley; Vice-Pres., C. T. Hansen; Cashier, B. F. Paff.

Pogue—Okanogan Valley Bank; capital, $15,000; Pres., J. A. Rickert; Vice-Pres., Howard Babcock; Cashier, Harry J. Kerr; Asst. Cashier, E. A. Kerr.

Quincy—German-American State Bank; capital, $25,000; Pres., Geo. E. Sanderson; Vice-Pres., M. F. Cochran; Cashier, G. E. Sanderson.

Spokane—Union Park Bank; capital, $25,000; Pres., J. W. Greene; Vice-Pres., F. B. Perkins; Cashier, John P. McGinn.

WISCONSIN.

Baldwin—Security State Bank; capital, $25,000; Pres., Joseph Yoerg; Vice-Pres., S. Sweningson and S. T. Holmes; Cashier, E. J. Cave.

CUBA.

Havana—Banco de la Habana; capital, $1,875,000; Pres., Carlos de Zaldo; Vice-Pres., Mendez Capote; Sec., Carlos Parraga; Mgr., H. R. Narraway.

CANADA.

ONTARIO.

Aurora—Bank of Toronto.

Burford—Bank of Toronto; H. A. Sims, Mgr.

Chatham—Dominion Bank.

Dresden—Dominion Bank; W. A. Peace, Mgr.

Newmarket—Bank of Toronto.

Parry Harbour—Bank of Toronto.

MANITOBA.

Dauphin—Union Bank of Canada; Arthur Dunbar, Mgr.

Rossburn—Bank of Toronto.

QUEBEC.

L'Islet—La Banque Nationale; J. A. Turmel, Mgr.

St. Tit —La Banque Nationale; G. B. Laflem, Mgr.

SASKATCHEWAN.

Carlevale—Bank of Hamilton; A. A. McLean, Agent.

Moose Jaw—Royal Bank of Canada; S. L. T. Harrison, Mgr.

Quill Lake—Bank of Toronto.

NEW BRUNSWICK.

St. Mary's—Bank of Nova Scotia.

CHANGES IN OFFICERS, CAPITAL, ETC.

ARKANSAS.

Calico Rock—Bank of Calico Rock; D. E. Evans, Pres. in place of C. H. Hogan; W. P. Campbell, Vice- Pres. in place of D. E. Evans.

Hot Springs—Citizens' National Bank; Claude E. Marsh, Cashier in place of S. A. Buchanan; no Asst. Cashier in place of Claude E. Marsh.—Arkansas National Bank; F. B. Rix, Asst. Cashier.

Newport—Arkansas Bank & Trust Co.; Nathan Graham, Vice-Pres., deceased.

Thornton—Planters & Lumberman's Bank; title changed to Bank of Thornton.

CALIFORNIA.

Chico—W. C. Smith, Asst. Cashier in place of W. N. Copeland, resigned.

Covina—First National Bank; J. R. Elliott, Vice-Pres.

Los Angeles—American National Bank; Geo. Chaffey, Vice-Pres., resigned.—National Bank of California; John E. Fishburn, Pres. in place of John M. C. Marble; W. D. Woolwine, Vice-Pres.

Oceanside—First National Bank; Geo. A. Lane, Pres. in place of of J. X. Woods; E. S. Payne, Cashier in place of Geo. A. Lane; E. B. Johansen, Asst. Cashier in place of E. S. Payne.

Oakland—First National Bank; L. G. Burpee, Vice-Pres.; E. N. Walter, Cashier in place of L. G. Burpee; S. H. Kitto, Asst. Cashier in place of E. N. Walter; Chas. W. Walter, Asst. Cashier.

Petaluma—Petaluma Savings Bank; F. A. Cromwell, Sec. and Cashier in place of H. B. Higbee.—California Savings Bank; Charles McNally, Asst. Cashier in place of H. H. Huntington, resigned.

Red Bluff—Bank of Tehama County; W. B. Cahoone, Pres. in place of E. W. Runyan, resigned; Earle Gans, Cashier and Secretary.

Redlands—Redlands National Bank; B. W. Cave, Cashier in place of C. C. Ames; G. E. Sucher, Asst. Cashier.

Redondo—Farmers & Merchants' National Bank; Ernest C. Heath, Asst. Cashier.

Rio Vista—Bank of Rio Vista; James Hamilton, Cashier in place of H. G. Perry, resigned.

San Francisco—Hibernia Savings & Loan Society; Robert J. Tobin, Sec. and Treas., deceased.

South San Francisco—Bank of South San Francisco; M. E. Glucksman, Cashier, resigned.

COLORADO.

Denver—Denver Stock Yorks Bank; D. J. A. Ritchie, Pres.; William Bierkamp, Jr., Cashier.

Palisades—Palisades National Bank; J. L. Oliver, Pres. in place of J. J. Durkee; C. F. Walker, Cashier in place of John G. McKinney.

CONNECTICUT.

Norwich — Chelsea Savings Bank; Charles B. Chapman, Sec. and Treas.; Frank Hempstead, Asst. Sec. and Treas.

DISTRICT OF COLUMBIA.

Washington—National Capital Bank; E. E. Herrell, Asst. Cashier.—Merchants & Mechanics' Savings Bank; Edward P. Schwartz, Pres.—Washington Savings Bank; title changed to Washington Exchange Bank.

GEORGIA.

Columbus—Home Savings Bank; capital increased to $100,000.

McRae—Citizens' Bank; Olin Pharr, reported an embezzler.

Ocilla—People's Bank; absorbed by First National Bank.

Rockmart—Rockmart Bank; W. W. Cook, Cashier, resigned.

Vidalia—Bank of Vidalia; G. C. Thorpe, Cashier in place of W. H. Vanlandingham, resigned.

IDAHO.

Caldwell—First National Bank; G. D. Snell, Jr., Cashier in place of R. A. Cowden.—Western National Bank; D. D. Campbell, Pres. in place of W. H. Redway; J. K. Roddy, Asst. Cashier.

Hailey—Commercial & Savings Bank; Frank B. Cross, Pres. in place of W. E. Sullivan, resigned.

ILLINOIS.

Chicago—Live Stock Trust & Savings Bank; title changed to Stockmen's Trust & Savings Bank.—Bank of Nova Scotia; J. R. McLeod, Manager.

Fisher—Fisher Bank; John F. Vennum, Vice-Pres., deceased.

Freeburg—First National Bank; A. B. Daab, Pres. in place of R. S. Youngblood; J. A. Hamilton, Vice-Pres. in place of W. J. Reichert; R. E. Hamill, Cashier in place of L. E. Baird.

Lerna—First National Bank; H. B. Vanatta, Vice-Pres.

Rockford—Rockford National Bank; W. F. Woodruff, Pres. in place of Horace Brown, deceased; C. F. Henry, Vice-Pres. in place of W. F. Woodruff.

INDIANA.

Aurora—Aurora National Bank; John Ullrich, Cashier.

Lowell—Lowell National Bank; no Cashier in place of P. A. Berg; B. H. Wood, Asst. Cashier.

South Bend—First National Bank; Edward B. Reynolds, Vice-Pres., deceased.

INDIAN TERRITORY.

Atoka—Atoka National Bank; W. A. McBride, Asst. Cashier in place of R. R. Phillips.
Terral—First National Bank; W. O. Scott, Asst. Cashier.

IOWA.

Akron—First National Bank; J. B. Alexander, Cashier in place of Geo. C. Eyland, Jr.; H. Shoulberg, Asst. Cashier in place of J. B. Alexander.
Aurelia—First National Bank; W. H. Bischel, Cashier in place of A. J. Whinery.
Chariton—First National Bank; A. L. Mallory, Pres. in place of Joseph Braden.
Pleasantville—First National Bank; R. S. Flanagan, Cashier in place of W. C. Reed.
Red Oak—Farmers' National Bank; no President in place of M. Chandler, deceased.

KANSAS.

Abilene—Farmers' National Bank; I. B. Martin, Cashier.
Lebanon—First National Bank; E. T. Derge, Pres. in place of J. R. Burrow; A. Lull, Vice-Pres. in place of Henry Williams; P. A. Derge, Asst. Cashier.
Sedam—People's National Bank; in hands of Receiver, September 24; authorized by the Comptroller to resume business October 15.
Stafford—First State Bank; H. L. McCurdy, Pres. in place of A. E. Asher.

KENTUCKY.

Boston—Boston Banking Co.; Roy C. Smith, Cashier, reported an embezzler.
Crab Orchard—Crab Orchard Banking Co.; Carroll Bailey, Cashier in place of W. Mason Morris, resigned.
Columbia—First National Bank; A. D. Patteson, Cashier in place of E. H. Hughes.
Newport—German National Bank; John Todd, Vice-Pres. in place of J. G. Feth.

LOUISIANA.

New Orleans—People's Savings, Trust & Banking Co.; Louis Cucullu, Pres., deceased.
New Roads—First National Bank; E. C. Claiborne, Cashier in place of E. P. Major.

MAINE.

Skowhegan—First National Bank; Edward D. Page, Cashier in place of Geo. N. Page, deceased.

MARYLAND.

Baltimore—Western National Bank; Charles E. Rieman, Pres. pro tem. in place of Joshua G. Harvey, deseased.—United Surety Co.; William Gilmor Hoffman, Jr., Pres. in place of Olin Bryan, resigned.
Easton—Easton National Bank of Md.; Richard Thomas, Cashier, deceased.
Frostburg—First National Bank; R. Annan, Pres. in place of Marx Wineland, deceased; Olin Beall, Cashier in place of R. Annan.
Midland—First National Bank; Marx Wineland, Pres., deceased.
Port Deposit—Cecil National Bank; Edward V. Stockham, Pres. in place of E. S. France; Geo. W. Albaugh, Vice-Pres. in place of E. V. Stockham.

MASSACHUSETTS.

Boston—Bay State Trust Co.; Alfred Rodman, Treas. and Sec. in place of T. K. Cummins, resigned; William Atherton, Asst. Treas. and Sec.; Curtis Chipman, Asst. Sec.
Fall River—G. M. Haffards & Co.; G. M. Haffards, deceased.
Hingham—Hingham National Bank; E. W. Jones, Cashier; no Asst. Cashier in place of E. W. Jones.
Hudson—Hudson National Bank; Joseph S. Bradley, Pres., deceased.
Milford—Milford Savings Bank; Z. C. Field, Pres. in place of John P. Daniels.
West Newton—West Newton Savings Bank; Emerson N. Bullard, Pres., deceased.

MICHIGAN.

Detroit—Peninsular Savings Bank; Alexander Chapoton, Jr., Pres., deceased.
Grand Rapids—Grand Rapids Savings Bank; Frank S. Coleman, Cashier.—Old National Bank; Frank S. Coleman, Asst. Cashier, resigned.
Kalamazoo—Kalamazoo National Bank; A. S. White, Second Vice-Pres.

MINNESOTA.

Brainerd—Northern Pacific Bank; title changed to Citizens' State Bank.
Ceylon—First National Bank; E. J. Barnett, Asst. Cashier.
Stillwater—Lumbermen's National Bank; Roscoe F. Hersey, Pres., deceased; also Pres. Stillwater Savings Bank.
St. Paul—Capital National Bank and St. Paul National Bank; consolidated under former title.

MISSISSIPPI.

Bay St. Louis — Merchants' Bank; Charles L. Hopkins, Pres. in place of John Osoniach, resigned; L. M. Gex and Roger De Montluzin, Vice-Pres.

Biloxi—Bank of Biloxi; E. C. Tonsmeire, Cashier in place of W. H. Buck, resigned; B. A. Bond, Asst. Cashier.

MISSOURI.

Higbee—Citizens' Bank; Charles Evans, Pres., deceased.
Malden—Dunklin County Bank; capital increased to $20,000.
Palmyra—First National Bank; J. B. Best, Pres.; Francis McCabe, Vice-Pres. in place of J. B. Best.
Troy—People's Bank; capital increased to $50,000.
St. Louis—Washington National Bank; Joseph L. Hanley, Pres. in place of James Wilson; James Wilson, Vice-Pres. in place of Isaac A. Hedges.
Versailles—First National Bank; J. D. Hubbard, Cashier in place of W. T. Petty; Price Jones, Asst. Cashier.
Washington—First National Bank; T. W. Chambers, Vice-Pres., deceased.

NEBRASKA.

Inman—Inman State Bank; E. C. Sharp, Cashier in place of E. J. Mack.
Lyons—First National Bank; Geo. E. Lundberg, Cashier in place of C. A. Darling.

NEW HAMPSHIRE.

Groveton—Coos County National Bank; C. C. O'Brion, Vice-Pres. in place of W. H. Fowler.
Keene—Ashuelot National Bank; John M. Parker, Pres.

NEW JERSEY.

Englewood—Citizens' National Bank; Geo. W. Springer, Cashier in place of C. F. Park, deceased; no Asst. Cashier in place of Geo. W. Springer.
Merchantville—First National Bank; Thomas J. Pancoast and Ellis Parker, Vice-Pres.; E. H. Robinson, Cashier.
Montclair—Montclair Savings Bank; Ralph T. Crane, Sec. and Treas. in place of Henry D. Crane, deceased.
Newark—Essex County National Bank; Benjamin Atha, Pres. in place of T. W. Crooks, deceased; F. B. Adams, Vice-Pres.; A. F. R. Martin, Cashier in place of F. B. Adams; no Asst. Cashier in place of A. F. R. Martin.

NEW MEXICO.

Hagerman National Bank; E. A. Cahoon, Pres. in place of J. W. Warren; L. W. Holt, Vice-Pres. in place of E. A. Cahoon.
Portales—First National Bank; W. B. Oldham, Second Asst. Cashier.
Raton—Raton National Bank; H. L. Bickley, Vice-Pres. in place of M. R. Mendelson.

NEW YORK.

Albany—National Commercial Bank; capital increased to $1,000,000; surplus increased to $1,500,000.
Buffalo—Third National Bank; no Pres. in place of Nathaniel Rochester, deceased.
New York—United States Trust Co.; Henry E. Ahern, Secretary.—Lincoln Trust Co.; capital increased to $1,000,000.—Bowery Savings Bank; William E. Knox, Sec. in place of Walter Coggeshall, deceased. — New York Clearing-House; Alexander Gilbert, Pres. in place of Dumont Clarke.
Tupper Lake—Tupper Lake National Bank; Charles E. Knox, Cashier in place of F. D. Barry.
Wyoming—Wyoming Banking Co., Walter Schneckenburger, Cashier in place of Charles J. Cheney, resigned.

NORTH DAKOTA.

Crary—Farmers' Bank; T. A. Luros, Pres., deceased.

OHIO.

Bowling Green—Exchange Bank; absorbed by Wood County Savings Bank.
Cincinnati—Third National Bank; Wm. A. Lemmon, Vice-Pres. in place of D. V. Sutphin; C. T. Perin, Cashier in place of Wm. A. Lemmon; L. E. Van Ausdol and F. J. Mayer, Asst. Cashiers.
Geneva—First National Bank; B. G. Blair, Cashier in place of Geo. M. Bowen.
New Carlisle—First National Bank; W. C. Fissel, Cashier in place of J. M. Pierce; Eva L. Bolenger, Asst. Cashier.
New Madison—Farmers' Bank; Horace G. Bloom, Pres., deceased.
New Paris—Farmers' Bank; Horace G. Bloom, Pres., deceased.
Zanesville—First National Bank and Union National Bank; reported consolidated under former title.

OKLAHOMA.

Guthrie—Logan County Bank; J. H. Norris, Pres.; U. G. Norris, Cashier; Earl Cook, Asst. Cashier.
Lawton—Lawton National Bank; W. F. Moffatt, Vice-Pres.
Oklahoma—American National Bank; F. P. Johnson, Pres. in place of J. H. Wheeler; D. W. Hogan, Cashier in place of F. P. Johnson.

OREGON.

Ranier—Bank of Ranier; purchased by State Bank; W. T. Hottman, Cashier.

PENNSYLVANIA.

Bolivar—Bolivar National Bank; in hands of Receiver, October 1, 1903; authorized by the Comptroller to resume business October 15.

Lancaster—Lancaster County National Bank; Ben E. Mann, Pres. in place of F. H. Breneman.

Masontown — First National Bank; Thomas C. McCune, Cashier in place of D. R. Anderson.

Norristown — Norristown Clearing-House; Geo. R. Kite, Pres. in place of F. G. Hobson, deceased.

Philadelphia—Bank of North America; H. G. Michener, Pres. in place of John H. Michener, deceased; no Vice-Pres. in place of H. G. Michener.—Central National Bank; Theodore Kitchen, Pres., deceased.

Pittsburg—Fourth National Bank; J. T. Wachob, Cashier in place of Geo. H. Fulton; Geo. H. Fulton, Asst. Cashier.—Lincoln National Bank; C. M. Gerwig, Vice-Pres.

Pottstown—Citizens' National Bank; P. L. Egolf, Pres. in place of G. B. Lessig; Theo. B. Miller, Vice-Pres. in place of P. L. Egolf.

Reading—Farmers' National Bank; W. K. Eckert, Second Vice-Pres.

Red Lion—Farmers & Merchants' National Bank; Horace Jacobs, Asst. Cashier in place of H. H. Minnich.

Scranton—Keystone Bank; Wm. B. Layton, Cashier in place of M. J. Murphy, resigned.

RHODE ISLAND.

Newport—Union National Bank; W. A. Coggeshall, Cashier in place of B. B. H. Sherman, deceased.

SOUTH CAROLINA.

Aiken—Bank of Aiken and People's Bank; consolidated under former title.

Batesburg—First National Bank; Ira C. Carson, Cashier in place of W. M. Carter.

Orangeburg—Edisto Savings Bank; William L. Glover, Cashier in place of John W. Fairey.

SOUTH DAKOTA.

Huron—James Valley Bank; Geo. L. Anderson, Cashier in place of F. J. Sauer, resigned.

TENNESSEE.

Covington — Farmers & Merchants' Bank; title changed to Farmers & Merchants' Bank & Trust Co.; capital increased to $65,000.

Morristown—Merchants' Bank; consolidated with City National Bank under latter title.

TEXAS.

Bay City—Bay City National Bank; E. Zedler, Asst. Cashier.

Benjamin—First National Bank; G. H. Beavers, Vice-Pres. in place of G. B. Stewart.

Calvert—J. Adoue & Co.; J. Adoue, deceased.

Goldthwaite — Goldthwaite National Bank; F. D. Wilson, Cashier in place of W. E. Pardue.

Greenville—First National Bank; Sam B. Brooks, Cashier in place of E. W. Harrison, resigned.

Knox City—First National Bank; W. R. King, Asst. Cashier.

San Angelo—Western National Bank; J. W. Johnson, Vice-Pres. in place of B. B. Hall.

Vernon—Herring National Bank; C. B. Johnson, Asst. Cashier in place of L. K. Johnson.

Winnsboro—Farmers' National Bank; Clem. F. Corley, Asst. Cashier in place of F. S. Morris.

VIRGINIA.

Manassas—People's National Bank; A. W. Sinclair, Vice-Pres. in place of H. A. Thompson.

Norfolk—Mottu, DeWitt & Co.; firm name changed to Mottu & Co.

Petersburg—National Bank of Petersburg; B. B. Jones, Cashier in place of C. R. Bishop; E. H. Beasley, Asst. Cashier in place of B. B. Jones.

WEST VIRGINIA.

Hendricks—First National Bank; Worth B. Jennings, Pres., deceased.

Keyser—People's Bank; Harry G. Buxton, Pres., deceased.

Morgantown—Citizens' National Bank; Isaac Van Voorhis, Vice-Pres., deceased; also Vice-Pres. Federal Savings & Trust Co.

WISCONSIN.

West Allis—First National Bank; D. E. French, Cashier in place of L. G. Baker.

WYOMING.

Sheridan—Bank of Commerce; Charles R. Massey, Cashier in place of H. G. Alger, deceased.

CANADA.

ONTARIO.

Ottawa—Ontario Bank (including all branches) transferred to Bank of Montreal.

BANKS REPORTED CLOSED OR IN LIQUIDATION.

DISTRICT OF COLUMBIA.

Washington—Aetna Banking & Trust Co.; in hands of Robert Lyons, Receiver, October 19.—People's Savings Bank; in hands of John Schofield, Receiver.

INDIANA.

Gas City—First National Bank; in voluntary liquidation September 26.

IOWA.

Davenport—Citizens' National Bank; in voluntary liquidation October 15.

MINNESOTA.

St. Paul—St. Paul National Bank; in voluntary liquidation September 29.

MONTANA.

Butte—Aetna Banking & Trust Co.

OHIO.

Middleport—Middleport Bank.
Youngstown—Wick National Bank; in voluntary liquidation October 1.

RHODE ISLAND.

Providence—Edward P. Sheldon & Co.

FIRST TREASURER OF THE UNITED STATES.

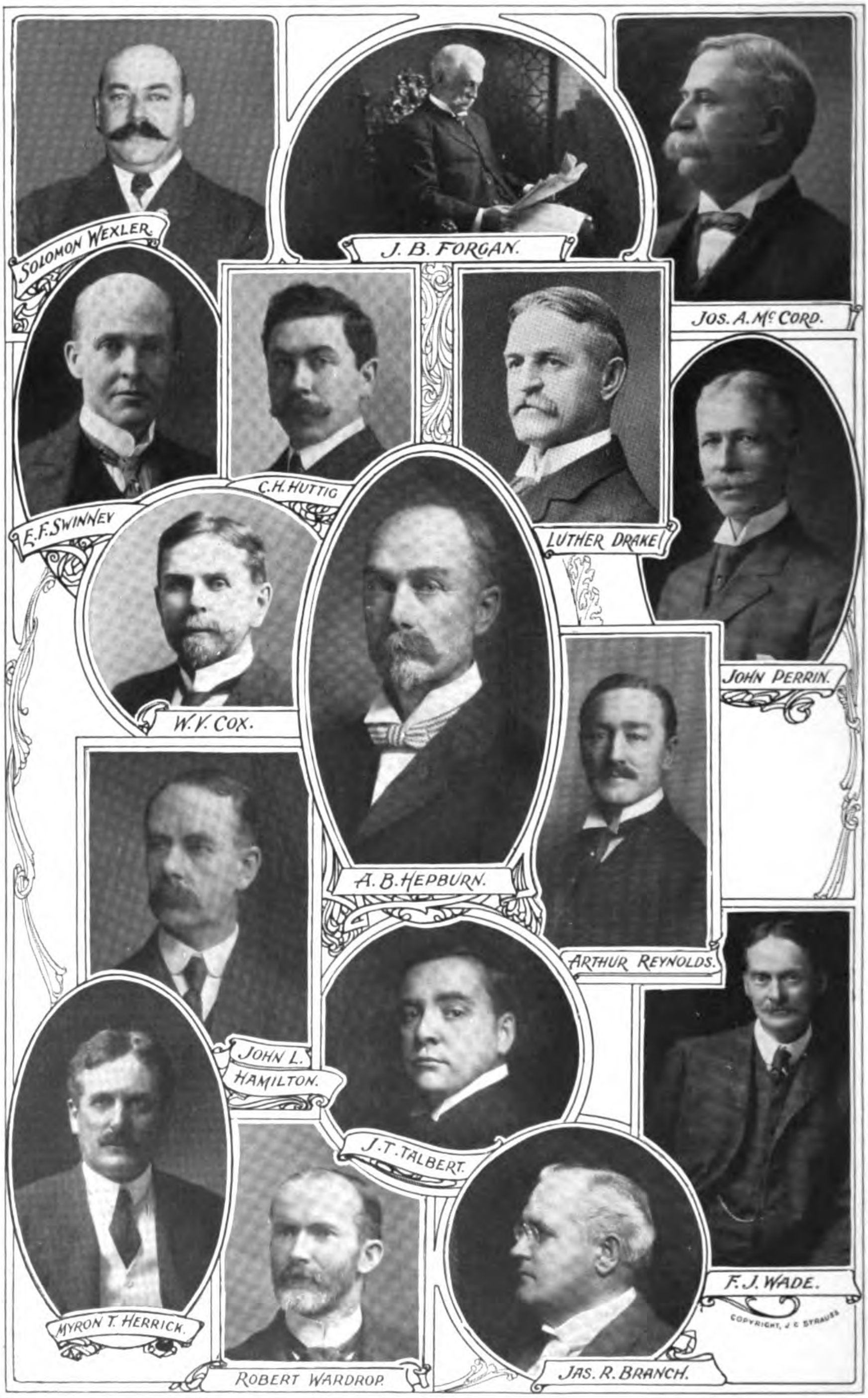
A RECENT issue of the "New York American" has the following sketch of Michael Hillegas, first Treasurer of the United States:

Secretary Shaw is the first government official to give Hillegas the honor that is due him, and within a short time there will appear on a government note a vignette of the patriot who headed the fiscal system on which the United States Treasury was founded.

Michael Hillegas's father was driven out of Alsace by the Huguenot persecutions, and with several brothers, whose descendants now live in almost every state of the Union, came to America in 1724, settling in Philadelphia, where he became one of the wealthiest and most influential residents of the city.

The son was born in the Quaker City in 1729, and at twenty-two became the business successor of his father. Later he aided in the formation of the Lehigh Coal Mining Company, the first of its kind in the country. He was a member of the historic Assembly balls, and John Adams wrote in his diary for November 28, 1775: "Hillegas is a great musician, talks perpetually of forte and piano, of Handel, and songs and tunes." His versatility is further shown by his membership in the American Philosophical Society, his appointment to a commission to erect Fort Mifflin, his membership in the Provincial Assembly for ten years, and in the famous Pennsylvania Committee of Safety.

The Journal of Congress, the Pennsylvania Archives and the Votes of the Assembly are filled with references to Michael Hillegas, variously styled "Continental Treasurer" and "Treasurer of the United States," and in the archives of the Department of State is a letter by T. McKean, then President of Congress, enclosing to Hillegas the official notification of the latter's re-election as Treasurer of the United States, and adding, "You are chosen by an unanimous ballot, which is the fullest approbation of your past conduct."



CURRENCY COMMISSION OF THE AMERICAN BANKERS' ASSOCIATION
ACTING IN CONJUNCTION WITH THE CURRENCY COMMITTEE OF THE CHAMBER OF COMMERCE OF THE STATE OF NEW YORK.

THE

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UNITED WORK FOR CURRENCY REFORM.

IF substantial results are to follow the recommendations of the Currency Commission, there will have to be united work in favor of the commission's plan by the bankers and general business interests of the country. The question that is now presented is not one of details, but of principles. Is it desirable that the system of bond-secured circulation be preserved indefinitely, or shall we take the first step towards securing a bank-note currency based upon commercial paper, and secured by a proper reserve and a safety fund, with adequate provision for daily redemption?

The plan offered by the Currency Commission of the American Bankers' Association will, if enacted into law, have an educational effect at least. If this limited use of a credit currency is found to work advantageously, the banks and the people will be prepared to accept later on a gradual extension of the asset currency principle. The great obstacle to currency reform has been that most of the bankers of to-day have had no experience with any other kind of bank notes except those secured by Government bonds; and, with the conservatism natural to their class, they hesitate to adopt the untried and unknown. Whatever objections may be urged against the commission's proposals, the notes proposed can hardly be attacked on the ground of insecurity or inflation. Surely, the five per cent. guaranty fund, the reserve, the tax, and, finally, the redemption features of the plan, will effectually guard against objections of this character.

United and persistent work in behalf of the measure will be required to gain the favorable action of Congress; particularly so, since this is the short session.

EDITORIAL COMMENT

AN example of the growing sense of responsibility on the part of directors of financial and fiduciary corporations is afforded by the recent action of Mr. THOMAS F. RYAN, the well-known capitalist, in resigning from the directorate of a number of railroad and other corporations. He accompanied his resignation with the following statement:

"I have resigned from the directorates of a large number of railroad and other corporations. My accumulating interests and responsibilities render it impossible for me to attend so many directors' meetings and to properly discharge my obligations to the stockholders concerned.

I have also reached the conclusion that I can best serve the financial and fiduciary institutions with which I am associated by severing my official connection with the railroad and industrial corporations with which they necessarily have constant business relations. I hope and believe that the decision which I have made will prove to the advantage of all the interests for which my friends hold me responsible and of the gentlemen with whom I have so long been associated in the various corporations from whose boards I have resigned."

The financial and fiduciary institutions of which Mr. Ryan is a director and which, according to his statement, he intends to continue to serve in such a capacity, include the Morton Trust Company, of which he is first vice-president; the National Bank of Commerce, of which he is vice-president and director; the Newport Trust Company, Union Exchange Bank and the Washington Life Insurance Company.

It may be imagined that a director of a bank or trust company who is also a director of railway or industrial corporations, often finds his duty conflicting with his self-interest. And the average man, without any dishonest intention, would be prone in many instances to be biased in the direction of his own interests at the expense of his duty toward others. And yet it is difficult, and perhaps impossible, to secure impartial bank directors. The boards of directors of banks generally, and in the smaller cities almost always, are composed of the most active business men in the community. They take stock in the banks and become directors not only to reap the direct profits, but to benefit indirectly, and usually to a far greater extent, by the loans they may thus be enabled to secure to carry on their business enterprises. Despite all the criticism indulged in on the subject of loans to directors, the banks would be deprived of an important source of profit were loans of this character forbidden. As a rule, the directors of a bank are chosen from among the most active and successful business men in a community. That they should be favored in the matter of loans is a partial recompense for the time they devote to their banks and for the cares and responsibilities assumed.

Perhaps it is only in rare cases that the bank director who is heavily interested in outside enterprises allows his judgment to be unduly warped by personal considerations, though he must needs be on the alert not to do so. It sometimes happens that there is a conflict of interests, and in such cases it would seem to be clear that there is no alternative but to resign from one board or the other. The director of a trust company who recommends the purchase of securities of an industrial or railway company of which he is also a director, may act honorably, but he cannot act disinterestedly. And the responsibility and trust which he assumes in becoming the trustee of a fiduciary institution are so great that he ought not to place himself in a position where his judgment would be liable to be swerved by any considerations save those of fidelity to the persons who have trusted him.

THE Currency Commission appointed by the American Bankers' Association, at the convention recently held at St. Louis, has submitmitted a unanimous report, containing the following recommendations:

"We recommend the enactment into law of the following, having the firm conviction that thereby will be provided a bank note currency safe beyond peradventure and automatically varying in volume as the needs of commerce vary:

1. Any national bank having been actively doing business for one year and having a surplus fund equal to twenty per cent. of its capital, shall have authority to issue credit notes as follows, subject to the rules and regulations to be determined by the Comptroller of the Currency:

(a) An amount equal to forty per cent. of its bond-secured circulation, subject to a tax at the rate of 2½ per cent. per annum upon the average amount outstanding, provided that if at any time in the future the present proportion of the total outstanding unmatured United States bonds to the total capitalization of all going national banks shall diminish, then the authorized issue of credit notes shall be increased to a correspondingly greater percentage of its bond-secured notes.

(b) A further amount equal to 12½ per cent. of its capital, subject to a tax at the rate of five per cent. per annum upon the average amount outstanding in excess of the amount first mentioned.

The total of credit notes and bond secured notes shall not exceed the capital.

2. The same reserves shall be carried against credit notes as are now required by law to be carried against deposits.

3. The taxes provided upon credit notes shall be paid in gold to the Treasurer of the United States, and shall constitute a guaranty fund for the redemption of notes of failed banks and for the payment of the expenses of the printing and the cost of redemption. In order that the guaranty fund may be ample from the beginning, any bank making application to take out credit notes for issue shall deposit with the Treasurer of the United States in gold an amount equal to five per cent. thereof. The unused proportion of this initial payment shall be an asset of the contributing banks respectively, and shall be refunded from time to time when this may be done without reducing the guaranty fund below an amount equal to five per cent. of the credit notes taken out.

4. The Comptroller of the Currency shall designate numerous redemption cities conveniently located in the various parts of the country. Through the agency of the banks in such cities adequate facilities shall be provided for active daily redemption of credit notes.

5. The provision of existing law limiting the retirement of bond-secured notes to $3,000,000 per month shall be repealed.

6. All public moneys above a reasonable working balance, from whatever source derived, shall be currently deposited from day to day in national banks without requiring collateral security or special guaranty therefor, but in no case shall the balance carried with any bank exceed fifty per cent. of the capital thereof. All banks receiving such public moneys on deposit shall pay into the United States Treasury interest thereon at the rate of two per cent. per annum."

This plan not only provides for the issue of bank notes without a deposit of Government bonds, but the principle of specially-segregated assets of any kind to secure the notes is rejected, and instead the notes are to be secured by a guaranty fund, created by a tax on the new circulation, of from 2½ to five per cent., and by a reserve equivalent to that now maintained on deposits, with careful provision for daily commercial redemption of the notes. That these precautions are ample to ensure the absolute safety of the credit notes cannot be doubted. To prevent new and weak banks from issuing credit notes, it is provided that the privilege of issuing such notes shall be conferred only upon banks that have been in existence for at least one year, and whose surplus equals twenty per cent. of the capital. Very properly, the issue of credit notes is to be "subject to the rules and regulations to be determined by the Comptroller of the Currency," and in the exercise of his discretion the Comptroller can check the tendency of a bank in a weak position to endeavor to save itself by the issue of credit notes.

In basing the proportion of new notes upon the bond-secured circulation, the commission has endeavored to forestall the possibility of the banks' retiring their bond-secured notes and issuing credit notes. Owing to the adoption of a bad financial policy by Congress, the banks have been loaded with Government bonds at artificial prices, and the Government cannot in common honesty do anything that would tend to depress the price of the bonds.

In imposing a tax of 2½ per cent. on the credit notes, the commission has taken a middle course between an untaxed currency and one taxed high enough to restrict its use solely to emergencies. In those parts of the country where interest rates are high, the notes that are taxed 2½ per cent. would probably remain out permanently, and while this tax would seem to be a greater burden than ought to be imposed upon any form of bank-note currency, it would nevertheless not prohibit the banks in the newly-settled districts from using their credit to considerable advantage. The banks in the larger cities would also find it profitable, at certain periods, to issue the credit notes. Indeed, at any time, the latter would cost them but little more than the deposits of country banks, which the city banks obtain by paying interest from two per cent. upwards.

The part of the credit note circulation taxed at the rate of five per cent. per annum is intended for emergency uses. Possibly, in some parts of the country, where interest rates are high, this tax may be too low to effect the purpose intended; but, on the other hand, had the tax been put at a much higher figure, it might have been practically prohibitory.

Although not so stated above, the official explanation accompanying the plan provides that the credit notes shall not exceed twenty-five per cent. of the capital of the issuing bank.

Contrary to most proposals for an asset currency, the credit notes to be issued under this plan are not to be made a first lien upon assets, but noteholders will, so far as the distribution of assets is concerned, stand upon exactly the same footing as depositors. There can be no question, however, as to the safety of the notes. This is amply assured by the guaranty fund.

Numerous redemption cities are to be designated by the Comptroller and through the instrumentality of the clearing-houses, the credit notes are to be redeemed daily in lawful money. This provision, and the hardly less important one that reserves shall be held against the credit notes in the same proportion as the reserves now required against deposits, will be an adequate safeguard against inflation.

There is some evidence that the whole bank-note question has received rather more attention than it deserves. Perhaps the greatest advantage of the note-issuing function is to be found in its employment as an auxiliary of the check and deposit system. If a bank, through its power to issue notes, can increase its deposits, that will be of greater benefit to the bank and to the community than any advantage that can accrue from the use of the notes to meet emergencies. And in a country of such vast extent, with a population considerably scattered, the bank note may be used in many cases where the bank check could not. But there is something else more important than anything yet mentioned, and that is to find the way finally to rid the country of the bond-secured circulation altogether. The rapid growth of the volume of our bank circulation in recent years has undoubtedly stimulated enterprise at a time when such stimulus was not needed. If there should be a slackening of business activity, causing a depression, the circulation might become redundant, gold be expelled in large amounts, and the security of our financial system seriously disturbed. Furthermore, the issuing of bonds—the taxing of the people—simply to afford a basis for bank circulation, is fast becoming a public scandal, and the party in power will sooner or later have to take cognizance of that fact. The plan of the American Bankers' Association is therefore to be commended as the first step in substituting an economically sound system of bank notes to replace a system that is unsound economically and that can no longer be defended on the score of expediency.

We have so often commended the proposal to deposit the public funds with the banks, at interest, without special security, that it is superfluous to here restate the arguments in favor of that proposition.

RISING prices are a source of much concern to those dependent upon wages or fixed incomes. This upward tendency, which is indisputable, is usually ascribed to trusts, monopolies, the tariff or some other semi-political cause. Doubtless the trusts have sins enough to answer for, but there are probably other influences at work operating to cause an increase of prices. In an article in the October issue of the "Review of Reviews," Hon. GEORGE E. ROBERTS, Director of the Mint, points out some of these causes.

In the first place, it is shown that many people in talking of the present era of high prices are making comparisons, whether consciously or unconsciously, with the low period of 1894-98, rather than with the average normal level.

Comparing recent prices with those of former normal periods, Mr. Roberts concludes that the present rise is not due in any important degree to artificial causes. Prices of forty-one commodities indicate that they have little more than regained the level they occupied before the 1896 depression.

As to the desirability of low prices, Mr. Roberts says:

"It is plain, therefore, that the low prices of the period 1894-98 were not at the time regarded by anybody as a blessing to be enjoyed, but as a calamity to be escaped. Prices that are legitimately low, *i. e.*, made low by the bounty of nature or by improvements in the arts of production, but which still afford fair compensation to the producer and an incentive to investment and industry, are to be welcomed, but prices that are below the cost of production, that are low because industry is disorganized and wage-earners are unemployed, prices that signify sacrifice of investments and lack of confidence in the future of the country, are not desirable. Nobody wanted them when they were present, and nobody wants a return of them now. So much, therefore, of the subsequent rise of prices as represents a natural recovery from an unnatural depression is not to be deplored, but welcomed as a change beneficial to the masses of the people."

Among the forces that are enhancing prices, the Director of the Mint mentions the increase of population, the growing scarcity of fertile areas of land, and the enlarged gold supply. He concludes that the rise in prices is not without some compensations, even to those who feel themselves unfavorably affected. He says:

"In 1896 the salaried employee who was secure in his position and the wage-earner who had regular employment were gainers by the falling prices. With the movement of prices reversed such persons have been losing what they gained at that time, unless able to obtain increased pay. On the other hand, the salaried and wage-earning class, as a whole, has been greatly benefited by the complete employment of all its number, by the imperative demand for every grade of labor, which is the chief factor in the advancement of wage schedules, and by the multitude of opportunities which such a period gives for capable and deserving individuals to better their condition.

No standard of value has been devised which is ideally perfect. There must be some standard by which the products and services of all the various occupations and all the communities of the world may be valued to one another in the exchanges. The gold standard has been established by a slow process of commercial evolution. Practically the whole world has adopted it, not because it is perfect, but because the commercial world regards it as the best working system obtainable for the measurement of values. The standard will undergo fluctuations, and there will always be academic discussion about the effect of these fluctuations upon the interests of the different classes of society. Whatever these effects may be, they are inevitable and irremediable. Close scrutiny will reveal that the evil effects are never so important as the alarmists anticipate. An immense amount of loose theorizing and mischievous agitation is due to failure to take account of the general readjustment, with its compensations, which accompanies every economic change."

WHEN the cause of free silver went down in defeat in 1896, the future of silver was despaired of by very many. While the course of the market for some time tended to confirm that gloomy view, a change soon supervened, and recently the course of silver has been upwards.

Once in the course of a debate in the Senate, Senator SHERMAN was asked if he had not declared, if a particular bill were passed, that it would have a certain effect on the value of silver. He replied that very likely he had made the statement attributed to him, but he added that about every prediction he had made with reference to silver in a period of twenty-five years had failed to be verified by events. This was, perhaps, a good illustration of the wary disposition of the Senator, but it also showed that he realized the great difficulty of accurately forecasting the future position of a metal subject to so many uncertain influences affecting both its production and consumption.

Although one nation after another has discarded silver as full legal tender money, the price of the metal does not fall, but rises. This may be due to some extent to the general rise in the price of commodities, and especially to the increased prosperity of the people, enabling them to indulge their taste for silver plate along with other luxuries. The reorganization of the monetary system of the Philippines, the attempts of China in a similar direction, and the reappearance of the United States in the market as a purchaser of silver bullion—all these factors have tended to enhance the price. Perhaps it would also be found that the hope of the realization of the dreams of the bimetallists afforded an undue stimulus to the production of silver, and since this was withdrawn there has been a reaction, so that the growth of the silver output has hardly been what would be expected to meet the increased demands of an augmenting population.

A stream of silver flows continuously toward India, there to be swallowed up and disappear.

WILL gold go the way of silver and finally be discarded as a standard of value? This is the question raised by Prof. J. PEASE NORTON in a recent issue of the "Yale Review." Of course, the question is by no means new, but it assumes fresh interest owing to the great increase in the production of gold and the rise of prices in the last few years. From January 1, 1896, to November 1, 1906, the world's stock of gold increased from $4,144,000,000 to $7,487,-000,000—a gain of $3,343,000,000, or 80.7 per cent. Within the same period the prices of commodities, as shown by Dun's index number, rose from $77.780 to $106.683—an increase of $28.903, or 37.2 per cent.

"This expansion," says Professor NORTON, "unprecedented even when the gold discoveries of California in 1849 are considered, arises because of causes within the industry, namely, advances in the arts. As in 1849-1857, so the inflation which began in full force in 1899 must continue until the statistics of gold production begin to show signs of a decreasing rate of increase, due to the increasing cost of production. The employment of slave or coolie labor in operating the mines, as in South Africa, may, of course, prolong the depreciation.

Ten or fifteen years ago it did not pay owners of mines to operate, where the average yield was less than about $12 run of gold per ton of ore. At the present time mines are successfully operated where the run of gold per ton of ore is as low as $1.30. The average run of gold per ton of ore is probably less than $5 per ton for the ten largest mines in the world. It is also probable that the profitable yield per ton of ore has been cut in two within ten years, and possibly reduced by two-thirds. The distribution throughout the world for low grade mines is far more extensive than for high grade properties. Moreover the whole industry of gold dredging on land is still in its infancy. On the side of gold depreciation are the increasing skill and ingenuity of every engineer, chemist and inventor in the United States and in the world. As the cost of production falls, prices and interest rates must rise. If the industries of the countries of the world are to be subject to so great a source of disturbance, the problem may soon require governmental control.

In this connection it would appear that three courses are available, all regulating the production and tending to keep the standard stable:

(1) Government ownership of the gold industry.

(2) Government tax levied as a specific duty on every ounce of gold produced, and adjusted in amount so as to produce stability by limiting output.

(3) Abandonment of a metallic standard and the adoption of a tabular standard, supplemented by an extensive and adequate clearing system, adjusted to the needs of communities in their exchanges, local, intra- and international, as to place, and to variations in discount rates

by a system of deferred clearings, as to time. It is probable that, as nations and legislatures are constituted, the latter remedy would be the simplest and most practicable."

Professor NORTON concludes as follows: "If the metal gold shall continue to follow in the footsteps of that recalcitrant sister metal, silver, and shall fall as precipitately in the immediate future as in the past eight years, the nations of the earth will shortly awaken to face a money problem of absorbing interest."

Notwithstanding the great increase in the production of gold, the nations of the world never seemed so eager to get hold of as much as possible of the new supplies, and never were they more reluctant to part with what they have.

HOW Japan provided for the vast expenditures incidental to the late war with Russia, was interestingly described by JEIJIRO ONO, Ph. D., Superintendent of Agencies of the Bank of Japan, in an address before the recent convention of the American Bankers' Association.

While the war account is still in course of settlement, it is estimated that the expenditures will eventually reach a total of 1,982,000,000 yen, or about $991,000,000. The 1,364,000,000 yen actually paid out up to February, 1906, was derived from the following sources: From war taxes, 184,000,000; domestic loans, 435,000,000; foreign loans, 349,000,000, and 134,000,000 yen from permanent funds and curtailment of ordinary expenditures, and the rest was in the form of floating debts, to be settled from the proceeds of other revenues.

That these enormous expenditures were provided for while maintaining the currency on a gold basis, and without any serious disturbance of the ordinary trade and industry of the country, is a remarkable tribute to the resourcefulness of Japanese statesmanship.

Fortunately, before the beginning of the war, Japan had already tried and discarded some of the obsolete financial expedients to which the United States still adheres. Government paper money and national bank notes, based upon the public debt, had both been tried and found wanting. Not only was the gold standard firmly established when the war began, but a great and powerful financial institution was in existence, fully equipped to aid in carrying out the financial plans devised by the Government, and the efficiency with which the Bank of Japan did the work allotted to it was no doubt of inestimable service at this critical juncture in the affairs of the Empire.

Not only did Japan effectually provide the means to carry on the war, but measures were taken looking to the extinguishment of the war debt within a period of about thirty-two years.

Mr. ONO's address at St. Louis was listened to with close attention, and at its close he was liberally applauded and received a special vote of thanks from the convention.

THE difficulty with Japan, growing out of the discrimination against Japanese subjects by the educational authorities at San Francisco, has assumed national importance by the attention bestowed upon it in the President's message.

There appears to be some disagreement between the President and the San Francisco authorities as to the exact state of facts. The President refers to the exclusion of the Japanese from the free schools, while the California authorities claim that it is not a question of denying admission of the Japanese to the schools, but that they shall not be admitted to the schools attended by white children. Even this distinction would hardly satisfy the Japanese, who no doubt consider themselves the equals of the whites. Furthermore, the point of most moment is whether the course taken at San Francisco is in contravention of the treaty obligations entered into between Japan and the United States. The right of a state to regulate its purely domestic affairs, under our constitution, is unquestionable; but, on the other hand, a state can hardly nullify a treaty entered into by the United States and a foreign power. If, therefore, the action of the California educational board comes into conflict with the provisions of the existing treaty between Japan and the United States, there will have to be a modification of the rule, or there will be war—not between the two nations, but between the United States and California. In fact, President ROOSEVELT, who is habitually somewhat impulsive, has already declared that he will use the military power of the country, if necessary, to bring the Californians over to his way of thinking. Perhaps, however, before the President declares war against California some other less bellicose way of settling the difficulty will be found. These race questions are always troublesome, and it is generally impossible for an outsider to deal with them properly. It can hardly be believed, however, that California quite deserves all the harsh criticism provoked by this incident. The provision of separate schools for races other than the white race is not a new idea in this country, and there are states where this plan would be vigorously upheld.

The Japanese people by their achievements in peace and war have won the respect of the world. So far as our own observation goes they possess the qualities that would make them desirable citizens of any country. It would be regrettable if, from any cause, the amicable feeling so long existing between the people of the United States and those of Japan should be disturbed. No doubt wisdom and patience may be relied on to afford a speedy and righteous adjustment of the controversy.

SECRETARY SHAW, in his address before the convention of the Kentucky Bankers' Association, argued that the Secretary of the Treasury ought to be given greater power over the banks. He suggested, particularly, that the Secretary should be clothed with authority to regulate the banking reserves—sanctioning their reduction to meet extraordinary demands, and compelling their increase when the supply of money is redundant.

This same suggestion is repeated in his recent Annual Report.

If the Secretary of the Treasury is to continue to act as the regulator of the money market, it is only logical that he should be given all the power that he deems essential to the fulfillment of this difficult task. With money rates varying from one to one hundred and twenty-five per cent., it is apparent that the Secretary, with his present limited powers, has not always been able to control the market.

It seems to us that the function of supervising the lending operations of the banks—of saying they have too much loaned at one time and not enough at another—does not properly belong to the Secretary of the Treasury. Furthermore, it is believed that many of the expedients resorted to by the Secretary of the Treasury, though well meant and executed with great skill and brilliancy, have had a most damaging effect on the business situation, though temporary relief has been afforded. We have undoubtedly been carrying on enterprise at too swift a pace. But what is the need of conservative counsels? The banks have learned by experience that when they get in a pinch the Secretary of the Treasury will help them out, and the boom goes on. Today the Treasury will pour millions of funds into the banks in the shape of deposits; tomorrow it will lend gold to the banks without cost while they are importing the metal; this week it will induce the banks to increase their circulation, pointing out that other bonds may be substituted for Government bonds pledged as security for public deposits; next week it will do—who knows what? Probably make a bond issue to give a tonic to the market. And the banks go on extending credits, prices keep mounting, and everybody's paper wealth grows apace.

The point is simply this: No Secretary of the Treasury, however able—and the present Secretary is certainly not lacking in ability—can possibly exercise the functions Mr. SHAW would impose upon his exalted office. Already the banks have relied too much on Treasury aid. Mr. SHAW is justly solicitous of the welfare of the business community, and in his anxiety to prevent a strain on the banks he has followed a policy that has caused them to be less self-reliant than they would otherwise have been. If the Treasury, in the deposit and withdrawal of its funds, will treat the banks just as ordinary business men do, that will be all the aid to the money market that the Secretary of the Treasury need be called on to render.

PRESIDENT ROOSEVELT'S recommendations relating to the currency, made in his annual message to Congress, are not very specific, but they will at least serve to direct the attention of the press and the public to the desirability of some action being taken in the near future, and thus serve to aid in overcoming that inertia which thus far has been responsible for the defeat of every effort made to secure any change in the note-issuing regulations.

While the President's views on the subject of currency reform appear somewhat indefinite, he does recommend that the funds derived from customs receipts be treated the same as internal revenue receipts, though he failed to go further and advise that all receipts be deposited without special security, the Government to receive a moderate rate of interest on the sums so deposited. The President also recommends that the limitation on the retirement of national bank circulation be extended so that the banks may not be prohibited from depositing more than $3,000,000 in lawful money in any one month to retire circulation.

These two proposals are so eminently sound that, whether Congress shall enact any currency legislation of a general character or not, it ought at least to pass a bill embodying these suggestions.

ALTHOUGH the Comptroller of the Currency, in his recent report to Congress, calls the attention of that body to the necessity of a change in the system of bank examinations, and renews the recommendation made in the report for 1905, that bank examiners be paid salaries, by the day, instead of fees, as at present, it is very doubtful if Congress will pay any heed to this suggestion. The Comptroller very justly says:

"This is a matter of very great importance in the interest of good administration, and the effective supervision of national banks. Every

Comptroller of the Currency has agreed in this opinion and has recommended that this change be made. The examination and supervision of national banks will never be what it should be until this recommendation is carried out."

While Congress is indifferent to the Comptroller's recommendations, this indifference might be overcome if the banks themselves would take the matter up, individually and through their state and national associations, and urge upon Congress the wisdom of adopting this suggestion. A good way to begin this work would be for each banker who favors the reform mentioned to write to his Senator and Representative in its behalf.

There is no doubt that the present method of compensating national bank examiners, which leads to hasty and superficial examinations, has been a prime cause in lowering the whole system of Federal regulation of banking in the estimation of many bankers, and to some extent in the minds of the people generally. It is to the interest of the banks that this reproach be removed, and this can be done if the bankers will but take the time and the trouble to press the matter upon the attention of their representatives in Congress.

COMPTROLLER RIDGELY devotes a considerable part of his Annual Report to an exposition of the principles of a bank-note currency, and in doing so has performed a service that was much needed. For it is indisputable that the difficulty in getting any action from Congress in the way of reforming the system of issuing national bank currency has been due to the unconcern with which the majority of the banks have regarded the matter. Mr. RIDGELY has made it very clear that under a proper system the banks could issue their notes just as easily as they now grant loans, the proceeds of which are usually deposited subject to the borrower's check. In other words, that the borrower be given an option of using the proceeds of his loan either in the form of a checking account or of bank notes, whichever may be most convenient to him.

Of course, the Comptroller would be the last to claim any novelty for the principles laid down in his report. They are almost as old as the hills. But he has stated them with a cogency that ought to assure their acceptance by every thinking banker. His designation of the credit notes as "gold-reserve notes" is calculated to establish them in the public confidence, and inasmuch as there would be a reserve of from fifteen to twenty-five per cent. back of these notes, the designation is entirely proper.

PRIVATE CORPORATION SECURITIES.*

THEIR FORMS, SIGNIFICANCE AND RELATIVE INVESTMENT STATUS.

BY EDGAR VAN DEUSEN,

FORMER INSTRUCTOR IN FINANCE, TUCK SCHOOL, DARTMOUTH COLLEGE.

CORPORATE BOND TYPES (CONTINUED).[3]

GROUP I.

THIS group contains those bonds the *quality* of whose security may be as a whole considered *prime,* and which therefore sell at a low average "basis" for the entire group of around four per cent.[4]

1.—RECEIVER'S CERTIFICATES.[5]

These are mere acknowledgments of indebtedness authorized by a court and issued by the receiver as a court officer, when the ordinary corporation income is insufficient to procure funds or in payment for certain charges or disbursements essential to the preservation and continued operation of the property in hand.

Security, etc.: These securities are unique, in that while they have no specific lien, their claim is uniformly paramount to that of all other of the company's obligations. This precedence rests on their peculiar legal status and the character of the expenditures which they represent—such as taxes, fees and cost of the court administration or receivership, wages, and other operating expenses, and purchases and disbursements, necessary to preserve the property—all incurred for the social service and private benefit of both creditors and shareholders, and therefore equitably entitled to preference over earlier claims.

To insure their validity it is essential that their issue be in strict accord with the court order which authorized it and for the preferred purposes specified therein, concerning which facts every purchaser is assumed to have constructive notice and must beware; for, unlike bonds,

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* Continued from November number, page 715.

3. The article of which the following paper is a continuation is one chapter in a book on investments which is in preparation by the writer, who wishes to here acknowledge his debt to the investment house of Messrs. H. H. Copeland & Son of Wall street, New York, for free and continued access to their valuable financial library and certain sole financial records, and for courteous suggestions in the selection of the numerous typical examples.

4. For convenience, brief statements of the distinctive characteristics of the groups, more fully treated in the November issue of this magazine, are here prefixed to each in order.

5. Cincinnati, Hamilton & Dayton Recv. Ctfs. due Jan. 1, 1907, subject to call at par after Aug. 1, 1906.

Pere Marquette, Recv. Ctfs. due Jan.-July, 1907.

they lack the advantage and protection of *negotiability* which renders them enforceable by a bona fide holder in his own name and notwithstanding possible defects and irregularities of their issue or equitable rights which existed as between prior parties thereto. Furthermore, these essentials to the priority of the certificates' lien on both the entire income and property of the corporation must, except in the case of railroads, be supplemented by the consent of the prior lienors for outlays other than those absolutely needful to conserve the property. Their especial danger as securities lies in the possible question as to the justification for their authorization.

On the receiver's distribution of proceeds from the sale of the property, certificate holders share pro rata should the assets be inadequate to pay even their prior claims in full.

Yield: Being an emergency issue put out to secure funds needed promptly and when the company is in poor credit, they are rendered attractive by their superior security and the anomalous inducement of a superior return—in the Dayton case their nominal yield being 5½ per cent.

Other Features: Like bonds, these certificates are commonly for even sums, with a dated maturity and perhaps an option for prior redemption at a fixed price. Unlike bonds, however, they are not offered to the general public through banking-houses, are unlisted, have a narrow market, and are closely held.

2.—Prior Lien Bonds.

These are issued in pursuance of reorganization plans, and, in consequence, generally represent a first claim on the entire property of the newly organized company, save as certain senior liens may have been left intact under the reorganization plan.

Security, etc.: Uniformly, though not always, these bonds are secured by an absolute first lien on a great part[6] or all of a property.[7] In the illustrations below, the security is an absolutely first mortgage on the entire line of the company. Commonly, however, there are some underlying bonds of old companies which are not disturbed in the foreclosure proceedings and which accordingly take precedence to the extent of their security over the prior lien bonds of the new organization;[8] thus, the prior lien bonds of the Erie are secured by a seventh mortgage on the property of the old New York & Erie, and a fourth, third, second and first on other portions. These last are really a collateral bond, based on the first consolidated mortgage gold bonds, held in trust, but have priority of satisfaction over the general mortgage bonds in case of

6. Northern Pacific, Prior Lien 4's 1997.
7. New Orleans & North Eastern, Prior Lien 6's, 1915.
Southern, Mobile & Birmingham, Prior Lien 5's, 1945.
Toledo, St. Louis & Western, Prior Lien 3½'s, 1925.
8. Baltimore & Ohio, Prior Lien 3½'s, 1925.
Erie, First Consolidated Prior Lien 4's, 1996.

foreclosure. A unique feature of this particular instance is its possession of voting power.

Compared with first mortgage bonds, prior liens enjoy a much broader market as a class, because when issued with "firsts" on the same property, they always take precedence, are usually issued in large amounts, and are uniformly well secured.

3.—First Mortgage Bonds.

As their name implies, these securities are theoretically and usually a first lien on a specific property of the obligor.

Security, etc.: But because of the tendency to be misled by an attractive title, it is pertinent to inquire here, and in the following type, "what's in a name?" Accordingly, so-called first mortgages may be divided as to lien into three groups: *(a)* Cases where the first lien is *actually first.*[9] It is estimated that around ninety-five per cent. in *number* of nominal first mortgage bonds are first in fact, or about sixty-five per cent. to seventy per cent. in *value* of the total amount of such railroad bonds issued. Here, then, the question is merely what is the character and condition of the encumbered property. *(b)* The second class of first mortgage bonds are those which are *not* a first mortgage.[10] This usage appears quite at variance with the legal rule that "bonds should not be described as first mortgage bonds if there are underlying mortgages on divisions of the property." In the two illustrations given, the first mortgage is subsequent and subject to "prior lien" issues; in the first case cited, to the prior lien 5's, 1945, when, plainly, the extant "firsts" can never become so in fact, but must remain secondary to the prior liens which mature at the same time; in the second instance, they are subject to the prior lien 3½'s, 1925, in which case the firsts will conform to their name for the last twenty-five years of their life. *(c)* Again, by an undesirably loose use of the term "first," it is sometimes made to refer to the *relative order* in which the bonds were put out by the issuing company, rather than to an underlying lien. Here the peculiarity arises that there may be two first mortgages on the same road; one the first of an earlier company, another the first of its successor. "Where a corporation issues bonds having the words printed on their face, 'first mortgage bonds,' when as a matter of fact there was an underlying mortgage * * * the officers and directors who took part in the issue of the bonds are liable to an innocent purchaser who relied on the statement contained on the face of the bond. His measure of damages

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9. Atchison, Topeka & Santa Fe, Chicago & St. Louis, 1st 6's, 1915.
Chicago, Rock Island & Pacific, 1st 6's, 1917.
Delaware & Hudson, 1st 7's, 1917.
Erie, New York & Erie, 1st 4's, 1947.
Missouri, Kansas & Texas, 1st 4's, 1990.
Union Pacific, 1st 4's, 1947.

10. Southern, Mobile & Birmingham, 1st 4's, 1945.
Toledo, St. Louis & Western, 1st 4's, 1950.

is the difference between the value of the bonds as first mortgage bonds and second mortgage bonds."

As a rule, however, old first mortgages may be generally taken as true firsts. Under the modern movement toward consolidation, the trend is for the *number* of first mortgage bonds to become less, the aggregate face *value* greater; while at the same time the tendency is for such issues to vary from the normal and to constitute first liens on portions of the system.

In rare instances, as the Atlanta & Charlotte 1st 7's, 1907, first mortgage bonds have also been granted *voting power* to increase their attractiveness.

In this connection reference merely may be made to second, third, etc., mortgage bonds, which are self-explanatory as to lien. There is no theoretical limit to which a given property may be mortgaged; fifth mortgages are found on the Erie, and the Southern—Virginia Midland—has sixth mortgage bonds outstanding. Plainly, such issues are practically unsecured by the specific asset, and should, therefore, always be guarded with sinking fund provisions.

4.—Extension Mortgage Bonds.

These refer to either *(a)* those put out by a parent company to finance the *physical extension* of its property;[11] (see also "Closed" and "Open End" Mortgages); or, *(b)* to an extension of the *time of maturity* for any bond issue, made at the close of the life of a series as originally authorized.[12]

Security, etc.: (a) The first and most extensive type naturally constitutes a first lien on a new construction; while it additionally enjoys the credit of the parent company. *(b)* Time extensions—as in the Erie example—were a frequent practice of earlier days when a company found it impracticable to meet its funded obligations at maturity, but are largely fallen into disuse, the modern substitute being to refund the bonds at a lower interest in accord with the rate decline of recent years.

While apparently indicative of financial straits, such action by a company is not a necessary sign of weakness; an unfavorable market for the flotation of new securities or desire to avoid expenses incident to a new issue may prompt a company to extend its old obligations when permitted by the legal form of the contract. The present tendency, however, is to preclude the extensions as an infringement on the equitable rights of subsequent mortgage bondholders; for so long as senior liens may be authoritatively prolonged, a junior claimant's security remains inferior;

11. Chicago, Burlington & Quincy, Denver Ext. 4's, 1922; Neb. Ext. 4's, 1927.
Chicago & Northwestern, Ext. 4's, 1926.
Great Northern, Montana Ext. 4's, 1937.
Minneapolis & St. Louis. Iowa Ext. 7's, 1909.

12. Baltimore & Ohio, 4's, 1935.
Erie, Old New York & Erie, 1st, 2nd, 3rd, 4th & 5th mortgages.
Missouri Pacific—Pacific of Missouri, 1st, 2nd & 3rd mortgages, 1938.

while by the usual refunding practice, under which a *new* mortgage must be given and filed subsequent to the junior claims, the latter take precedence over the refunding security.

5.—Divisional Bonds.[13]

This is the name given to one secured by a lien on only a certain part or section of a larger system. In "street" usage, the term has broader application and frequently designates any of that great class of bonds which are obligations of *subsidiary* companies.

Security, etc.: These bonds are generally a first lien[14] on the definite division against which they were issued, and rank well up in the list of investment securities. The relative safety of divisional bonds is directly affected by the position and importance of the pledged property as an integral part of an entire system; since, of two equivalent liens, that upon a section of a *main* line might naturally receive more consideration in the event of a repair of financial difficulties than that upon a subordinate *branch*. On the other hand, divisional bondholders on a small section of a property, because of the inclination of courts to permit a separate sale of a minor division under foreclosure proceedings, have for their protection a certain leverage which may force recognition of their rights by a reorganization committee, should they be dissatisfied with their treatment under such a scheme or be entirely cut out. Under ordinary conditions of prosperity, however, the divisional bond finds added security in the fact that while it is proportioned to the value of a relatively small system, it also enjoys the credit of the large system of which it is a part.

As between issues on divisions of different extent, the *larger* is uniformly preferable to the smaller, as its commercial, financial and physical statistics are usually accorded distinct treatment in the public reports of the parent company; while facts concerning the smaller divisions are not treated separately, but obscured by inclusion in larger totals.

In some cases, instead of their use for construction purposes, divisional bonds are issued in connection with consolidations and put out to replace the outstanding securities of the united companies; thus in the Baltimore & Ohio[15] reorganization, about 1898, a number of small lines were consolidated and absorbed, their obligations being taken up by exchange for divisional bonds issued by the large system. Accordingly, until all the senior issues are replaced by divisional bonds, the latter cannot constitute an absolutely first lien upon the combined properties.

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13. Chicago, Burlington & Quincy, Illinois Div., 3½'s, 1949.
Great Northern, Northern Div., 4's, 1948.

14. Atchison, Topeka & Santa Fe, Eastern Okla. Div., 1st 4's, 1928.
Chicago, Milwaukee & St. Paul, Southern Minnesota Div., 1st 6's, 1910.
Chicago & Northwestern, Michigan Div., 1st 6's, 1924.

15. Baltimore & Ohio R. R., Southwestern Div., 3½'s, 1925; Pittsburgh Junction & Middle Div., 3½'s, 1925.

6.—Annuity Bond.[16]

The given example, which is the only case of its kind among American railway securities, follows the English pattern in its non-redemption feature, and constitutes an irredeemable and perpetual charge against the road.

Security: Neither at the time of their issue, nor yet, are these bonds secured by an absolutely first mortgage, but will be as other underlying liens mature. The former, however, cannot be refunded, but their lien can be removed or altered only by purchase or by conversion with the bondholder's consent.

Other Features: From physical necessity these bonds are naturally *registered* rather than coupon. A further peculiarity is in the method of their interest computation, which is the same as that for stock, since both have no maturity, viz., by a simple division of their income by their price. The price fluctuation of a perpetual bond is much greater for a given change of basis (interest return) than with a bond of measurable maturity; thus, the price of a six per cent. bond maturing twenty-five years hence, to net five per cent., would be 114.18, and 131.42 to net four per cent.; while a perpetual bond of the same nominal rate would cost 120 to net five per cent., and 150 to net four per cent.; the price fluctuation for the change of basis being seventeen points in the former as against thirty points in the latter case.

7.—Terminal Mortgage Bonds.

As their name implies, terminal mortgage bonds are put out in connection with the acquisition, improvement, etc., of necessary approaches and station facilities, especially in large centers.

Security, etc.: While uniformly a direct lien on urban real estate, their security status varies directly with the character of the particular terminal property and somewhat with the mode of issue. (1) The obligations may be those of a distinct *terminal company* which leases its facilities to different transportation companies.[17] Here, therefore, three chief factors affect their stability: (*a*) existence of an adequate number of lessees, actual or prospective, to utilize profitably the facilities; (*b*) a situation most appropriate and convenient for the designed uses, to insure permanent tendency; (*c*) such location that in case the property were abandoned as a terminal it would yet have abundant value as a piece of urban real estate. That such conditions are generally favorable for terminal companies appears from the low basis on which their securities uniformly sell. (2) The bonds may be issues by a terminal *association*,[18] as in the St. Louis case, where the terminal property is held by

16. Lehigh Valley, Cons. Mortgage Annuity, 4½'s & 6's.
17. Boston Terminal Company, 3½'s, 1945.
Washington Terminal Company, 3½'s, 1945.
18. Terminal Railroad Association of St. Louis, 4's, 1939; Cons. 5's, 1944
Gen. Ref. 4's, 1953.

fourteen companies through stock ownership, which agree "Under contract to use the property forever and to pay as tolls the interest, taxes, rentals and other charges, and each line will contribute its proportion to the extent of one-fourteenth to make up any deficiency from unforeseen circumstances." The necessity for such facilities, the unlikelihood of a withdrawal of any of the allied roads, the consequent permanence of occupation, and the practical "backing" of several companies, all indicate a strong security. (3) Occasionally such bonds are issued by a *railroad company* as its own obligation secured on the terminal property.[19] These may be a high-grade security, as in the Philadelphia case, depending on the location of the property and credit of the road, which sometimes, however, is not of the best.

As a class, though, these bonds belong in the first group, and are generally so regarded.

8.—Land Grant Bonds.

As a distinct type these bonds are more characteristic of Canadian than United States companies. In the latter country they were occasionally put out by certain transcontinental lines of the West and based on land granted by the Federal Government to aid railroad construction in new or sparsely-settled sections where otherwise prospective business would be an inadequate support and inducement to enter. Commonly, however, such holdings were embraced in some general or divisional lien which covered both the line proper and the granted tracts.[20]

Security, etc.: Wherever this type exists as a distinct issue, not included as a feature of a broader bond, the lien is confined to the mortgaged real estate so granted.[21] Accordingly, their peculiar element of risk inheres in the fact that in case of mistake in the land patents granted to the company by the Government, the same may be set aside even to the detriment of a mortgage creditor of the road.

To enable a gradual pro rata reduction of the debt so fast as the land is disposed of or sold, such bonds always contain a "call" or "sinking fund" provision.

9.—Real Estate Bond.

This is a broad term which may be given to any bond based on real property security. As practically distinguished, however, from other corporation bonds which are for the most part secured on real estate and

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19. Old Philadelphia & Reading Railroad, Terminal 5's, 1941.
New York, Susquehanna & Western R. R., Terminal 1st Mortgage 5's, 1943.

20. Chicago, Burlington & Quincy, Bur. & Mo. R. in Neb. Consol., L. G. 6's, 1918.
Chicago & Northwestern 1st Mortgage Ext. 7's, 1916.
Northern Pacific, Prior Lien L. G., 4's, 1997; Gen. Lien L. G. 3's, 2047.
Union Pacific, 1st Mortgage & L. G. 4's, 1947.

21. Canada Northern, First Land Grant, 4's, 1919.
Canadian Pacific, Land Grant, 3½'s, 1938.

from "land grant" bonds of western roads, these obligations were generally put out by eastern companies, which, in the illustrations, had issued no terminal bonds of their own against urban real estate holdings not otherwise encumbered.[22]

Security, etc.: Such issues are a direct lien on the real estate involved. Accordingly, as with all real estate investments, questions concerning the *title* of the encumbered property and of its *commercial value* are pertinent to the quality of the bonds; concerning the first point it should be remembered that through the right of eminent domain and its attendant condemnation proceedings, a transportation company secures, or may secure, if necessary to perfect its title, an unquestionable right to all real estate *essential* to the location of its lines; while other landed holdings secured by ordinary purchase are taken and held subject to any existing equities. The commercial value of the real property security, will, of course, vary with circumstances; in the Pennsylvania case, the real estate consists of wharves forming part of its terminal facilities along the New York City water front and is therefore of unquestioned and increasing value; while the Missouri Pacific bonds have a lien on certain numbered blocks in the City of St. Louis.

It further appears from their relatively high rate and their decline in value as marked by their rise in return—shown in the type illustrations—that these securities do not now rank especially high in favor or demand.

10.—Purchase Money Real Estate Bonds.

These are explained as to general meaning and security by their name.[23] (Compare real estate bonds.)

11.—Equipment Bonds[24] and Equipment Notes.[25]

The above are practically equivalent terms, somewhat broader than Car Trust Certificates,[26] and include locomotives, boats, etc., as well. Such securities are commonly issued to the vendors or nominal lessors of certain rolling stock and equipment, in payment therefor, by companies which are unwilling or unprepared to pay by other methods.

Security: Such bonds, notes, or certificates are secured by a conditional lease of the purchased equipment, terminable, in different cases,

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22. Delaware, Lackawanna & Western, Morris & Essex, Real Estate, 4½'s, 1912.
Missouri Pacific, 1st Mortgage St. Louis Real Estate, 5's, 1938.
Pennsylvania, 1st Real Estate 4's, 1923.

23. Atlantic City R. R. Pur. Money Real Estate, 4½'s, 1930.

24 Central of N. J. Equipment, Ser. D. 4's, 1907-1915.
Lehigh Valley, Equipment Trusts, Ser. D., 4½'s, 1907-1910.
Missouri Pacific, Equipment Ass'n, Ser. H., 5's, 1907-1915.
Norfolk & Western, Equipment Trusts, Ser. F. to K., 4's, 1907-1916.

25 St. Louis & San Francisco, Equipment Notes, Series G., 4½'s, 1907-1916.

26 Chesapeake & Ohio, Car Trusts, Series B., 4's, 1907-1912.
Pennsylvania R. R., Car Trust 3½'s, 1907-1910.

in from five to fifteen years, and deposited with the trustee pending payment of the final price installment for the property thus bought. The security is increased by certain lease conditions which provide for maintenance of the equipment in good repair, its replacement in case of destruction, possible inspection by the lessors and stated reports concerning same by the lessees, covenants of the latter against unauthorized transfer of its interests in the equipment, etc. Furthermore, the underlying lease provides for partial payments of the purchase price in annual or semi-annual installments, following the date of issue, at which times equivalent amounts of said certificates serially mature. In the event of default by the railroad company in performance of any of the conditions of the "lease" or the payment of any nominal "rental," the lessor may declare the lease at an end, may retain all partial payment as forfeited, and retake possession of his equipment at the earliest possible time.

Though on a somewhat higher basis than others of the first group which rest on pledged real property, these securities, insured by personalty held under conditional sale, properly belong in the first rank. Several factors contribute to the safety of this type of investment: *(a)* as the entire equipment so purchased is held in pledge until payment of the last installment, the security for the balance of the notes at any time is proportionately increased by the characteristic serial payments, which furnish repeated tests of solvency of the indebted company. Where a *sinking fund* is employed instead of the serial plan—as in the Rochester & Pittsburgh case[27]—the general principle of augmented security remains the same; *(b)* the short term, with an average final maturity of about ten years, adjusted in a measure to the conditions of each case, assures payment of the debt within a safe period before marked depreciation or destruction of the chattels has occurred; (*c*) provisions for maintenance, replacement, etc., of the rolling stock, and for reports and inspection concerning its condition, etc., provide against its ruin and give opportunity, while it is yet valuable, to retake the property through the trustees for the security holders. *(d)* The character of the ultimate tangible security in these cases gives it a high degree of what may be termed residual value; that is, rolling stock alone of almost all forms of railway property has a practically equal utility at any time on any road, under modern conditions of standard guage, which, in normal times, makes it possible for holders of car trust certificates to "foreclose" or retake their equipment and resell it without material delay or discount to another railway company. *(e)* An important factor of safety in these securities is the fact that, like a farmer's personal property in case of mortgage foreclosure on the place, they are not affected when a road goes into the hands of a receiver; while the latter must pay rental for the equipment used in the operation of his road. Accordingly, equipment debts have been met in full even when ordinary first mortgage ob-

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27 Buffalo, Rochester and Pittsburgh, Ser. E., Sinking Fund, 4½'s, 1922.

ligations have been cut down; *(f)* finally, possible forfeiture of installments makes feasible an unusual profit to the bondholder, whether original vendors (lessors) or subsequent investors. In practice, however, cases of such default rarely occur.

Other Features: These securities are generally issued in series at near their face value, from which the price fluctuates but little; another factor in this price stability of "equipments" is the fact that they are uniformly unlisted. Price quotations are on a basis somewhat higher than the average for many other bonds of equivalent security, and are very uniform at about 4¾ per cent. for all issues, irrespective of the financial status of the issuing company, which indicates their independent security above noted.

As indicative of the proper extent of an issue of car trust certificates on a given number and kind of items—about ten per cent. to twenty per cent. of whose value is uniformly paid in cash at time of purchase—a table of average values for various common forms of rolling stock is here given as an approximate form of estimate merely: *(a)* Flat cars, about $350; *(b)* "gondola" flat cars, $450; *(c)* gondola "hopper" bottom, $500; *(d)* coke cars, $650; *(e)* stock cars, $750; *(f)* box cars, $800; *(g)* refrigerator cars, $850; *(h)* furniture cars, $900; *(i)* steel coal cars, $1,000; *(j)* baggage and express cars, about $900; *(k)* day coaches, $8,000; *(l)* buffet cars, about $5,000; *(m)* freight locomotives, $8,000 to $9,000; passenger locomotives, $11,000 to $12,000.

GROUP II.

This group includes certain bonds which, as a class, sell on a little higher "basis" than those just considered, or about 4¼ per cent., because of the extensive *quantity*—as distinct from the quality—of their security, which would also give it value as an asset if acquired on a default.

The different bond types here presented are bound unusually close together by several characteristics common to each. The most noticeable feature is the *broad and inclusive nature of their lien,* which in practically every important case covers *all* the franchises and property, including sometimes also the equipment, owned by the company at the time of the bond issue, and often all property which may be acquired in the future as well. Accordingly, the emphasis in this group is rather upon extent than content, or on the *quantity* rather than the quality of the security. Again, these bonds may be, and commonly are, employed to a large extent for *refunding* uses, and are furthermore always given for larger totals than is essential merely to replace outstanding obligations, the *surplus* being used to a limited amount per year, for improvements, betterments and enlargements. Hence, such issues are uniformly for *large amounts,* which assures them a *wide market* and a more or less popular demand. The chief danger to securities of this group lies in the broad and inclusive nature of their issue, which renders them liable to be put out in excessive amount. Being commonly issued to meet cash requirements long in advance of their need for refunding purposes, they are at the former time often a junior lien on a greater or less portion of their pledged security, and must so continue as regards the property (as a whole) until the last underlying obligation has been refunded. In the event of a company's financial embarrassment, the standing and treatment of any type of this group in a reorganization will depend on the relative order of its lien in the particular case. Either of these bonds may be found ahead of either, and their priority varies indefinitely in different instances. As a class, and aside from the first mortgage family, however, these types embrace a large part of trust and savings bank investments, and numbers sell on a 4 per cent. basis or even less.

Whenever a bond of this group used for refunding purposes meets or comes to meet the requirements for a legal investment for trust funds, the effect on senior obligations such as first, divisional, extension, and similar mortgage bonds, is to automatically increase the number of such available for trust investments: this results from the provision that underlying bonds not in themselves legitimate for savings banks and similar institutions—commonly because of insufficient extent of their lien—nevertheless become lawful when ultimately refundable into a security which itself is so qualified.

1.—General Mortgage Bonds.

General mortgage bonds have been often issued in connection with *reorganizations*[28] to secure capital for improvements and additions, and are designed to distribute over a whole system charges incurred for the benefit of the whole. As the present tendency is to issue general mortgage bonds under ordinary conditions for different uses, the relative proportion of those put out under reorganization is lessened.

Security, etc.: These bonds are commonly for long periods, and usually cover the entire line or plant owned by a company at the time the obligation is given, the lien of which is secondary to all liens in force on the property at that time. While, from the conditions of, and at the period of, their issue, general mortgage bonds are often not the best secured, yet where the terms of senior issues provide for their compulsory retirement at maturity, or where they are so retired, the general bonds will automatically become first liens in the course of time. Plainly, some issues are much better than others, and the security of any such

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29, 28 Atchison, Topeka & Santa Fe, General 4's, 1995.
29 Chicago, Rock Island & Pacific Ry., General 4's, 1988.
30 Chesapeake & Ohio, General 4½'s, 1992.
29 Chicago, Milwaukee & St. Paul, General 3½'s, 1989.
29 Chicago & North Western, General 3½'s, 1987.
30, 28 Erie, General Consolidate, 4's, 1996.
29, 28 Northern Pacific, General 3's, 2047.
29 Norfolk & Western, General 6's, 1931.
29, 28 Reading, General 4's, 1997.

bonds can be learned only by reference to the co-existent and prior funded debts in a particular case. The degree of esteem in which the general mortgage bond is held will depend upon the priority of its claim: thus, in cases like the Atchison and Rock Island, the "generals" are secured very largely by first liens;[29] while in other instances, as the Chesapeake & Ohio, the general lien has priority on but a minor portion[30] of the system.

2.—Consolidated Mortgage Bonds.[31]

As distinguished from general mortgage bonds consolidated mortgage bonds are issues *not* characteristically put out as part of a reorganization plan, but under *ordinary circumstances*, while their general meaning is similar to the others of this group. The present tendency among large companies built up with repeated extensions and consolidations is to ultimately lessen and simplify the large number and variety of their existing bonds by the issue of a mortgage on the consolidated property, designed to refund the underlying liens at their maturity.

Security, etc.: Accordingly, their security is ordinarily *junior* at the time of issue, especially when they are issued in advance of their use for refunding purposes to provide cash for improvements, betterments, etc. So far as they partake of a refunding nature, their security is identical with that of the earlier securities which they are to replace,—generally a direct lien on the property. When issued in greater amount than the total of the bonds which they are to refund, unless the new lien covers additional or more valuable property than that before included, the security is plainly inferior, even when all the former bonds have been retired.

These bonds are of much *shorter maturity* than the general mortgage bonds, and sell on a somewhat higher basis.

3.—Unified Mortgage Bonds.[32]

Like consolidated, these bonds are authorized to facilitate the unification and consolidation under a single corporation of the various interests embraced in the system. These securities may or may not be in the nature of a refunding bond; but they are commonly issued with the purpose and in sufficiently large amounts to provide funds for the up-

31 Central of Georgia, Consolidate 5's, 1945.
Chesapeake & Ohio, 1st Consolidated 5's, 1939.
Chicago & Western Indiana, Consolidated 4's, 1952.
Choctaw, Oklahoma & Gulf, Consolidated 5's, 1952.
Minneapolis & St. Louis, Consolidated 5's, 1934.
Missouri Pacific, Consolidated 6's, 1920.
Nashville, Chattanooga & St. Louis, Consolidated 5's, 1928.
St. Louis & Southwestern, Consolidated 4's, 1932.
St. Paul, Minn. & Manitoba, Cons. 6's, 1932.

32 Long Island, Unified 4's, 1949.
St. Louis, Iron Mountain & Southern, Unifying & Refunding 4's, 1929.

building and betterment of the system. As a class, however, this type is not especially common, there being at present but few extant cases.

Security, etc.: Commonly, these issues are a junior lien; though like the others of this group, they may become a prior claim:[33] thus the Louisville & Nashville bond in the illustration has become a savings bank investment and sells on about a 3.85 per cent. basis.

4.—Refunding Mortgage Bonds.[34]

These are issued *primarily* to retire existing prior or underlying liens at or before maturity, when the bond has a drawn feature, and therefore are of a duration equal to or exceeding the life of the longest term security which it is intended to replace. Such bonds are infrequently used for direct consolidation purposes, but are becoming one of the more common types as earlier issues are replaced.

Security, etc.: Collateral frequently forms a greater or less portion of refunding mortgage security, though this feature may be found in any of this group, especially the "consolidated." While numerous savings-bank issues[35] are found in this type, the *proportion* of that grade of investments among refunding bonds is less than among the other members of this family, in which, as a class, they properly stand last, notwithstanding the comparatively low basis on which the illustrative bonds sell. While some of these rank high as to security, others owe their high standing rather to their large issue, popular market, and the fact that they have reached the bare requirements for membership in the society of "legal investments."[36]

GROUP III.

Group III contains those bonds which possess some attractive feature *other than* the quality or quantity of the security. It is divided into two sub-groups: the first on about a $4\frac{1}{2}$ per cent. basis and distinguished by characteristic features given the bonds in the *beginning* by the *issue company* itself; the second sub-group is marked by features attached to the bonds *after* their issue and by *another* company, which frequently so improves their security that as a class they sell on a little lower basis than the first division, or about $4\frac{1}{4}$ per cent.

1.—Sinking Fund Bonds.[37]

Such bonds provide by their terms of issue for a compulsory annual payment to the mortgage trustee of a certain sum of money to be re-

33 Louisville & Nashville, Unified 4's, 1940.
34 Fitchburg (Boston and Maine), Refunding 4's, 1925.
34 Oregon Short Line, Refunding 4's, 1929.
34 Southern Pacific, First Refunding 4's, 1949.
35 Buffalo and Susquehanna, Refunding 4's, 1951.
35 Chicago and Alton, Refunding 3's, 1949.
36, 35 Chicago, Rock Island and Pacific, Refunding 4's, 1934.
37 Buffalo, Rochester & Pittsburg, Sinking Fund Equipment, 4½'s, Ser. A.-E.
Chicago, Burlington & Quincy, Iowa Division, S. F. 5's, 1919.
Chicago & Northwestern, Sinking Fund 5's, & 6's, 1929.
Gulf & Ship Island, 1st Ref. & Ter., S. F. 5's, 1952.
Missouri, Kansas & Texas, General Mortgage S. F. 4½'s, 1936.
Philadelphia & Reading Coal & Iron, Col. S. F. Gold Loan 4's, 1932.

peatedly used to gradually retire the outstanding bonds by purchase in the open market at a certain price, when possible, or by operation of a "drawn" provision, at or above par, or to be invested in certain other securities in accord with the contract directions, to supply a fund by which the debt may be canceled at its maturity.

Security, etc.: The advisability of a sinking fund from the standpoint of a corporation has been sometimes questioned. From the investor's standpoint the general proposition may be made that such a fund is a desirable fact and, like the guarantee or serial maturity feature, ordinarily strengthens the creditor's security. The repeated reductions in fact or effect of this indebtedness proportionately and relatively strengthens the security of the remaining bondholders.

It has been claimed, however, that not only is such provision undesirable for the corporation, but entirely unnecessary and uncalled for on the investor's part in the case of a *strong* corporation. It is a significant fact that all the strong companies of the Northwest have developed in connection with their sinking fund policy, until to-day they occupy almost an impregnable position. The sinking fund, besides constituting a safety fund for those particular bondholders, furnishes a proper outlet for the uncommonly large earnings of strong corporations. It may be claimed that exceptional earnings should be paid to shareholders rather than held as a trust fund for the benefit of a certain class of creditors. But where this latter course is followed, and the indebtedness proportionately reduced until the property is so far free from incumbrance, the sinking fund payments *ultimately* accrue to the benefit of the stockholder through the resultant increase in the absolute value of his property, while in the meantime of protection to the bondholder. Furthermore, unusually high dividends are never regularly paid to stockholders, but the surplus remains as an unappropriated fund which may be easily "juggled" by an unscrupulous management for their own advantage and the company's possible detriment, when it has no predetermined use as in a sinking fund. Such a provision, accordingly, seems desirable to both bond and stockholder, even in the case of strong corporations.

Where a *weak* company is concerned, the case from the investor's standpoint is even more obvious. Other things being equal, that creditor will be the safest and best secured whose bond is backed with a sinking fund provision. It is claimed, however, that the operation of such a provision will likely embarrass such a company in depressed if not in ordinary times. So long as sinking fund payments constitute a fixed charge, such a condition is quite conceivable. But a corporation could easily be relieved from the pressure of too inflexible yearly charges, by making the sinking fund payments contingent like income bond interest, and at the same time cumulative to retain their forcefulness as an obligation. A weak company might then temporarily "pass" the sinking fund payment and so tide over a poor period; while if it were so feeble as to be unable to make good the deferred sums in an "era of good times," or to refund the debt in the customary manner, it would be in evident need of a readjustment of its finances.

2.—Call Bonds.[38]

This designation may be applied as a generic title to those securities whose terms of issue provide that any bonds of the series up to a certain amount may be repeatedly drawn by lot and redeemed at a fixed price, uniformly at a premium, on successive interest dates after a certain period has elapsed from the time of issue and prior to the final maturity of the series.

Security, etc.: The feature is an incidental one that may be given to any bond of whatever security which is not affected thereby. As such bonds are uniformly floated at a figure less than their call price, the effect of this characteristic is to lend a speculative value to the bonds from the possible profit in this respect. On the other hand, the fact that these bonds are subject to call and liable to be cancelled at any one of several times prior to their maturity, introduces into them an element of uncertainty which practically lessens their value for long-term or trust investments should the call price chance to be less than the purchase price; though the reverse is true under opposite conditions. The risk of recall generally prevents their purchase by trustees, when the market is above the call price, even when the securities are otherwise "legal investments" for trust funds. The disadvantage to some investors of an uncertain early redemption is somewhat increased by the fact that call bonds cease to bear interest after the date given for their presentation for redemption. It should be added, however, that the corporation always gives published notice of the results of every "drawing" for several weeks before the date set for the redemption of called bonds.

As a type these issues are numerous, and commonly found where there is a sinking fund provision for bond redemption.

3.—Convertible Bonds.[39]

Convertible bonds may be either secured or unsecured (see convertible debentures), and carry to the holder permission to exercise within a

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38 Chicago & Alton, First Lien 3½'s, 1950, red. at par.
Chicago, Burlington & Quincy, Iowa Div., 5's, 1919, red. at 105.
Chicago & Eastern Ill., Ref. & Imp., 4's, 1955, red. at 102.
Chicago, Rock Island & Pacific, Ref. 4's, 1934, red. at 105 until 1911.
Kansas City Southern, Imp. Mortgage 4's, 1926, red. 105.
Louisville & Nashville, General 6's, 1930, red. 110.

39 Albany & Susquehanna, Convertible, 3½'s, 1946.
Atchison, Topeka & Santa Fe, Convertible 4's, 1955.
Delaware & Hudson, Convertible 4's, 1916.
Erie, Series A. & B. Convertible 4's, 1953.
New York, New Haven & Hartford, Convertible 3½'s, 1956.
Pennsylvania R. R. Convertible 3½'s, 1915.
(See subject of stockholders' "rights" in book.)

definite period, uniformly somewhat subsequent to their issue, his option to exchange them at a determined ratio for stock shares of the same company.

Security, etc.: Any specific lien of such issues must be *general* to be coextensive with the stock interest into which the bonds are convertible, and is commonly, therefore, junior, though perhaps senior upon some relatively unimportant property, occasionally supplemented by a claim against deposited bond and stock collateral. Prior to their conversion their claim on earnings, being a fixed charge, naturally ranks ahead of preferred stock, while the chance of a large speculative profit from their conversion at a fixed figure into shares of higher market price is advocated as an attractive feature. This depends much upon whether they are issued in the forenoon of a period of prosperity, as in recent instances, or during its decline. At the time of these bond issues, the price quotation of the shares generally varies somewhat either way from that at which they may be taken in exchange for bonds, or the latter be "converted;" if, at this date, the price of the shares is higher than that at which conversion can be made, valuable rights accrue to the shareholders which must be added to the par value of the bonds to determine the price at which initial purchases can be made. After a certain interval, and during the alloted conversion period of about five to ten years or more, the market price of the shares must stand higher than the conversion figure to offer any inducement for such exchange. In a season of increasing values this is quite possible and makes convertible bonds inviting to the speculative investor.

Yet, even so, such bonds cannot be regarded as a first-class investment because *(a)* provisions are seldom made to prevent an increase of a company's stock, aside from and independent of that into which the bonds are convertible, to the consequent lessening of the market value of existing shares—a danger which has actually materialized in several instances; *(b)* the difficulty involved in keeping posted concerning the true value of the bonds as measured in terms of the shares into which they may be converted; and *(c)* their uncommonly wide price fluctuations, especially when the possibility of conversion approaches, in accord with those of the stock for which they may be exchanged, and the corresponding fact that they are one of the first bond types to be affected whenever a reaction sets in.

Again, should the holder have failed or been unable to exchange his bond before the market declined below the conversion price, the bond will have lost its possible speculative value, will be unconverted, and the holder must then begin to look to his security. On this basis also they fall short of prime excellence because of the inferior character of their security and its consequent probable status in the event of liquidation.

Because of the sympathetic price fluctuations, the *basis* of convertible bonds cannot be consistently estimated, unless the time and possibility of conversion are so remote as to practically eliminate the speculative feature due to convertibility.

4.—Participating Bonds.[40]

These have small present significance. They are in general entitled to share or participate in certain specified rights or benefits which may accrue thereto.

Security, etc.: These obligations, bearing a definite interest rate, are uniformly secured by hypothecated collateral, either mixed or single. As to basis, these issues were naturally on a parity with collaterals; though they might have enjoyed a somewhat higher return had the attractive feature of profit participation been realized.

5.—Profit-Sharing Notes.[41]

The example given is the only issue of its kind listed on the New York Stock Exchange. These are a direct obligation of the company secured by deposited collateral, in the proceeds of whose sale, above a certain price, the bond or noteholders are entitled to share equally with the company.

Security, etc.: A first lien on the security deposited with the trustee; an additional, though uncertain, claim is that on one-half of the net profits which may accrue from sale of the security above a certain price—in the example at ninety-five per cent.—due from the trustees at maturity or repayment of the obligations. The right is also reserved in this specific case to draw by lot at any time any amount of said bonds at par and interest; so that in case the collateral deposited becomes valuable enough to warrant a sale, it is not probable that the noteholders would receive therefor more than par.

6.—Voting Power Bonds.[42]

Voting power bonds are a rather unusual type which possess this compensatory privilege to enable creditors to share in the management for their own protection.

Security, etc.: This depends upon the character of the particular bond, but the voting feature normally indicates a relatively weak security, which necessitates this attractive feature.

In form, such bonds may be either coupon or registered; but actual registration of either is a preliminary essential to the exercise of this power, that the holders may be of record.

Because of the variety of types to which this feature may apply, there is naturally wide difference in the return of different bonds in this class; the average in the illustrations given, however, is about 4¾ per cent.

40 Oregon Short Line, Participating 4's, 1927; retired Feb., 1905.

41 Underground Electric Railways of London, England, Profit Sharing Notes, 5's, 1908.

42 Atlanta & Charlotte, 1st Mortgage 7's, 1907.
Erie R. R., Prior Lien 4's, 1996.
Erie R. R., General Lien 4's, 1996.
Wabash, Debenture A's, 6's, 1939.

7.—Assumed Bonds.[43]

Assumed bonds come into being when the obligor company leases, for a term not less than the life of the bonds assumed, or secures control of or purchases an auxiliary company with outstanding funded obligations all or part of which the former voluntarily undertakes itself to pay: (distinguish the secondary liability of a guarantor company).

Security, etc.: The specific lien of the bonds will normally remain unchanged, but the practical effect of such assumption in most cases will be to increase their security to an indefinite degree according to the presumed greater strength and credit of the assuming company. The additional security which is afforded by an assumption lies in the peculiar legal status of such an obligation; namely, that it becomes from the date it is given as binding on the assuming company as if it were a new mortgage obligation of its own; hence, all its liabilities subsequently incurred stand junior to the assumption. In this it differs from the "guarantee," which is a secondary liability, and whose value accordingly is repeatedly diminished by every additional burden undertaken by the guarantor.

As a rule, these bonds are underlying securities of the better grade, as such are naturally the only kind which a company would be inclined to voluntarily assume. This is indicated by their average basis of a trifle over four per cent.

Here also the new and additional agreement is evidenced by the supplemental indenture to that effect filed with the trustee, as in the case with guaranteed bonds.

8.—Guaranteed Bonds.[44]

Guaranteed bonds include those numerous obligations of subordinate companies whose principal or interest payments, or both, have been assured or guaranteed by a larger company by which they have been leased for a period at least coextensive with the life of the bond, or with or into which they have frequently been consolidated or absorbed by stock ownership.

Security, etc.: While the specific property pledged is, of course, unchanged, the presumption is that the security, and consequently the value of the bonds, is increased by the additional guarantee. Its value, however, rests first on the right of the guarantor to assume this new liability, or whether such act is within its legal powers, which the purchaser must

43 Chicago, Milwaukee & St. Paul, Fargo & Southern, 1st 6's, 1924.
Maine Central, Penobscot & Shore Line, 1st 4's, 1920.
Missouri, Kansas & Texas, Missouri, Kansas & Oklahoma, 1st 5's, 1942.
New York, New Haven & Hartford. Housatonic, New Consol. 5's, 1937.
Norfolk & Western, Scioto Valley, 1st 4's, 1989.
Northern Pacific, St. Paul & Duluth, 1st 5's, 1931.
Pennsylvania, West. Pennsylvania, Consolidated 4's, 1928.

44 Baltimore & Ohio, Schuylkill River, 1st guar. 4's, 1925.
Chesapeake & Ohio, Big Sandy Ry., 1st guar. 4's, 1944.
Delaware & Hudson, Adirondack, 1st guar. 4½'s, 1942.
Denver & Rio Grande, Rio Grande Southern, 1st guar. 4's, 1940.
New York, Susquehanna & Western, Wilkesbarre & Eastern, 1st guar.
Pennsylvania R. R., Allegheny Valley, 1st guar. 7's, 1910.

decide; past adjudications seem to determine that when the guarantor has a pecuniary interest in the guaranteed company or will receive benefit from its guarantee, the latter is valid and not ultra vires; this idea in New York has been enacted into a statute which grants this power to corporations that own all the stock of another domestic corporation engaged in business of the same general character.

Granted validity, the guarantee is the indorsement of the guarantor, which, while not a mortgage, has a claim on its assets prior to the rights of stockholders, and can be enforced by the bondholder even though the bonds themselves may be defective.

The third element in this security is plainly the strength of the guarantor, and particularly the amount of existing obligations which it has already or may thereafter issue or assume.

In many cases sign of the guarantee does not appear on the bonds themselves, but is evidenced only by a supplemental agreement to that effect filed with the mortgage trustee.

Many of these bonds are old-time issues which bear a high rate of interest and are closely held by investors.

9.—Exempt Bonds.[45]

As a type exempt bonds include those which enjoy either, or both, the attractive features of *(a) freedom from taxation* in a holder's hands within such commonwealths as may have so legislated, or, commonly, the state where the mortgage security is situated and the lien recorded; and *(b)* immunity of certain serial numbers of an issue from a provision which entitles the company to "draw" such bonds at a stated price and within a given time; thus, in the first illustration, all except the exempt bonds are subject to call after 1908 at par for the sinking fund.

Security, etc.: The security may be as varied as the forms of bonds to which exemption may apply. Their particular advantage and attraction in the first case is that the yield received is at once a *net* return, from which no deductions must be made by the investor, and therefore higher than that of a corresponding unexempt bond. Regarding tax exemption, however, it should be remembered that its advantage is of no avail to bondholders outside the jurisdiction where the privilege chanced to be granted. Furthermore, such exemptions are now more infrequent than formerly, when special charters for corporations were common.

The practical effect of the second form of exemption is to increase the investment value when the "call" is below the market price, and therefore lowers the basis, by removal of the liability of an uncertain and early maturity.

10.—Stamped Bonds.[46]

Such bonds have impressed or "stamped" upon them the mere memorandum of the terms of any new or supplemental agreement between the

45 Baltimore & Ohio, Prior Lien 3½'s, 1925; also 1st Mortgage 4's, 1948. Chicago, Burlington & Quincy, Burlington & Missouri River, Cons. 6's, 1918.
46 Atchison, Topeka & Santa Fe, Adjustment 4's, 1995.

company and its consenting creditors, by which the original provisions of their contract may have been modified or enlarged. The practice is a formal acknowledgment of the acquiescence of the individual bondholder to the new arrangement proposed by the company, and commonly indicates some mutually advantageous concessions by both parties to the obligation.

Security, etc.: The stamped feature may be applied to any type of corporation security, whose subsequent status as such will depend upon the effect thereon of the new agreement; thus a company may be unable according to the old terms of a mortgage on some acquired property to retire the obligation by purchase or "drawing"[47] and so reduce fixed charges before the bonds' maturity; in return for the grant of which new "call" or other privilege the company may offer a guaranty of principal or interest, or both, as compensation; or, in case of an "income" bond, may offer to convert the contingent interest charge into a certain one. Again, where the occasion for the "stamp" is the mere convenience[48] of either party, as to supplement the coupons for a time extended obligation, the value of the security may not be affected by this feature; though in case of bonds extended at maturity the interest rate is likely to be reduced. A temporary compromise may furnish the grounds for the "stamped" peculiarity; the municipal bonds of Galveston furnish a clear example; the flood of 1900 so crippled the city that it was unable to pay its agreed interest charges; a compromise was effected, and the rate reduced to 2½ per cent. for five years, after which the debt was refunded. In other instances, the company may *unconditionally* guarantee the bonds at date of issue, when such fact will be properly recorded by an endorsement on the securities themselves, rather than by a "stamp," which indicates a *subsequent conditional* contract.

This feature is most commonly found, though not necessarily so, among income and other inferior classes of security.

11.—Assented Income Bonds.[49]

This term refers to ordinary *income* bonds whose interest has been made a definite and certain charge—instead of a contingent return like share dividends—in exchange or consideration for certain concessions by the income bondholders, as assent to a reduction of a nominal interest rate. Thus, in the example, the bondholders' concession was assent to application of the "drawn" feature to their securities, or that they might thereafter be subject to call and redemption by lot.

Security, etc.: This is practically unchanged except as qualified by such new terms as may be agreed to. The probable modifications are more likely to affect the bonds' price and consequent yield than their security, as in the illustration. (See also stamped bonds.)

(To be Continued.)

47 Connecticut Railway & Lighting, 4½'s, 1951.
Kansas City, Memphis & Birmingham, Income 5's, 1934.
48 Central of Georgia, 1st, 2d & 3d Income 5's, 1945.
49 Kansas City, Memphis & Birmingham Income 5's, 1934.

THE PLANS FOR CURRENCY REFORM.

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THE action of the Special Commission of the American Bankers' Association, which met recently in Washington, in agreeing upon a measure of currency reform, is of especial significance because of its unanimity. Such an agreement could probably not have been obtained two or three years ago. But the necessity for some change in existing conditions has been brought home so keenly to the business community during the last two autumns that the members of the commission felt compelled to sacrifice individual preferences to obtain results. In so doing they showed the most generous disposition to waive cherished plans of their own and to accept the view of the majority as to the features of the proposed measure.

Genesis of the Present Currency Reform Movement.

The present encouraging outlook for currency reform is the fruition of a long campaign, which may be said to have begun with the report of the Indianapolis Monetary Commission in the autumn of 1897. The principles of a bank-note currency were laid down in that report in a masterly manner and a plan was presented for such a currency, along with a plan for the retirement of the greenbacks and the strengthening of the gold standard. This was more of a programme than Congress could be expected to act upon at one time. Eventually, therefore, the gold standard part, to which the Republican Party was definitely pledged, was put into law by the Act of March 14, 1900. The Republican National Convention of 1900 recognized the importance of currency changes by a resolution in favor of "such monetary legislation as will enable the varying needs of the season and of all sections to be promptly met, in order that trade may be evenly sustained, labor steadily employed, and commerce enlarged."

The business of the country was so prosperous, however, that political leaders generally felt that it was sufficient to "let well enough alone." Only when the pinch of high rates for money began to reach commercial interests in the autumn of 1905, and became acute again with the crop-moving season of 1906, did the general public awake to the fact that some change in the existing currency system was imperatively required. Hence came the famous speech of Mr. Jacob H. Schiff before the Chamber of Commerce of the State of New York in December, 1905, and the appointment of a Special Committee of the Chamber on the currency in March last. Their report was presented to the Chamber at its meeting early in October and was accepted by a large majority at the meeting in November.

In the meantime the regular annual convention of the American Bankers' Association was held at St. Louis in mid-October. While there was some attempt to secure the adoption of particular plans, it was the general opinion that so vast a subject could not be disposed of at one or two sittings of the convention and that it was better to refer it to a commission of the highest character for further consideration. Hence came the commission of fifteen, headed by the Hon. A. B. Hepburn, president of the Chase National Bank, which held its sittings in Washington during the week beginning November 12, and made the report which is attracting so much attention throughout the country.

Personnel of the Commission.

The commission of the American Bankers' Association was an especially strong one. It is evidence of the keen interest taken in the subject that while the members were all men of large affairs, there was not a single absentee at any of the sittings. Mr. Hepburn, the chairman, is not only one of the leading bankers of New York, representing an institution with hundreds of country correspondents, but his varied experience as State Superintendent of Banking, as Comptroller of the Currency, and as vice-president of the National City Bank and as president of the Chase National Bank, have made him acquainted with all sides of the banking problem. Mr. James B. Forgan, president of the First National Bank of Chicago, with its wide ramifications all over the West, spoke not only from a long experience in America, but from an education in banking in Canada, where the system of uncovered note issues has long prevailed. Other members of the commission represented the varied interests of national, state, private and savings banks in the South and West as well as the East. Mr. John L. Hamilton, the retiring president of the American Bankers' Association, was also chairman of the Legislative Committee of the association. As a private banker he stood apart from any selfish interest in the new currency, and as the intimate friend of Speaker Cannon of the House of Representatives, he wielded an influence of importance on the committee.

The measure agreed upon may, therefore, be regarded as the mature conclusions of some of the ripest students in the country on the subject dealt with. While only the outlines of a bill were formulated, the discussion involved a pretty careful consideration of all the contingencies affecting the different elements of the problem—the security for the notes, the rate of tax necessary to induce issues of notes when they were needed and to drive them out of circulation when not needed, and the manner of building up the safety fund in its early stages. The members of the commission realized from the beginning that their mission was to frame a measure which would meet the commercial needs of the country rather than for the benefit of bankers as such. While twenty and forty per cent. money may afford large profits to bankers for the moment, the fact seemed to be appreciated by every member of the commission that such rates hampered the industrial progress of the country and would not redound in the long run to the benefit of the banks, which are the handmaids of commerce. Hence the effort was made to fix the tax upon notes so high that there should not be any unusual profit in taking them out and that they should only come out when rates for money began to stiffen.

Fundamental Principles Considered.

In framing a currency measure to meet existing conditions several fundamental principles must be followed if such a measure is to be sound. These principles were either definitely formulated by the commission of the American Bankers' Association or were embodied in their plan as a natural consequence of banking experience. Among them may be set forth:

(1) Any measure adopted should guard against undue inflation.

(2) Any measure adopted should guard against impairing the market price of United States bonds.

(3) Any measure adopted should provide adequate means for prompt redemption of notes.

(4) Any measure adopted should ensure the safety of the notes in case of the failure of the issuing bank.

(5) Any measure adopted should link the notes to the gold supply, so that the ratio of notes to gold could not become excessive.

I.—Prevention of Inflation.

It is a fundamental principle of a bank-note currency that if it is redeemable in coin on demand at sufficient and convenient redemption points, it cannot be issued in excess. This would be true, theoretically at least, if no restriction were put upon the issue of notes by the provisions for redemption to be discussed hereafter. In introducing a new form of currency into this country, however, it is natural and desirable that some tangible limit of issue should be fixed. This was accomplished in the plan of the Chamber of Commerce by limiting the notes which could be issued under taxes up to four per cent. to fifteen per cent. of the capital of a national bank and by limiting issues at five and six per cent. to the amount of ten per cent. of the capital in each case. The plan of the commission of the American Bankers' Association differs from this in detail, but not greatly in substance. The maximum possible issues of new notes under the commission plan are 37½ per cent. of capital, but only twenty-five per cent. may be issued under a tax of two and a half per cent. and 12½ per cent. under a tax of five per cent. The net profit to be derived from circulation is affected, however, by another factor in which the plan of the commission differs from that of the Chamber of Commerce. This is in requiring reserves of legal tender money against outstanding notes in the same ratio as such reserves are required against deposit liabilities.

One of the effective limitations upon the issue of notes is the rate of profit to be derived from the issue. It is necessary that there should be sufficient profit to induce banks to take out notes when rates for capital become high; but it is essential that the profit should not be so high as to keep the notes in circulation when rates for capital have fallen. The profit under the plan of the commission will not greatly exceed that derived from the existing circulation upon bond-secured notes, but as the new notes are in a sense supplementary to those based upon bonds, the additional profit would not require any new investment in bonds and would probably be sought by the banks through the issue of notes when interest rates rose to five or six per cent. The notes taxed five per cent. could not be issued profitably until rates for the loan of capital were more than six per cent., because of the loss of interest on the legal-tender reserve required and the cost of issue and redemption.

The maximum authorized issues of notes on existing bank capital would be about $289,000,000 under the Chamber of Commerce plan and about $309,000,000 under the plan of the Bankers' Association. Neither of these calculations, however, presents the effects of the plans fairly, because they lump the currency issued under a high tax with that issued under a low tax. The maximum under the Chamber of Commerce plan taxed up to a rate of four per cent. would be about $124,000,000; under the Bankers' Association plan the maximum which could be issued under a tax of two and a half per cent. (or any rate below five per cent.) would be about $207,000,000. Under no conceivable circumstances could the legal maximum of notes be in actual circulation at any one time, since there would always be notes in process of redemption and transmission, and there would always be banks which would fail to avail themselves of their power of issue. The two plans compare thus in the authorized maximum circulation at different rates of taxation, taking national banking capital as $826,000,000, as of June 18, 1906:

Maximum Limits of Proposed Issues.

Rate of taxation, per cent.	Chamber of Commerce.	American Bankers' Association.
Two	$41,300,000	....
Two and a half	....	$206,500,000
Three	41,300,000	....
Four	41,300,000	....
Five	82,600,000	103,250,000
Six	82,600,000	....
Total	$289,100,000	$309,750,000

II.—Protecting the Market for United States Bonds.

The market for United States bonds would be abundantly protected under either the plan of the Chamber of Commerce or the plan of the Bankers' Association. In both cases national banks must have certain amounts of bonds in order to take out the new circulation, except that in the plan of the Bankers' Association they may issue the highly taxed emergency currency without regard to their holdings of bonds.

The essential difference in regard to the bonds between the two plans is that under the Chamber of Commerce plan the same proportion of bonds—fifty per cent. of capital—must be held by any national bank as a preliminary requisite to taking out any of the new circulation. In the plan of the Bankers' Association the issue of new circulation is proportional to the bonds held—forty per cent. of the bonds, without reference to whether the amount held is large or small, except that the total new circulation cannot exceed twenty-five per cent. of capital. The reresult of these provisions is that in order to obtain the maximum of new circulation authorized a national bank with a capital of $100,000 would be able to issue $25,000 (twenty-five per cent. of capital) in the new notes, while holding $62,500 in bond-secured circulation, making up a total of $87,500.

Then would come the question, under the limitation of gross circulation to the amount of capital (which the Bankers' Association plan leaves in force), whether the additional $12,500 which might be issued should be issued upon bonds or under the five per cent. emergency tax. It is probable that a different answer to this question would be given by different banks according to their present holdings of bonds. If those holdings should equal $75,000 or more, at the time when a law of this kind took effect, such banks would probably elect, at least for a time, to maintain a circulation of $75,000 secured by bonds and to issue $25,000 in the new currency when there was a demand for it. On the other hand, if their bond holdings should not exceed $62,500, they would probably leave the vacuum to be filled by the emergency circulation in case of need.

The bank which maintained its maximum of bond-secured circulation, after availing itself of the new circulation related to the bonds, would be without any new resource for meeting emergencies. Those banks, on the other hand, which have a smaller proportion of bonds would probably not avail themselves at all of the privilege of issuing twelve and a half per cent. of their capital under a tax of five per cent. until rates for money exceeded six per cent. They would then have a reserve power of issue, independent of that based upon the notes taxed at two and a half per cent. Taking the banks as a whole, or upon the average, they are in this latter position and would have a large reserve power of issuing notes to meet emergencies. In a few cases, however, the amount of their bond-secured circulation is such that if they kept it out and also the credit circulation allowed under a tax of two and a half per cent., they would have no reserve resource for meeting emergencies.

The provisions made in both plans are made with some reference to the amount of bonds now pledged to secure circulating notes. Under the plan of the Chamber of Commerce committee the mandatory requirement that a bank shall have fifty per cent. of its capital in bonds in order to secure supplementary notes would absorb for all the banks about $413,000,000 in bonds. The bonds pledged by the banks to secure circulation on November 1, 1906, were $539,653,180. Many banks have more than fifty per cent. of their capital invested in bonds, but as the circulation authorized by the Chamber of Commerce plan is independent of the amount of bonds held, provided the preliminary requirement of fifty per cent. is met, it is probable that most of the banks would retain, for a time at least, their present bond-secured circulation. It would not be desirable that the mandatory requirement should be fixed at a point which would absorb all the bonds, since that would embarrass banks which do not now hold fifty per cent.; and, even if the existing bonds were evenly distributed, would put the national bank system in a straight jacket by making it difficult for new banks to obtain the necessary bonds to begin business.

Under the plan of the Bankers' Association the amount of bonds required to cover the maximum circulation would be about $516,250,000, or only $23,250,000 less than the amount now held. Obviously this would not result in throwing any appreciable amount of bonds on the market to make room for new notes. If any bonds were thus thrown upon the market, they would be absorbed by banks having a deficient stock and by new banks in process of formation.

III.—Improved Redemption Facilities.

The Chamber of Commerce and the Bankers' Association Commission were united upon the proposal that redemption facilities should be materially improved if the banks were to be allowed to issue notes upon their general credit. The Chamber of Commerce plan proposes that the Secretary of the Treasury may designate existing sub-Treasuries and some additional points as redemption agencies. Bank notes are to be redeemable at such agencies, under direct charge of the Government, as under existing law.

The Bankers' Commission have taken a more advanced step towards sound banking theory in providing for the management of redemption, under the supervision of the Comptroller of the Currency, by the banks themselves. Such arrangements must include a redemption agent to be designated at redemption centres, but the redemption may be made through a bank, acting through the clearing-house, instead of through the cumbersome machinery of the Government. It is an important departure from existing practice and it is possible that difficulties will be raised by Government officials, but if the plan can be carried out it will be a long step towards a scientific bank-note currency.

This matter of adequate redemption facilities is one of the most important features of both the new plans. It is such facilities which keep the Canadian bank-note system responsive to the needs of business and drive the notes home for retirement when they cease to be needed. It was believed after thorough discussion in both committees that under proper redemption facilities notes could be kept in circulation whatever the apparent profit upon them, if they were not required for use. The bank which undertook to force out its issues in the face of a sluggish demand for currency would encounter such constant return of its notes through the redemption agencies and would be called upon, therefore, so constantly to replenish its redemption funds, that the effort would soon be abandoned as hopelessly unprofitable. It does not require an excessive tax under the Canadian system and did not require it under the old Suffolk system, to compel rapid redemption of notes and to prevent issues beyond business needs.

IV.—Safety of the Proposed Issues.

The safety of the proposed new note issues is amply provided for under both the Chamber of Commerce and the Bankers' Commission plans. Under the Chamber of Commerce plan the proceeds of all taxes, including those on existing notes, were to be paid into a guaranty fund from the date of the passage of the new law. Under the Bankers' Association plan the taxes levied upon the new notes only are to be paid into the fund, but in order to guard against its sudden depletion before it attains an imposing total, the banks are to advance to the fund five per cent. of the amount of notes for which they may apply, and this advance is to remain in the custody of the Treasury until the accumulations of the fund permit the amount to be reimbursed. It was thought advisable, after full discussion, to require this fund to be paid and redeemed upon the maximum amount of notes for which a bank might apply, even though it might subsequently reduce its outstanding issues. It would not meet the case to keep the fund proportional to the outstanding issues, since it might be reduced to a small amount between crop-moving seasons; but eventually, as all statistics of bank mortality show, the proceeds of the tax would fully meet all losses and build up such a fund that the original advance could be reimbursed, from time to time, to the banks without impairment. In view of these provisions, it was not thought necessary to make the notes a first lien upon assets. They will share ratably with other claims, but the Treasury will redeem from the guaranty fund the notes of any failed bank and will then stand on behalf of the fund in the position of other claimants upon the assets as they are liquidated.

V.—Reserve Required Against the New Notes.

One of the most important steps taken by the Bankers' Association Commission to put the new currency on a scientific basis was the provision that the same reserves should be held against the new notes as are held against deposits. This is the logical consequence of the position taken by the commission—that the note obligation is substantially of the same character as the deposit obligation and that the same reserve should be held to meet it. This provision was not embodied in the Chamber of Commerce plan, because it was felt that the cash on hand to pay deposits would be ample to meet any demand for the redemption of notes, but it would probably be admitted, even by members of the Chamber of Commerce committee, that the provision is sound and logical if it does not impose unnecessary burdens upon the issue of notes.

It is a long step towards a sound system to establish a definite relationship between notes and legal-tender money. It would be better if the relationship were direct between notes and gold; but now that the legal-tender paper money of the United States is strictly limited in amount, like the secured issues of the Bank of England, the difference between a reserve of legal-tender money and a reserve of gold is less serious than it would have been from 1893 to 1897. A system which thus rests upon a legal-tender reserve instead of hypothecated securities puts the American bank-note system upon a sound basis. It will have a good educational effect in disabusing the minds of the public of the idea that hypothecated securities are as good as the standard money of the country as a guaranty for the payment of notes on demand.

A weakness of the bond-secured currency, which might have proved serious if large additional issues of bonds were made in time of war, is that the bonds are not related to the gold stock of the world. The expansion of bond-secured circulation might go on indefinitely, with large issues of bonds and without adequate provisions for redemption, and would not call for any increase in gold reserves. On the contrary, the tendency of such expansion would be to expel gold. Under the system of requiring legal-tender reserves, however, in fixed proportion to note issues, an increase of note issues must be supported by an increase in the stock of gold and when the gold stock falls note issues must be correspondingly reduced. This is the golden key to a sound bank-note currency. The committee of the Bankers' Association is to be congratulated upon establishing this principle as a fundamental one in proposing a new system of note issue. It tends to complete the work done by the Gold Standard Act of 1900 and points towards the day when the American monetary system shall be related to the free movment of capital and gold throughout the world by consisting of gold as standard money and notes convertible into gold on demand as the expansible and contractible element of the currency.

GREAT INCREASE IN BANK RESOURCES

FROM the report of the Comptroller of the Currency for 1906 it appears that the aggregate resources of all reporting banks increased in 1904 over 1903, $895,700,000; in 1905 over 1904, $1,719,400,-000; and 1906 over 1905, $1,229,400,000. The increase for the ten years ended June 30, 1906, amounted to $10,597,700,000.

CURRENCY REFORM.

RECOMMENDATIONS CONTAINED IN THE ANNUAL REPORT OF HON. WM. B. RIDGELY, COMPTROLLER OF THE CURRENCY.

THE Comptroller again most respectfully and earnestly calls the attention of Congress to the necessity of a change in the national currency and renews the recommendations made in his report of December 1, 1902, that the national banks be authorized to issue a portion of their circulation as uncovered notes as the best means of adding to this circulation the greatly needed quality of elasticity.

It is recommended, therefore, that the laws be amended so as to allow of the following changes:

All national banks which have been in operation for not less than two years and which have an unimpaired surplus of not less than twenty per cent. of their capital stock to be permitted to issue not to exceed fifty per cent. of the amount of their bond-covered notes in notes uncovered by bond deposits.

To protect these notes the banks to carry the same reserves as against deposits, in gold or its equivalent. In reserve banks this would be twenty-five per cent. and in all others fifteen per cent. of the outstanding notes.

These notes to be further protected by a guarantee fund of five per cent., to be deposited by the issuing bank with the Treasurer of the United States before any are issued.

Out of this guarantee fund all such gold-reserve notes to be redeemed on demand.

The guarantee fund to be kept good by a graduated tax on the gold-reserve notes, beginning at a rate of not over 2½ per cent. per annum.

Every bank issuing gold-reserve notes to be required to provide means of redemption for such notes in every reserve and central reserve city, and also such other points as may be designated.

These points to be so numerous and convenient as to put every national bank within twenty-four hours of a redemption centre.

The provision limiting the retirement of the present bond-secured notes to $3,000,000 per month not to apply to gold-reserve notes, and this limit to be repealed or greatly extended, at the discretion of the Secretary of the Treasury, in its application to bond-secured notes.

There are several special reasons why such elasticity is very necessary to our currency system. There is no other country where there is such a great variation in the amount of currency needed for current cash transactions, owing to the vast extent of our territory, our varied interests and enormous business, and the great value of crops and products which have to be moved at certain seasons, calling for very large and varying amounts of cash. There is no good way to provide this needed elasticity but by means of bank notes, if they can be made quickly available when and where needed and as quickly redeemed and retired when the work is done and the demand for them ceases.

In our system all the elasticity must be supplied by the bank notes. There is and can be no periodical variation in the amount of coin and coin certificates in circulation which can in any way respond to variations in demand. The volume of our Government legal-tender notes is absolutely fixed by statute and cannot be varied to meet changing conditions. Since all the elasticity in our supply of currency must come from the bank notes, it is therefore of vital importance that they be given this quality in the highest degree possible consistent with safety. This should be done with the greatest possible care, in order that the essential qualities of safety and uniformity in value which our bank notes have always had in so marked a degree shall not be lost or impaired, but if this currency can be made more elastic without danger of losing these qualities it should be done at once.

The autumn of each year makes more apparent the urgent necessity of some additional facility or means by which the demand for crop-moving funds can be supplied to the people without derangement of all the business and financial affairs of the country. There is no possibility that this can be supplied except by Congressional legislation. It is a question which involves the welfare and prosperity of every section of our land, and every man, woman and child in the United States.

As has been so often said, there is no flexibility or elasticity in our currency. The necessity for this is always most acutely felt in the late summer and early autumn, or at the crop-moving time. The two ways in which the demand for funds then manifests itself are in a demand for an increase of deposits requiring more reserve money, and for cash or currency to make cash payments. This latter demand has to be largely met by money which would otherwise be available for reserve. The withdrawal of this reserve money reduces the reserves when they should increase, and after it is no longer needed for cash payments, the money returns to reserves and tends to inflate loan credits and induce speculation.

The real solution of the problem is to enable the banks to supply for the cash transactions bank notes not available for reserves, and which therefore do not contract loans when paid out and do not inflate them when they return.

Considering for the moment the supply of crop-moving funds, which is the real critical point in this question: When the harvests first begin in the South and Southwest, the banks at once feel two demands; first, for loans to the people who must provide funds to buy the products of the farm and plantation; second, for currency to pay the wages of labor and to pay for such products as must be paid for in actual cash, and not by a transfer of credits by check. This demand for loans to be kept on deposit makes more reserve money necessary for the banks to hold, and at the same time they must supply more currency for cash transactions. It would seem therefore perfectly axiomatic and apparent to anyone that the best way to meet the situation would be to keep in the banks all the money which can properly be used for reserve and to supply for cash transactions currency which will answer all necessary requirements, be just as safe, just as convenient, and just as good in every way, but which is not available as bank reserves. This can be done simply, easily and automatically by the proper use of the right kind of bank notes, and in no other way.

The increase in credits necessary for crop moving is perfectly legitimate, as well as necessary. To supply such credits is one of the prime functions of a bank and among the greatest services it can perform. There could be no better basis of credit than the productions of such enormous wealth as our people gather every year from our wonderfully productive lands. This is the ideal business for banks, and the ideal way for such business to be done for the people is through a good system of banks with facilities for granting credits and making the value of the products immediately available to those who have produced them, either in deposits to be checked against, or in currency for cash payments, at the option of the people, not of the banks.

For such advances as are made by the banks, there is a prompt and sure pay day, as there is an immediate cash market for everything which is produced. The people who have raised the products, those who want to buy and trade in them, and those who wish to procure and store them for future use, are entitled to these credits, and are entitled to such a banking system as will supply them as needed, without friction or delay and with the least possible derangement of the other business of the country.

There should be no limit to the amount of credits created for crop moving but the judgment of each bank as to the credit it shall give to its customers, subject to the limitations of the banking laws and the amount of reserve money it can provide to safeguard its deposits and maintain its legal reserve. This is true not only of the banks in the farming communities directly in communication with the crop movement, but also those in all the larger cities designated as reserve and central reserve cities. The whole volume of the deposit credits of the country should be, and is, limited only by the total amount of reserve money available, and the amount granted by each bank is limited only by the judgment of its officers and the amount of its cash reserve. There is no urgent need of present legislation on the subject of this reserve money. The ideal reserve would be gold or gold certificates immediately convertible into gold, but our business is now all adjusted to the use of what is termed in the statutes "lawful money," and as our various kinds of lawful money are now kept as good as gold, they may all properly be used as bank reserves and considered practically as gold reserves.

As we have seen, then, the banks are free, as they should be, to increase and reduce their deposit credits up to the limit of their available reserves. If they were also at liberty to either increase or reduce their bank-note credits, within safe limits and under proper regulations, so they could supply the varying amount of currency needed by their customers for cash transactions, the whole financial machinery for supplying the crop-moving funds would be complete.

Fundamental Principles To Be Kept in Mind.

In considering these questions there are a few fundamental principles which should be clearly kept in mind. They are not new—few, if any, good financial ideas are; novelty is one of the least desirable qualities in currency plans. We are apt, however, to lose sight of these principles or confuse their application.

There are two general uses for money or currency in modern business.

The first is for bank reserves, against deposits or note circulation, and for this use gold or its equivalent only should be employed.

The second is for daily cash transactions. This is the proper field for the use of bank notes.

There is no essential difference between a bank-deposit credit and a bank-note credit.

They should be kept as nearly identical as possible by legislation. It should be the free option of the customer of the bank to use either one, and it should, as far as possible, be made a matter of indifference to the bank as to which one the customer does use. This may be practically accomplished by requiring the same reserve for note credits as deposit credits, and by providing for such redemption that the two classes of credits may be daily interchangeable.

This latter is the vital principle of the whole matter, and if we can so change our national currency laws that the banks are still free to expand or contract their credits in response to the demands of their customers and the amount of reserves available and can then supply these credits to their customers either as note credits or deposit credits, instantly convertible from one to the other at the convenience of the customers, without danger to either the customer or the banks, the main problem of our currency will be solved.

The credit system, with all necessary machinery for deposit credits, is already in satisfactory operation. We need only to add to it proper facilities for note credits. The question is: Can it be safely done, and if so, how? Unless its safety can be fully demonstrated it would be very unwise to make any change in our national currency, for whatever their faults are or may have been our bond-covered national-bank notes have always had the prime requisite of absolute safety and uniformity in value.

Gold-Reserve Bank Notes.

The Comptroller is of the opinion, however, and believes it can be absolutely demonstrated, that such a change as is necessary can be made without any danger whatever and the necessary elasticity added to our bank-note currency by allowing the banks to issue a portion of their notes uncovered by a bond deposit, protecting them by other methods which will insure their being just as good and safe in the hands of the note holders and allow of such daily expansion or contraction as will make the total volume of our currency responsive to the needs of trade, with great resulting benefit and no corresponding disadvantage to our currency system.

In any plans for making this change it is necessary to utilize the present bond-secured currency. We should not if we could do anything to radically change or do away with the present notes. The most conservative and practicable plan seems to be to make no change whatever in the present national bank circulation, but to allow the national banks to issue in addition to the present notes a certain percentage of notes uncovered by bond deposits, but against which the banks should be required to hold in gold or its equivalent the same reserves as are now held against deposits, and at the same time to so add to the laws and regulations in regard to redemption as to provide very ample requirements and means for redemption and retirement.

This redemption machinery can be made so complete and the redemption centers can be so numerous and convenient as to compel constant and frequent redemption of the uncovered gold-reserve notes. It should also be part of this plan to provide a guarantee fund for the payment of these uncovered gold-reserve notes. Each bank should be required to pay into this fund five per cent. of its uncovered notes before they are issued. This fund should be maintained by a tax on the uncovered circulation. Forty or fifty per cent. of the amount of the bond-covered notes might be ultimately issued as uncovered gold-reserve notes with entire safety. The Comptroller would suggest, however, that the authorization be gradual, at the rate, say, of twenty per cent. the first year and an increase of ten per cent. each year until fifty per cent. of the bond-covered notes is reached.

Under this plan the safeguards to take the place of the bond deposit are, first, the guarantee fund, deposited before the notes are issued and maintained by a tax on the notes; next, the reserve to be held by the banks, in gold or its equivalent, in the same proportion as now required against deposits. In addition to this, there is added safety in the fact that the notes are limited by law to a maximum percentage of the notes of the bank of issue, and would be further limited by such ample facilities for redemption that the total amount of uncovered gold-reserve notes at any time in circulation would be exactly the amount the people require and will keep in their hands for cash transactions.

Any change in the law should apply uniformly to all national banks in good standing, except that the uncovered gold-reserve notes should only be issued by banks which have been organized and in operation for at least two years and have an unimpaired surplus of at least twenty per cent. of their capital stock. Authority should also be given to the Comptroller of the Currency, with the approval of the Secretary of the Treasury, to veto the issue of any such notes by any one or all of the banks.

Any bank which was known to be in a bad condition could thus be prevented from issuing the notes, and the issue confined to good solvent banks, which could properly be trusted to protect them.

Redemption.

The essential feature in any good system of bank notes is constant and frequent redemption. Under our present bond-secured system we have practically no inducement for redemption, and no real redemption at all. The notes come to the Treasury and are reissued or replaced with new notes about once every two years, but this is no real redemption, such as is contemplated in this plan.

If the uncovered gold reserve notes are authorized, every national bank issuing them should be required to have a redemption agent in every reserve city and at enough points in addition to those now designated as reserve cities, to insure that any bank on the line of a railway, with ordinary mail facilities, could reach a redemption centre within twenty-four hours. The result of this would be that whenever any bank received the note of another, unless there was a demand for it that day, from its customers for current cash in addition to the demand for its own notes, the note would be sent to be redeemed and made available as reserve.

The notes on reaching the redemption centre could be cleared like checks through a clearing house, and the balances either remitted as currency or transferred for credit in reserve or central reserve cities. Each bank which issued uncovered gold reserve notes would thus have to face every day the redemption of some of its notes and be prepared for it. Self-interest as well as the law would compel them to carry the necessary reserves. The advantage of keeping its own notes in circulation would make each bank alert to pay out only their own, as long as they had them on hand, and to send notes of other banks to the nearest redemption centre for the credit of their account against their own notes which would be presented there. The number and location of the redemption centres would insure that every gold reserve note as soon as there was any decrease in the demand for it for current cash transactions, would at once start on its way for redemption. In this way the net results of the transactions of each bank with its own customers would immediately be felt, and the amount of the uncovered gold reserve notes in circulation would be exactly determined by the demand for them for current cash transactions. If the people wanted notes and would keep them in circulation, they would stay out; if they no longer needed them, and began to turn them into the banks, they would at once be redeemed. The volume of notes in circulation would be immediately and exactly responsive to the demands of the people, and the needs of business.

This is the only way to accomplish this result, and it will result in a far better regulation of the amount of circulating notes needed than any tax or any arbitrary regulation, either by law or the discretion of any executive officer. This is the result of experience everywhere such a system has been tried, and a careful study of all the elements and forces involved makes it clear that the requirement of a gold reserve and prompt and constant redemption would make the proposed gold-reserve notes quickly and exactly responsive to the demands of business, and the national banks could and would thus supply such notes as are needed just when and where they are needed.

In the discussion in regard to elastic bank notes, it is frequently urged that the redemption of the notes of the national banks would be interfered with and possibly be made insufficient to accomplish the results claimed for it, by the fact that many of the notes would soon come into the possession of state and private banks, which would have no inducement to forward them for redemption, and would therefore not sort them out for that purpose, but carry them in their own reserves.

This difficulty could be met by allowing all banks, whether national or not, to have the same privilege of forwarding notes to redemption centres, and receiving credit for them there, which they might have transferred for credit at the different sub-Treasuries or in the reserve or central reserve cities. There would be no practical difficulty in the way of making this arrangement, which would result in state and private banks having the same inducement to sort out the notes and to forward them for redemption as national banks would have. This would make the redemption perfectly complete and automatic and accomplish just exactly the result which is desired from it.

Another impediment to redemption which has been suggested is the holding of national bank notes by state banks and trust companies, between which and the national banks whose notes were held there was some community of ownership or some arrangement in regard to the holding of notes. This might be done in some cases, but we must give the managers of such banks and trust companies credit for good business judgment and prudence, and assume that the reserves to be held by them are for the purpose of protecting their banks. No prudent or careful banker would, therefore, hold as any considerable part of his reserve notes which in case of any trouble or crisis would simply be a liability of the bank in which he was interested, which would add to their difficulties in time of trouble, instead of being a source of strength. While there might be occasional instances where the gold-reserve notes would be so held, the aggregate amount cannot possibly be enough to seriously interfere with the scheme of redemption, or prevent its working as outlined, as a whole, with entire satisfaction.

Safety of Gold-Reserve Notes.

The ample redemption of the uncovered gold-reserve notes and the prohibition of their use for bank reserves insures that the people and not the banks shall determine what quantity of them shall be kept in circulation. A full and fair consideration of these provisions with the fundamental principles of banking and credits thoroughly understood, will demonstrate beyond any doubt that such gold-reserve notes can be issued by the banks with absolute safety to the note holder and the banks as a whole. The guarantee fund will make the note holder as safe as the holders of the notes which have been in circulation for more than forty years, without the loss of one dollar. The provisions for gold reserves held against the notes and for frequent redemption will make the note credits as safe to the bank as their present deposit credits.

The records of the national-bank failures for over forty-three years show that the five per cent. guarantee fund is ample to insure safety. A five per cent. fund in the year 1893 would have paid the notes of all the sixty-five banks which failed almost five times over if there had been no assets in the banks and no dividends to creditors, and in the year of the panic of 1873 it would have paid about seven times the amount of the notes of the banks which failed. These were the years of the worst panics we have ever had. A tax of less than one-fourth of one per cent. on the circulation of active national banks would have provided for the redemption of the circulation of all banks which have failed during the existence of the system, so that a five per cent. fund is more than twenty times enough to cover the average note losses, without taking credit for any dividend from the insolvent banks. The national banks which have been finally liquidated since their failure paid on the average seventy-eight per cent. to creditors, so that if the reserve fund is made an ordinary creditor it will be reimbursed for at least seventy-five to eighty per cent. of the losses, as stated above. There cannot, therefore, be the least possibility that notes will not be perfectly secure with a five per cent. fund, as it would be sufficient to pay the average net losses for one hundred years.

Five per cent. on the present amount of national bank notes is enough to pay every note of every national bank which has failed in forty-three years. These figures, which are based on the experience of forty-three years, should surely be conclusive and absolutely remove all doubt as to the sufficiency of the guaranty fund to make every note good in the hands of the holder.

The figures also show that there is no necessity for making these gold-reserve notes a first lien on the assets of a bank, but that they can safely be put on the same basis as the deposit credits, thus maintaining consistently the similarity and equality of the note and the deposit credit. One of the strong objections to uncovered notes, that they would be an element of danger and a menace to depositors, would thus be completely met. Every holder of an uncovered gold-reserve note would be protected by the guarantee fund, which would immediately pay his note. This would eliminate all possibility of loss to the public.

In case of failure the guarantee fund would look for its reimbursement to the receiver of the insolvent bank and stand in the same relation as the other creditors. This would result in the collection of about seventy-eight per cent. of all losses. The depositor or other creditor would be fairly treated by receiving the same dividends as the guarantee fund, and the credit notes, instead of being a menace and a danger to the depositor, would add to his safety. They would enable the individual banks and all the banks as a whole to meet the seasonable demands and also many sudden demands for currency from their depositors with gold-reserve notes without reducing the amount of their reserve money. This would in most, if not all, instances, prevent the necessity for the calling or collection of loans on short notice, thus adding greatly to the stability and safety not only of all the banking business, but of all other enterprises and undertakings in any way dependent on bank accommodations, as practically all modern business is.

Objection is frequently heard to a great number of small banks, widely scattered, issuing uncovered notes. On thorough consideration this objection does not seem to be serious, and there are some counterbalancing advantages. The notes being furnished by the Government there is no danger of fraudulent overissue. The proportion of uncovered notes to the capital of the bank proposed is not large, and the regulations could be made such as to remove the temptation to organize the banks for the note issue only. The constant redemption spoken of so often would check this. These small banks are now allowed to take unlimited deposits. The notes will be safer than the deposits on account of the guarantee fund. If the banks are fit to take unlimited deposits, they are fit to issue a limited quantity of notes, protected by a gold reserve. One chief advantage of the issue by the great number of banks is that the gauge of the quantity needed by widely scattered banks, each in close touch with its own customers and community, would be the best possible way to determine the proper amount required. They would feel and supply the demand more quickly and collect and retire the notes more promptly, quietly and with less disturbance when no longer needed in circulation.

Although the small banks authorized under the law of 1900 have not yet gone through the test of a panic, the figures given elsewhere in this report show that the proportion of failures among them has been for six years rather less than among the larger banks, and as far as this goes it is an indication that their management is up to the average of all the banks.

Graduated Taxation of Notes.

Carrying out the principle of keeping the note credit as nearly as possible the same as the deposit credit, the rate of taxation should be low on the greater part of the uncovered notes; that is, not over 2½ per cent. per annum on at least the first half of the uncovered notes. Behind this we should have for special emergencies further notes with a rapidly increasing tax, some at four, some at five, and the last at six per cent. per annum. This would insure that there should be some reserve elasticity; that we should have several lines of reserve which would come into action one at a time, in emergencies, as they are needed.

The bulk of the variation, however, would be, and must be, in the first or lower taxed notes. The tax of 2½ per cent. would about correspond with the interest paid on reserve deposits and maintain the equality of notes and deposits in this respect. The gold reserve and frequent redemption would make these notes vary exactly in accordance with the demand of the people for current cash transactions. They would supply the variations due to differences in the seasons and the ordinary course of business. They might be increasing in one part of the country, where currency is needed, and decreasing in another, where the demand is less. The business of each bank with its customers would supply just the amount needed for each community. If the banks are compelled to carry a good reserve and to furnish daily redemption for what are not needed, it will result in far better regulation of the quantity of circulation of currency than would be brought about by any tax, official supervision, or arbitrary control through any currency commission or clearing house. It will be better than any other system which is not automatic and controlled by the composite result of the relations with his bank of every bank customer in the United States.

This result can only be accomplished, however, with a considerable proportion of the notes moderately taxed. The notes at the higher rate could only come out in times of special stress or emergencies. Instead of helping the bank and people to keep off a crisis, they would and could only be used after the crisis had become manifest. The mere issue of such notes would be the sure sign of it. The high-taxed notes would only rarely be used, and every bank would avoid the confession of weakness by issuing them to the last minute possible. They might answer a very good purpose if we had a great central bank with government or semi-government ownership and control, which could, in the public interest, take out notes at five or six per cent. and loan them even at a lower rate, as is sometimes done by the banks in Europe, but it is not reasonable or sensible to expect the necessary concert of action and disinterestedness to do this from our thousands of scattered and independent banks. In times of great emergency, when conditions are widespread and well known, they might act together, but it would then be too late to prevent much of the harm which comes from such conditions. A great central or government bank might do with perfect safety many things it would be folly for any individual bank to attempt.

A circulation to be used in emergencies may be very useful and proper, but what is much more necessary is a circulation which will always tend to prevent, and in most cases really prevent, the conditions which give rise to or make the emergency necessary. This the lower taxed gold reserve notes would do, and the higher taxed alone would not. The lower taxed notes would be in circulation to a greater or less extent all the time. Most of the banks would at once take them out and be prepared to use them whenever their depositors wished to change their deposit credits for note credits. In this way any increase in the demand for currency would be met by bank notes without any change in the total volume of credits, or any withdrawal of reserve money making a contraction of loans necessary. All the uncovered gold reserve notes, at whatever rate of taxation, should be exactly alike in appearance, so no one would know as to the tax rate a note bore.

The lower taxed notes being always more or less in circulation, increasing or decreasing as the demand dictated, the people would be used to them and expect all the banks to use them. Then, when there came a time when the notes at the higher rate were needed, the banks could and would use them without making it a signal of danger and without any one knowing the quantity at each rate in circulation. The higher taxed notes might in this way be a final reserve in case of emergency, but without a considerable proportion of notes ordinarily and commonly in use the high-taxed emergency notes would be a source of danger rather than safety.

As for notes with a high rate of taxation, without any gold reserve, they would not answer the purpose at all with our system of small independent banks. The reserve is a far better protection than the tax, and under no circumstances should the notes be permitted without ample reserves. In Germany, where the Imperial Bank makes what is known as an overissue of notes taxed five per cent., the bank must have a reserve in cash of one-third the amount of the notes and have the other two-thirds covered by discounted paper.

The issue of uncovered notes without reserves would be inflation of credits pure and simple, without any safeguards, and would do far more harm than good. Reserves and redemptions are what we must depend on to make the notes safe and regulate their amount. Taxation will not and cannot do either.

With the gold reserves, however, and a graduated tax, or at least two rates of tax, one of them low enough to allow of a considerable use of notes in normal times, we should have the great advantage of having note credits and deposit credits quickly and easily interchangeable. With proper laws and regulations there can be no possible harm or danger from this, and its benefits and advantages are very great.

This is all there is to the whole proposition. There can be no harm in making such a change. It will greatly benefit every industry and every line of business in the United States. This simple and correct principle introduced into our currency system will make it thoroughly adequate and well adapted to the business of our people. Until this is done in some way it cannot be either theoretically sound or practically efficient.

No Danger of Inflation or Speculation.

A natural inquiry, perhaps, will be whether the issue of these uncovered gold reserve notes may not lead to inflation and possibly to the promotion of speculation in stocks, lands and many commodities to a dangerous degree. It certainly could not promote stock speculation or furnish any funds for such purposes. Such speculation is not done with currency at all. There is seldom, if ever, a dollar of actual cash used. It is all done through loans and checks against deposits. The change in the law proposed will not add to the loans or make any addition to the possible credits, because the reserve requirements are the same for notes and deposits. The change from one form of credit to another will add no facilities for stock exchange or grain speculation and little or none for land speculation. In fact, it seems certain that such notes as are contemplated will not be used to as great an extent by the large city banks as by the banks in the country and small cities.

Assuming that the gold-reserve notes might all be kept in circulation all the time and be made the basis of loans at six per cent. per annum to the full extent of their issue (this is a condition which could never possibly exist—but assume that it should), the profit to the issuing bank in a central reserve city would be about 1.7 per cent,. in a reserve city about 1.9 per cent., and in a non-reserve city a little under 2.5 per cent. on the notes taxed at 2½ per cent. Under the present system of notes about forty-nine per cent. of the redemptions come from New York City alone and eighty-six per cent. come from eight cities composed of the central reserve cities and five of the largest reserve cities. The almost certain probability therefore is that the difficulty of keeping the gold-reserve notes in circulation in New York, and especially the large eastern cities, and the lower interest rate than six per cent. which usually prevails, will cut down the above estimated profits fully one-half, so that it will probably be less than on the bond-covered notes at present. Under these conditions the gold-reserve notes will not be used by the large city banks, except for that portion of the year when there is a demand from the country and only after the country banks have supplied their depositors to their legal limit or the limit of their reserves.

If there should be one or two hundred millions of dollars issued in the uncovered notes or their issue should vary between these limits, they would take the place of about that quality of reserve money, which would find its way into bank reserves. Except as this would be required for reserves for the gold-reserve notes, that money could become the basis for a corresponding amount of loans and deposits. A part of this would naturally come to the reserve cities and in all probability some of it would be loaned on call and used on the stock, grain and cotton exchanges. It could hardly be such an amount, however, as would lead to any speculative boom. After the first readjustment, which would come gradually, the amount would be more constant and less fluctuating than it is now or has been, and the result would be that the speculation which we can not prevent would be done on more uniform rates, and would be in consequence less dangerous.

The main advantage to the banks in the central reserve and large reserve cities of these gold reserve notes would be that the balances of their banking customers would be more stable and uniform. The country banks would meet demands from their depositors with their own notes, as far as they could, before drawing on their reserves, and if there should come a demand on the reserve bank for currency it could to a large extent supply this with their gold reserve notes. This could not fail to make conditions more stable and money rates not only lower but more uniform in the reserve cities and all over the country, with great resulting benefit to all.

There need be no fear of inflation of credits from the issue of bank notes against which the same reserves are required as against deposits, and for which there is sure and prompt and compulsory redemption. The reserve requirement makes it impossible for the total of note and deposit credits to be more than the possible deposit credits are now. There is just so much reserve now available. This is the limit of deposits and consequently of loans. The total amount of loans must stay on deposit in the banks, however much it may be transferred by check from one bank to another. Even when cash currency is taken from one bank for any use, it before long finds its way back to another bank, and the amount or proportion of cash in circulation is in the end quite constant.

The percentage of the money in the country held by the banks remains very closely around 33 1-3 per cent., going below thirty per cent. only in the years 1893 and 1896, when there were special reasons for this variation, and going over thirty-five per cent. only once in fifteen years.

There is no objection to the increase of deposits as long as there is ample reserve against them. What objection can there be to the change of the deposit credit to a note credit, as long as the reserve remains the same, and the total of the deposit and note credits remains constant, which the reserve requirement makes sure it will?

As has been seen and stated repeatedly, the issue of these gold-reserve notes is simply changing one form of credit into another for the convenience of the customer of the bank. There is no inflation or increase of the whole volume of credits as the result of this operation. There is now a demand for every dollar of the available reserve money in the world. Business not only in the United States but all over the world has so increased in volume that it is taxing all kinds of facilities to the utmost. This activity is based on sound conditions: Abundant yields of field and mine and forest. Labor is employed at the highest wages ever known. Everyone is busy and prosperous. The only possible danger is that there may be some sudden event or calamity which will call for widespread liquidation, with the resulting panic. There is nothing in the industrial, commercial, or agricultural situation to produce this. If it comes, it must be from financial or money trouble. At a time when there is a most persistent demand for all the bank reserves possible we are wasting our reserves by withdrawing them from the banks and money centers to send them to the farms, and we continue to take the same risks year after year in spite of all warning.

Would it not be far better to keep the reserve in the banks when needed and send bank notes, protected by ample reserves, where they are needed for cash transactions? There is in circulation in the country, not in the banks or Treasury of the United States, about $1,700,000,-000. At least $1,000,000,000 of this might be used for reserves, as it is lawful money. If the uncovered gold-reserve notes are authorized, the national banks could issue as against their present bond-covered notes about $200,000,000. This is just about the amount of currency it is estimated must be shipped from the reserve centers to move the crops. Instead of thus wastefully employing this reserve money, deranging all business and contracting loans and deposits, would it not be infinitely better and more sensible to allow the banks to transform that amount of deposit credits into note credits, which are really the same thing, and thus meet the demand for crop-moving funds without altering the total volume of credits at all? It could be done with perfect safety to all, and every business interest, every line of trade, and every citizen of the country would be the gainer from it.

If authorized to issue the gold reserve notes, the banks could daily and hourly meet the demands from the depositors for currency for their cash transactions.

The day there was no further use for a note it would return to some bank, wherever it was, and at once be sent for redemption. Within twenty-four hours it would be redeemed, and within a few days the note credit would be changed back to a deposit credit. This transformation back and forth from notes to deposits, and deposits to notes, would go on automatically, and the business public, not the banks, would decide what portion of the bank credits of the country they needed in notes and what in deposits. The banks would not only be compelled to obey the demand, but be glad to do so, for it would make for the prosperity of their customers and business. The season of harvest would be then one of general satisfaction for the bounty of the yield, not of apprehension lest an abundance of wealth produced should bring with it a demand upon business facilities, the strain of which would be so great as to produce panic and ruin instead of security and prosperity.

Question One of Public Concern.

This is not a question in which the banks alone are interested. Except so far as they are affected by the general welfare of their customers, the banks have rather less direct pecuniary interest in the matter than the people who need the money, or the business man whose calculations and enterprises are interfered with by financial disturbances. When money is scarce and interest rates rise to unusual figures, it is a matter of greater concern to the borrower than to the lender. There can be no argument as to the fact that our banking laws are very defective in the note facilities which they enable our banks to furnish the people, and the reform of these laws is one of the most urgent and important problems to which the attention and effort of Congress can be devoted. The same situation with its dangers presents itself every year, and the Comptroller would most respectfully but most emphatically urge that Congress give this problem most prompt and careful attention.

The fact that the demand for crop-moving funds creates a disturbance in the money market and raises rates for money adds just so much to the cost of carrying and handling the crops and reduces the price at which farm products are sold by the producers. The farmer thus has a direct pecuniary interest in the proper solution of this question. Any man who is engaged in any other business and who finds his plans for raising money interfered with or his rates raised pays the penalty for our imperfect system with no advantage to anyone, unless it is the banker, who charges him more on his loan. For these reasons the question is of more importance by far to the general public than it is to the bankers themselves. For their own purposes and profits the banks are entitled to no additional facilities or privileges. Unless it can be shown to be in the interest of all the people, no change in the currency should be made. A study of the question, however, will show that the interest of all kinds of business demands an improvement in our banking currency, and on that account, far more than on the account of the banks, it is so strongly urged.

NEW COUNTERFEIT FIVE-DOLLAR SILVER CERTIFICATE.

SERIES of 1899; check letter C; plate number omitted; J. W. Lyons, Register; Chas. H. Treat, Treasurer; portrait of Onepapa. A photomechanical process note on two pieces of paper between which have been distributed red and blue silk fibre. The general appearance of the counterfeit is very deceptive; numbering, seal and numeral good both in color and formation. Much of the fine line work has been lost in the printing. The back of the note has a bluish tinge, but the workmanship is good. In many respects the work on the note closely resembles that on the $10 Treasury note described in circular letter No. 251, dated November 13, 1906. The first information concerning this counterfeit was received from Cashier S. A. Trafant, of the Citizens' Bank of Louisiana, New Orleans.

BANKS OTHER THAN NATIONAL.

THE Comptroller's report for 1906 says:

"Reliable authorities place the number of banks and bankers in the United States and island possessions, exclusive of national banks, at 15,343. Of this number, reports pertaining to 11,852 banks have been received and tabulated, being 1,110 more than in 1905. The aggregate resources of these banks amount to $10,363,350,846, being an increase of approximately $773,000,000 over the previous year. The returns include 8,862 commercial banks, 742 loan and trust companies, and 1,319 savings banks (of which 678 were of the mutual class—that is, without capital stock) and 929 private banks and bankers.

The capital stock of the state banks is $421,845,705; individual deposits, $2,741,464,129; surplus and undivided profits, $251,114,808. The loans aggregate $2,272,959,644; investments in stocks, bonds and other securities, $412,966,794; and total resources, $3,677,050,317. The resources of state banks reporting in 1905 aggregate $3,190,911,378, thus showing a gain in 1906 of $486,138,939."

A PRACTICAL TREATISE ON BANKING AND COMMERCE.*

SECURITY AND SECURITIES IN GENERAL.

SECURITY AND SECURITIES THEORETICALLY CONSIDERED, WITH PRACTICAL APPLICATIONS—OF SECURITY IN GENERAL: ITS LIMITATIONS—PERSONAL SECURITY—ENDORSEMENTS—GUARANTEES—SECURITY TAKEN ON GOODS.

SOME of the observations in this and the preceding chapters will have been found in other portions of this work where modes of doing business are referred to. (See chapters on Loans.) They are repeated here because of their intrinsic importance and because the question with which this chapter is concerned is specifically that of *security* and the various considerations connected with it.

In one of the striking scenes of "Hamlet," the great dramatist makes the Prince of Denmark say to Horatio while they are standing in the churchyard talking together: "Is not parchment made of sheep skins?" To which his friend replies: "Ay, and of calf skins, too, my lord." Hamlet rejoins: "They are sheep and calves too that seek out assurance in that." A biting sarcasm, and one that has proved only too true in the experience of many an unfortunate money lender, who relied for what Shakespeare calls "assurance," but what we generally name security, upon the mere possession of parchment deeds; forgetting that the real assurance is not in the parchment, but in the property, whatever it may be, that the parchment purports to hold. "Purports" is a very important word in this connection, for deeds do not always fulfil the purpose which the holder supposes they do. A deed may be improperly drawn; it may be signed by a party who has no right in law to convey. If he signs in an official capacity, let us say as curator, trustee or what not, the instrument creating his authority may be a faulty one.† The conveyance of itself may be one that is against common or statute law; as, for example, certain conveyances are prohibited by the Banking Act; or the whole document may be a forgery, signers and witnesses alike. But even if the parchment itself is strictly regular in terms and the conveyance authorized by law, it may still fall short of being what it pur-

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* Continued from November number, page 722.

† An instance of this is afforded by something that took place in one of the midland counties of England, where a bank took over as collateral security the deeds of a property valued at £80,000. Trouble arose. It was necessary to proceed upon the deeds; when, to the disgust of the bank, they were pronounced by a high-class conveyancer utterly worthless to convey a negotiable title. Yet they had been examined by the bank's own solicitor and pronounced perfect.

ports to be; i. e., *security*. For, if it is a title to land, the land may have fallen out of cultivation, with buildings dilapidated, fences thrown down or destroyed, and a plentiful crop of weeds and new underbrush, which will take years to bring back into a proper condition. Nay, the land represented by the parchment may be in the condition known as *drowned* land, being continuously overflowed by water and useless for any purpose whatever. All these cases have been actually known in Canadian experience.

The instrument may not purport to convey land at all, but chattels, personal effects or merchandise, in which case another element of uncertainty enters in. For whereas land cannot be moved, and therefore is called real estate, chattels and merchandise can. So then, whilst the parchment or other document of security lies safe in the money-lender's strong box, the thing which is supposed to make him secure may have been made away with. True it is, that the law provides a certain safeguard in the shape of stringent penalties against such removal, making it almost equivalent to theft. But, while it is comparatively easy to secure conviction and punishment for actual theft, it has been proved to be difficult to obtain conviction in the case of chattels that have been removed improperly. Hence this is a real danger, which can never be lost sight of by any man that holds chattels as security.

Benevolent Loans.

The general question of security is one that has so vital a connection with the banker's business that it is desirable to lay down with perfect clearness all that appertains to it. It is a well understood and universal principle that when a man allows another to have the use of his money he shall give some form of assurance that it will be returned at the time agreed upon. The only exception is in the case of private loans made from motives of benevolence—a very important distinction—and one that throws some light on passages in ancient books on the subject, the Scriptures for example. Benevolent loans are quite commonly unsecured; moreover, they are generally without interest, a fact that at once removes them from the category of banking loans. When a man lends a sum of money to tide a friend over a difficulty, or to help a poor widow to prevent her goods from being seized, the character and the motive of the transaction are wholly different from loans undertaken by bankers. Even if the principal is not repaid when promised, the lender is seldom vexed. He did not lend the money as a matter of business, and will find his satisfaction not in the receipt of interest, but in doing good.‡

‡ A careful perusal of those passages of the Old Testament in which usury is forbidden will show that many of them refer to loans of this class, viz., to money lent to needy brethren. In other cases the prohibition is against excessive and burdensome interest. But the teaching of Jesus Christ clearly recognizes the reasonableness of interest being required when the transaction is purely a matter of business. (See Mathew XXV. 27.)

PERSONAL GUARANTEE.

By far the most common of all forms of banking security is that of personal guarantee. That there should be two names, at least, to every bill, is a banking axiom, and, in the case of trade bills, it is a matter of course; for such bills arise from a transaction between two parties, both of whose names are on the document. Hence every trade bill would be classified as a secured transaction.§

But a banker will not, as a rule, deal with trade bills long before finding out that security, so called, does not necessarily make secure. In estimating the value of trade bills it is customary to use the phrase, are the makers or promisers good for the amount—a phrase which primarily means, have they money or available resources enough to pay the bill. This is the commercial sense of the word good; but the primary meaning of the word, as every one knows, is a moral one. It has to do with character, not money. The question therefore is one of morality also, and involves the consideration not only whether the maker is able, but whether he is willing. In looking at a certain name a banker therefore considers not alone the resources of the party, but his character also and from this forms his conclusion, whether payment of that particular bill may be relied upon. But this is not all. A trade bill is never brought to the banker by the maker; and in this there is an essential difference between a trade bill and an endorsed loan bill. In the latter case the *maker* invariably brings it. But the trade bill is brought by the endorser; the man who sold the goods.

These points have been brought to the reader's attention in other chapters and need not be enlarged upon here, further than to say that the banker in discounting a trade bill looks, primarily, for his security to his own customer, the man who brings it to him. And in so doing he has an assurance, with regard to the other name, that of the maker or acceptor of the bill, for before he got the bill at all the seller of the goods must have exercised his judgment and concluded that the buyer was able to pay for them. The banker, therefore, with regard to such bills, exercises a double mental operation and considers, first, whether the maker can and will pay the bill, and also whether his customer can and will in case the maker does not. So important has this last consideration become, that in nearly all well governed banks the rule pre-

§ There is indeed a mode of dealing with trade bills, in large financial centres, known as "buying and discounting bills without recourse," that is, where the banker relinquishes the right to call upon the seller of the bill, and undertakes to rely, solely, on the maker. The seller of such a bill, in endorsing, adds the words "without recourse," meaning without recourse to him. The bill then becomes a one name bill, and naturally a higher price is demanded for cashing it. Some merchants systematically conduct their discounting business on this principle, and are willing to pay much heavier charges for discount in consideration of being relieved of responsibility for their customers' bills. There are bill-broking firms and companies who cultivate this class of business, making a specialty of it, and taking means to acquire the wide range of information necessary to do it safely.

vails to continue discounting for no man who has not proved himself able and willing to take up such bills at once, in case they are dishonored. A customer who fails to do this is speedily made aware that his account is undesirable.

But the question of security by endorsement arises most frequently with regard to just such advances of money by a banker to a customer.

A man in business, needing supplies of money for his operations, will frequently prevail upon some neighbor, relative or friend to become his surety; or, to speak in common phrase, to endorse his paper. Such an endorsement is of an entirely different character from that of the owner of a note or bill, who passes his title on to a succeeding holder for value by endorsing it. The endorsement now referred to is of the nature of a surety or guarantee.

With regard to the value to be attached to such endorsements much confusion of thought exists. A banker who lends ten thousand dollars on the endorsement of another man, reputed to be worth twenty thousand, might seem to be undertaking a very safe operation; but experience teaches that he might be leaning upon a broken reed. The endorser might be surety for other persons also, and the aggregate amount of these obligations might be far beyond his means of meeting them. Such cases have arisen and have opened the eyes, more than once, of confiding bankers, and shown that before lending money on the strength of a certain endorser inquiries should have been made whether he was not involved in the success or failure of half a dozen commercial enterprises over which he could exercise no effective control. But, besides this, there is another very important consideration. An endorser becoming surety for ten thousand dollars, might be utterly unable to pay as much, even if he had a real surplus of twenty thousand, without winding up his own business. This surplus might consist in land, buildings and machinery, on which the very existence of his own business depended. And it might be, and probably would be, impossible for him to diminish his own capital by the sum necessary to pay the amount he endorsed, without ruining his own credit. In this instance the banker would almost certainly be confronted, in case of need, with a proposal from the endorser to release him, on payment of only a portion of what he had endorsed. If he refused, and demanded what was due, he might find himself the plaintiff in a vexatious lawsuit, and only obtain judgment after long delay, by which time the affairs of the endorser might be put into such a shape that to collect the debt would be impossible.

The banker, in considering an endorsement, will do well to remember that what he wants from the endorser is assurance of repayment *at the time promised,*—time being of the essence of the value of the security. He must therefore consider whether the endorser is in such a position that he could pay the amount *when called upon* without embarrassment. Many a man is in a position at all times to meet his own engagements who would be seriously embarrassed to pay the debts of another person. It is sometimes said by a borrower, to a proposed endorser, that it is a mere *matter of form;* that he, the borrower, will be sure to pay the note at maturity. And not a few endorsers have been incautious enough to believe it, finding out to their cost that to guarantee another man's debt is no mere matter of form, but a very solid reality.

Various Classes of Endorsers.

There are various classes of endorsers, as there are of borrowers. There are endorsers who treat the matter so lightly that they will endorse for any amount, and never think of keeping a record of their responsibilities. These are a class for a banker to avoid. On the other hand, there are endorsers who are keenly alive to the responsibility they undertake, who consider carefully, and insist on knowing accurately the position of the borrower before undertaking that he shall pay a certain amount of money on a certain day. A prudent endorser will take means to have an efficient oversight of the borrower's business so long as the obligation endures; considering, very properly, that his guarantee gives him a right to this position. An endorser of this kind is esteemed, and very properly so, a more valuable one than another of much larger means who would neglect such precautions, especially if he has had more experience in business than the borrower and is able to give him valuable hints as to his business. Thus a father's endorsement for a son just commencing business is of a particularly valuable kind, or that of the senior partner of a firm, who, after retiring, consents to guarantee a certain amount of their liabilities.

There is another class of endorsers that used to be much more common than at present; namely, the *professional* endorser, who is known in the community as such, and endorses or guarantees for a commission. Such men, generally, have some capital at command, but the value of their endorsement largely depends on the prudence with which they carry on their business. A prudent endorser of this class will always scrutinize carefully the position and character of the borrower. He will make accurate record of his guarantees, as if they were his own promissory notes. And he will take care never to allow his name to remain in default. The endorsement of such a man, so long as he is commercially "good," will come to have a peculiar value in a banker's eyes, as being almost equivalent to a certificate that the borrower is both able and willing to pay his debts. This class of man, however, is rapidly disappearing.

There is another class of endorsements to be considered; namely, that of more persons than one on the same note. A loan will sometimes be proposed to a banker, generally in connection with some public enterprise, in which the notes are to be endorsed by four or five individuals. This class of endorsements, however, often proves very unsatisfactory, for although each of the endorsers is responsible for the whole amount of the note, it rarely happens that any one of them is willing to pay the whole amount. He will come to a banker and offer to pay his share and request a discharge, which, of course, the banker will not grant. Consultations then follow between the parties as to how the obligation is to be met, in which one will offer to do this, and another that, but seldom coming to an agreement satisfactory to the banker. Not infrequently they quarrel among themselves, each one of them declaring that he will fight to the last in resisting payment. The banker then finds himself involved in half a dozen lawsuits, and it will go hard if some clever lawyer, employed by one of the parties, does not find a loophole for evasion, or delay, owing to some peculiarities in the case, possibly suggested by false swearing or confused testimony. We know how a clever counsel can confuse a witness so much as to get him to admit almost anything, and a banker in the witness-box is just as liable as other people to be wheedled or bullied into admissions of a damaging nature, such as may be almost fatal to his case.

There is another consideration with regard to these multiple endorsements; namely, that by law each endorser on a bill has recourse upon the preceding one, this being founded upon the practice of passing notes from one man of business to another for a valuable consideration, as used to be common in the business world. In this case it is perfectly equitable for the last endorser to call upon the preceding one to pay him, and so on, until the maker or acceptor is reached. This law prevails even in such cases as have been referred to, although the circumstances are entirely different. There is no method under our law of bills of exchange by which a number of men can endorse a note, one after another, so as to be jointly and severally liable, and avoid recourse upon previous names. It is therefore better that the persons proposing to become security should become joint and several *promisors*, or joint and several guarantors on a separate instrument.

Differences Between Endorsement and Guarantee.

This leads to the question of the difference between an endorsement and a document of *guarantee;* respecting which it is well to note some points for consideration.

The first point is that endorsements require to be on each separate note, and that when there are several endorsers for the same debtor on separate notes, and difficulties arise in the circumstances of the maker, each endorser can claim the right out of any security realized to have his notes paid in the order in which they become due. This operates, in some cases, very much to the creditor's disadvantage. Moreover, if the time for a loan is long, as it requires to be in some lines of business, notes require to be renewed, failing which, they lie under protest in the banker's hands. Now, the endorser may not be at hand; he may be, in these times of travel, at a considerable distance; or he may, in some cases, refuse to endorse a renewal, and insist on the banker forcing payment. If the banker refuses, as being contrary to agreement, the endorser may pay the note himself, and sue the maker, to the great damage of his credit, and with a danger of bringing about a stoppage of his business.

A guarantee, however, obviates all these difficulties. But such a document requires to be drawn with exceeding care—so as to avoid bringing the banker himself under obligations upon which a defense might be hung in case of suit. There is scarcely any instrument capable of giving rise to so many conflicting points as a loosely drawn guarantee. For this reason the banker will bring to his aid the best legal talent available to prepare a proper form of instrument applicable to general uses. This guarantee should provide for renewals, changes of security, additional advances, partial payments and other contingencies, and in most cases should bind the guarantor to pay a specific sum whenever called upon.

But a guarantee may be taken for a running account, and made to cover the balance due on such an account, whenever it may be struck. In some cases, indeed, where an account is a complicated one, and consists partly of trade bills and partly of securities of various classes, a guarantee may be taken for the final balance remaining after other securities are exhausted. This word *exhausted,* however, in a legal document, requires to be very carefully defined. But one thing a banker needs to be particularly careful about, viz., not to introduce special conditions, of his own motion, into a form of guarantee which has been prepared by his solicitor. He will always find it prudent to let his solicitor insert the special conditions also.

Of the two forms of personal security, therefore, an endorsement is the most simple and the least open to misconstruction, and affords the least opening for a vexatious defense in case of a suit. And when the note guaranteed is a single transaction, and not a part of a general arrangement for advances, it is the most advisable form of personal security that can be taken.

But there is this to be said, that a guarantee is always *witnessed,* and is generally signed in the office of the bank, or the bank's attorney; while it not infrequently happens that the maker of an endorsed note brings it to the bank for discount, and expects it to be passed without further ceremony. *But a prudent banker will invariably require the endorser to be present when he affixes his signature, especially when the amount is large.* For an endorsement may be forged; or, even if the original signature is genuine, the *renewal* may be forged. An endorsement of a loan bill, in fact, as it is a document of guarantee, should be treated with as much care and ceremony as if it were a deed to be signed, sealed, and delivered by the party to it.

Loans Secured by Merchandise.

It is a fundamental axiom in banking that all discount loans for commercial firms should rest on, or be represented by, salable goods, on which no other person has a claim. Exceptions there are, as have been noted, but the exceptions are few. It is here that banking differs from mere money-lending; its loans should be founded, not simply on valuable property or even valuable goods, but on goods that are *salable,* that have a *market* value, that are dealt in between man and man, and between country and country. In other words, BANKING IS THE HANDMAID OF COMMERCE. But although these things are so, it is not all banking discounts or loans that constitute a claim on any particular goods. It cannot be said, for example, that a trade bill is represented by such and such lots of dry goods, groceries or hardware in the store of the person who has made the bill. They are not earmarked and set aside for that purpose. There are, however, banking loans that do rest on goods that are specifically designated and set aside for the purpose.

The security for this class of loans has now to be considered.

The simplest and most natural form of lending money on the security of goods is that of the *pawnbroker,* so called—a very misleading name—for his real business is to lend money on goods that are left in his possession. It is a most simple business, requiring scarcely any capacity to carry it on, except a fair judgment as to what goods will sell for. The pawnbroker does not rely on any legal documents to secure him and he cares nothing about the standing of his customer. He has the goods themselves, and it is his own lookout if he does not take proper care of them. The pawnbroker's loans are, however, not commercial. No man, in a centre like Chicago or Liverpool, would deposit a thousand barrels of flour with a pawnbroker and get an advance on them. Such loans are part of the operations of commerce, and would be applied for to a banker.

Now, as a pawnbroker keeps a shop or a warehouse in which to store the goods he has lent money upon, it would naturally be supposed to appertain to a banker's business to have a warehouse, wharf or yard, with conveniences for the storage of various classes of goods owned by his customers. This would strike anyone as the most reasonable, natural, not to say safe, mode of transacting business. "Bring me your goods," the banker might say, "and I will lend you money upon them." In some parts of the world this is actually the mode on which banking loans on goods are made. The bank owns as a part of its machinery (so to speak) a commodious warehouse, yard or wharf, in which it requires all goods to be deposited on which advances are made. These are, of course, in charge of its own officers, and the bank attends to insurance at the charge of the borrower; charging him also, directly or indirectly, with the storage.||

That this tends in a remarkable degree to the safety of such loans goes without saying. The only danger to the banker in that case is that he may overestimate the value of the goods, or forget to take into account the chance of decline.

This mode of procedure, however rational it may seem, has never been adopted by bankers generally. The bankers of Great Britain, gen-

|| The Imperial Bank of Germany conducts its business on this principle, and is the owner of many warehouses in different parts of the Empire, in which are stored all goods that are advanced upon.

erally speaking, know nothing of it;¶ neither do those of the United States or Canada. They keep no storehouses or yards in which to place goods they have loaned upon; though doubtless many of them have wished they had done so when they have been deceived by documents purporting to represent goods. All the loans in their books stated to be on *goods* rest in fact upon nothing but *pieces of paper;* or rather let us say, on what is written on pieces of paper. Just as an American Treasury certificate for five thousand dollars represents that amount of actual coin in its vaults, so are these pieces of paper presumed to represent so many tons of iron, bags of wool, barrels of flour, or bushels of wheat. And, to say the truth, there are such documents which carry almost as much assurance with regard to goods as the gold certificates of the American Treasury do with regard to money. When the officers of a well-known warehousing or dock company issue a certificate that they have received a thousand barrels of flour from John Smith or a thousand bales of cotton from MacGregor & Co., and that they will deliver the same on production of the certificate duly endorsed, a banker will feel almost as much assurance in advancing on such a document as if he had the goods in his own possession.**

This is more especially the case if such documents are registered, as they are in Chicago and other grain warehousing centres of the United States. The truth is that the *value of the document is in the responsibility of the party issuing it.* This is a principle that is often forgotten, and it is here repeated, that it may be better remembered. The value of the document is in the responsibility of the party issuing it. There are various grades of such documents as there are various grades of bills and promissory notes, the question always being, in the first place, will the issuer of such a receipt sign the document unless he has the goods in

¶ It has however sometimes happened that in conservative Great Britain, exceptional measures are taken with regard to property advanced upon. A bank in the "Black Country" was at one time in the habit of advancing on pig iron stored in a certain borrower's own yard, or in the yard of the blast furnace where it was produced. This customer having once removed this iron so advanced upon, the bank adopted the plan of leasing a small area in some furnace yard, fencing it in, placing it under lock and key, and requiring iron advanced on to be deposited there. This plan proved effectual.

** There are, however, cases at times which shake a banker's confidence in this theory.

The writer once had to do with a draft secured by a bill of lading for goods signed by the shipping officer of a railway station on the company's regular form. But such goods were never delivered at the destination indicated. And investigation brought out the fact that such goods were never received at the station. The bank contended that the railway company was liable for the acts of its own officer done in the regular course of business. This was denied, the company claiming that they were only liable for goods they had actually received. And this contention was upheld, though it really did not touch the point. The point was, a wrong having been done by an employee of the company in the ordinary course of his duty, who is to suffer for the wrong—the company that employed him, or a perfectly innocent party?

The decision is calculated to undermine the confidence entertained in bills of lading as security.

possession? And, secondly, will he take due care of them and not let them go except to the right party? And, if he fails to do either of these things, is he of sufficient responsibility to *make his engagement good?****

In Canada and the United States the issuing and advancing of these documents is carefully regulated by law; the object being to facilitate bank advances on the great staple productions of the country and so to assist in that great annual movement upon which all internal commerce depends.

This law of warehouse receipts, let it be borne in mind, traverses the law of chattel mortgage in two respects. The ordinary law is that a bank cannot make a new advance on the security of chattels; and also, if a chattel mortgage is given to secure an existing debt, it must be entered in a public registry within a certain number of days. But the warehouse receipt law enables new advances to be made on goods, and gives the lender a valid title to them against all comers, subject to certain restrictions. It also dispenses with the necessity of registration, though it is often contended that it would be better in all cases if registration were required. Under this law bankers can advance on documents in the same manner that they discount bills, looking to the names of the parties and considering also the genuineness of the document itself.

G. H.,

Former Gen. Mgr. Merchants' Bank of Canada.

NEW COUNTERFEIT FIVE-DOLLAR CERTIFICATE.

SERIES of 1899; check letter A; face plate number indistinct, but probably 289; back plate number 518; J. W. Lyons, Register of the Treasury; Charles H. Treat, Treasurer of the United States; portrait of Onepapa.

This is a crudely-executed process note on a single piece of paper slightly thinner than the genuine, with the fibre imitated by red and blue ink marks on the surface. The work is blurred. Denominational design, seal and numbering darker blue than the genuine. Back of note rough in finish and darker green than the genuine. The note will not deceive experienced handlers of money, but is sufficiently dangerous to impose on careless or inexperienced persons. The number of the note under inspection is B58335172, and made its appearance in Chicago.

*** There is this difference, between a banker advancing on goods in his own possession and advancing on a warehouse receipt, that the document may be forged. The certificate of registration may be forged also, and the banker may be deluding himself by an imagined security of goods, while such goods have no existence whatever, or may have been pledged to another party on a genuine document.

TRUST COMPANIES—THEIR ORGANIZATION, GROWTH AND MANAGEMENT.*

BY CLAY HERRICK.

FORMS AND RECORDS FOR THE BANKING DEPARTMENT.—*Continued.*

CLEARING CHECKS.

TRUST companies, not being members of the clearing-houses (except in a few instances, as in Chicago), clear their checks through local national or state banks which are members of the clearing-house, and which act as their agents for that purpose. There are a few instances in which trust companies, having no arrangements for the clearing of checks through the clearing-house, are compelled to collect such items in the old way, by their own messengers. This is the case with those trust companies in New York which have withdrawn from the clearing-house privileges, and with Philadelphia trust companies.

The clearing-house items are listed to the different local banks in the same way that members of the clearing-house list them—on large sheets having columns for the listing of checks under the names of the banks on which they are drawn. Figure 203 shows such a sheet. These sheets are usually bound in book form, and each alternate sheet has perforations between the columns, so that the lists for the different banks may be torn out and delivered with the checks listed thereon. A piece of carbon paper is placed between the first and second sheets, so that one listing of the checks makes two copies. The first sheet remains bound in the book, and is a permanent record of the out-going "clearances." In the last column, headed "Sundry Items," are gathered the totals of all the other lists on the sheet; and this list of totals is sent to the clearing bank with the checks and the separate lists.

COLLECTIONS.

While trust compaines do not ordinarily handle the volume of collection business that regular banks do, they find it necessary, if doing a

* Publication of this series of articles was begun in the January, 1904, issue of the MAGAZINE, page 31.

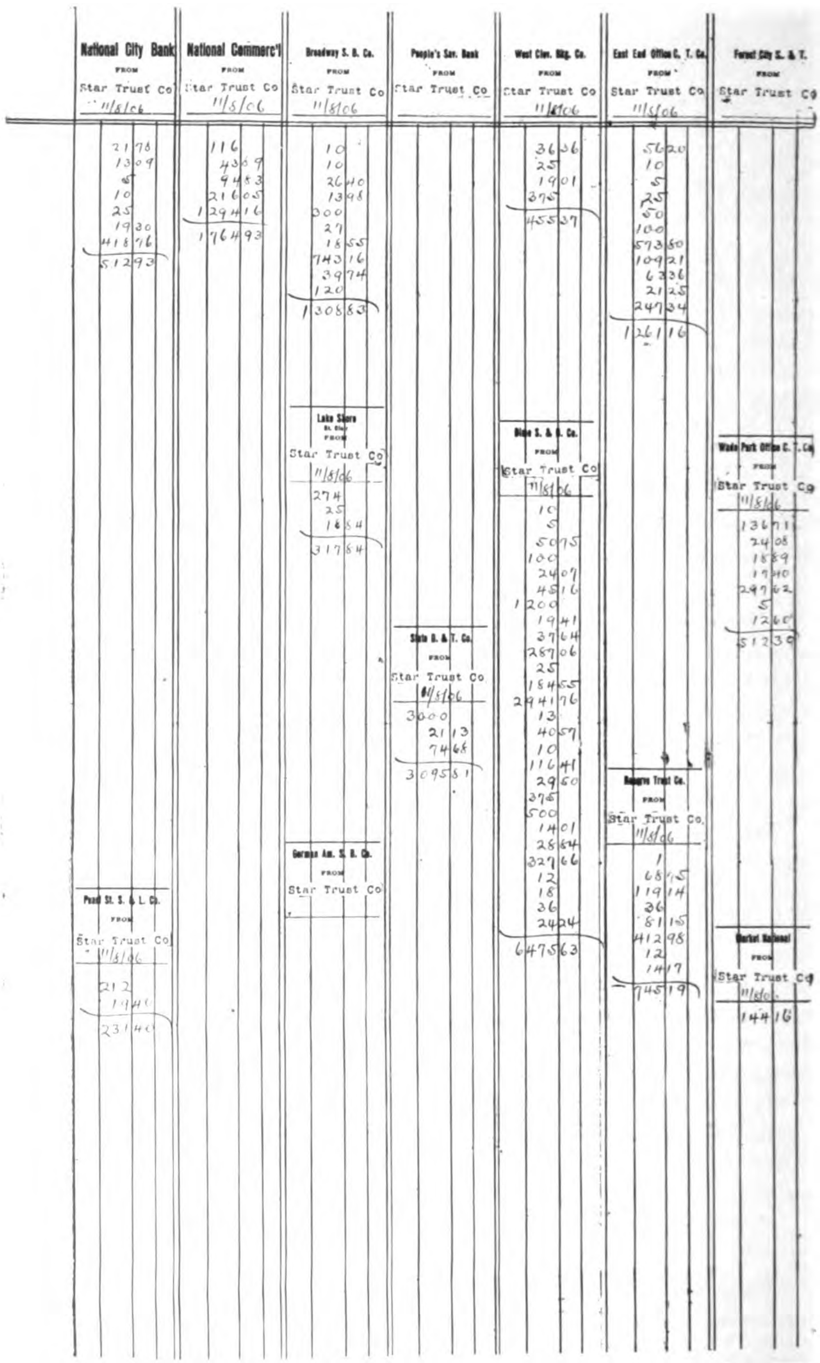


FIG. 203.—CLEARING-HOUSE LIST.

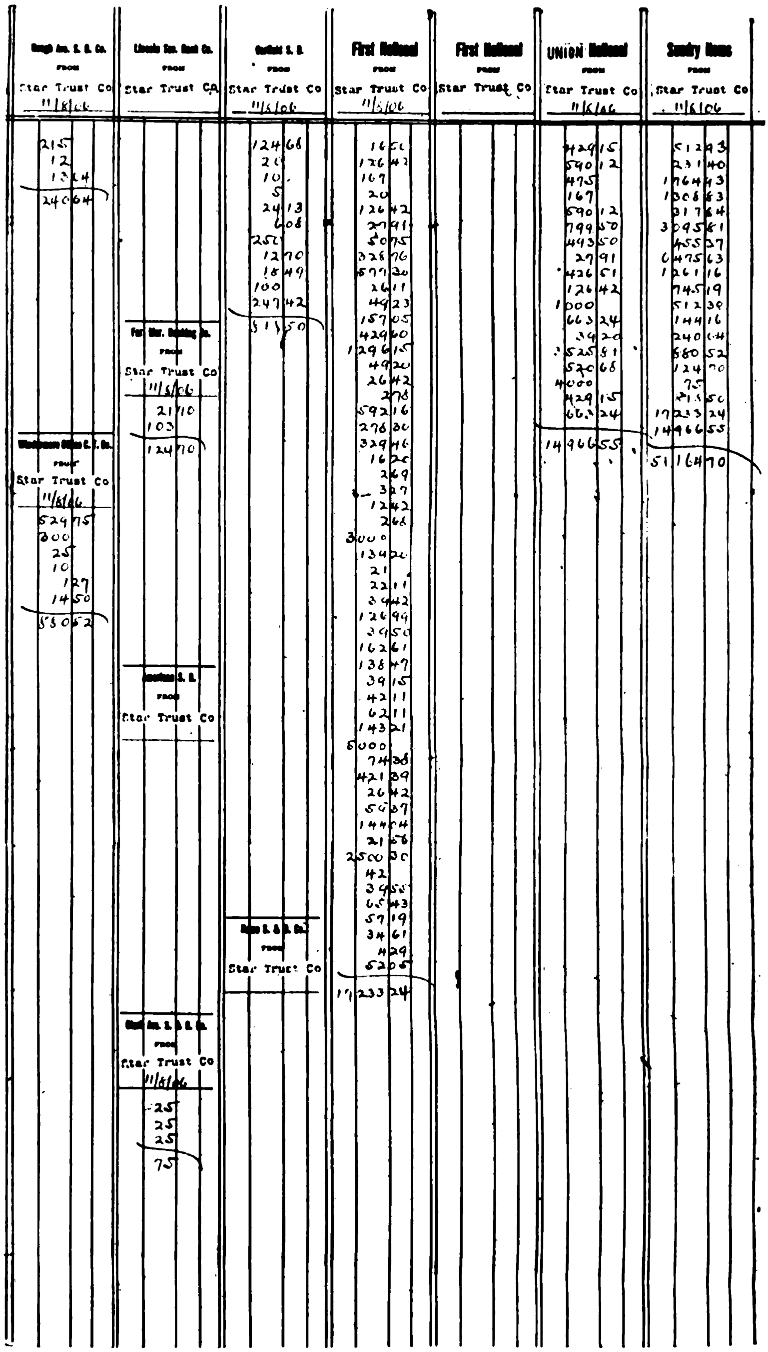


FIG. 203.—CLEARING-HOUSE LIST (Continued).

commercial banking business, to take care of such collections as are brought to them by their depositors. For this purpose they do not, however, usually maintain specially equipped collection departments, but handle their out-of-town collections through the banks which act as their representatives in the local clearing-houses. Local collections are sometimes handled in the same way, but more usually are collected by the company's own messengers.

As soon as an item for collection is received it is entered on the collection register, and given the number indicated by its entry on the register. There are two general forms of this book, one being designed

COLLECTION

Date Received 1906		Our No.	Account of	Their No. or Date of Letter	Amount		Paid 1906		Returned 1906		Due 1906	
Nov.	9	31250	John Smith	11/8/06	136	59	Nov.	10			St.	
"	9	51	Chas. M. Thompson	212	50				Nov.	10	Nov.	10
"	9	52	do.	213	1093	25					St.	
		53										
		54										
		55										

FIG. 204a.—COLLECTION REGISTER, LEFT PAGE.

REGISTER

Maker or Drawee	Payable at	Sent to	Remarks
Black and Brown	1247 Fourth St.	Mess.	
Morton White	301 Washington Ave.	"	Has remitted.
R. E. Rounds	Savannah, Ga.	Phoenix Nat.	

FIG. 204b.—COLLECTION REGISTER, RIGHT PAGE.

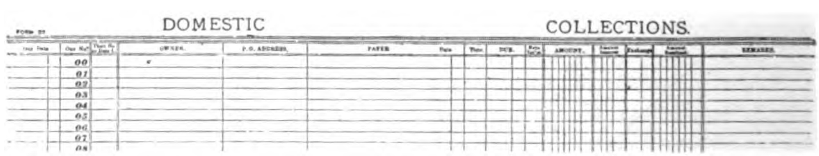


FIG. 205.—REGISTER FOR LOCAL COLLECTIONS.

for "foreign" or out-of-town collections, and the other for local collections. Figure 204 shows a form for the former, and Figure 205 for the latter. In cases where the number of collections is small, or where they are mostly foreign, the use of two forms is unnecessary, that shown in Figure 204 being readily adaptable to both kinds of collections. Sometimes, where the business is very large, a special form of register is used for sight drafts.

Time collections should be entered also in a tickler, under their due dates. The tickler may be a card form, such as has already been described (see Figures 24, 25 and 26, BANKERS' MAGAZINE, November,

COLLECTION · TICKLER.

30. THURSDAY, ...190

No. or Date of Letter	Payer.	Where Payable	To Whom Sent.	For Whom Collected	Amount.	Ck.	Remarks.

FIG. 206.—COLLECTION TICKLER.

1905, pp. 622-625), or it may be a bound book. Figure 206 shows a common style of collection tickler in book form. It differs little from the discount tickler shown in Figure 195, and the same book may well be used for recording maturities of both discounts and collections.

Having been entered in the register and the tickler, time collections, if local, are placed in the files awaiting presentation for payment at

THE SUPERIOR TRUST COMPANY

Blank Trust Co., Greenwood, Wis. Nov. 21 — 1906
Chicago, Ill.

We enclose for collection and credit, items as stated below:

ITEMS MARKED X NO PROTEST. DO NOT PROTEST ANY ITEM UNDER TEN DOLLARS.

Number.	DRAWER.	ENDORSER.	PAYER.	AMOUNT.	
4644	A. M. Mare	B. C. Doll	1st Nat.	165	14
4865	[illegible]	Wright & Power	5th Nat.	285	
				450	14

FIG. 207.—REMITTANCE LETTER.

maturity; and if out-of-town, are sent to correspondents for collection if the due date is near, or if the due date is distant are placed in the files until near maturity. Demand collections are collected or sent for collection at once.

LETTERS OF REMITTANCE, ETC.

Trust companies in towns where there is no clearing-house of course collect their local items by messenger. Their out-of-town items, both

Remittance Sheet.

Valley Park Trust Company.

Valley Park, Mo. Nov. 21 1906
The Blank Trust Co.,
Springfield, Ill.

We enclose for collection and credit.
Items marked X no protest.

Respectfully,
M. J. Abner Treas.

DATE 1906		Number	DRAWN BY	FAVOR OF	LAST ENDORSER	ON	AMOUNT	
Nov.	21		Wm. Thompson	J. R. Morton	Art & Nathan	Union Nat. Springfield	37	48
			Ross & Judd		do.	1st " "	755	13
			M. M. Mead		Brown & Co.	1st " "	110	
			do.		do.	1st " "	76	34
			Arthur Rumm	J. J. Brown	A. B. Marsh	Star Trust Co. "	50	
							1028	95

FIG. 208.—REMITTANCE LETTER.

cash items and collections, are usually collected through their correspondents in clearing-house cities, but in some cases are sent direct to banks located in towns where the items are payable. The letter forms

THE CITY TRUST COMPANY.

POULAN, GA. Nov. 21, 1906

R. A. Smith, Cashier.
St. Louis, Mo.

Dear Sir:
Enclosed find draft as mentioned below in payment of the following collections:
Very Respectfully,

M. A. WILLIAMS, CASHIER.

YOUR NO.	DATE OF LETTER		PAYER	AMOUNT
2147	Nov	15	F. J. Wallons	163 49
2054	"	11	Brown and White	50
2218	"	17	A. B. Cefilo	127 50
			Total $	340 99
			Less exchange	60
			Amount Draft $	340 39

We return unpaid or accepted items below

YOUR NO.	DATE OF LETTER		NAME	AMOUNT
2148	Nov.	15	Williams and Franks	100
2162	"	16	J. W. Athens	75 75

FIG. 209.—COLLECTION REPORT AND REMITTANCE LETTER.

used for listing the items are generally in bound book form, the alternate leaves being perforated so as to be easily torn out. A sheet of carbon paper is inserted under the perforated leaf, so that when it is torn out to be sent with the items listed thereon, the next sheet contains a copy of the letter. These copies remain bound in the book, and furnish a permanent record of remittances, thus serving in place of the old-time remittance register. This plan is an improvement over the old one of having all such letters copied in the letter-press. Figure 207 shows a

RETURNED
UNPAID
Reason checked, if known.

FROM THE
Central Trust Co.
Jacksonville, Fla.

Check Sent
Has Been Paid
Will Remit
Will Write
As Requested
Refused
Payment Stopped
Never Pays Drafts ✓
Not Correct
No Attention
For Signature
For Endorsement
Not Enough Funds

FIG. 210.—COLLECTION RETURN SLIP.

form of such a letter. If it is used for cash items, the letter starts with the words, "We enclose for collection and credit," as in the figure; if for collections, the word "returns" is substituted for the word "credit" in this sentence. In all other respects the same form serves for the two purposes. Figure 208 shows another form of remittance letter that is being used extensively by the smaller companies. The sheet is per-

THE BLANK TRUST COMPANY

Buffalo, N. Y., Nov. 9, 1906.

PLEASE REPORT ON THE FOLLOWING COLLECTIONS:-

No.	Payer	Sent	Due	Amount	
2314	Johnson and Ward	11/2/06	St.	321	40

Respectfully yours,

Brown Smith, Treasurer.

FIG. 211.—COLLECTION TRACER.

forated along the line shown at the right of the figure, and on the reverse side of the portion of the sheet, to the right of the perforation, is printed a duplicate of the matter shown under the heading "Valley Park Trust Company." In listing the items the end of the sheet is folded over along the perforation, so that by the use of carbon paper two copies

FIG. 212.—OFFICIAL CHECK.

are obtained of the matter listed under the last two headings, "On" and "Amount." The end of the sheet is then torn off, and serves as the remittance letter. By this plan a complete description of each item is made, for the records, while only the essential part of the matter listed appears on the letter sent to the correspondent. This form may be used either permanently bound or in loose leaves.

Figure 209 shows a form used for reporting on and remitting for collections. Unpaid items are listed at the bottom, as shown in the figure. To each item returned unpaid is attached a slip like that shown in Figure 210, giving the reason for non-payment.

When an item sent for collection is not heard from within a reasonable time, an inquiry is mailed to the bank to which such item was sent. The form—called a "tracer"—used for this purpose is usually printed on a postal card. It is shown in Figure 211.

Official Checks.

Checks issued by a bank against itself are known as "cashier's checks." Similar checks issued by a trust company are called "official checks" or "treasurer's checks," and, sometimes, "cashier's checks." Figure 212 shows a form of such a check. Sometimes the check is signed only by an officer, and sometimes it is signed by an officer and countersigned by a teller. Record of the issue of official checks may be kept either on the stubs of the check book or on an official check register. The latter is of the same form as the draft register shown in the figure, ex-

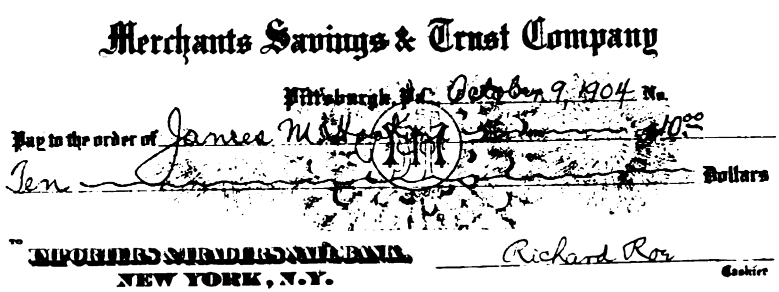


FIG. 213.—NEW YORK DRAFT.

DRAFTS DRAWN ON The Twentieth National Bank, New York.

Date 1906 Mo.	Day	IN FAVOR OF	NUMBER	AMOUNT	TOTAL	EXCHANGE	TOTAL EXCHANGE	BY WHOM PURCHASED
Nov.	21	Black and White	3200	125				Harris Bros.
		J. M. Hines	01	50		10		J. M. Hines
		Barber & Smith	02	206 08		25		Call # 4745
		Susan R. Loomis	03	75	456 08		35	Harris Bros.
			04					
			05					
			06					
			07					

FIG. 214.—DRAFT REGISTER.

cept that the columns for exchange are omitted. The ledger account of official checks is kept sometimes on the general and sometimes on the individual ledger. Unless an official check register is used, the ledger account should give the detail of each check issued. It is also well to enter the debts on this account opposite the original credits, as in the case of the certified check ledger account shown in figure.

Drafts on Banks and Trust Companies.

Like banks, trust companies find it necessary to keep an account with some bank, banker or trust company in New York city. The larger companies usually have several such accounts in New York and also carry accounts in Chicago and other large cities. It is also customary to carry accounts with one or more local institutions.

Figure 213 shows a common form of draft against such an account. Record of the issue of such drafts is kept in a draft register, a form of which is shown in Figure 214. In large institutions a separate register is kept for each correspondent, or at least for each of the chief corre-

Form No. 176

THE MERCHANTS' LOAN & TRUST COMPANY.

Chicago, Nov. 21, *190*6

Draft on New York *wanted*

to the order of:

Amos R. Johnson $250

Purchased by R. M. Jackson

FIG. 215.—APPLICATION FOR DRAFT.

spondents. The smaller institutions often use one register only, assigning the necessary number of pages for the drafts drawn on each correspondent. Ledger accounts are of course kept with each bank on which drafts are drawn.

When a customer wishes a draft on New York or other city he makes application to the draft teller, sometimes verbally; but many companies, especially in the larger cities, require that he present his application in writing. Figure 215 gives a form for such an application.

(To be continued.)

WOMEN'S DEPARTMENTS.

WHILE the woman's department is now a recognized feature of many trust companies, it is somewhat of an innovation to place a woman in charge, though perhaps it would seem the logical thing to do, and the experience of at least one company justifies the departure from a practical standpoint.

MRS. FLORENCE M. LAFLIN,
In Charge of Women's Department Missouri-Lincoln Trust Company, St. Louis.

The Missouri-Lincoln Trust Company of St. Louis established a woman's department about four years ago, placing it in charge of Mrs. Florence M. Laflin, a business woman of considerable experience, and possessed of tact and judgment. She assists the women depositors in making out their deposit-slips, checks, etc., and does all she can to increase the business of the banking and savings departments. The woman's department is advertised as a feature of the company's business, and is growing in popularity every year, and deposits are steadily increasing.

Mrs. Laflin has made herself very popular, having made a study of her department and of banking in general, and is capable of giving advice regarding banking matters, stock and bond investments and real estate.

SAFE-GUARDING THE ISSUE OF MUNICIPAL BONDS.

FOR several years there has been a strong public sentiment against the present methods of issuing municipal securities. This feeling has been accentuated by recent forgeries which, in several cases, were the result of gross carelessness in the manner of issuing the obligations. Chief among these are the cases of Edwin O. Quigley, who forged and successfully hypothecated $460,000 municipal bonds. Again, L. W. Prior's forgeries have been found to reach the astounding figures of $1,200,000.

It is but natural, therefore, that such careful investors as trust companies, savings banks, insurance companies, executors and trustees, should demand that every possible safeguard should surround their securities. Especially is this true in view of the fact that all private and semi-public corporations have been forced to have their bond issues approved by a well recognized trust company, and that the New York and Boston Stock Exchanges, realizing the necessity of guarding against possible forgery, long since adopted the highest standard of steel engraving and a careful counter-signature by responsible trust companies for all listed securities. As a result, an over-issue or forgery of such securities is practically unknown.

In view of these facts, is it not inconsistent with the present perfected state of business methods that municipal communities, the bonds of which are considered investments of the most conservative character, should refuse to take such measures against all irregularities in the issue of their obligations as are only right and fair to themselves, to the banker and to investors?

This opinion has been most forcibly substantiated by all leading bond dealers, banks and prominent investors, who have, without exception, given their unqualified endorsement towards bettering the present situation.

To afford better protection to all interested in municipal issues, the City Trust Company of Boston has organized a department to be exclusively devoted to the preparation and certification of such securities. The scope and method of conducting this department may be outlined as follows:

(1) To offer to all issuing communities absolute protection against over-issue or possible forgery and to prevent the payment of fraudulent bonds and coupons.

(2) To give the highest grade of work at a cost which is within the means of the smallest community.

(3) To serve the convenience of public officials under whose charge bonds are issued and to relieve them of all unnecessary responsibility.

(4) To facilitate the buying and selling of public obligations.

(5) To render an investment in these securities more popular, and thus to enhance their market value.

When a vote has been passed authorizing a municipality to issue bonds, the trust company should be informed of the proposed amount, denomination, rate of interest, maturities and form of bond (coupon or registered). An estimate of the cost of issue is then at once submitted by this company.

In this fee is included the preparation of the bonds and all details relative thereto, the legal opinion of eminent counsel and certification as to genuineness by the City Trust Company.

Full instructions as to the methods employed, together with cancelled specimen copies of bonds showing the high grade of workmanship, will accompany the estimate.

If the terms are accepted, the legal papers relative to the proposed issue should be immediately sent to the company. Not until after a favorable opinion from the company's attorneys is received should the issue be advertised. This notice should contain a statement to the effect that the bonds will be prepared under the supervision of, and will be certified as to genuineness by, the City Trust Company, and that the legality has been passed on by whatever attorneys had been previously decided upon.

It is often wrongly supposed by public officials that the legal expense has been, by this arrangement, transferred from the prospective buyer, who has heretofore usually borne this burden, to the issuing community. But if the bond dealers are duly notified in the proposal for sale, that the legality has been established, they will, because of competition, raise their bid to an amount equal to what it would have cost them to obtain such an opinion. The community consequently has incurred no added expense.

In the meantime the bonds are engraved. Every known precaution against possible duplication or over-issue is utilized in this process. Special bond paper containing a distinctive water-mark is manufactured expressly for the company by Crane & Co. of Dalton, Mass. Every sheet of this paper, which is used for no other purpose, is accounted for from the time it is made at the mill until a receipt is obtained for the completed bond.

The bonds are run from steel engravings of entirely original designs which have been made for the company's exclusive use by the American Bank Note Company. These plates are more intricate and expensive than those heretofore employed in the preparation of bonds and are designed to make duplication practically impossible.

After the bonds have been engraved, they are sent to the officials under whose charge they are issued, for signing and attaching the seal. When this has been done they are forwarded to the trust company, together with an affidavit certifying that the bonds have been properly executed.

A record of the details incident to the issue and all legal papers are filed in the company's vaults, where they may be referred to at a moment's notice. Bond dealers and investors have found this arrangement of great value and convenience, questions often arising which could otherwise only be answered by referring to the municipal records.

In case the bonds are to be issued in registered form, they are engraved from a special registered plate in any desired number and handsomely bound in book form. The mode of procedure is the same as described above, except that when later a transfer is requested, both the old and the new certificates are sent to the trust company, which, after making due record of the transaction, immediately forwards the new bond to the proper address and returns the old certificates to the issuing community.

In the case of New England securities it has been found of distinct advantage to all concerned to have the principal and interest payable in Boston. The trust company charges the usual nominal fee in compensation for the labor and responsibility involved. Such an arrangement is preferred by investors, since the trust company, having prepared and certified the bonds, is fortified against the payment of fraudulent bonds and coupons. Furthermore, the convenience of the municipal treasurer is also served, as he needs to draw but one check when payments are due.

A scheme similar in many ways to the one above described has been in successful operation in New York for the past ten years and has been adopted by municipalities throughout the country, and a record of the sales shows that the *increased premium on bonds thus prepared and certified more than doubly paid for the cost of the trust companies' services.*

The efforts being made by this company and others to improve the present methods of issuing municipal obligations are strongly endorsed by prominent bankers and investors, but a true appreciation of the many advantages to be derived by adopting the plan above described is best evidenced by the fact that the City Trust Company of Boston has already prepared and certified the issues of several of the largest cities and towns in New England.

NEW YORK CITY TRUST COMPANIES.

THE statement of the trust companies of New York city for November 14, compared with that of a year ago, reflects the operation of the new trust company law requiring fifteen per cent. of reserve to be held, which may be divided as follows: Five per cent. of deposits to be held in cash, five per cent. to be deposited with approved depositories and five per cent. invested in approved securities. As compared with the statement of a year ago, deposits have decreased $53,791,000; loans on collateral have decreased to an even greater extent, and are now $62,758,600 less than in November, 1905. On the other hand, cash on deposit with moneyed institutions increased $1,740,100; specie on hand increased $24,115,100, and legal tenders and national bank notes on hand increased $2,711,200. Stocks and bonds, book value, decreased $12,190,900. The following are the detailed comparisons:

	Nov. 14, 1906.	Changes from Nov. 9, 1905.
Deposits on which interest is paid.	$924,818,600	Dec. $53,791,000
Loans on collateral	648,296,400	Dec. 62,758,600
Cash on deposit with banks, etc.	102,441,200	Inc. 1,740,100
Specie	41,120,300	Inc. 24,115,100
Legal tenders, etc.	5,642,500	Inc. 2,711,200
Stocks and bonds, book value	242,211,200	Dec. 12,190,900

EARNINGS OF BOSTON TRUST COMPANIES.

DURING the year ended October 31, 1906, the sixteen Boston trust companies showed combined earnings of $2,645,820, equal to 23.83 per cent. on their aggregate capital of $11,100,000. This compares with earnings of $2,355,277 on a combined capitalization of $12,500,000, or 18.72 per cent. for nineteen trust companies for the year ended October 31, 1905.

During the past year three Boston trust companies have been merged with other trust companies, the Washington with the Beacon, the Mercantile with the City Trust and the Adams with the American Loan. These three companies had a combined capitalization of $2,000,000. Against this decrease in caiptalization two trust companies have increased their capital stock during the year, the City Trust by $500,000 to finance the purchase of the Mercantile, the Winthrop National Bank and Bunker Hill National Bank, and the Beacon Trust by $100,000, making a net decrease in capitalization of $1,400,000 during the year.

The following table shows the surplus and undivided profits, the capital stock, profits and percentage of earnings to capital of each of the companies for the year closed October 31, 1906, and the percentage of profits for the year closed October 31, 1905.

This "profit" represents merely the increase in surplus and undivided profits plus the dividends disbursed during the twelve months.

In the case of the City Trust and Beacon Trust companies, the increase in capitalization came so late in the year that dividends have been computed on the basis of the capital stock issued October 31, 1905:

	Capital.	Surplus and undiv. prof.	Net prof. year ended Oct. 30, '06.	Per cent. of earnings to capital, '06.	Per cent. of earnings to capital, 1905.
American Loan	$1,000,000	$1,815,549	$132,122	13.21	19.5
Bay State	500,000	595,318	129,246	25.84	*2.8
Beacon	400,000	269,988	67,035	16.75	27.4
Boston Safe	1,000,000	2,612,690	435,566	43.55	17.6
City	1,500,000	2,636,800	310,821	23.88	22.6
Commonw'th	1,000,000	703,757	145,220	14.52	12.2
Columbia	100,000	35,390	5,977	5.97	6.9
Federal	500,000	164,173	49,689	9.93	8.3
International	1,000,000	4,027,233	319,127	31.91	37.8
Mattapan	100,000	98,918	23,856	23.85	6.3
New England	1,000,000	2,408,548	254,782	25.47	20.4
Old Colony	1,500,000	5,676,783	480,958	32.06	30.4
Puritan	200,000	170,007	22,568	11.28	9.6
State Street	600,000	606,097	138,880	23.14	16.6
United States	200,000	590,914	78,368	39.18	42.6
Mechanics	500,000	126,924	51,605	10.32	1.0
Total	$11,100,000	$22,539,089	$2,645,820	23.83	20.4

* Deficit.

CONDITION OF THE TRUST COMPANIES.

THE report of the Comptroller of the Currency, recently transmitted to Congress contains the following information in relation to the trust companies of the United States:

"Reports received from 742 loan and trust companies show aggregate resources of $2,959,230,534, against 683 companies with aggregate resources of $2,865,976,497 in 1905, a gain over 1905 of $93,254,055. The resources in detail compared with 1905 are: Loans, $1,610,407,833, against $1,549,633,063, a gain of $60,774,770; investments in stocks, bonds, and other securities, $760,285,420, against $787,918,435, indicating a loss of $27,633,015 in this class of assets. The capital stock of these institutions as reported for June 30, 1906, shows a gain of $25,250,715, being $268,384,337, as against $243,133,622 in 1905. The surplus and undivided profits, which in 1905 amounted to $363,515,702, are now reported at $395,373,620, a gain of $31,857,918. Individual deposits have increased from $1,980,856,737 in 1905 to $2,008,937,790 in 1906, a gain of more than $28,000,000.

While the abstract of reports of the loan and trust companies of the United States shows that resources have increased over $93,000,000 during the past year, it appears from statements made by the loan and trust companies of the city of New York to the New York banking department, as of date May 16, 1906, that there had been a loss of approximately $174,000,000 in the assets of these companies since the report for June 7, 1905, when they amounted to $1,239,878,936. Of the 35 loan and trust companies making reports on May 16, 12 show increase in resources from $300,000 up to approximately $6,000,000, while each of the other 23 companies doing business in that city shows a shrinkage in resources for the period named from a few thousand dollars to over $47,000,000. A large proportion of this shrinkage was later regained, the bank commissioner's statement for August 6 showing that the companies then had assets aggregating $1,120,554,720, as against $1,065,952,448 on May 16."

CURRENCY REFORM A COMMERCIAL PROBLEM.

IN an address before the convention of the Nebraska Bankers' Association at Omaha, November 22, Professor Joseph F. Johnson, of New York city, said:

"In conclusion, gentlemen, let me remind you that the bankers of this country are not suffering most from the defects of our currency system. The public has an idea that you bankers are agitating the currency question in order that you may get the privilege of 'printing money' and so increase your profits. This is a mistaken idea. The bankers of the United States are a prosperous set of men to-day, and they know how to take care of their interests during the autumnal pinch for money. A high rate of interest doesn't give the average banker much anxiety. But how about the banker's customer? During three months of every year the business men of this country pay from one to two per cent. more for money than they would have to pay if credit instead of money were used to move the crops. This means an absolute loss of between $25,000,000 and $50,000,000. You bankers don't get it, for while you are paid a higher rate of interest, yet you have less money to lend. In fact, no set of men in this country makes a corresponding gain. It is as if so much wealth were destroyed. Yet there is a real gain as there is a real loss.

The loss is not borne by the banks nor by the men who borrow from banks. It is borne by the producers of wealth in this country, by the men who are forced at such a time to sell the products of their labor, and a big part of the loss falls on the American farmer, who is forced to sell his grain and cattle in a market depressed by a monetary stringency. And to whom goes the gain or advantage? It goes, gentlemen, to people on the other side of the Atlantic Ocean, who buy the agricultural products of the United States at prices from one to two per cent. less than they would have to pay if our important money markets were not in a state of semi-panic. Thus the currency question is much more than a banker's problem. It is a matter of national consequence. Yet it immediately concerns the use of bank credit, and is popularly supposed to be a concern of the bankers alone. The task, therefore, of working out the right solution devolves upon our bankers, and the impelling motive must be a patriotic public spirit rather than self-interest."

A SUGGESTION FOR CURRENCY REFORM.

BY PEMBERTON BERMAN.

DURING the last few years public attention has been constantly demanded by the struggle of this country against financial stringencies caused by the restrictions of an outgrown currency system. Though the methods imposed by the necessities of four years of civil war are no longer fitted to meet the needs of commerce, they have been preserved practically unchanged.

Besides our own, there are four great typical banking systems possessing the right of issue, those of England, France, Germany and Canada. Each has been developed to supply the peculiar requisites of its environment. The Bank of England works on the currency theory for all practical purpose, supplying notes only against gold, and finding its use in the economy of the substitution. The Bank of France emits unsecured notes within certain limits, holding against them a high reserve of specie, as does the Reichsbank, with the additional prerogative of an excess issue subject to tax. In Canada this banking principle is carried still further, for, to the amount of a bank's capital, circulation is free, secured by a low percentage insurance fund, a prior lien on assets, and such specie holdings as may be deemed adequate. It would not be stretching the comparison too far to say that the four fulfill requirements corresponding roughly to those of New York city, New York state, the Eastern states, and the South and West. So much for the extent of our problem. For the wide range of interests affected, for the extremes of needs to be met—compared with any other, it is appalling in its complexity.

VARYING RATES OF INTEREST IN DIFFERENT SECTIONS.

Now, let us look at the conditions that demand a remedy. Disregarding call money—although the spectacle of a stringency that induces a twenty-five per cent. rate twice within four months is difficult to ignore—we may say that in the East the borrower is not oppressed. Six per cent. is probably the average cost of commercial paper, except—and here is the rub—at the time when loans are most needed, the farmer or merchant must often add a "commission" of one-quarter per cent., or even more, to his sixty-day paper. In the South and West matters are far worse. There eight per cent. is regarded as moderate, and at certain seasons the price of money rises to a point that almost belies our claim to civilization. Indeed, in the more unsettled states the law does not even demand the "commission" fiction, but endorses eight, nine or ten per cent. as just, fair and proper. This of the country at large; of New York city, considering her resources, possibilities and hopes, one cannot speak without indignation. Consider that for six months time accommodations have been extended only at rates that make the financial centre of the new world a by-word and a mocking among the nations. And this has happened, not in any period of unrest, of crisis or panic, but merely because we are on a wave of prosperity. Our wealth has increased, we desire money to spend—and business must stop, because there is not enough money to go around. No wonder that men believe in the "swing theory" on the Stock Exchange; we have invented an automatic check, that curbs progress and compels a season of depression wherein the banks may recuperate. As for the dream which reveals New York a second London, a market whither all the world brings its commodities and capital, that remains a dream. Granted that the worst of our recent trouble was due to the exigencies of "bulls," whose commitments for the rise, and consequent borrowing, came into conflict with seasonal stringencies. Yet world trade without speculation is impossible—aside from any argument on justification—and speculation, in the better sense of discounting the future, is excluded, if to its other difficulties is added a money rate whose limits are only plus and minus infinity.

The Defects of the Currency.

One cause of this evil is generally admitted, a circulating medium not only unresponsive to our needs, but even hampered by legal restrictions that make no allowance for economic events. Yet this is only a *sequitur* of the real root—a currency sufficient for perhaps half the year, but pitifully inadequate for the other six months. We have heard proudly that our per capita circulation is greater than that of any nation save France; but have we made allowance for the fact that we are still comparatively unsettled, that credit plays a far smaller part in our business than in that of the old world? Unknown to us are the mercantile customs that permit of the yearly bill; our national motto is, "Small profits and quick returns"—and quick returns demand currency. Again, our vast distances waste in transit much use of money; that is, the average "turnover" of a coin is far lower here than abroad. Add the enormous capitalization of our industries and the disturbances due to their interest payments, in no small part finding their way across the Atlantic, and our boasted per capita is shorn of much of its power. Is there no significance in the thirty-year plea for currency expansion? First the Greenback party, then the bimetallists, and now the very bankers who blocked the earlier measures, have made this plea their slogan. With a difference, however, for where the earlier two desired inflation, we ask only elasticity. They attacked the ultimate medium of redemption; we seek only wider room for credit, to increase our promises to pay, keeping firmly as their basis the universally acceptable metal.

A Government Bank.

In general the suggestions for reform have centered around two models, a Government bank, or a taxed emergency issue patterned more or less after the German scheme. The former we have already tried, that is a bank designed to be the fiscal agent of the Treasury, and swayed accordingly by the will of the nation. Our failure may in some measure be disregarded, for when we made the experiments we were young, untutored, poor. Yet the primary cause, electoral government, remains. In spite of change, the memories of the old Bank of the United States work strongly against repeating the trial. Now, too, we have a multitude of individual banks, where at the beginning of the century there were almost none. That they would relish the competition, or even existence, of the inevitable branches of a Government bank, is impossible. From such an initial attitude of hostility great harm must arise, and it is problematical at least whether time could overcome the feeling. Most important of all is the fact that as a nation we have set our face towards the private possession of industrial opportunity, that, despite discouraging instances, our experience has shown more satisfactory results from individualism than paternalism. Our judgment is that man works harder and better as his own master than as the servant of the people, and that his enterprise responds more quickly to economic conditions than does the hampered machinery of government. Finally, it must be said that if we consider the Bank of England as the bank of the British Empire, this ideal exponent of the government bank system has failed utterly to produce throughout the territory dependent on it a state of affairs fulfilling our needs and desires—as witness the fluctuations from eight to three per cent. within six months, of the discount rate of the Bank of Bengal.

GERMANY'S EMERGENCY CURRENCY AND ITS EXTENSION.

On the other hand, the German method appears very much in the light of one of our temporary expedients. Its adoption would lend another complication to our already sufficiently tangled monetary scheme, and if we are to shape our course in such a direction we can well afford to obliterate the old before we attempt the new. The Canadian currency is the legitimate extension of the German emergency issue, and the conditions which it meets closely parallel our own. Many items call for amendment, but in the broad principle of the free emission of notes, finding their use and security alike in commercial paper, lies our solution. Roughly, we propose that Congress shall confer on our national banks the right to utter circulation to the extent of sixty-five per cent. of their capital, subject to a tax of four per cent., and of the remaining thirty-five per cent. under a charge of five per cent. These figures represent respectively the outstanding circulation of $500,000,000 and a margin of elasticity of $300,000,000.

Our first care must be that we shall not diminish our existing supply of money. According to the Comptroller of the Currency the return on notes utilized in loans at six per cent. amounted to a little over one per cent. in 1905, varying inversely as the interest rate. Taxed at four per cent., but unsecured by bonds, circulation would obviously earn two per cent. net under the same circumstances, and the earnings would vary directly as the interest rate. The profit and inducement for issue to the banks are correspondingly increased. As to the objection that such a system would abolish demand for United States bonds, aside from the fact that our national debt can in reality be extinguished almost at our pleasure, if it seemed advisable 1½ per cent. of the tax might pass to the Government, one-half per cent. as now in payment of expense. The remaining one per cent. would permit of the issue of three per cent. consols, an obligation actually attractive to invêstors, and ideal for the savings bank, for which a Government bond should really be designed. Finally, and most essential of all, comes the question of ultimate security. The unassigned 2½ per cent. of the tax, on our present circulation, would reach $12,500,000 a year. Trusteed with the Treasury, this would form an insurance fund amply sufficient to provide for the issues of failed banks, amounting indeed to one-quarter of such notes since the inauguration of the national banking system. Reimbursement would be obtained by a prior lien on the assets of all insolvent institutions—and without injustice to the depositor, for even now his claim has no worth against a bank's United States bonds, its most valuable resource, until all circulation has been protected. When, at the conclusion of a fiscal year, the insurance fund had accumulated to the extent of more than five per cent. of the outstanding notes, the surplus would pass to the Government. An exactly similar method would, of course, be employed in the case of the issues subject to a five per cent. tax. No special reserve need be maintained against notes, for there would be increased actual cash held in the ordinary reserve against deposits, representing the present five per cent. redemption fund.

Redemption the Real Guarantee of Security.

The real guarantee of security, however, is continual redemption. Our aim should be to approach that ideal state where "the life of a bank note is no longer than that of a check"—and self-interest alone can produce the ideal. Therefore we must render it worth while to the banks to present each others' emissions promptly for payment; and this we can do most simply by preserving our existing reserve regulations, tolerating nothing but specie, legal-tenders and gold and silver certificates. Under such rules there would be positive loss to a bank retaining in its vaults another's notes, and even to pay out over the counter a competitor's paper would involve negative loss, in the shape of failure to grasp a possible profit. Such method would render ridiculous any complaint of inflation, for the notes would represent only another form of the ordinary deposit account, with an additional safeguard against undue expansion, in that this item must be automatically restricted to the amount actually demanded by daily business.

More Central Reserve Cities.

It is evident, however, that an elastic currency alone will not serve to obviate the strain on the three points that support our inverted financial pyramid. New York, Chicago and St. Louis have attained this position by reason of their commercial supremacy, and consequently we have the spectacle of the most erratic fluctuations in the price of credit in the very places where it is essential that it should be constant. Yet so long as their banks remain the reservoirs into which the entire country pours its surplus, and from which it fills its needs, this state of affairs must continue. In especial degree the financial operations of the Government are reflected in these three cities, for when some interior sub-Treasury drains the reserves of its neighbor banks, they apply at once to one of the central reserve cities for relief. For such a condition the remedy is clearly marked. Let us distribute the pressure, render our entire system more stable by broadening the base on which it rests, and substitute a truncated cone for our inverted pyramid. In our present law the provision is made that any community having the requisite population may, on vote of the banks and compliance with the regulations as to reserve, become a central reserve city. Change this option to an order in certain cases, and as a matter of convenience geographical and economic, let these be the nine sub-Treasury cities: Boston, New York, Philadelphia, Baltimore, New Orleans, Cincinnati, Chicago, St. Louis and San Francisco. With this done the other reserve cities might well pass out of existence. In the abolition alone of disturbances due to government sources such changes would work a vast betterment. Against it two objections can be urged: that it would increase the gold reserve required by the banks, and that it would lessen the financial pre-eminence of New York on this continent, and therefore in the world. The former argument is untenable, as can readily be seen by reference to the statistics appended in the footnote,* and the second theory has little weight

*Assuming that the various cities would keep the same excess or deficit of reserve as now, the following table shows in millions of dollars the changes that would ensue:

	At present.	Under proposed system.
Specie, legal tenders, etc. (including five per cent. redemption fund at present):		
Central reserve cities	285.7	262.0 (a)
Proposed central reserve cities	66.9	136.5 (b)
Other reserve cities	100.2	48.1 (c)
Country banks	192.7	192.7
Total	645.5	639.3
On deposit with approved reserve agents:		
Central reserve cities	....	....
Proposed central reserve cities	69.6	....
Other reserve cities	90.2	64.8 (c)
Country banks	194.9	194.9
Total	354.7	259.7

(a) By a decrease in bank deposits of $95.000.000 the cash reserve of the central reserve cities could be reduced $23,700,000.

(b) Cash would have to be substituted for balances with reserve agents.

(c) The reserve required would be that of country banks; a change from 12½ per cent. cash to six per cent. cash, and from 12½ per cent. to nine per cent. with reserve agents.

on close examination. Granted that a few of the small interior banks would withdraw balances which they keep only to provide themselves with funds that will pass at par throughout their territory. But this loss would be very nearly offset by the greater sums which the new central reserve cities would have to keep in New York to meet the necessities of their correspondents. As a point of considerable interest, though not in direct line with our discussion, it may be noted that two minor results would arise from the inevitable reciprocal accounts of the nine cities: the collection of checks would be greatly simplified, and our internal exchange rates would regulate themselves far more satisfactorily.

How such an arrangement would aid the technical details of our scheme of note issue must be apparent. Each bank would deposit with the nearest sub-Treasury its plates, notes to the lawful amount would be struck off, signed by the bank officers, returned for Government countersignature to obviate the possibility of fraudulent over issue, and then shipped back to their place of origin. As they are paid out a daily report should be mailed to Washington, stating the circulation outstanding subject to tax. The well-proven advantages of instant availability far outweigh the slender chance for dishonesty in advising the extent of utterance. To facilitate redemption every bank should be required to meet its notes in each of the central reserve cities. This could be easily effected by the same means by which New York "non-member" institutions pay their checks through the clearing-house. As has already been said, reciprocal accounts must be established between the reserve cities, forming what is the practical equivalent of a clearing-house. Accordingly, when, for example, a note of a country bank in Indiana should be deposited in Los Angeles, it would immediately be forwarded to San Francisco for credit; there it would be charged to a Chicago bank, which would in turn debit its customer, the original payer—the note, of course, being returned as a voucher. In this connection, considering the profits accruing to the Government, it seems only fair to urge that the Treasury should pay all expenses of shipment. With such a simple method we would have a currency clean, intensely elastic, and instantly responsive to the changing demands of the various sections of the country, and an arrangement of reserves far more stable than now.

Such in brief is a suggestion for the inevitable revolution in our monetary system. "Revolution" has a harsh, demagogic ring, but when, in opposition to life-long training and the interests of the moment, bankers of international repute predict a reign of financial terror, it is the duty of "every citizen to look to the republic," to strive that we may bring about 1688 rather than 1793. While many of our remedies may seem radical, it will be found that nothing has been destroyed arbitrarily. Where any existing structure is to be removed, another is offered in its place, or the attempt is made to show that none is necessary. Of course any change must be based on theory, yet every idea used has stood the test of time and experience, and though they spring from many sources, there is no conflict—and at least there is no advocacy of further complicating our media of exchange. In conclusion the following figures may be advanced as the best summary of, and argument for, the proposals made above:

(In millions of dollars.)

	Under present system.	Under proposed system.
Specie, legal-tenders, etc., (including 5% redemption fund, under present system):	(Report of the Comptroller of the Currency, April 26, 1906.)	
Central reserve cities.....	285.7 (3 cities)	398.5 (9 cities)
Other banks	359.8	240.8
Total	645.5	639.3
Circulation outstanding:		
Central reserve cities.......	75.9 (52% of maximum)	0 to 236.6
Other banks	429.7 (64% of maximum)	0 to 582.7
Interest rates:		
Central reserve cities.......	3 to 8 per cent.	4½ to 6%†
Other banks	6 to 10 per cent.	5 to 7%†

† Theoretical limits, which are, however, hardly more arbitrary than those that rule international exchange, and which break down only under the most severe strains.

BANKING IN THE FAR EAST.

CONSUL-GENERAL H. B. MILLER of Yokohama reports that at the annual meeting of the Yokohama Specie Bank it was stated that the business of the bank itself had been considerably extended since the war.

Several branches and agencies had been established in Manchuria. One was recently added at Liaoyang by the order of the Government, which, since June 18, has undertaken the agency for the Central Exchequer. In Antunghien and Hankow the bank has also agencies. All the Manchurian branches, which have so far served mainly as agencies for the Central Exchequer, will soon commence to transact banking business. The work of redeeming the war notes will be transferred to the main office. The expansion of business at the branch offices will necessitate new buildings in place of the present offices which have been rented from the Government. The branches in Hawaii, Peking, Tokyo, and other places feel the same need of space. The expenses for these home and foreign offices are estimated at $700,000. The expenses will be refunded from the reserves made from the commissions received for the floating of the public loan bonds and such other extra incomes.

The Yokohama Specie Bank is about to issue notes in the Kwangtung district and China, under the supervision of the Japanese foreign office and finance department. The notes are exchangeable for silver on demand, and the bank must keep a reserve of gold and silver equal to the value of notes issued. These notes will be legal tender in all transactions in the Kwangtung district and China, and an official is to be specially appointed by the Japanese Government to superintend the issuance of these notes and the other foreign business of the bank.

SAVINGS-INSURANCE BANKS.

BY LOUIS D. BRANDEIS.

MASSACHUSETTS laid the foundation of the admirable savings banks system of the United States by chartering, in 1816, the Provident Institution for Savings in the town of Boston, and also established for the world the scientific practice of life insurance by the work of its insurance commissioner, Elizur Wright.

It is now proposed that another great step be taken in the development through thrift of general prosperity by extending the functions of savings banks to life insurance. The call for such action is imperative and urgent; because the present system under which the workingmen obtain life insurance involves an appalling sacrifice of their hard-earned savings. This may be illustrated by the experience of Massachusetts. In the fifteen years ending December 31, 1905, the workingmen of that state paid to the so-called industrial life insurance companies an aggregate of $61,294,887 in premiums, and received back only an aggregate of $21,819,606. The insurance reserve arising from these premiums still held by the insurance companies does not exceed $9,838,000. It thus appears that, in addition to interest on invested funds, about one-half of the amount paid by the workingmen in premiums has been absorbed in the expense of conducting the business, and in dividends to the insurance companies' stockholders.

If this $61,294,887, instead of being paid to the insurance companies, had been paid into the savings banks, and these depositors had withdrawn from the banks an amount equal to the aggregate of $21,819,606, which they received from the insurance companies during the fifteen years, the balance remaining in the savings banks December 31, 1905, with the accumulated interest, would have amounted to $49,931,548.35, and this, although the savings banks would have been obliged to pay upon these increased deposits in taxes more than four times the amount which was actually paid by the insurance companies on account of this insurance.

The least which the workingman pays for this industrial insurance is about double the cost per $100 of insurance charged even by the Equitable, the New York Life, or the Mutual Life of New York; and for the earlier periods of the industrial policy the cost rises as high as eight times that ordinarily paid for life insurance.

Of the more than $40,000,000 thus lost to the workingmen of a single state in fifteen years, the amount which has gone in dividends to stockholders of the insurance companies is comparatively small, although the dividend actually paid by the Prudential Insurance Company, reckoned upon the cash paid in for stock, is more than 219 per cent. each year, and the dividend paid each year by the Metropolitan Life Insurance Company on the cash paid in on its stock is 28 per cent.

Wasteful System of Industrial Insurance Companies.

By far the greater part of the loss to the workingmen is due to the extraordinarily wasteful system under which the business is conducted. This waste arises mainly from the fact that the premiums are collected weekly at the homes of the insured, and that a large part of the policies, which are secured only after persistent and expensive solicitation, lapse shortly after they are written.

Even in the old and established companies a majority of all policies lapse within the first year after they are written. In the year 1905, 1,253,635 of the Metropolitan's industrial policies lapsed, and 951,704 of the Prudential's. The Columbian National Life Insurance Company began the year 1905 with 40,397 industrial policies, and ended it with only 63,497, although during the year 1905 it had written 103,466 new policies, and of all its industrial policyholders only 699 had died.

The loss by lapses involves a loss to the policyholder of all that he paid in (except for the protection temporarily enjoyed). But a far greater loss from the lapsing results to the persisting policyholders, because an industrial policy does not pay its way until it has been in force about three years.

This insurance waste must be promptly ended; but it can be ended only through providing the workingmen with an opportunity of obtaining insurance at a proper cost, and the importance of the question is shown by the fact that on January 1, 1906, 1,170,885 of such industrial policies were outstanding in the state named, or more than one policy outstanding for every three inhabitants, and in the year 1905 alone, 352,189 of such policies had been written.

Savings Banks Could Provide Insurance at Minimum Expense.

Massachusetts in its 189 savings banks, and the other states with savings banks similarly conducted, have institutions which, with a slight enlargement of their powers, can, at a minimum of expense, fill the great need of life insurance for workingmen at a proper cost.

The only proper elements of the industrial insurance business not common to the savings bank business are simple and can be supplied at a minimum of expense in connection with our existing savings banks. They are:

(*a*) Fixing the terms on which insurance shall be given.
(*b*) The initial medical examination.
(*c*) Verifying the proof of death.

The last involves an inquiry similar in character to that now performed by the clerks of savings banks in the identification of depositors.

The second is the work of a physician, who is available at no greater expense to the savings bank than to the insurance company.

The first is the work of an insurance actuary, who would be equally available to the savings banks as he is to insurance companies, if the former undertook the insurance business. And the present cost of actuarial service can be greatly reduced; first, by limiting the forms of insurance to two or three standard forms of simple policies—uniform throughout the state—and, secondly, by providing for the appointment of a state actuary, who, in connection with the insurance commissioner, shall serve all the savings-insurance banks. The work of such an actuary is, indeed, now necessarily performed in large part in each state by the insurance department, as an incident of supervising life insurance companies. The state should also furnish the necessary blanks and forms for establishing the business.

The savings banks could thus enter upon the insurance business under circumstances singularly conducive to extending to the workingman the blessing of safe life insurance at a low cost, because:

First.—The insurance department of savings banks would thus be managed by the same experienced trustees and officers who had been trained to recognize that the business of investing the savings of persons of small means is a quasi-public trust which should be conducted as a beneficent and not as a selfish money-making institution.

Second.—The insurance department of savings banks would be managed by trustees and officers who in their administration of the savings of persons of small means had already been trained to the practice of the strictest economy.

Third.—The insurance business of the savings banks, although kept entirely distinct as a matter of investment and accounting, would be conducted with the same plant and the same officials, without any large increase of clerical force or incidental expense, except such as would be required if the bank's deposits were increased. Until the insurance business attained considerable dimensions, probably the addition of even a single clerk might not be necessary. The business of life insurance could thus be established as an adjunct of a savings bank without incurring that heavy expense which has ordinarily proved such a burden in the establishment of a new insurance company.

Fourth.—The insurance department of savings banks would open with an extensive and potent good-will, and with the most favorable conditions for teaching, at slight expense, the value of life insurance. The safety of the institution would be unquestioned. For instance, in Massachusetts, the holders of the 1,829,487 savings banks accounts, a number equal to three-fifths of the whole population of the state, would at once become potential policyholders; and a small amount of advertising would soon suffice to secure a reasonably large business without solicitors. The establishment of the insurance department, bringing to the bank many who do not now have savings accounts, would tend to increase largely the number of depositors in the savings department.

Fifth.—With an insurance clientele composed largely of thrifty savings bank depositors, house-to-house collection of premiums could be dispensed with. The more economical monthly payments of premiums could also probably be substituted for weekly payments.

Sixth.—A small initiation fee could be charged, as in assessment and fraternal associations, to cover necessary initial expenses of medical examination and issue of policy. This would serve both as a deterrent to the insured against allowing policies to lapse and a protection to persisting policyholders from unjust burdens which the lapse of policies casts upon them. A small charge could also be imposed to defray the special expenses incident to proof of death.

Seventh.—The safety of savings banks would, of course, be in no way imperiled by extending their functions to life insurance. The savings and the insurance departments would be independent of one another, and the insurance funds only would be held for the insurance liabilities. But in fact life insurance properly conducted is the safest of all businesses. Life insurance rests upon substantial certainty, differing in this respect radically from fire, accident and other kinds of insurance.

The theoretical risk of a mortality loss in a single institution greater than that provided for in the insurance reserve should be absolutely guarded against, however, by providing a general guaranty fund, to which all savings-insurance banks within a state would make small pro rata contributions—a provision similar to that prevailing in other countries, where all banks of issue contribute to a common fund which guarantees all outstanding bank notes.

Eighth.—In other respects, also, co-operation between the general insurance savings banks within a state would doubtless, under appropriate legislation, be adopted; for instance, by providing that each institution could act as an agent for the others to receive and forward premium payments.

The law authorizing the establishment of an insurance department in connection with savings banks should obviously be permissive merely. No savings bank should be required to extend its functions to industrial insurance until its trustees are convinced of the wisdom of so doing.

The savings banks seem not only the natural, but the only available means of extending immediately the blessing of cheap and safe insurance to our workingmen. Any new companies organized for the purpose of providing this insurance, even though undertaken with wholly philanthropic purposes, would be subjected to a large part of the expenses to which the existing industrial insurance companies are now subject, and such new companies would also lack the existing goodwill of the working classes, which is essential to early relief to the workingmen from the present unnecessary life insurance burdens.

GROWTH OF THE SAVINGS BANKS.

MUCH interesting information in regard to the savings banks of the country is contained in the Annual Report of the Comptroller of the Currency, from which the following is taken:

"Savings bank reports to the number of 1,319 have been received, of which 678 are from mutual institutions and 641 from stock savings banks, the latter being operated for the benefit of both shareholders and depositors. The principal items of resources and liabilities of savings banks, both mutual and stock, are as follows: Loans, $1,676,929,015; bonds, etc., $1,609,775,582; deposits, $3,299,544,601; aggregate resources, $3,583,024,195.

Compared with 1905, these figures show an increase in loans of $142,-814,000; bonds, stocks and securities of $74,421,000; deposits, $206,-467,000, the aggregate resources having increased approximately $215,000,000. All of these items show a much larger increase for the current year than for the prior year.

MUTUAL SAVINGS BANKS.

The mutual savings banks are located in the New England and the Eastern states, with the exception of one in West Virginia, two in Wisconsin, three in Ohio, five in Indiana, and fourteen in Minnesota. The number of reporting institutions is 678, being ten more than reported last year. The aggregate resources of mutual savings banks are shown to be $3,134,591,325, or a gain of over $167,000,000 since June 30, 1905, the gain for the prior year having been $149,000,000. The loans and discounts, which in 1905 amounted to $1,269,755,274, are reported this year at $1,375,582,066, a gain of $105,826,792. The loans are classified as follows: On real estate, $1,150,250,807; other collateral security, $46,986,647; all other loans, $178,344,612. Compared with the returns for 1905, real estate loans in this class of banks have increased approximately $95,000,000; loans on other collateral, $5,700,000, and unclassified loans, $4,800,000. The amount invested in bonds, stocks and other securities has increased from $1,453,091,615 in 1905 to $1,522,989,449 in 1906, a gain of $69,897,834. The investments in bonds and other securities are as follows:

United States bonds	$12,159,058
State, county and municipal bonds	140,345,235
Railroad stocks and bonds	346,343,902
Bank stock	25,724,090
Other bonds, stocks, etc	998,417,164

Compared with the returns for 1905, it will be found that investments in state, etc., bonds have increased $3,800,000; railroad bonds in the sum of $25,000,000; other unclassified bonds, stocks, etc., in the sum of $43,500,000, while the holdings of United States bonds and bank stocks have decreased $1,119,000 and $1,395,000, respectively. Cash in banks is $1,033,578 less than was reported in 1905, being now $17,-370,985, against $18,404,563 in 1905. The cash on deposit with other banks is $117,840,827, or $3,974,880 less than was shown by the reports for 1905. Individual deposits have increased from $2,736,533,039 in

1905 to $2,908,710,654, a gain of $172,177,615. Deposits are credited to 6,753,037 depositors, the number reporting for 1905 being 6,463,677, a gain of 289,360. The average deposit account has increased during the same period from $423.37 to $430.73. Reports from each state having this class of banks show large increases in deposits over 1905. Of the $172,000,000 added to the deposits of the mutual savings banks during the past year more than $125,000,000 was gained by the banks located in New York, Massachusetts and Connecticut, the New York savings banks having gained $82,000,000 in deposits; Massachusetts, $31,000,000, and Connecticut, $12,000,000. New York mutual savings banks gained 123,665 new depositors during the past year, Massachusetts 62,873, and Connecticut 19,335. The number of depositors given for the several states is from official reports, except for Maine, which has been partially estimated.

Comparing the average deposit account in the mutual savings banks by geographical sections, it will be observed that the average in the New England States is $391.04 against $384.90 in 1905; for the Eastern States $466.91 against $458.40 in 1905. The Middle Western States show an average deposit of $392.42 for the present year against $393.47 for the prior year. The one mutual savings bank in West Virginia, being the only bank of this class reporting from the Southern States, gives the average deposit account as $206.30 against $188.68 in 1905.

The number of depositors in all savings banks reporting (exclusive of those having accounts in savings departments of the state banks of Illinois) has increased since 1905 from 7,218,278 to 7,495,202, and the average deposit from $428.51 to $440.22. The total number of savings depositors, including those of Illinois state banks, has increased from 7,696,229 in 1905 to 8,027,192 in 1906, and the average amount to the credit of each depositor, estimated to be $423.74 in the former year, amounts to $433.79 this year. The aggregate deposits were $3,261,-236,119 in 1905 and $3,482,137,198 in 1906, an increase of $220,901,079.

Stock Savings Banks.

Reporting stock savings banks are located in the District of Columbia, North Carolina, Iowa and California. The resources of these banks amount to $448,432,970. The loans aggregate approximately $301,-347,000; investments in stocks, bonds and other securities, $86,786,000; deposits with other banks, $38,923,000; and cash on hand, $8,759,000. The capital is $28,896,000; surplus and undivided profits, $16,825,000; deposits, $390,834,000; the number of depositors, 742,165; and the average deposit, $526.61.

Comparing the stock savings-bank returns for the current year with those of 1905, an increase in the aggregate resources is shown of approximately $47,495,000, the increase in 1905 over 1904 being $43,676,-000. The deposits have increased by $34,289,000, being $5,520,000 less than the increase for the year ended June 30, 1905. The number of depositors, estimated at 754,601 in 1905 and 742,165 in 1906, shows a loss of 12,436. The exact number of depositors is given only for the District of Columbia; those for the three states named are partially estimated, the estimate being based upon unofficial returns from such banks as gave that information.

Interest Rates Paid by Savings Banks.

From an examination of the returns submitted with respect to the rate of interest paid on savings accounts it will be noted that the maximum rate is 4.50 per cent., the minimum rate three per cent. The estimated average rate is 3.545 per cent., a slight decrease in the estimated average interest rate of 3.55 per cent. in 1905."

LUCIUS TETER,
Vice-President Savings Bank Section American Bankers' Association.
(Cashier Chicago Savings Bank.)

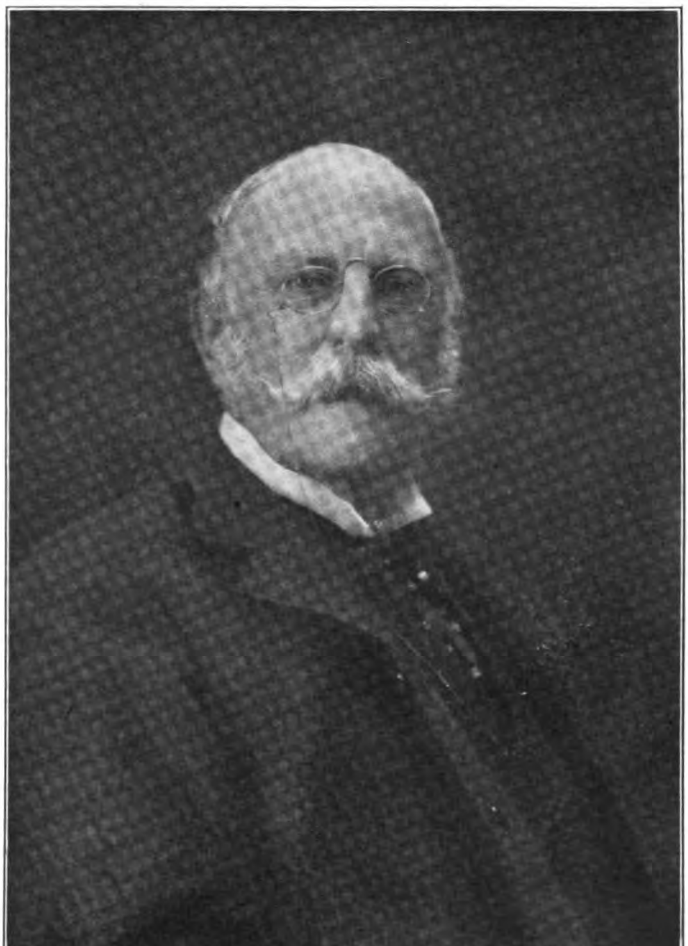
CONNECTICUT SAVINGS BANK ASSOCIATION.

AT the annual convention of the Connecticut Savings Bank Association, held at New Haven, the following officers were elected: President, Edward W. Marsh, of the People's Savings Bank, Bridgeport; vice-presidents, Elliott H. Morse, Connecticut Savings Bank, New Haven; Thomas Birdseye, Derby Savings Bank; Costello Lippitt, Norwich Savings Society; secretary, W. E. Atwood, Burritt Savings Bank, New Britain; treasurer, F. L. Woodard, Dime Savings Bank, Norwich. Executive committee, R. A. Brown, New Haven Savings Bank; R. W. Dwyer, Dime Savings Bank, Hartford; Miles Lewis Peck, Bristol Savings Bank; W. H. Catlin, Meriden Savings Bank; Otis S. Northrop, Dime Savings Bank, Waterbury.

DEATH OF JOHN HARSEN RHOADES.

JOHN HARSEN RHOADES, president of the Greenwich Savings Bank, New York city, and one of the most prominent savings bank men in the state, died at his residence in New York, December 6.

Mr. Rhoades was born in New York about sixty-nine years ago, and after graduating, entered the dry goods business, becoming a partner in



JOHN HARSEN RHOADES,
Late President of the Greenwich Savings Bank, New York City.

the firm of Rhoades & Grossman. In 1863 he was elected a trustee of the Greenwich Savings Bank, and in 1878 he was elected president, continuing to hold this office until his death. Under his direction the Greenwich Savings Bank grew to be one of the largest savings institutions in the city, its deposits now amounting to over $54,000,000.

But Mr. Rhoades did not confine his activities to his own institution. As president of the Savings Banks Association of the State of New York, and in his individual capacity, he carefully watched over the interests of the savings banks of the entire state. He vigilantly and constantly defended the banks from every legislative attempt to endanger their safety and usefulness by unwisely increasing the scope of their investments. His aim was to keep the funds of savings depositors invested in the very best class of securities, and his influence was potential in preserving the soundness of the savings bank system of the state.

Mr. Rhoades was a director of the Bank of America, the Greenwich Bank, the Lawyers' Title Insurance and Trust Company, the United States Trust Company, the Lincoln Trust Company, the Washington Trust Company, and of several other business corporations. He was a member of the Chamber of Commerce and of a number of the leading social organizations of the city.

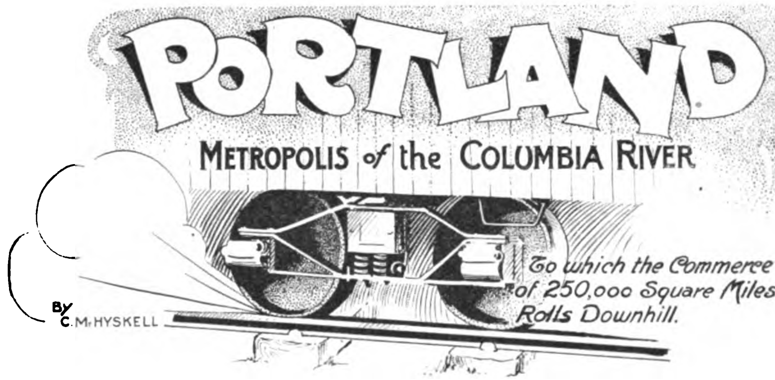
INCREASE IN DIVIDEND RATE.

BY mutual agreement the officers of the Connecticut Savings Bank, the New Haven Savings Bank, and the National Savings Bank of New Haven, Ct., have decided to recommend to their respective boards that the dividend rate on deposits be advanced from 3½ to four per cent. The return to the four per cent. rate will affect about 50,000 accounts, aggregating about $12,000,000. The new dividend rate will become operative with the payments of January 1 for the previous six months.

CENTRAL BANK AN IMPOSSIBILITY.

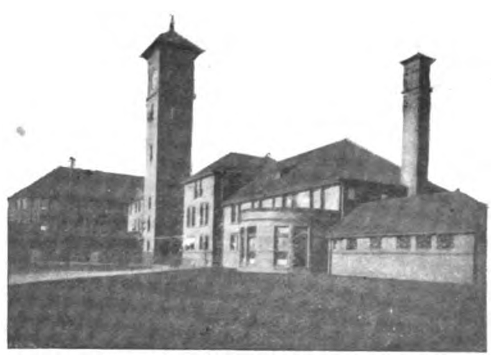
IN his address before the convention of the Nebraska Bankers' Association at Omaha, November 21, James H. Eckels, president of the Commercial National Bank of Chicago, and former Comptroller of the Currency, said:

"A great central bank is an impossibility in this country, where political issues always prevail, and where individuality in every part of the country will not surrender itself to concentrated power in the field of banking. The legislation that is the most nearly perfect and improves existing conditions and remedies present defects must commend itself as a practical thing, and the country can better afford to take the nearest approach to the best thing than to wait still longer for legislation without defects."



THE wealth of an empire embracing 250,000 miles has a down-hill haul to Portland, chief city of Oregon. That empire is a nation's storehouse of lumber, minerals, wool and grain, while its fisheries are sources of great wealth. In 1905 Portland shipped more wheat than any other centre in the United States excepting New York, and produced more lumber than any other city in the world. Food and shelter—could man receive more substantial blessings from any community? In flour exports it ranks third, New York being first and Philadelphia second.

Portland is not a coming city. It arrived fifty years ago, and has been putting its financial roots down deep, broadening and strengthening its commercial position every year since that time. Today, with twenty-seven banking and trust institutions—some of them the most notable in their class west of the Mississippi—Portland is the financial anchor of the North Pacific Coast. Its business firms are rated at something over $107,000,000. Its clearing-house association record for 1905 showed gold clearings of $228,402,712.69, compared with $106,918,027 in 1900, and $58,842,284 in 1895. Its commercial growth has been, in the ratio of increase shown by these figures, steady and without pause or waver. To-day its bank deposits are $52,500,000, compared with $35,000,000 in 1900. Its post office, which the department this year made the only one ranking first class north of San Francisco and west of the Rockies, gave a larger increase of postal receipts than was shown by any other city in the United States.



UNION STATION.

These are strong statements, but indisputable. For various reasons, inherent and circumstantial, Portland is growing with a sweeping, substantial growth. One of the inherent reasons is obvious in this city's favorable location on the only Pacific water-grade route for railroad constructions from the East, and on an accessible fresh-water harbor for navigators of ships from the West. The Columbia River furnishes the only waterway that cuts through the Rocky, Cascade and Coast ranges. One of the circumstantial reasons is that the railroads are being built and the waterways are being improved.

Recently much has been heard of the "Columbia River basin," of which Portland is the seaport, as well as the centre of commercial, financial and political activities. This area embraces all of Oregon, Idaho, Eastern Washington and Western Montana. The bigness of it may be comprehended when it is understood that the area of this region equals the combined states of Maine, New Hampshire, Vermont, Rhode Island, Connecticut, Massachusetts, New York, New Jersey, with Iowa, Indiana and South Carolina thrown in.

The shifting of the source of the nation's lumber supply from the middle Northwest and upper Mississippi River states to the Columbia River basin, the slow but resistless development of its great resources, together with powerful influences at work in Portland, have brought the railroad companies to favorably consider this region as a field for investment and exploitation.

The Harriman companies are spending $34,000,000 in betterments and new construction. The Hill companies are pouring a like amount

PORTLAND—MOUNT HOOD IN DISTANCE.

COMMERCIAL BUILDING.

CHAMBER OF COMMERCE.

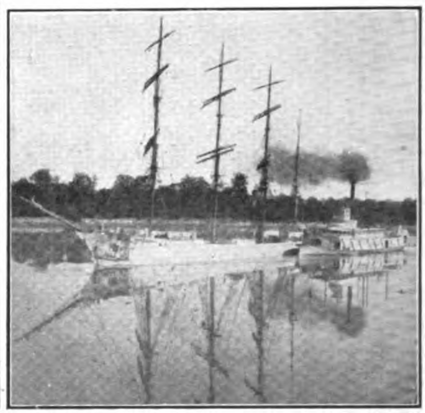
into the same hopper. The Chicago & Northwestern, already completed nearly to Lander, Wyoming, is financing a Pacific Coast extension with Portland as a terminal. The C., M. & St. P. is building through from Evarts to the Pacific Coast, with Portland as one of its prospective terminals. The United States reclamation service has begun the expenditure of upwards of $10,000,000 in irrigation projects in Oregon. At the mouth of the Columbia River the Government is building a jetty system at a cost of $9,000,000, to provide a better channel for the largest ocean vessels, and at Celilo Falls a canal is being built that will open the river from Portland to Eastern Oregon and Washington, where 50,000,000 bushels of wheat are even now annually produced. Enormous as it is, the wheat-raising industry here is in its infancy.

HOTEL OREGON.

HOTEL EATON.

Perhaps the Pacific Northwest labor market furnishes the most reliable barometer of the Oregon industrial movement. For months advertisements have been daily in circulation in Portland for 10,000 laboring men, in lots of 100 to 1,000, at $2.25 to $4 per day, the highest wage scale on record for common labor in the states. Two Portland contractors recently went East to enlist 5,000 men. They visited Chicago, St. Paul, Omaha, Kansas City and St. Louis, and were prepared to furnish transportation to Portland at twenty-five per cent. of the regular fare. They returned with but 100 men.

ELKS BUILDING.



WHEAT SHIP ON THE WILLAMETTE.

Nevertheless, Portland, now a city of 185,195 population, is increasing at the rate of 18,000 souls annually. The growth of population is seen in the following table:

1900	90,426
1901	115,491
1902	121,255
1903	131,162
1904	145,250
1905	161,205
1906	185,195

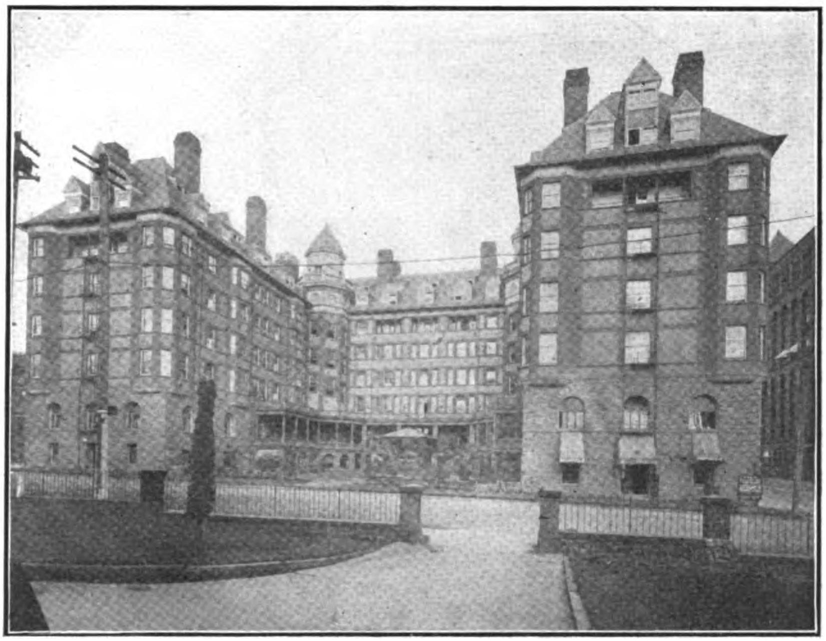
In ten years the receipts of Portland's post office have increased in the following ratio:

1895	$152,858.12
1904	353,293.00
1905	416,052.00

The postal year ending March 1, 1906, showed receipts of $498,004.77, an increase over the preceding twelve months of $100,942.95.

Evidence is not lacking to prove Portland's modest claim to phenomenal and substantial growth. An indication of the increase of business and population is seen in the following record of telephone instrument installation, with but one company in the field. In 1902, 9,179 instruments were in use; in 1903, 11,441; in 1904, 13,490; in 1905, 14,724; in January, 1906, 17,731; and July, 1906, 19,000.

Statistics of telephone corporations show that Portland has in use more telephones in proportion to population than any other city in the world.



HOTEL PORTLAND.

An area of forty square miles is covered by this city. In that area the municipal waterworks, serving pure, cold water from a Mount Hood glacier forty miles distant, has shown increased annual earnings as follows:

1901	$320,230.15
1902	385,912.05
1903	433,781.70
1904	497,408.35
1905	513,920.70

A Development Era.

There can be no doubt that Portland has entered upon a great development era, and that it received a strong and wholesome impetus from the Lewis and Clark Exposition held here last year. Among the most gratifying results is the inpouring of millions of dollars from the East for investment in timber, electrical development, mining, real estate and building, irrigation, fruit growing, railroad construction, manufacturing and jobbing. Naturally, Portland is the focusing point. In addition to transcontinental railroad extensions, existing lines are sending out branches. The Southern Pacific, by eighty-five miles of new road

THE WELLS-FARGO BUILDING.

now under construction from Drain to Coos Bay, will turn to Portland the commerce of the Western Oregon Coast. The same railroad company has ordered the construction of a line from Natron to Klamath Falls, 120 miles, which will bring to Portland the commerce of that region, where the Government is spending $4,000,000 to reclaim 250,000 acres of lands, rich in grain-producing elements. This road will send a spur north to the Deschutes, where 300,000 acres are being reclaimed by projects under the Carey Act. Another road, the Oregon Trunk Line, ribbing the state from north to south, is being projected from the mouth of the Deschutes to Klamath Lakes. This line is financed supposedly in the interest of the Hill roads.

Closer to Portland, electric roads are being built. The New York banking-house of Moffat & White is expending $1,500,000 in construction of a modern interurban line from Portland to Salem, the state capital. This road will traverse fifty miles of the richest portion of the Williamette

RUSSELL & BLYTH BUILDING.

Valley. From Salem to points further up the valley an interurban electric road is being built by the Philadelphia banking firm of Rhodes, Sinclair & Butcher, and associates, who have acquired valuable water rights on the Santiam River. The C. E. Loss Company, of San Francisco, is preparing to build city and interurban lines aggregating nearly 100 miles in and about Portland. Already the city has a street-car mileage of 187 miles, which is inadequate to accommodate its growing suburbs. Within the year a consolidation of existing street-car lines and the Portland General Electric Company, with a combined capital stock of $30,-000,000, has been effected by the banking firms of E. W. Clark & Co., Philadelphia, and the Seligmans of New York.

Power plants completed this year or under construction and to be operating before the close of the year will increase the electrical energy available in Portland from 15,000 horse power to a total of 40,000 horse owepr. E. P. Clark, president of the Los Angeles Pacific, is building 100 miles of electric road from Portland to Mt. Hood, developing 60,000 electrical horse power in the Sandy River for railway and manufacturing purposes.

A Manufacturing City.

Far removed from eastern sources of supply, the Pacific slope is encouraging home manufacturing. A strong manufacturers' association in Portland is pioneering the movement. Raw materials, cheap fuel, ready markets and almost limitless water power make Portland a leader in this branch of industry. While the local demands are large, the Orient,

CITY HALL.

Alaska, Hawaii, Central American states and the Pacific Northwest must be supplied. In no city in America is there better opportunity for venturing into manufacturing with a practical certainty of success. This city's factories have considerably increased in number and capacity since the Government census of 1904, which gave Portland a total of 436 plants, with $19,700,807 invested, and an annual product valued at $28,485,694. To-day there are 2,000 manufacturing plants, with $30,-000,000 invested and annual products increased proportionately.

Prominent among the manufactured products are furniture, lumber, sash and doors, shingles, cordage, flour, food stuffs, woolens, canned goods and machinery. Portland lumber mills daily cut 2,000,000 feet of building and dimension stuff, much of which goes by cargo and rail to various parts of the world. Rail shipments of lumber in 1905 totalled

10,568 carloads. In the same year 67,979,849 feet went to foreign ports and 121,996,148 feet coastwise. For the first five months in 1906 a heavy increase is shown in both cargo and rail shipments, at materially advanced prices, as seen in the following monthly record:

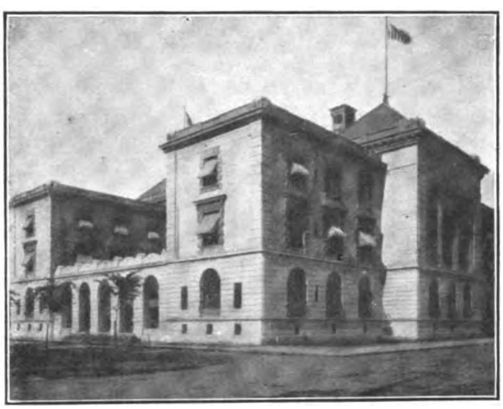
	Feet.	Value.
January	7,705,000	$77,987
February	4,023,000	46,289
March	20,773,000	257,721
April	5,776,000	78,044
May	4,032,000	41,182

The estimated total for the year is 97,227,000 feet, valued at over $1,151,000.

A Jobbing Trade of $200,000,000.

Portland's jobbing and commission business in the last decade has kept pace with the development of the Northwest. The estimated increase of wholesale trade for six years is placed at the following figures:

1900	$100,000,000
1901	110,000,000
1902	130,000,000
1903	142,000,000
1904	160,000,000
1905	195,000,000

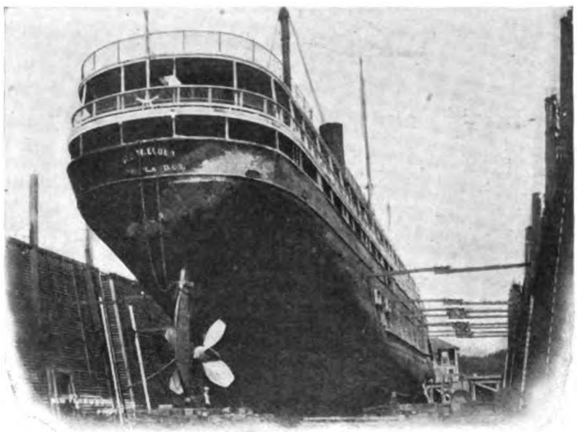


CUSTOM HOUSE.

Figured from every source where authentic records can be obtained, the growth of Portland's commerce is solid, based on substantial development of a region the resourcefulness of which is nothing less than wonderful. The rail tonnage in and out of Portland in 1905 was but 2,863,833 tons, and in 1906 it has shown an increase of approximately eighty per cent. With the rail facilities quadrupled, as they will be within the next two years, it is expected that the rail tonnage will more than quadruple, without seriously lessening the large volume of waterway tonnage now carried.

Real Estate Conditions.

The total real estate transfers in 1900 were $3,531,985; in 1903, $6,914,269; in 1905, $15,006,493; and for the first six months in 1906, $11,824,389, with a prospect of aggregating $25,000,000 by the close of the year.

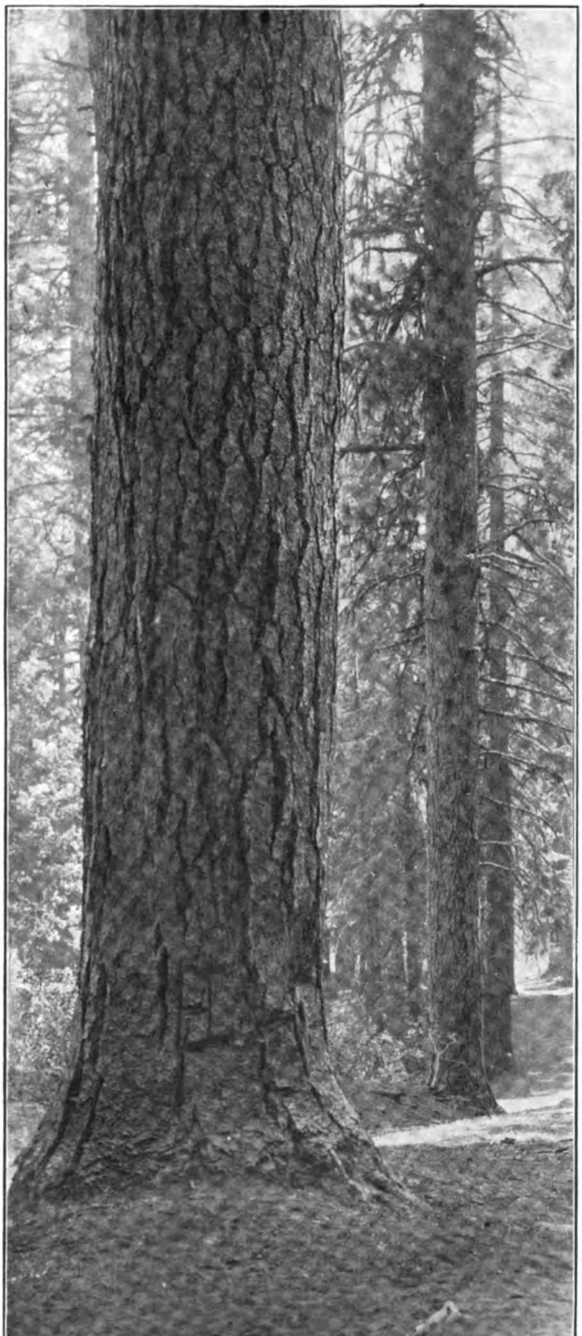


IN THE DRY DOCK.

It follows that the city's progressive and carefully managed banking-houses are keeping well to the front of the procession. Nine are quartered in new and modern homes acquired within the year. Advance in commercial lines has not resulted in exaggerated realty prices. No place in the country offers more certain legitimate profits on investments. The "hold-up" or "hoggish" disposition is not conspicuous in Portland business life. The man with that temperament is not encouraged. As a rule business citizenship is up to a high and patriotic standard, as evidenced by the transactions preceding the bringing in of the Hill railroad companies' north bank lines, for which those companies are now constructing bridges to cost $3,000,000, spanning the Columbia and Williamette Rivers. These companies succeeded in purchasing their choice of terminal grounds (investing $2,000,000 at conspicuously reasonable prices). The Portland spirit toward newcomers and new capital is cordial.

Helpful Business Men.

The city is becoming better known as a community of broad-guage business men who find time to cultivate the finer elements of life above



AN OREGON PINE.

mere money-getting. The temperament of the city was seen in its prompt action to relieve distress at San Francisco following the recent disaster. Portland was the first to take action, and contributed to its unfortunate neighbor approximately $461,000. In this the liberality of the banks and the work of the Chamber of Commerce were notable. A single banking institution gave $30,000. Heads of banking firms and the president of the Chamber of Commerce devoted the best part of their time daily for weeks to the financing of the relief movement. The result of all this was that Portland's relief fund exceeded in amount that of all other Pacific Northwest cities combined. Another result, quite remarkable, was felt in the temporary effect the Portland realty market experienced from the San Francisco earthquake, more than 900 miles away. For three months realty dealers in Portland were practically out of business. In that length of time the investment world comprehended the fact that Portland is far enough away from the earthquake zone to be on solid ground, and then the activity of the real estate market was resumed.

A Good Building Record.

Only in the last few years has Portland entered upon the period of modern office buildings. Prior to that time the wealthy citizen who would leave a monument in brick and stone chose between the old-time styles of massive architecture or the fancy cornice type. A year ago came a steel era, and today it has taken the form of an epidemic. The noise of welding rivets with compressed air hammers fills the streets of the business district. To the Wells Fargo Company belongs the credit of the first steel sky-scraper. This corporation, operating on the lines of the Southern Pacific and Union Pacific, looked about for a place to build a permanent home on the Pacific Coast, and selected Portland, the terminus of both the Harriman lines. A twelve-story steel office building was begun eight months ago, and is now nearing completion. To-day half a dozen similar structures are under construction or planned. The building of hotels, apartment houses and residences, begun with such vigor with the opening of the exposition year, has continued unabated in response to a steady demand throughout 1905 and 1906.

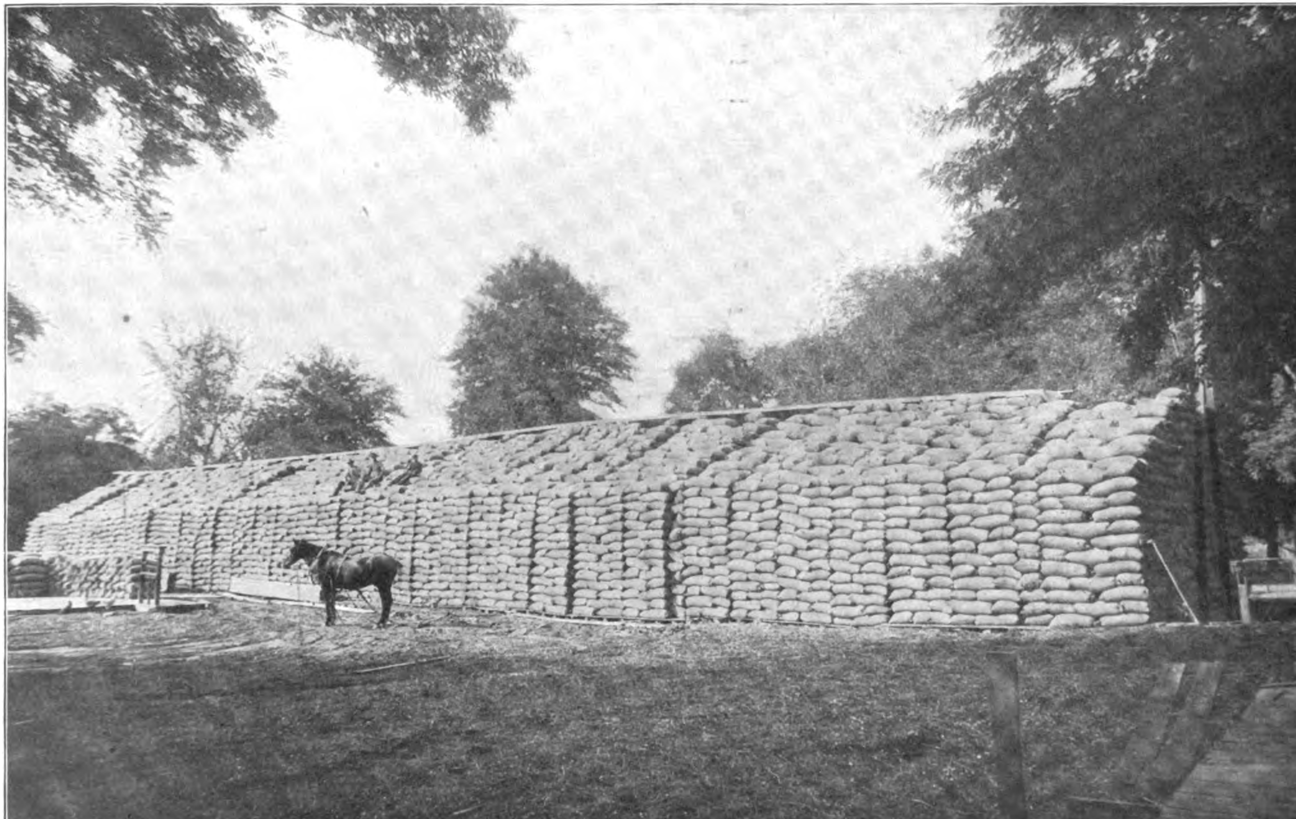
In May this year the record of building permits showed an increase of 309 per cent., far in excess of any other American city. The building record in Portland from January, 1900, to June, 1906, is here given:

1900	$3,531,985
1901	4,986,246
1902	7,421,223
1903	6,914,869
1904	10,694,763
1905	15,006,493

During 1906 the following transfers were made:

	Number.	Value.
January	1,050	$1,454,600
February	1,007	2,334,698
March	1,295	2,493,589
April	1,191	2,171,839
May	1,084	1,369,563
June	1,091	1,369,663
July	1,014	1,096,588
Total to August 1	7,732	$12,290,650

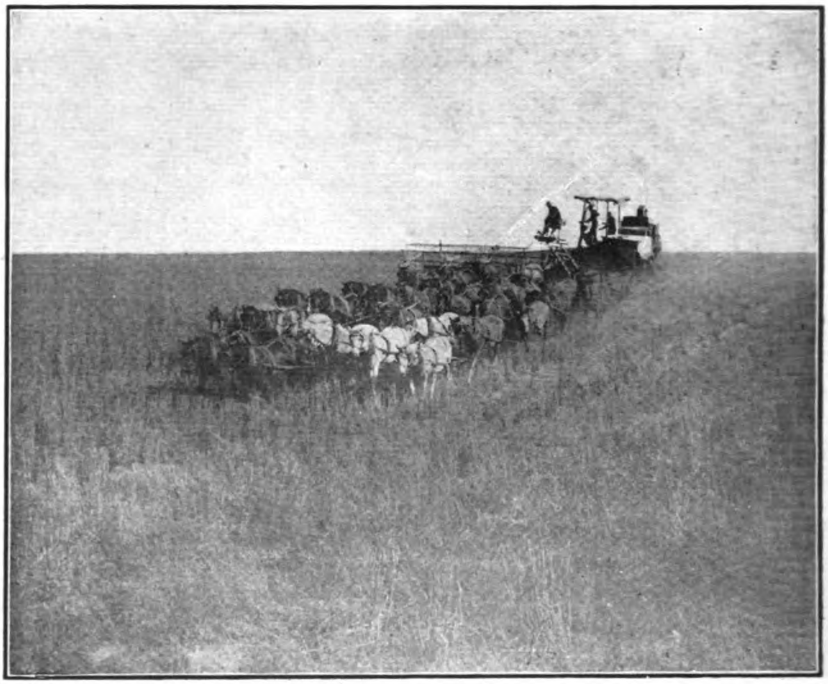
Business buildings now under construction include the Wells Fargo Building, a fourteen-story steel structure; the Corbett Building, a ten-



OVERFLOW FROM WAREHOUSE—OREGON WHEAT.

story steel; the Failing Building, a seven-story steel; the Fleidner Building, an eight-story steel; the Russell & Blyth Building, a fourteen-story steel; the Lewis Building, an eight story of reinforced concrete; the Buchanan Building, six stories; the Swetland Building, seven stories; and others of less imposing height.

The Portland Commercial Club, with a membership of more than 900 progressive business men, has purchased ground and will within the next thirty days begin construction of an eight-story steel office building, the three upper floors of which will be occupied as club quarters. This



AN OREGON WHEAT HARVEST.

club is the largest luncheon club on the Pacific Coast, and one of the most successful organizations of its kind in the country.

The Fisheries Industry.

Fisheries will properly be included in any budget treating of Oregon's natural resources. The salmon output of the Oregon side of the Columbia River in 1905 aggregated 24,581,671 pounds; from other Oregon Coast streams, 5,555,728; total salmon output, 30,137,399 pounds, with a value of $3,100,000. The fish product other than salmon was 532,167 pounds, consisting of sturgeon, shad, smelt, catfish, tom cod, black bass, herring, flounders, perch and carp. Oyster, clam, crab and crawfish output, 608,000 pounds, valued at $18,240. Deep sea fishing on this coast is in its infancy, and will rapidly increase with the growth of population and demand.

Exports and Imports.

The growth of Portland's foreign trade has justified the Federal Government in erecting here, ten years ago, at a cost of half a million dollars, a custom-house of splendid architecture and interior appointments. Customs receipts are steadily increasing. For the year ending December 30, 1905, exports of wheat, flour, barley, oats and baled hay amounted to $11,135,088; lumber, $1,001,556; other commodities, $686,000; total exports, $12,822,644.

The Future.

Portland's future is bright. Not only has the city many natural advantages, but its business men and commercial organizations appre-

CLOUD CAP INN—ON MOUNT HOOD.

ciate them. The city offers a rare combination of inducements—an ideal, vigorous climate, and a beautiful residence spot, coupled with splendid opportunities. The state's resources have barely been discovered.

With completion of the Hill railroad, the St. Paul and the Northwestern, now under construction, Portland will be the Pacific Coast terminus of seven transcontinental lines that will have their transportation cousins on the sea carrying the tonnage of the Orient.

Confident that this is to be the Pacific Northwest's centre of distribution, the Swift Packing Company this year purchased a 2,000 acre tract and has completed plans for a complete packing plant, with a daily capacity of 2,000 hogs, 1,000 cattle and 3,000 sheep, and giving steady employment to 2,000 people. Eastern Oregon, Idaho, Wyoming and Montana ranges will supply the live stock, which now goes to the Middle West, as the Pacific Coast is, at this time, without any distinctively great packing plant.

The busy people of this empire founded by Lewis and Clark have not yet found time to develop its resources. Nitrate deposits in Southern Oregon will soon be reached by railroad transportation. Cement rock in large quantity has been found, and a railroad is being surveyed to it. Coal is being uncovered in Coos, Jackson, Malheur, Columbia, Tillamook and Morrow Counties; in fact, nearly every part of the state. In the Williamette Valley 3,000 acres believed to be underlaid with petroleum has been leased for development. A large natural gas and oil field in Eastern Oregon is being investigated.

Along the lower Columbia are 20,000 acres of iron ore, some of it said to be self-fluxing. Portland's public spirited men, acting conjointly with the Government, are maintaining an experiment station in charge of Dr. Day, of the United States Geological Service, to determine the usefulness of iron found in the black sands of the lower Columbia River. One large pig iron plant has been successfully in operation some years in Oswego, seven miles from Portland.

Portland wants the 1907 convention of the American Bankers' Association, and is willing to match any city in the West in attractiveness and hospitality. Said William McMurray, general passenger agent of the Harriman lines: "No more beautiful city than Portland can be found on the continent. The hotel accommodations are ample, transportation modern and enjoyable, and every banker who attended would feel more than repaid for the trip to the Pacific Northwest."

A REVIEW OF PORTLAND BANKING.

HOW THE FIRST BANKS WEST OF THE MISSOURI RIVER BECAME THE BANKS OF TO-DAY—PORTLAND THEIR HOME.

BY C. M. HYSKELL.

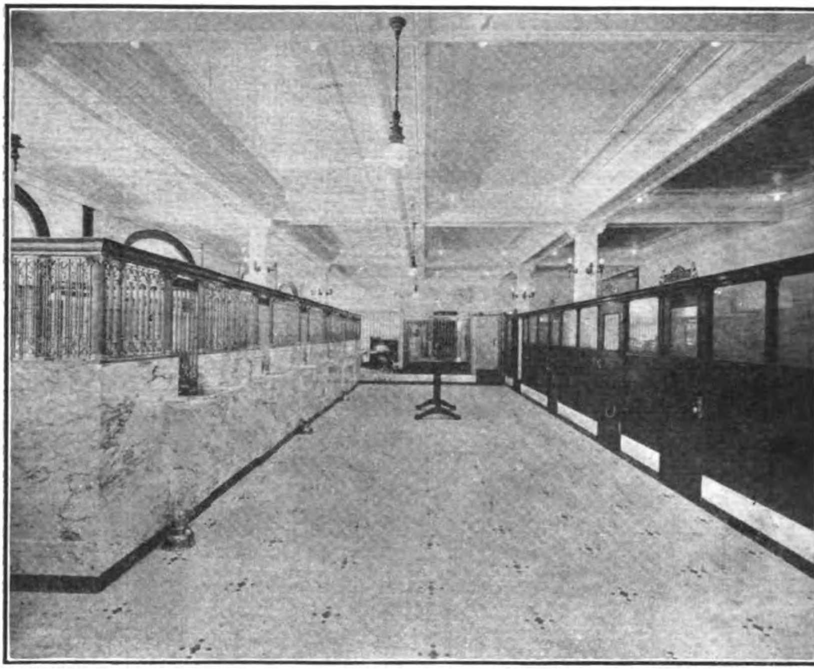
THE first cashier of the first national bank west of the Missouri River is still living in Portland, a ruddy, active old man, hale as a mountain climber, at the age of seventy-three years. His name is James Steel, and he is the man who introduced the first nickel coins on the Pacific Coast. In the calendars of fifty years are contained the transactions that have brought the banking business from nothing in Portland to deposits of $52,500,000, and gold clearings that will aggregate $275,-000,000 for the year 1906.

In the life of nearly every banker there are old days—perhaps not many—that stand out sharply in the memory, as if embossed on the mental scroll by pressure of strong currents, at the turning points It is easy to believe that the pioneer bankers of Portland had more than the ordinary measure of these days. They were far removed from the nation's sources of financial power and succor. The complete isolation of the Pacific Northwest forty years ago can hardly be comprehended by men unacquainted with distances and conditions. Although shortly after the beginning of banking here similar financial concerns were started at San Francisco, and a Government mint was established there, no means of communication existed excepting coastwise steamers, that came and went once a week, carrying coin and mail. From the beginning the financial rulers of Portland—and by that is meant the whole Northwest—manned their own battlements, and put their trust in the Almighty and their own resourcefulness. The experiences of those years perhaps account for the subsequent character and strength of Portland's financial institutions. Everything considered, they have weathered financial stress with less loss to stockholders and depositors in the Oregon country than that experienced by any other section of the United States in proportion to area and volume of business.

Bank failures have been unknown in Portland, excepting the upheaval period that had its beginning in 1893, and while a few of the weaker banks here passed out of existence during that period, in no instance was the resultant loss heavy upon the public. The community has been notably free from evils of loose banking methods. As a result the standard today is high, the prevailing policy is conservative. The daily clearings are made in gold, and balances actually paid in that coin.

Ladd & Tilton.

This fashion of doing things has in a noticeable measure clung to the city since the old days when a business transaction involved the handling of the substantial elements in it. The settling of clearing-house balances daily in gold coin is a fair indication of the commercial temperament that began forming in Portland in 1859, when William S. Ladd, Charles E. Tilton and Stephen A. Mead established here the first private banking-house west of the Missouri River. The three had been school friends—Ladd and Tilton from New England, Mead from Louisiana. Mead died and his interest was absorbed by the remaining partners. In 1878 Tilton disposed of his interests to Ladd and returned to the Atlantic Coast. W. S. Ladd remained sole owner of the bank until his death in 1893. Under his management an iron building of handsome architecture has been erected on the site where the bank had been started, on First street, a block from the water front. The business district has expanded many blocks westward—the big department stores are on Sixth street—but William M. Ladd, the elder son, sits to-day at the desk where his father nearly fifty years ago became Portland's first banker. The policy or organization has not changed, although the bank has grown to enormous financial proportions, and is ranked among two or three of the largest private banking institutions in America, excepting alone the city of New York. The present value of the bank and of the Ladd estate which stands back of it, with property all over the Northwest, is conservatively estimated by competent financiers at $10,000,000; a bank capital and surplus aggregating $1,100,000, with deposits approximating $12,000,000.



INTERIOR LADD & TILTON BANK.

Banking in Portland was built up along such conservative lines as here indicated, the First National being the early model for its class, and following it the Merchants' National, the Bank of British Columbia, the Portland Savings, the United States National, the Ainsworth National, the Portland Trust Company of Oregon, the Security Savings and Trust, the Oregon Trust and Savings, the Canadian Bank of Commerce, the Wells Fargo National, the Bank of California, the Hibernia Savings, and a dozen others that brought added strength and solidity to the local banking fraternity.

The First National Bank.

The First National Bank of Portland, started in 1866 by Capt. A. P. Ankeny, Phil Wasserman, J. B. Harker, Asa Harker, A. M. Starr and L. M. Starr, was the first Pacific Coast venture following the enactment of the national banking law in the early sixties. Its first president was L. M. Starr, a New Yorker, who came to the coast as a pioneer hardware merchant, and prospered. In 1866 the population of Portland was about four thousand. The coast business man was a stranger to Government currency. Gold coin was used exclusively. The organizers capitalized the bank at $100,000, and Starr went to New York to make financial arrangements. He took along $66,000 in gold, for which he bought $100,000 of Government bonds at the prevailing discount. He put up the bonds and got $90,000 circulation in currency. "We had to keep three different accounts—gold, silver and currency, each being on a different and varying basis, according to the market for gold," Mr. Steel said, telling me of the peculiar banking conditions existent in those days. "One result, favorable to the bank, was that a profitable business was carried on in buying and selling gold and exchange. The rate of exchange between gold and currency for years ranged from one-half a cent to six cents. Comparative values of these kinds of money varied widely, gold exchange at times being worth as high as 25 cents."

In about 1872, H. W. Corbett, then a United States Senator from Oregon, and Henry Failing, a hardware merchant, bought the Starr interests in the First National, and a new era of growth and prosperity began. The capital stock was increased to $250,000, paid in, which made a very large banking institution for that early day. The bank became the first United States depository on the Pacific Coast, and all Government disbursements for this port were made through it. The business public showed no inclination to accept currency or silver at par with gold, and the volume of exchange continued large. Ben Holladay beginning the construction of the Oregon & California Railroad about that time, the cashing of his bonds in gold became a profitable business.

The foundation built by the early management of the bank has broadened steadily with the development of the country, and to-day it holds a proud position in all the country west of the Rockies. Its capital and surplus are $1,400,000. Its officers are: A. L. Mills, president; J. W. Newkirk, cashier; W. C. Alvord, assistant cashier; B. F. Stevens, second assistant cashier.

"While the First National handled large amounts of money in the early days, without facilities for safeguarding treasure, there were no robberies," said Mr. Steel. "When we started the First National, we had two iron safes. These were known as the Lillies. One convenient feature was that they had no time locks, and it was a common thing for me to be routed out at five o'clock in the morning to go down to the bank and enable some up-river customer who wanted two or three thousand dollars, to get away on an early boat."

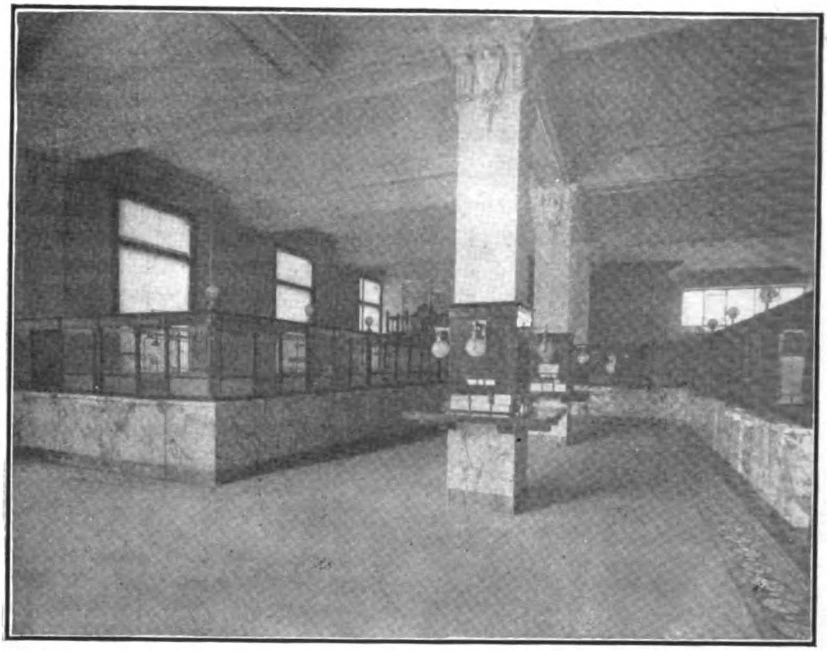
United States National.

The United States National Bank of Portland, Oregon, stands in the front rank among the great financial institutions in the West. Organized in 1891 with a capital of $250,000, which was increased to $300,000 in 1902, and to $500,000 in 1905, the bank's resources now aggregate over $8,000,000. That the safe, conservative policy adopted by its officers in the conduct of its business had been appreciated by the public, is best shown by the following statement showing the increase in its deposits for the past five years:

1901	$980,317.47	1904	$2,863,258.00
1902	1,902,692.53	1905	4,807,257.33
1903	2,659,112.03	1906	6,751,091.57

The United States National Bank owns its own building and has one of the finest and most modern banking rooms in the West, shown on another page of this issue. Its officers are: J. C. Ainsworth, president;

R. Lea Barnes, vice-president; R. W. Schmeer, cashier; A. M. Wright and W. A. Holt, assistant cashiers. The directors are: I. W. Hellman, president Wells Fargo Nevada National Bank of San Francisco, Union Trust Company, San Francisco, and Farmers and Merchants' National



INTERIOR UNITED STATES NATIONAL BANK.

Bank, Los Angeles; Percy T. Morgan, president California Wine Association, San Francisco; Rufus Mallory, D. W. Wakefield, Governor George E. Chamberlain, R. L. Macleay, R. Lea Barnes, J. C. Ainsworth.

Merchants' National Bank.

Twenty-three years of growth and unbroken prosperity have built up a clientele that is loyal to the Merchants' National. Its total deposits in 1895 were $175,000, while to-day they are more than $5,000,000. The bank has a capital of $250,000, profits of $85,000 and a surplus of $100,000, according to its last published statement. These things tell a story of public confidence and esteem of which any banking institution may feel proud. The Merchants' National originated in the Old Willamette Savings Bank, started in 1883, in a stone building now relegated to the liquor business, on Washington, between First and Secand streets. The bank was nationalized in 1886. At that auspicious period, Ralph W. Hoyt, now its cashier, was janitor and messenger. J. Frank Watson, now its president, was a director. The bank has passed through all the financial vicissitudes unscathed, thanks to the discretion and energy of its present officers. They are: President, J.

Frank Watson; vice-president, R. L. Durham; cashier, Ralph W. Hoyt; assistant cashier, George W. Hoyt; all of whom, with C. E. Smith, Fred S. Morris and R. D. Inman, constitute the directory.

Bankers and Lumbermen's Bank.

In May this year the apparent need for a lumbermen's bank was met by organization of the Bankers and Lumbermen's Bank, by a group of men particularly intimate with lumbering credits. Among the directors and prominent stockholders, John W. Blodgett is also vice-president of the Fourth National Bank of Grand Rapids, Mich.; George Hefferan is secretary of the Michigan Trust Company; Arthur Hill is director in the bank of Saginaw, Mich.; Charles S. Russell is a director in the Commercial Bank of Hillsboro, Oregon; C. C. Barker is president of the Peninsular Lumber Company, Portland; G. K. Wentworth, of Chicago; J. Wentworth, Bay City, Mich., and L. J. Wentworth, Portland, Oregon, are owners of the Portland Lumber Company. Charles E. Dant is of the lumbering firm of Dant & Russell, Portland.

The bank's paid-in capital is $200,000. Since its opening for business, four months ago, deposits have grown to $700,000, and are increasing at the rate of upwards of $100,000 a month. Its officers are: President, D. C. Pelton; first vice-president, Fred H. Rothchild; second vice-president, John A. Keating; cashier, E. C. Mears; assistant cashier, H. D. Story. Mr. Keating, executive officer, was the organizer of the bank.

Portland Trust Company of Oregon.

In the spring of 1887 three young lawyers of Portland decided to form a trust company under the above name. Its first president was Captain Allen Noyes, who died in office; and its secretary was Benjamin I. Cohen. It began in a small way, seeking by honest and painstaking attention to the interests entrusted to its care to win public confidence. Little by little it grew in strength and stability, sinking its roots deep in the business soil, and extending its connections far and wide. "The Oldest Trust Company in Oregon," for by that legend it is known, has constantly aimed to win success by deserving it. It has always paid one hundred cents on the dollar; meeting every obligation during the panic of 1893, as at all other times. Doubtful, speculative or visionary enterprises are given a wide berth; while conservative business, offering a moderate profit, is eagerly sought and is pursued with energy and perseverance. Perhaps the most striking feature of its management is the fact that it has no entangling alliances. It belongs to its stockholders; and no other bank or financial institution dictates its policy. This enables it to be absolutely independent, and absolutely impartial, therefore its services are sought for in the capacity of corporate umpire, or escrow agent, even by persons who are not in accord with each other. The Portland Trust Company of Oregon never "takes sides"; and the public knows that this is so.

To-day its capital is $300,000 and its assets are in round numbers $1,750,000. It makes a specialty of issuing improved forms of interest-bearing certificates of deposit; it receives savings deposits, and conducts a general banking, trust and agency business, with numerous subsidiary departments, such as insurance, real estate, rentals, woman's department, etc.

Among its present officers are: Benjamin I. Cohen, president; H. L. Pittock, vice-president; A. S. Nichols, second vice-president; B. Lee Paget, secretary; J. O. Goltra, assistant secretary; W. J. Gill, second assistant secretary.

Security Savings and Trust Company.

A well-knit and growing financial institution is the Security Savings and Trust Company, into which are woven some of the city's old-established fortunes. Its success is reflected in the record of deposits, which have increased in this ratio: They were $311,121.88 in 1891, $933,710.66 in 1894, $1,193,759.45 in 1897, $3,170,681.65 in 1905, and the most recent statement, made in September this year, showed deposits of $5,047,869.27. The bank was started in 1890 by C. H. Lewis, Henry Failing, H. W. Corbett, C. A. Dolph, Joseph Simon, A. L. Mills, C. F. Adams and A. Bush. The late United States Senator H. W. Corbett was its first president and C. F. Adams was its secretary. On the death of Senator Corbett, Mr. Adams succeeded him. The bank's progress has been rapid and solid, like the growth of Portland. Last year the bank doubled its capital, which is now $500,000. In a new home in the ten-story Corbett Building, just erected, it has a location that is one of the best in the business district. Its officers are: President, C. F. Adams; first vice-president, L. A. Lewis; second vice-president, A. L. Mills; secretary, R. G. Jubitz; assistant secretary, G. F. Russell.

Title Guarantee and Trust Company.

In the Commercial Building, one of the oldest banking structures in the city, the Title Guarantee and Trust Company has just completed a metamorphosis that gives this company what is perhaps the most elaborate trust and banking quarters on the coast. It has 7,000 feet of floor space, six large fireproof vaults, and complete departments of banking, trust funds, real estate, title insurance, mortgage loans, safe deposit, taxes, rentals, abstracting, and one of the largest banking law libraries in the country. The high state of development which this financial institution has reached is an illustration of the modern and substantial methods of Portland banking and trust concerns. Its abstracting department is a marvel for the exhaustiveness of its records and simplicity of their classification. The bank employs sixty-two people, besides its legal department. The volume of business transacted is further indicated by the fact that twenty telephones serve these people, and fourteen typewriting machines are kept clicking.

The officers are: President, J. Thorburn Ross; vice-president, George H. Hill; treasurer, T. T. Burkhart; secretary, John E. Aitchison. This institution has been built up in nineteen years. The title and trust department was established in 1887, and the savings bank was opened in 1904. To-day the bank's deposits are $1,150,000. They have increased in this amazing ratio: July to December, 1904, $66,006.54; June, 1905, $165,944.38; December, 1905, $487,380.33; June 30, 1906, $816,719.68;

September 4, 1906, $1,015,502.61. The company has a paid-in capital stock of $131,600, and surplus and undivided profits of $81,000. Its resources are $2,300,000.

Oregon Trust and Savings Bank.

Phenomenal growth of this bank in the last two years furnishes an example of Portland's increase. In September, 1904, the bank's deposits were $40,978.60. In September, 1905, they had grown to $170,298.70. The latest statement, on September 1, 1906, showed deposits of $1,002,735.26, an increase of about 500 per cent. in twelve months.

The bank was organized in March, 1904, and opened for business in quarters that very quickly proved too small. The institution is now housed in new quarters on one of the prominent business corners, and is doing a general banking, savings and deposit vault business. The safety deposit vault is one of the best on the coast. An innovation that has demonstrated drawing power for business is the payment of four per cent. annual interest, compounded semi-annually, in its savings department. Officers of the bank are: President, W. H. Moore; vice-president, E. E. Lytle; cashier, W. Cooper Morris; assistant cashier, H. A. Graves.

Canadian Bank of Commerce.

The Canadian Bank of Commerce, with its capital of $10,000,000 and reserve of $4,500,000, is acknowledged to be one of the best known and substantial financial institutions of its kind in the world, and is represented in Portland by a strong banking-house at the corner of Second and Stark streets. The bank has over one hundred and fifty branches, in addition to its office in London, England, and its savings department is greatly appreciated by a large class of people, who are enabled to receive interest on their monthly balances, and to make prompt withdrawals, when opportunities for investment offering a higher rate of interest present themselves.

Hibernia Savings Bank.

The Hibernia Savings Bank was organized in 1892 by Andrew C. Smith, M. D., David M. Dunne, M. G. Munley, D. W. Crowley, John Kelly and other business men of Portland. Its growth has kept pace with Portland's development, necessitating in May of this year a removal from their original quarters to more commodious rooms at Second and Washington streets, where, on a long-time lease, this bank has fitted up a most exquisite interior of steel and marble.

Both as an illustration of the growth of Portland and as indicating this bank's position, it is of record that the bank's deposits have doubled during the past year, the larger part of the increase being since removal to the present location. The bank's capital and surplus exceed $125,000, with deposits aggregating $800,000. The present officers are: President, Andrew C. Smith, M.D.; vice-president, David M. Dunne; secretary and cashier, Lansing Stout. Mr. Stout is the bank's executive officer.

Others prominent in the present directory are: John Driscoll, of the packing firm of O'Donnell & Driscoll, and E. C. Goddard, of the Goddard-Kelly Show Co. Mr. Lansing Stout is the bank's executive officer.

Northwestern Guarantee and Trust Company.

Incorporated less than two years ago, the Northwestern Guarantee and Trust Company has succeeded in forming an organization that reaches into every county in the State of Oregon. Its principal object is to frame and carry out development plans and place investments, and it is having no difficulty to find numerous and safe opportunities in this rich and growing commonwealth. James A. Stevens, the president and organizer, said: "There is no place in America to-day where the opportunity for legitimate money making is so great as it is in Oregon. The simple reason for this is that the state is rich in natural resources, and it will within the next five years be gridironed with railroads. What this state needs most at this time is men who want work."

The company is capitalized at $100,000, with $90,000 paid in. It does a banking and trust business, handles bonds and mortgages, and does a general real estate, farm loan and timber business. The officers are: President, J. A. Stevens; vice-president, W. P. LaRoche; secretary, George L. Allen; cashier, George E. McLaughlin; assisted by an executive board composed of R. E. Fulton, C. A. Warren, M. G. Nease, George W. Brenner and R. W. Wells. An advisory board is formed from the company's field representatives in each county.

Hartman & Thompson, Bankers.

The members of this firm are J. L. Hartman and E. L. Thompson. Their banking rooms are on the main floor of the Chamber of Commerce. The firm was organized about eight years ago for handling bonds, loans, real estate, mortgages and insurance. Recently they have added to their other well organized departments a general banking business, which is growing rapidly. The firm has been identified with many notable transactions, and has been very successful in interesting outside capital in Portland and in the development of lands and industries. The assets of this firm are now estimated to be over a quarter of a million dollars.

Merchants' Investment and Trust Company.

The Merchants' Investment and Trust Company was organized in July of 1906 by J. Frank Watson, R. L. Durham, R. W. Hoyt and other Portland men, with a capital of $150,000. The three named are the general officers of the Merchants' National Bank of Portland, and occupy like positions in the Merchants' Investment and Trust Company.

Associated with them as secretary and executive officer of the newer organization is W. H. Fear, who has long enjoyed the confidence of eastern capitalists seeking information or opportunity for desirable investment in sound securities of the Pacific Northwest.

BANKING AND COMMERCIAL LAW

IMPORTANT LEGAL DECISIONS OF INTEREST TO BANKERS.

All the latest decisions affecting bankers rendered by the United States courts and State courts of last resort will be found in the MAGAZINE'S Law Department as early as obtainable.

Attention is also directed to the "Replies to Law and Banking Questions," included in this Department.

TRUST COMPANIES—LIABILITY TO DEPOSITORS AND CREDITORS—STOCKHOLDERS—PERSONAL LIABILITY—FRANCHISE TAX—FAILURE TO PAY—FORFEITURE OF FRANCHISE.

MURPHY, ET AL., VS. WHEATLEY, ET AL.

Court of Appeals, Maryland, January 9, 1906.

In a decision the Court of Appeals of Maryland, in the suit of John A. Murphy, et al., vs. William F. Wheatley, et al., in construing a statute providing that corporations previously chartered, which had not within two years from the date of the granting of their charters or certificates of incorporation actually organized and begun business, shall be conclusively presumed to have surrendered all corporate or charter rights, unless within six months from June 1, 1900, each of them shall have paid the tax, held that where a banking or trust company did not actually organize or begin business within two years from the date of the granting of its charter, but no franchise tax was assessed against it, its failure to pay the same did not operate ipso facto to terminate its corporate existence six months after June 1, 1900. The court further held that the failure to pay the franchise tax did not relieve stockholders from the liability to depositors and creditors imposed by statute for debts contracted and deposits made after December 1, 1900.

Although the City Trust and Banking Company, the corporation involved in the litigation, had organized and done business before it paid its bonus tax, which was made by statute a condition precedent to its doing business, the stockholders accepted dividends from the corporation after the tax was paid and thereby ratified their subscriptions and were not exempted from liability to creditors, because the corporation was without authority to issue stock to them at the time their stock was acquired. Under a statute providing that each stockholder shall be liable to depositors and creditor for double the amount of the stock at the par value held by the stockholder, the court held that the stockholders of the corporation were liable for twice the par value of their stock in addition to the amount paid by them on their stock subscription, but they are not liable for debts due depositors and creditors who became such prior to the time such stockholders acquired their stock.

The suit was by depositors and creditors to recover from the defendants as stockholders in the City Trust and Banking Company under 85*l*, c. 109, p. 156 of the Acts of 1892.

Boyd, *J.:* The Fraternal Trust and Banking Company was chartered by Acts 1896, p. 628, c. 344, which was approved April 4, 1896, and the charter was amended by Acts 1900, p. 114, c. 104, by changing the name to that of the "City Trust and Banking Company," and by authorizing the election of twenty-five directors. No certificates of stock were issued in the original name of the company, and prior to March 24, 1900, the subscribers only received the negotiable receipts of the company for the amount of their respective payments, which were returned and exchanged on and after March 24, 1900, for certificates of stock issued in the new name. Four dividends of 2½ per cent. each were declared by the company, beginning July 1, 1901, and were paid to and accepted by all the defendant stockholders whose certificates of stock had been issued prior to June 17, 1900. The franchise tax provided for in chapter 272, p. 411, of the Acts of 1900, has never been paid by the company, but payment thereof has never been demanded by or on behalf of the state, and it was never assessed to the company. . .

In view of the decision of the lower court, the first question to be by us determined is whether the failure of the company to pay the franchise tax caused the corporation to cease to exist six months from June 1, 1900, to wit, on December 1, 1900, and thereby relieved the defendants (appellees) from liability under the act of 1892, to the creditors of the corporation for debts contracted after December 1, 1900. Chapter 272, p. 411, of the Acts of 1900, added three sections to article 23 of the Code, designated as sections 85a, 85b and 85c. The first provides that "all corporations hertofore chartered under any of the laws of this state * * * which have not within two years from the date of the granting of their charters or certificates of incorporation actually organized and began business, shall be conclusively presumed to have surrendered all corporate or charter rights, unless within six months from the first day of June, 1900, each of said corporations pay to the Treasurer of this state a franchise tax equal to one-eighth of one per cent. per annum, accounting from two years after the date of the granting of such charter or certificate of incorporation, upon the amount of capital stock required to be subscribed before it is authorized to begin business, and upon payment as aforesaid, and receiving the receipt of the Comptroller therefore, the said corporate or charter rights shall continue." Section 85b is applicable to corporations thereafter "organized."

Section 85c, after requiring corporations mentioned in section 85a to pay the franchise tax annually (after a renewal of their corporate rights and franchises) until they actually organize and begin business, then provides: "The several corporations of the several corporations mentioned in sections 85a, 85b and 85c of this article, shall be liable for the payment of the franchise tax imposed herein upon their respective corporations, and in the same manner as though they had jointly and severally agreed to pay the same; and the state tax commissioner is hereby charged with the duty of carrying the provisions of said sections into effect by assessing the said franchise tax upon the several corporations in said sections required to pay the same." This company did not actually organize and begin business within two years from the date of the granting of its charter, and therefore is within the language of the statute. The application for the preliminary decision by the court of the questions of law raised states that "the requisite number of shares of capital stock having been subscribed for and 50 per cent. thereof having been paid in, the said stockholders met on April 27, 1899, and proceeded to organize the said corporation by the election of fifteen directors, who forthwith elected a president and other officers and proceeded to carry on the business which the said corporation was authorized to engage in by the terms of the said charter." It did not, however, pay its bonus tax until June 16, 1900, but by Acts 1900, p. 114, c. 104, approved March 20, 1900, the Legislature amended its charter.

In one of the briefs of counsel for the appellees it is said of that amendment: "This act was undoubtedly a legislative recognition of the trust company as legal entity at the time the act was approved. And it is not questioned that the act had that effect." Under the decisions by this court of the Md. Tube Works v. West End Imp. Co., 87 Md. 207, 39 Atl. 620, 30 L. R. A. 810, and of Cleaveland v. Mullin, 96 Md. 598, 54 Atl. 665, it cannot be denied that the company did not have the lawful right to organize and carry on its business until the bonus tax was paid to the State Treasurer, although in point of fact it had undertaken to organize and had been actually carrying on its business since April 27, 1899. But without stopping to further discuss the effect of the amendment of the charter, the company was undoubtedly legally organized and was actually carrying on the business for which it was chartered on and after June 16, 1900.

The company being in legal existence, with all the powers given it by the charter on and after June 16, 1900, were its corporate or charter rights forfeited on December 1, 1900, by reason of its failure to pay the franchise tax? A clear distinction is made by the authorities between acts of corporations required to be done as conditions precedent to their coming into existence and those that cause a forfeiture of charter rights and powers after they are once legally and validly acquired.

But, with the greatest respect for the views of others, we believe the doctrine that has prevailed in this state for three-quarters of a century the safer one, and have no desire to depart from it. The business in this state, large and small, is now done so largely by corporations that it behooves courts not to encourage such conditions as are likely to arise at any time, if the views contended for by the appellee are to be sustained. As long as they are prosperous the public has little opportunity to know anything about the inside workings of corporations. It is only when the crash comes, or there are internal dissensions, that a confiding public is enlightened as to the real conditions. Stockholders may not be informed either, but they at least have more opportunity to be, and oftentimes when they are not, it is by reason of their own neglect. This case illustrates the dangers of the other rule, without citing other illustrations. Here was a trust and banking company doing business in the city of Baltimore from April, 1899, until June, 1903, declaring dividends regularly every six months during the last two years of its existence, receiving the deposits of many people, and apparently carrying on business in the usual way. Those dealing with it had the right to rely for their protection, not only on its property, but on the personal responsibility of the stockholders, and when it winds up insolvent they are met by the claim that it has not been a corporation since December 1, 1900, because it had not paid the state of Maryland $62.50 for one year, if it be treated as organized in April, 1899, or $125, if the organization was not until the bonus tax was paid in June, 1900, and it is contended that therefore the stockholders are relieved from all liability—because their agents did not pay the state, and the state did not demand payment. If such results may follow, is it not the duty of courts to decline to declare forfeitures of charters to be self-executing when it is possible to avoid it? And when we have our own decisions adopting what is clearly the more equitable view, and certainly the one that best protects the public, we prefer to follow them, rather than others, which in a case like this, would result in great injustice to many innocent people. Adopting that course, we are of the opinion that the language used in section 85a does not necessarily mean that such corporations shall be conclusively presumed to have surrendered all charter rights in every proceeding that may be before the court, but only in those taken by the state. Then there may be the conclusive presumption spoken of on proof of the necessary facts. In other words, that this language does not authorize any one but the state to have the forfeiture declared for the failure to pay it a small sum of money, as it has a perfect right to waive it and no individual can take that right from it, especially can it not be done by stockholders, in order to relieve themselves of a liability which they voluntarily assumed.

The next question for our consideration is the meaning of section 85*l* of article 23 of the Code, as enacted by chapter 109, p. 156, of the Laws of 1892. That is as follows: "Each stockholder shall be liable to the depositors and creditors of any such corporation for double the amount of stock at the par value by such stockholder in such corporation."

When the Legislature said that each stockholder should be liable to the depositors and creditors "for double the amount of stock at the par value held by such stockholder," it did not mean only "for the amount of stock" held, etc., and that meaning cannot be given to the provision unless we strike out the word "double." Section 39 of article 3 of the Constitution prohibited the General Assembly from granting a charter for banking purposes, or renewing one then in existence, "except upon the condition that the stockholders shall be liable to the amount of their respective share or shares of stock in such banking institution, for all its debts and liabilities upon note, bill or otherwise." Section 27 of article 11 (section 29 of Code of 1904) includes those provisions, but adds thé words "and directors" after "stockholders." And we take it that no one will dispute the fact that under the provisions quoted above with reference to banking companies a stockholder is liable to creditors to the amount of his stock in addition to his liability to pay the stock to the corporation, or to the creditors, if not already paid, and the fact that he has paid in the full amount of stock subscribed by him does not relieve him from paying to the creditors a sum equal to that amount. Now, if that be so, and we do not think it can be denied, how can it be said that the liability to depositors and creditors, by stockholders of this corporation, "for double the amount of stock" held by them, means once as subscribers to the stock and once by virtue of the statutory liability? If that be correct, then in the case of the banking companies payment of "the amount of stock" subscribed by a stockholder would release him altogether, which manifestly is not correct.

It is argued that, as section 64 (72) of article 23 of the Code makes stockholders liable once for the amount of their stock, the statute means that liability and one other of the same amount, but section 64 expressly says "no stockholder shall be individually liable to the creditors of such corporation, except to the amount of his, her or their unpaid subscription to the capital stock." Originally all of the stockholders were liable to creditors until the whole amount of the capital stock was paid, and a certificate filed to that effect. As that was considered too burdensome, it was amended by the limitation just quoted being added to the original. It would have been better to have changed the first part of the section, but there is no doubt about what it means. And, now, as soon as the stockholder pays his stock in full, his liability under that section is at an end. It is apparent, therefore, it seems to us, that the statute now under consideration could not have had any reference to the liability of the stockholder for his subscription to the stock when it speaks of "double the amount," but it referred to a liability which in no wise depended upon the question whether the stockholder had paid for his stock in full or not. It seems to be looked upon by the appellees as a very harsh provision. but we do not so regard it. It is applicable to safe deposit, trust, guaranty, loan and fidelity companies. They not only receive money on deposit as banks do, but they engage in a character of business that necessarily has more risk than the ordinary banking business has. Vast powers are conferred upon them and when the statute was passed (1892) few of them had met with the success some of them have since had. The Legislature saw fit in 1904 to change the statute so that now such stockholders are only liable "to the extent of the amount of their stock therein at the par value thereof, in addition to the amount invested in such stock." So that hereafter the liability will not exceed that of stockholders in banking companies, but, in view of the plain language of the statute before us, we have no doubt of its meaning, and must hold, as we do, that it means that each stockholder of this company is liable to the creditors to an amount equal to twice the par value of the stock held by him, regardless of the question whether or not he has paid his subscription in full. As to what creditors they are so liable to will next be considered.

The question, "Can stockholder defendants be held liable under sections 85*l* of article 23 of the Code of Public General Laws for debts due depositors who became such prior to the dates at which such stockholders acquired their stock in said City Trust and Banking Company?" was answered in the negative by the court below. We are aware that many courts, perhaps a majority of those in this country, have held to the contrary, but the decisions of this court unquestionably sustain that answer of the lower court. It is to be regretted if this construction of the statute will cause such difficulties as are suggested by the appellants, but even such results would be preferable to the risk of doing manifest injustice to those who became stockholders during the closing days of the company; for it cannot be doubted that the members of the bar, if consulted, had the right to advise their clients that the law of this state was as decided by the court below, and, if such was the law, it might do a great wrong to those who became stockholders shortly before the failure of the company to overrule or modify the previous decisions, or even what are called dicta of this court, if we were inclined to do so. A list of stockholders filed with the amended bill shows that the certificates for a large number of the shares of stock were issued within a few months prior to June 6, 1903, when the receivers were appointed; two certificates, each for 100 shares, being dated June 5th, and another for 100 shares, June 4th. We refer to this to show the great danger of innocent people being imposed on by the rule contended for, as it is well known that sometimes institutions of this character and banks are not suspected by the public to be insolvent, or in financial trouble, until the doors are closed. Yet, under that rule, purchasers of stock may not only lose their entire purchase money, but incur this double liability without a dollar's return for their investment, although ignorant of and in no way responsible for the condition of the company. If depositors and other creditors became such before stockholders occupy that relation to the company, they cannot say that they relied on those persons for additional security, or had any right to look to them, for they were not then, and might never become, stockholders. But, under the rule adopted by this court, they can, if they choose, ascertain who the stockholders are when the debts are contracted. As the Legislature has changed the liability of stockholders of these companies by the act of 1904, the decision of the question may no longer be important as a precedent, but the rights of the parties to this suit are to be determined according to "the existing laws of this state" when that act was passed. The liability, in this respect, is well settled in this state by the earlier cases. They held that the extent of the liability was measured by the amount of stock held by the stockholders at the times the debts were contracted, and stockholders were not liable for debts contracted before they became such.

Without deeming it necessary to determine whether Acts 1900, p. 411. c. 272, could be regarded as an ex post facto law, or other questions not herein referred to, the conclusions we have reached may be summarised as follows:

First—That the failure to pay the franchise tax, imposed by chapter 272, p. 411, of the Act of 1900, did not cause the corporate or charter rights of the City Trust and Banking Company to be ipso facto forfeited, and hence the stockholders are not relieved from liability to the depositors and creditors by reason of that tax not being paid.

Second—That stockholders, who became such before the bonus tax was paid, but accepted dividends from the company after the tax was paid, are not exempted from liability to creditors on account of that not being paid before they acquired their stock.

Third—That the liability "for double the amount of stock at the par value," etc., means "for twice the par value of the stock held," in addition to the payment of the amount of the subscription for stock.

Fourth—But stockholders are not liable for debts due depositors, or other creditors, who became such prior to the times such stockholders acquired their stock.

It follows that questions (b) and (c) should have been answered in the negative, and that the other answers were correct, but there was error in dismissing the bill.

Order affirmed in part and reversed in part, and cause remanded for further proceedings, one half of the costs to be paid by the appellants and the other half by the appellees.

NOTES OF CANADIAN CASES AFFECTING BANKERS.

[Edited by John Jennings, B.A., LL.B., Barrister, Toronto.]

PROMISSORY NOTE—DELIVERY ON CONDITION NOT SUBSEQUENTLY FULFILLED—CONTRACT—RESCISSION—ELECTION TO AFFIRM CONTRACT.

FIRST NATIONAL BANK VS. MCLEAN (16 Manitoba Reports, p. 32).

STATEMENT OF FACTS: This was an action to recover the amount of a promissory note made by the thirteen defendants. McLaughlin Brothers of Minneapolis sold to a syndicate, composed of the defend-Brothers obtained these defendants to sign a joint and several promissory note on the express understanding that Lee would also sign it and be a joint maker with them. This, however, Lee never did, and the defendants becoming aware of this, took no steps to alter the position, but continued to retain the horse and divided its earnings among the thirteen defendants until the horse died. Meantime McLaughlin Brothers had discounted the note with the plaintiff bank, who brought suit upon it in Manitoba, and the defendants sought to escape liability on the ground that the note had been procured by fraud and misrepresentation. At the trial three officers of the plaintiff bank were examined and testified that the note had been discounted by the bank without any knowledge of the circumstances under which it had been obtained; that the proceeds of the note had been paid to McLaughlin Brothers, and that the note had not been charged back to them when it was dishonored.

JUDGMENT (DEBUC, *C. J.*): There is no doubt that the defendants were induced to sign the note on the representation that Lee would also sign it and become a joint maker with them. The note had therefore an element of fraud and deception in its inception and in the circumstances under which it was obtained. A certain line of authorities seems to hold that this constitutes a sufficient defence, but in this case there are particular circumstances. After the defendants had full knowledge that Lee did not sign the note, they acted in such a way as to amount to an adoption of the contract. Notwithstanding this, however, I do not say that the defendants would not succeed in their defence if the note were held and sued by the original payees; or if these plaintiffs had taken the note with knowledge of the circumstances under which it was signed.

The principle of law applicable appears to be that when a bill or note is in the hands of a lawful holder in due course it is presumed that such holder had a valid delivery of it and that all prior parties to the instrument are liable to him. In such case it is for the defendants to show that the plaintiff had knowledge of the particular circumstances. But when it is shown, as here, that there was fraud or irregularity in the obtaining of the bill or note, the onus of proof is shifted and it is for the plaintiff to prove that he is the holder in due course without notice. In referring to the evidence of the bank officials the judge holds that in the absence of any evidence to the contrary such evidence was sufficient to show that the plaintiffs became the holders of the note without notice of any irregularity in its inception, and were therefore entitled to judgment for the amount of the note with costs.

On appeal to the full court this judgment was sustained.

GUARANTEE—WHETHER FIXED OR CONTINUING.

BORGFIELD VS. LA BANQUE D'HOCHELAGA (Quebec Reports, 28 S. C. p. 344).

In view of the many guarantees for advances given to banks, this judgment is of great interest, although the circumstances are unusual, inasmuch as in this instance the guarantee was given by the bank to a wholesale house.

The facts and circumstances are set out in the judgment of Mr. Justice Davidson.

JUDGMENT (DAVIDSON, *J.*): The plaintiffs sue to recover on the following letter of guarantee:

Banque d' Hochelaga..

MONTREAL, May 21, 1901.

Messrs. Geo. Borgfield & Co., New York city:

Gentlemen.—We hereby guarantee you to the extent of five hundred dollars for invoices of goods sold or to be sold to Messrs. Cadieux & Derome within six months from this date, all drafts to be sent to this bank for acceptance. Yours truly,

C. A. GIROUX, Asst. Manager.

The defendants plead that the unpaid goods in connection with which the present claim is made were not sold within the six months; that Cadieux & Derome and the bank, severally, paid more than $500 on account of the actual transactions of that period, whereby the guarantee became exhausted, because it was limited, by its terms, to one or more transactions not exceeding that sum in all.

Cadieux & Derome had been customers of the plaintiffs for several years, when in May, 1901, the latter, who carry on business in New York, refused to maintain the current account longer, unless secured to the extent of $500. Thereupon the letter of guarantee, in question, was given and in consideration thereof goods were shipped from time to time, as ordered.

Booth, the plaintiff's Canadian agent, obtained the orders personally. Such of the goods as he had in stock were shipped from his branch at Toronto. Those needing importation from abroad came direct to this port. Being a recognized account covered by security, he could accept the orders and even deliver such of the merchandise as his stock included, without waiting for confirmatory advices from his principal. Whatever may have been the exact scope of his authority, in these respects, it has been his duty to promptly forward the orders to New York. These, on arrival, were stamped with the date of their receipt and initialed by Strain, the credit clerk, as approved. In all cases the invoices were made out and posted to the customer from the head establishment.

As the purchases became payable the plaintiffs drew on Cadieux & Derome, through the defendants. The drafts were paid by bills of exchange on New York, which the bank issued to the firm and charged to their current account. It appears that throughout the whole period this account stood constantly overdrawn, but of the fact the plaintiffs were ignorant. Nor was it ever notified or even suggested to them that the bills, in any sense, went toward the extinction of the letter of guarantee. A pretension of that kind would no doubt have excited immediate precautionary measures. The payments amounted to over $1,200, apart from the transactions which they covered. The plaintiffs assert that further goods were sold, within the limitation of six months, to the value of $600.16. That the alleged deliveries of them came later is not a factor in the case. Provided the letter of guarantee had not been exhausted by payments already made, it would suffice to show contracts of sale, independent of the time or times of delivery.

The orders relied on are dated September 5, 1901, November 18 and November 19. It is proven that the first was accepted on September 10 and the second and third on November 21.

Strain, the credit clerk, emphasizes his memory of this latter date by the fact that he specially referred to the letter of guarantee to make sure that it had not expired. As in contracts the word "month" means a calendar month, the 21st of November would be within six months of the 21st of May.

Irrespective of the intermediate acceptance of the orders by Booth, this final approval completed the contract, for a contract of sale is perfected by the consent alone of the parties. From that moment the buyer may demand delivery of the goods or damages, according to circumstances. I have fully disclosed the course of dealings between the parties before taking up the important question: "Was this a continuing guarantee or otherwise;" that is, was it limited as to time and amount only, and "not as to the amount to which the dealings might extend?" For in relation to writings of this character the surrounding circumstances help to show the object the parties had in view. I am strongly of the belief that the facts of the present case disclose a purpose to guarantee a succession of credit, in other words, a standing credit, rather than one or more transactions not exceeding $500 in all. I further determine that that purpose was expressed in the letter of guarantee. If a person desires to limit his responsibility it is easy for him to put the intention beyond doubt by expressly stating that the guarantee is not a continuing one.

In respect, therefore, of the course of dealings, the intervening payments made by Cadieux & Derome, and the interpretation of the writing, the defendants remain liable for whatever balance, to the extent of $500, remains due on goods sold within the six months.

The evidence on behalf of the plaintiffs in support of the pretension that the total balance was $600.16 is not satisfactory. Strain asserts that a draft of March 12, 1902, for $435.16, accepted and returned unpaid, left other balances outstanding which were not then eligible. But he speaks from belief and not from personal knowledge. The defendants, on the other hand, establish, with certainty, that the total balance due at the date of the insolvency was $420.36. This is the amount which appears in their list of liabilities and in a subsequent dividend sheet. The plaintiffs did not contest. Indeed the impression is created that they accepted the dividend declared of forty-four cents in the dollar, amounting to $184.96. Deducting this sum from $520.36, leaves $235.40, for which judgment is entered, with interest and costs.

PRACTICAL BANKING

JUDGMENT OF MERCANTILE CREDITS.

BY OSCAR NEWFANG,

CREDIT MAN MECHANICS AND TRADERS BANK, NEW YORK CITY.

MORE bank failures are caused by bad loans than by fraud. Many bank officers have vague and often incorrect ideas regarding the proper methods of judging mercantile credits. I have heard old-school bankers say that they never paid any attention to a man's statement, and did not care what a borrower was worth; the only thing they cared about was whether the man was honest or not. They saw part of the truth and mistook it for the whole; good intentions make a debtor willing to pay, but, unfortunately, they do not render him able to pay. Other bankers will loan on a strong statement to people of known bad character, finding later that the statement is false, or that the assets have been surreptitiously pledged or disposed of. Still others neglect to take into account the nature and the past record of the business, which, by showing the certain disaster toward which the business was drifting, would have saved their banks from loss.

From the above it appears that, in order to form a safe judgment upon the safety of a proposed credit risk, there are three points to be considered. First, does the borrower intend to pay? Second, is he able to pay? Third, will he be able to pay when his obligations mature? In other words, it is necessary to weigh the moral risk, the financial risk, and the commercial risk. The moral risk may naturally be best determined by an intimate personal acquaintance with the individual borrower, or with the management of a large concern or corporation. This, however, being often impossible, especially in a large city bank, it devolves upon the credit department to ascertain the moral character of the borrower by inquiry among mercantile houses from whom he obtains his supplies, and who naturally are more intimately acquainted with him and have frequent opportunity to observe his moral traits in various ways; such as prompt payments, fairness in claims, correct business habits, etc. Further valuable information regarding a borrower's character may often be obtained from his past business record, as given in the mercantile agency reports. The length of time during which the borrower has been in good credit should also have due weight, as it is prima facie evidence of honorable methods.

Moral Risk Fundamental.

The moral risk is fundamental; if a man's character is questioned, his financial statement is doubted, and his future course is considered uncertain. An illustration or two will emphasize this. About six months ago an application for a $25,000 line, made by a manufacturing jewelry house, was brought under the writer's investigation, the concern's statement showing assets of $379,000 (mostly quick) and liabilities of $105,000. Upon the statement the line seemed a very moderate one; but investigation revealed the fact that the house had defrauded a diamond cutter out of many thousands of dollars, and that a certain diamond importer was compelled to use the sheriff to make collections. The application was declined, and when the house failed shortly after, the receiver found actual assets of only $66,000 and liabilities of $160,000—and the larger part of even those assets was hypothecated. A little later a large furniture manufacturer, who had inherited an established business, offered to open an account upon condition of receiving a line of $40,000. The house made a very strong statement; but upon investigation it was learned that the son was leading a rather gay life, and the line was declined. Shortly after a large six per cent. mortgage was placed upon the plant, and a little later the extravagance of the son made an assignment necessary.

The Financial Risk.

The second element in judging a mercantile credit, the financial risk, can be better reduced to general rules than either of the other two, as it does not contain the personal equation. The basis upon which to determine the financial risk is the borrower's statement, if it can be obtained; and as most progressive merchants now furnish their bankers with statements, it will be assumed that this information is available. When it is not, the utmost diplomacy on the part of the credit man is necessary to construct an approximate statement out of the remarks of the borrower made during the course of negotiations for credit. Often an old-school merchant, who would rather withdraw his account than give a statement, can be judiciously led on to boast of the volume of his business, to tell the amount of his outstanding accounts, the value of his stock, the amount of his indebtedness, etc., etc., without his being aware that he is giving the very information which but a moment before he refused.

Separation of Quick and Slow Items.

Assuming, however, that an exact inventory is available, the first thing to be done is to separate the assets and liabilities into quick and slow items; the quick assets being usually cash, receivables (excluding money due from partners, which is not a bona-fide asset) and merchandise; while the quick liabilities consist of borrowed money and merchandise indebtedness. The remaining items—real estate, machinery, etc.—while they strengthen the statement, may, for the purpose of considering short-time credits, be largely ignored, as they cannot be realized upon quickly enough to meet current obligations. The amount of credit that can safely be extended depends primarily upon the excess of quick assets over current liabilities. Authorities differ upon the maximum safe ratio of credit to excess of quick assets. Some banks confine their credits to about one-third of the excess; others to one-half; while others will loan an amount equal to the excess. Few bankers who are careful judges of credit will go beyond this. Of course, no one ratio should be applied to all lines of business. In general, the more staple or the nearer the raw state the commodities handled are, the larger the amount of credit that can safely be extended upon a certain excess of quick assets. On the other hand, in extending credit upon novelties, fashionable goods, etc., either a large percentage of the merchandise should be deducted for possible depreciation, or the ratio above mentioned should be kept at the minimum.

Ratio of Liabilities to Net Worth.

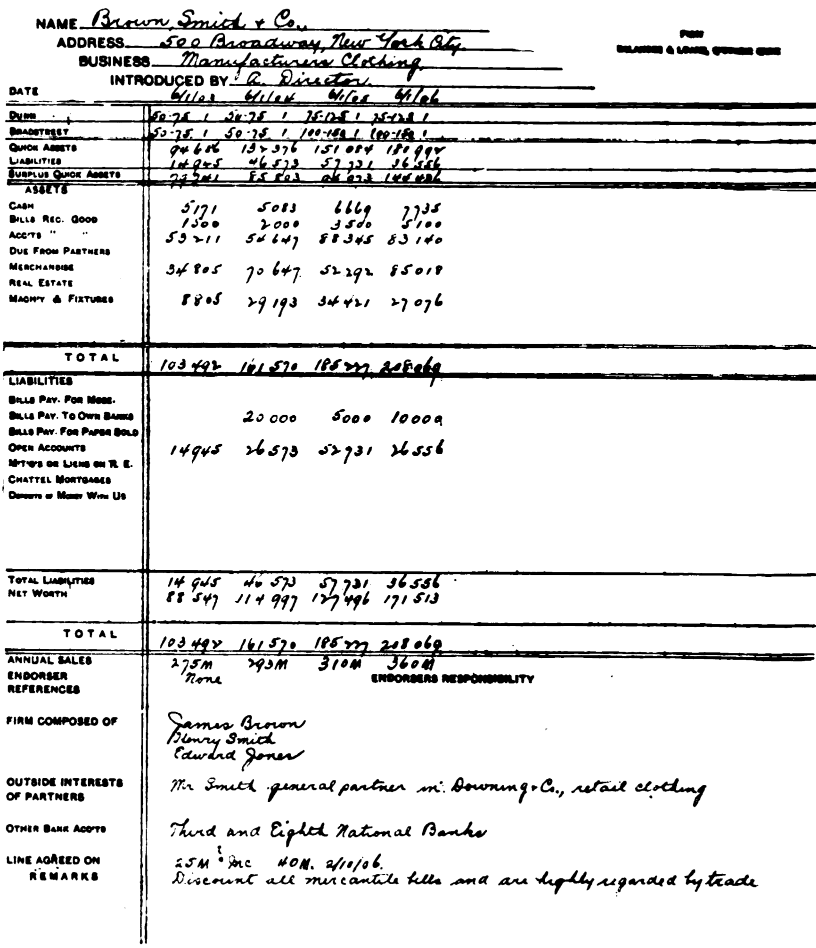
Another thing to be taken into consideration in determining the proper amount of credit to extend is the ratio of the borrower's liabilities to his net worth; in other words, the ratio of his borrowed capital to his own capital. The more borrowed capital employed, the greater the profits to be expected in prosperous times; but the greater the risk of bankruptcy in a crisis or a bad season. While the limits of safety here also depend upon the nature of the business, as a general rule a conservative merchant will rarely permit his liabilities to exceed his net worth in his business; *i. e.*, to run over fifty per cent. of his assets. If his liabilities run much higher, he may in a bad season or through a change of fashion, be unable to convert enough of his assets into cash to meet maturing obligations, and may thus be forced into bankruptcy or be compelled to ask an extension. The smaller, therefore, the ratio of a merchant's liabilities to his net worth in his business, the larger the line of credit that can be safely extended upon a certain excess of quick assets.

Other Things to be Considered.

In addition to the statement itself it is advisable, if possible, to ascertain the amount of insurance carried by the borrower, and the number of his other bank accounts; the former to guard against the great upsetter of business expectations, and the latter to prevent over-borrowing in unknown quarters. There should be a further space on the statement blank for contingent liabilities, and this item should have its proper weight; more or less, according to the nature of the paper endorsed and its amount. Some of the items in a statement are capable of approximate verification; such as cash in bank, and indebtedness for merchandise and to banks, and this should be done when any doubt exists of the correctness of the statement.

Experience and Ability of the Management.

The third element to be considered in judging a mercantile credit is the commercial risk; that is, the risk incidental to the conduct of the business, which must be weighed in order to forecast what the borrower's financial condition will be when his obligations mature. The most important factor in determining the stability of a going concern is the



NAME Brown, Smith & Co.
ADDRESS 500 Broadway, New York City
BUSINESS Manufacturers Clothing
INTRODUCED BY A. Director

DATE	6/1/03	6/1/04	6/1/05	6/1/06
Dun	50-75 1	50-75 1	75-125 1	75-125 1
Bradstreet	50-75 1	50-75 1	100-150 1	100-150 1
Quick Assets	94686	132376	151084	180998
Liabilities	14945	46573	57731	36556
Surplus Quick Assets	79741	85803	[illegible]	144442
ASSETS				
Cash	5171	5083	6669	7735
Bills Rec. Good	1500	2000	3500	5100
Acc'ts " "	53211	54647	88345	83140
Due From Partners				
Merchandise	34805	70647	52292	85018
Real Estate				
Mach'y & Fixtures	8805	29193	34421	27076
TOTAL	103492	161570	185777	208069
LIABILITIES				
Bills Pay. For Mdse.				
Bills Pay. To Own Banks		20000	5000	10000
Bills Pay. For Paper Sold				
Open Accounts	14945	26573	52731	26556
M'tg's or Liens on R. E.				
Chattel Mortgages				
Deposits or Money With Us				
Total Liabilities	14945	46573	57731	36556
Net Worth	88547	114997	127496	171513
TOTAL	103492	161570	185777	208069
Annual Sales	275M	293M	310M	360M

ENDORSER None — ENDORSERS RESPONSIBILITY
REFERENCES
FIRM COMPOSED OF James Brown, Henry Smith, Edward Jones
OUTSIDE INTERESTS OF PARTNERS Mr Smith general partner in Downing & Co., retail clothing
OTHER BANK ACC'TS Third and Eighth National Banks
LINE AGREED ON 25M Inc HOM. 2/10/06.
REMARKS Discount all mercantile bills and are highly regarded by trade

COMPARISON SHEET FOR JUDGING MERCANTILE CREDITS.

experience and ability of the management. These may be ascertained by personal knowledge, general reputation, inquiry through the trade, through agency reports, and by a comparison of statements from year to year. For the purpose of comparing financial statements readily, it is advisable to enter the figures in parallel columns on a comparison sheet covering a number of years. A copy of this sheet, as prepared by the writer for his own use, is here given, in which it will be noticed that a running comparison is also made of the agency ratings, the excess of quick assets, and the annual sales. For the last-named figure there should always be a space on the statement blank, since the volume of sales is a very good index of the progress of the business. A well-managed mercantile house should do a business annually at least double the amount of its capital; the usual ratio of sales is probably between three and four times the capital. If the withdrawals of partners or the salaries of officers, the expense of conducting the business, and the annual rentals can be obtained with the financial statement, these figures will be of material assistance in correctly estimating the commercial risk involved in extending a credit. If there are any special partners, the amount of capital contributed by them and the date of expiration of the special partnership should be known, as this is a matter which may evidently seriously cripple the business.

Banks usually insist upon a borrower's carrying average balances of from twenty to twenty-five per cent of the accommodation extended him. While this is perhaps more a matter of business policy than of the safety of the line, still the risk is obviously diminished by the amount of the balance carried, and the balance is also a good indication of the degree of conservatism with which the business is managed. Upon the reverse of the comparison sheet here given the average monthly balances are placed in parallel columns beside the amount of credit extended, in order to facilitate the calculation of the above percentage.

Other factors, such as the crop prospects, the condition of the money market, the change of fashions, etc., further complicate the problem of estimating the commercial risk in extending credit; but they enter in such an infinite variety of ways and degrees into different cases, that it is impossible to reduce them to any general rules; they must be allowed for in each case according to circumstances.

When all the information obtainable on the three heads into which a credit risk has been here divided points in one direction, the extension of credit to the extent of one-third to one-half of the excess of quick assets is considered safe and conservative; but when part of the evidence points in one direction and part in another, it requires the utmost care and judgment to sift and balance opposite opinions, etc. In general, the line of the credit should be diminished as the uncertainty increases. While it is poor policy to pass by good business, it is worse policy to accept a forty per cent. risk for a six per cent. discount. If there is any reasonable doubt, it is better to err on the side of safety; or else do as a Kentucky jury is said to have done when a barrel of whisky was offered it in evidence in an adulteration case—demand more evidence.

HOW THE NEW CURRENCY PLAN WOULD WORK.

MESSRS. FISK & ROBINSON, of New York city, in their "Monthly Bulletin of Investments," give the following interesting calculation of the practical workings of the currency plan proposed by the Currency Commission of the American Bankers' Association:

To grasp properly the operation of the plan, if enacted into law, it is necessary to consider the present status of national bank circulation. In round numbers, the 6,200 national banks of the United States, with aggregate capital of $854,000,000, have outstanding $549,000,000 of bond-secured circulation, and approximately $47,000,000 secured by lawful money. Thus the banks have bond-secured notes outstanding to the amount of 64.3 per cent. of their capital. Assuming this amount is profitable throughout the year under present conditions, it is interesting to calculate the relative profits which would accrue to the banks, if the additional circulation consisted respectively of bond-secured notes or of the new credit notes. The results of this calculation, based on bond-secured circulation equalling 62½ per cent. of capitalization, are presented in the following table for banks required to maintain reserves of fifteen per cent. and twenty-five per cent. respectively:

Additional Profit Per Annum to a National Bank with $100,000 Capital and $62,500 Bond-secured Circulation in taking out credit notes, first to the extent of 25 per cent., and second, 12½ per cent. additional of the emergency five per cent. notes.

Incidental Conditions.		Comparative Results Showing Advantage of 2½ Per Cent. Credit Notes.			Comparative Results Showing Advantage of 5 Per Cent. Emergency Notes.			
Money ruling at	*Required Reserve.*	*Profit received from $25,000 additional bond secured notes.*	*Profit received from $25,000 2½% credit notes.*	*Relative advantage from issuing 2½% credit notes.*	*Profit received from $12,500 additional bond secured notes.*	*Profit received from $12,500 5% credit notes.*	*Relative advantage from issuing 5% credit notes.*	*Total increased or decreased income by issuing full allowance of credit notes of both classes in place of full amount of bond-secured notes.*
4%	15%	$283	$225	—$ 58	$141	**$200**	—$341	**—$399**
	25%	$283	$125	—$158	$141	**$250**	**—$391**	**—$549**
5%	15%	276	437	+ 161	138	94	— 232	— 71
	25%	276	312	+ 36	138	**157**	— 295	— 259
6%	15%	269	650	+ 381	134	12	— 122	+ 259
	25%	269	500	+ 231	134	**63**	— 197	+ 34
7%	15%	262	862	+ 600	131	119	— 12	+ 588
	25%	262	687	+ 425	131	31	— 100	+ 325
8%	15%	254	1075	+ 821	127	225	+ 98	+ 919
	25%	254	875	+ 621	127	125	— 2	+ 619
9%	15%	246	1287	+1041	123	331	+ 208	+1249
	25%	246	1062	+ 816	123	219	+ 96	+ 912
10%	15%	238	1500	+1262	119	437	+ 318	+1580
	25%	238	1250	+1012	119	312	+ 193	+1205

Profit on above circulation ($62,500) over loaning cost of bonds at say 5 per cent., calculated with 2s of 1930 at 104 ex January 1st interest, would be $691.

Figures in black type indicate "Actual Loss." In computing the profit from bond-secured circulation, due allowance has been made for a sinking fund to retire the premium on the bonds, and for the loss of interest on the premium invested.

The above figures bring out several important facts. It will be noted that as money rates advance the profit on bond-secured circulation decreases, while profits received from the credit notes increase very rapidly. It is evident that the 2½ per cent. credit notes would not be issued until money rates reach 4½ per cent., and likewise there would be no profit of consequence in issuing the five per cent. emergency credit notes until money ruled at seven per cent. and above. A study of the above table suggests that bankers who desired to have outstanding as much circulation as possible during the year would doubtless adopt the plan of carrying seventy-five per cent. of capital in bond-secured circulation, thus allowing for the full amount of 2½ per cent. credit notes while ignoring the five per cent. notes, which could only be issued profitably during periods of very high rates. In this way an average of 100 per cent. of circulation would be issued instead of 87½ per cent., as would be the case were 62½ per cent. of bond-secured notes outstanding, plus twenty-five per cent. of credit notes.

It would appear that the additional gain when money rates are higher than five per cent. would be sufficient to induce banks to undertake the added work connected with the issuance of credit notes; below these figures automatic contraction would occur. As a whole the proposed plan appears well adjusted to the commercial needs of the country, giving assurance of reasonable money rates during the crop-moving period, to the great advantage of all legitimate business interests. In view of this, the contention that gold could be driven out of the country under this plan seems hardly tenable, as there would be no inflation through prolonged expansion.

The interests of the U. S. Treasury have been adequately provided for. Allowing $25,000,000 as a reasonable working balance, and assuming that the $150,000,000 gold reserve for greenbacks is kept intact in the Treasury, the Government would receive interest on funds in excess of these reserves, which on the $200,000,000 at present available, would be $4,000,000 per annum. To such extent as banks took out the new credit notes, the Treasury would receive a tax thereon, as indicated above, which would doubtless furnish revenue sufficient to defray the incidental expenses of administration and printing and provide for an adequate guarantee fund.

To grant public deposits of say $200,000,000, above referred to, without security, and assuming money at four per cent. and taking into account the two per cent. interest due the Government and the required reserve, would afford net profits to the banks of between $2,500,000 and $3,000,000 per annum, which amount cannot be considered excessive. This would release, however, $91,000,000 of Government bonds now held against public deposits. It is interesting to consider what effect this would have on the market price of bonds. On first thought it would seem probable that a sharp decline would result. On the other hand, assuming the profits on credit notes to be large enough to increase the bond-secured circulation of banks now having less than 62½ per cent. to this figure or even to seventy-five per cent. in order to secure the full quota of the new 2½ per cent. credit notes, this expansion, added to the normal growth of the circulation system, would doubtless absorb the $91,000,000 of bonds without material effect upon prices. Again, the 3,000 banks, which now have 100 per cent. of circulation, in order to take advantage of the credit note provision, would probably reduce their bond-secured circulation. But this would be largely offset by increases in the capitalization of banks wishing to profit by additional bond-secured notes and credit notes.

WHERE CONCENTRATION IS NEEDED.

WHILE the country is rejoicing over the roseate-hued report of the Secretary of Agriculture, showing that the value of farm products for 1906 amounted to $6,794,000,000, it seems like pessimism to give any thought to a day when the productive value of the farms of the United States will begin to decline. Of course, figures like the above merely showing the total value of a single year's product, do not tell the whole story. It is gratifying to be able to state, however, that these figures show a large increase over previous years. Part of this gain is due to higher prices and part to the greater total of products. Probably, too, the larger output is due mostly to the increased acreage.

But with the growth in population and the lessening of fresh areas subject to cultivation, it becomes necessary, if our producing capacity is to be maintained, to find some means of getting the very best results out of our farming lands. As a nation we have been rather prodigal of our resources, and while impoverishment and exhaustion are yet far away, fortunes are not so easily made by merely tickling the land as they were in former days. Our forests have been largely denuded, and the wheat fields have moved from the prairies of Illinois to those of the Dakotas and Minnesota, and finally to the lands of the Canadian Northwest.

JAMES J. HILL, the well-known capitalist and railway builder, has suggested that in order to foster better methods of farming the Government should establish a number of model farms in various parts of the country. The average American farmer is perhaps a little too intent on doing things on a big scale, and takes more pleasure in getting a certain yield from 160 acres than he would in obtaining the same result from eighty acres. This spirit, which is a national characteristic not confined to farmers, has been encouraged by the low price at which agricultural lands have been sold. But with the rise in the prices of farm lands, and the decline in fertility, it becomes necessary to look more carefully to the means whereby the most profitable and economical use may be made of a given number of acres.

Observation has often shown that the Germans, the Swedes and other foreigners will get along better on a comparatively small tract of land than the American who has a quarter section or more. This may be due to the superior thrift of the foreigner, but it may also be due to the fact that he has been accustomed to live on a small patch of ground and to get the most possible out of it.

If Mr. HILL's suggestion were carried out, it would afford a practical demonstration of the value of concentrated farming—a lesson that is needed by a considerable portion of the American farming community.

BANKING PUBLICITY

SOME OBSERVATIONS ON BANK ADVERTISING.

BY HERMAN M. SYPHERD,

TRUST OFFICER GUARANTEE TRUST CO., ATLANTIC CITY, N. J.

ALTHOUGH the subject of live advertising has been occupying the attention of the banking fraternity for a comparatively short time, much has been written upon the topic and probably a great deal of good matter has been rehashed, and yet the writer has found that almost everyone connected with the advertising of a bank's business has had some experience a little different from the other fellow, and that much good can arise from a general experience meeting in which those who have taken an active part in advertising should be heard.

The company with which I am connected has been established about seven years and during that time has built up a large business, much of which has been secured through live advertising. Our efforts have been exercised toward increasing deposits, both demand and time, to build up a trust business and to rent safe deposit boxes.

Newspapers have been largely used, our ads appearing in one paper each day, with copy changed daily, using strong, pithy language, and with the matter set up in a manner to attract immediate attention. In publishing statements we always use a large space, feeling that there can be no better advertisemtnt than to show to the people a strong array of figures, exhibting strength and continuous growth. The advisability of using a large space for this purpose in the newspapers has been questionable with us of late, owing to the fact that since this company began publishing its statements in such a conspicuous manner, nearly every bank and trust company in the city has followed our example, thus detracting from the individuality of our method and lessening the corresponding impression on the eye of the reading public.

Aside from newspaper advertising, we, in common with a great many institutions, use booklets and follow-up letters. We endeavor to use printed matter that will create a good impression, for while a great deal of the literature sent out in advertising campaigns is wasted, we feel that our matter is more likely to be read if nicely printed and gotten up with an eye to the artistic effect produced.

This rule of good printing we carry into all our deparments and find that while it costs a little more, it is really a paying investment.

The following letter, not however original with us, which we send to every person opening a new account, has proved to be a most profitable piece of advertisng, has brought many depositors in closer touch with us and inculcated a more friendly feeling than if no mark of appreciation had been shown to them. These are days of strong competition and the banker cannot afford to take the position that he is accommodating the depositor by taking his money.

> "Dear Sir:
>
> In the list of those who have opened accounts with us recently we notice your name and wish to assure you of our appreciation of this. Our object is to increase our deposits as much as possible, and if any of your friends wish to open an account or to make a change in their present banking arrangements, we would be glad to have you mention to them that you are doing business with us and that we would be glad to open an account with them.
>
> Thanking you in advance for any new business that you may send us, we are,
>
> Very respectfully,
>
> President."

Many other means of advertising are used by us. We give pay envelopes to contractors, manufacturers and hotel proprietors, with a word to the wage earner about saving money and placing it where it will earn interest; good, strong fiberoid wallets, which advertise the trust and safe deposit departments particularly, are given out to our customers and others, and seem to be greatly appreciated.

Just before the close of the year we give out attractive and artistic calendars. Small blotters are used to a large extent, our clerks always enclosing one with notices of notes due and with other literature sent out.

Over and above all these efforts and many others to attract the public to us by means of the printed page, we believe in the force of personal effort, not only on the part of the officers, but on that of the directors and employees as well. Many bank officials are so cold and haughty, always acting as if the customer were a suppliant and they sitting in places of power to mete out financial aid to those beneath them. Happily and fortunately for those banks who have men in places of responsibility, this class of bank official is fast disappearing. The large increase in the number of bank institutions and the keen competition prevailing in most places, has caused a vast change to come over the deportment of bank officials toward their customers.

The officers of this company have always endeavored to keep in close touch with our people and to extend to them the good offices of our company, whenever it has been possible to so do. By means of this and by coming into personal contact with many of them in and out of business hours, and by taking advantage of any opportunity to say a good word that will aid us in securing business from them, we have gained a great number of friends among our depositors, who are always ready and willing to recommend us to a friend seeking a place to transact his banking and trust business.

It is my belief that he personal equation is one of the strongest factors in building up business, provided there is that necessary concomitant—financial strength—and the confidence of the people in your institution.

Public opinion in matters financial is easily moulded, especially when any matter arises which can in any way affect the financial standing of the bank, and to that end a great duty rests upon the officials of our banking and trust institutions, to live a life that shall be free from the slightest imputation of dishonorable acts or irregular living, so that no breath of suspicion engendered by their acts in the business or social world shall ever affect the institution with which they are connected.

Established Sept. 1, 1904
Assets over [illegible]

Deposit Your Money

—Where safety is assured and where
—It will earn 3% interest in addition

ON OCTOBER 27 this bank was examined by officers of the United States Government and found to be SOUND and in every way satisfactory.

Under careful and conservative management our deposits have grown in two years from $36,997.35 (opening day) to $282,014.43.

Our officers and directors are conservative business men who have built up successful businesses for themselves and are amply qualified to manage the affairs of this bank.

We pay 3 per cent interest on savings accounts—and invite your COMMERCIAL ACCOUNT.

Merchants & Mechanics Savings Bank.

OFFICERS.
Edward P. Schwartz, President.
Eldridge E. Jordan, Vice Pres.
Wm. C. Worthington, Secy.-Treas.
William King, Asst. Secy.-Treas.

DIRECTORS.
Kennett L. Adams, R. E. Burke, A. D. Carpenter, A. G. Clapham, S. D. Cole, Chas. W. Darr, P. A. Drury, Anthony Gaegler, Eldridge E. Jordan, Geo. R. Linkins, P. J. Nee, Julius I. Peyser, E. N. Richards, Edward P. Schwartz, Emmanuel Speich, Chas. J. Walker.

Corner Seventh and G Streets N. W.

BANKING HOURS: 9:30 a. m. to 3 p. m. On 1st, 2nd, 3d, 15th, 16th, 17th, and last days of each month bank is kept open until 5 p. m.
SATURDAYS: 9:30 a. m. to 12 noon, and from 6 p. m. to 9:30 p. m.

WASHINGTON (D. C.) SAVINGS BANK PUBLICITY.
This Ad Appeared in Four-Column Space in a Washington Daily.

THE "W. B. A. R. R."

A CLEVER idea is that of Cashier W. F. Woods of Woods National Bank, San Antonio, Texas, who has been sending out railroad passes, made out in favor of the person addressed, each duly numbered, bearing the official stamp of the "W. B. A. R. R.," and countersigned by "W. F. Woods, Treasurer." The pass looks all right on its face, but the holder is referred to the conditions on the back, from which it appears that the "W. B. A. R. R." is not a great national railroad system, but is the abbreviated name for "Woods' Bank Advertisements Reddy Ritten."

NATIONAL BANK OF THE PACIFIC, SAN FRANCISCO.

IN connection with its statement of condition, the National Bank of the Pacific, San Francisco, issues a circular letter, signed by Zoeth S. Eldredge, president, describing the progress made in the rehabilitation of the devastated city, the rapid restoration of its commerce to normal conditions, and the soundness of the financial situation. The circular elsewhere says: "The National Bank of the Pacific has just completed the first year of its existence. It has passed through the ordeal of fire and still has something to the good. It wants your business and promises the most prompt and careful attention to your requirements."

GUARDIAN SAVINGS AND TRUST COMPANY, CLEVELAND.

A HANDSOMELY printed eight-page booklet issued by the Guardian Savings and Trust Company of Cleveland, shows on its cover the company's fine twelve-story bank and office building on Euclid avenue, completed in March last, and contains, besides its statement of condition and a list of the officers, a well-written outline of the institution's broad and liberal policy, and a description of the resources and facilities of its various departments.

CLEVELAND TRUST COMPANY.

"A BANK for All the People" is the title of a twenty-four page illustrated booklet describing the growth, resources and facilities of the Cleveland Trust Company, Cleveland, Ohio, and showing why and how it is that in less than eleven years since it began business the institution has acquired assets exceeding thirty millions, and approximately sixty thousand individual depositors. The frontispiece shows the magnificent new building now being erected by the company for its exclusive use at Euclid avenue and Erie street.

NATIONAL HOWARD BANK OF BALTIMORE.

AN artistic triple-folder issued by the National Howard Bank of Baltimore furnishes an excellent example of a plain bank statement made attractive to the eye as well as to the mind of the reader. Printed on delicately-tinted linen-crash paper, the cover shows an embossed illustration of the bank's home, while the inner pages contain its statement of condition and list of officers, with just enough well-worded reading matter, in neat type, to give effectiveness to the whole. Among the good things it says are: "No matter what car you take, it will either pass our door or go within a square of it. Did it ever occur to you how convenient our bank would be as a depository?" "A check account keeps your books for you, receipts your bills, and guarantees the safety of your money. Why not keep a bank account, thus checking all receipts and expenditures? You will find it invaluable." "Over two million dollars of security for depositors, besides U. S. Government supervision."

UNION SAVINGS BANK, DAVENPORT, IOWA.

FROM the Union Savings Bank of Davenport, Iowa, comes a little booklet attractively gotten up and filled with suggestions upon "What to do to get ahead." These are some of the things it says: "In times of peace, nations prepare for war. In times of prosperity, individuals prepare for misfortune. The times are good—fine. Are you saving anything?" "No one ever got ahead without an effort—without starting; in fact, it is all in starting. A savings account is the first step ahead—the start for better days." "When you have not anything, you have nothing. And nothing never did and never can buy a home or put you in business. 'From nothing there comes nothing.' It takes something to meet the demands of misfortune. That something is a bank account—the kind that grows by the constant adding of the little." "When you put a man to work you pay the man. When you put money to work the money pays you. Your money works when on deposit in the Union Savings Bank. It earns four per cent. interest, compounded semi-annually." The bank also sends specimens of its local newspaper advertisements, which are timely, pointed and original, and show an excellent comprehension of the principles of effective modern bank advertising.

State Street Trust Co.

THE FOLLOWING FIGURES SHOW THE STEADY AND SUBSTANTIAL GROWTH OF THE DEPOSITS OF THE COMPANY FOR THE PAST SIX YEARS AS REPORTED TO THE BANK COMMISSION:

	DEPOSITS.
OCTOBER 31, 1900	$2,571,306.85
OCTOBER 31, 1901	3,747,508.41
OCTOBER 31, 1902	4,929,311.64
OCTOBER 31, 1903	5,431,137.82
OCTOBER 31, 1904	6,497,384.35
OCTOBER 31, 1905	7,786,961.14
OCTOBER 31, 1906	8,545,999.54

THIS COMPANY IS AN INDEPENDENT TRUST COMPANY AND CREDITS INTEREST MONTHLY ON ACCOUNTS OF $300 AND OVER.

Main Office 38 State St.
Branch Office Cor. Mass.
Ave. and Boylston St.
Boston Mass.

BOSTON TRUST COMPANY ADVERTISING.
One of a Series in the Boston Dailies.

NEW YORK TRUST COMPANY ADVERTISING.
An Excellent Series of Small Ads Now Running in the Daily Papers.

SOME ORIGINAL TRUST COMPANY ADVERTISING.

WHILE the Guardian Trust Co. is one of the relatively younger and smaller of New York trust companies, it has established a policy that is bringing it steadily forward. When Mr. Charles L. Robinson, vice-president and chief executive officer, went to the company in March, 1905, from the National Bank of Commerce, which he had joined after fifteen years with the Western National Bank, on the merger of that bank with the Bank of Commerce, he at once inaugurated a plan of conservative progressiveness which fostered the reciprocal relations between the company and its patrons, welcoming all legitimate business, but steadfastly discouraging anything in the nature of "frenzied finance."

March 1, 1905, when Mr. Robinson assumed his present office, the company's deposits were $2,700,000 and the depositors numbered 600. Mr. Robinson proceeded to cultivate the acquaintance of his customers and to promote their friendly relations and personal interest in the welfare of the company, without which no financial institution can have its best success. Within a year the natural result was manifest in the doubling of the volume of deposits and number of accounts.

The next step was an advertising campaign for the purpose of acquainting the general public with the facilities offered by the company. At once turning aside from cut and dried methods Mr. Robinson decided upon a series of ads. which by saying something novel in a forceful way would command attention and appeal to the public.

Mr. M. D. Wheeler Thurston of 1269 Broadway was selected to prepare the series of ads., a group of which are reproduced on another page. These little ads. appear three times a week in five daily papers and copy is used but once in each paper. While the space used is not large (two inches, single column) typographical display and originality of wording have attracted attention and the results have been very gratifying to both Mr. Robinson and Mr. Thurston. The series was begun August 6th and the well-known cumulative effect of such an advertising campaign is becoming more and more noticeable. This series is considered one of the best and most original that has yet appeared in trust company advertising. Its educational effect along the line of general trust company publicity, too, can hardly fail to be of importance.

UNION TRUST COMPANY OF PITTSBURGH.

AN artistically-designed and tastefully-elaborate booklet is that of the Union Trust Company of Pittsburgh, setting forth the functions of trust companies in general and describing the resources and equipment of this company in particular. The subject-matter is well written and the half-tone illustrations are especially fine. The work was prepared by Edward White. The Union Trust Company of Pittsburgh is one of the leading institutions of its kind in the United States. It has a capital of one and a half millions, and its surplus of twenty-two millions represents the greatest reserve strength of any single bank or trust company in the world.

WESTERN GERMAN BANK, CINCINNATI.

A NEAT aluminum pin-tray for desk use, bearing a picture of the handsome building of the Western German Bank of Cincinnati, is one of the minor but meritorious schemes of publicity adopted by that enterprising institution. The illustration serves to render doubly effective the accompanying statement, striking in itself, of "Capital and Surplus $1,000,000.00, Undivided Profits $82,288.96."

The Strength of the

Old Colony Trust Co.

is reflected by the following statement.

October 31, 1906

RESOURCES

Time Loans		$13,122,038.34
British Consols, Massachusetts Bonds and other Investments		12,296,206.91
Banking Offices		1,489,000.00
Cash and Demand Loans:		
Demand Loans	$6,235,478.78	
Deposits in Banks	6,555,109.98	
Cash in Office	2,151,389.43	14,941,978.19
		$41,849,223.44

LIABILITIES

Capital Stock, Surplus Fund and Undivided Earnings	$7,176,783.81
Deposits	34,672,439.63
	$41,849,223.44

Although the Old Colony Trust Company is the largest trust company in Massachusetts it is glad to receive small as well as large accounts. Two per cent interest is allowed on all balances of $500 and over, subject to check.

Offices: Ames Building and 52 Temple Place

Banking by Mail

The Old Colony Trust Company employs a system which makes it easy for its out-of-town depositors to open accounts and transact business by mail.

Deposits sent by mail may be in the form of money orders or checks, and they are acknowledged the day they are received.

It is not necessary to send the pass-book with deposits, or to be balanced, as, on request, statements are mailed showing the balance on the last day of each month, and the cancelled checks are returned at the same time.

This system is a great convenience to those who come to Boston infrequently

Write for further information.

Old Colony Trust Company, Boston

Main Office Ames Building | Largest in Massachusetts | Branch Office 52 Temple Place

BOSTON TRUST COMPANY ADVERTISING.
Two Samples of an Excellent Series.

NEW COUNTERFEIT TEN-DOLLAR UNITED STATES NOTE.

SERIES of 1901; check letter B; back plate number 162; J. W. Lyons, Register of the Treasury; Charles H. Treat, Treasurer of the United States; portraits of Lewis and Clark.

This counterfeit is apparently a photolithographic production printed on two pieces of paper, with silk fibre distributed between them. The face of the note is grayish black. The numbering, seal and large X TEN are of good color and workmanship. The check letter and plate number do not appear in the lower right hand corner. The back of the note is a dark bluish green. By itself this counterfeit is apt to deceive, but when handled with genuine notes the marked difference in the color of the back should lead to its immediate detection. Receiving Teller R. Hallett, of the Corn Exchange Bank of New York, furnished the first information of this counterfeit.

MODERN FINANCIAL INSTITUTIONS AND THEIR EQUIPMENT

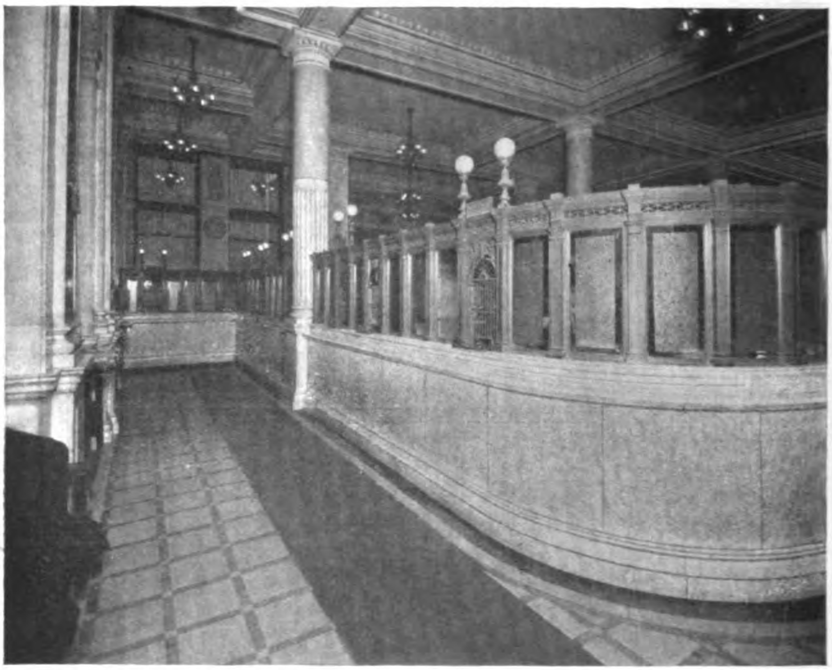
CHASE NATIONAL BANK, NEW YORK CITY.

AS the Chase National Bank has recently increased its capital from \$1,000,000 to \$5,000,000, a brief retrospect of the changes in capital from the organization of the bank to the present time will be found of interest.

NEW YORK CLEARING HOUSE BUILDING, CEDAR STREET.
Home of the Chase National Bank.

The Chase National Bank of New York city was organized in 1877 by John Thompson and his son, Samuel C. Thompson, and in December of that year the officers were authorized to lease premises for its occupancy and to open for business. The Thompsons, father and son, were the organizers and for fourteen years managers of the First National Bank of New York city.

When the firm of Jay Cooke & Co. failed, George F. Baker, H. C. Fahnestock and James A. Garland, who were prominently connected with that house, realized that there was an opportunity to acquire the business and utilize the good-will which the enormous volume of business transacted by the failed concern had necessarily created. Accordingly, they purchased the control of the First National Bank, and by so doing were able to take over in a very large measure the business of the suspended firm.

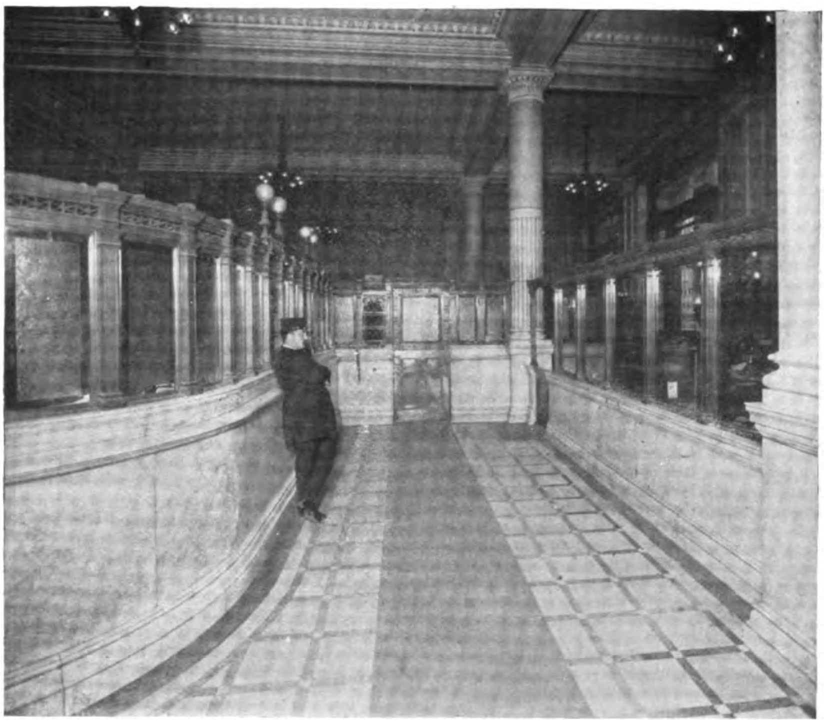


BANKING ROOM, CHASE NATIONAL BANK.

John Thompson enjoyed a high reputation and great prestige with the banking community and the public generally, growing out of his ownership and editorship of "Thompson's Bank Note Reporter." Under the Thompson management the Chase National prospered in a quiet way, and on December 7, 1886, the bank had accounts from 165 national banks, 409 state banks and bankers and 242 individuals, the aggregate deposits being in excess of five millions.

In the meantime, on October 30, 1886, the control of the bank passed into the hands of Henry W. Cannon, John G. Moore, Edward Tuck, Calvin S. Brice and Gen. Samuel Thomas. Mr. Cannon became president, and presently thereafter William H. Porter, now president of the Chemical National Bank, was made cashier. In the following year James J. Hill was added to the directory. The first act of the new administration was to increase the capital from $300,000 to $500,000, the new stock being paid for at the book value of the old.

After the first year the bank paid dividends at the rate of six per cent. annually, and this rate was gradually increased as the bank grew



BANKING ROOM, CHASE NATIONAL BANK.

and prospered, until the dividends reached twenty per cent., the amount which is paid at the present time. In December, 1887, the capital was again increased from $500,000 to $1,000,000, by a stock dividend; a dividend of 100 per cent. being made coincident with the doubling of the capital stock.

On November 12, 1906, the stockholders of the Chase National voted to further increase the capital stock $4,000,000, making the capitalization $5,000,000, the new stock to be paid for at par on December 12. On November 19 the board of directors declared a cash dividend of 400 per cent., payable December 12, the amount of the dividend equalling the increase in capital stock.

PRESIDENT HEPBURN'S PRIVATE OFFICE.

OFFICERS' QUARTERS, CHASE NATIONAL BANK.

The Chase National Bank has therefore a present capital of $5,000,-000, with surplus of $4,000,000 and undivided profits of $500,000. The aggregate amount of regular and extra dividends declared up to the present time is $6,322,000; and the paid-in capital of $500,000 has been increased by the bank's earnings, in the form of capital, surplus and undivided profits, more than $9,000,000.

A. B. Hepburn, the president of the Chase National, assumed the chief management in 1898, resigning the vice-presidency of the National City Bank for that purpose.

The other officials are: vice-president, A. H. Wiggin; cashier, E. J. Stalker; assistant cashiers, C. C. Slade, S. H. Miller and H. K. Twitchell; directors, Henry W. Cannon, chairman; James J. Hill, George F. Baker, A. Barton Hepburn, Oliver H. Payne, John I. Waterbury, Grant B. Schley, Albert H. Wiggin, George F. Baker, Jr.

PERCY D. HAUGHTON,
City Trust Co., Boston.
Manager Department for Preparation and Certification of Municipal Securities.
Photo by Garo, Boston.

NEW TRUST COMPANY IN NEW YORK.

THE Commercial Trust Company is a recent addition to the upper financial district of the city. This institution occupies the ground floor of a remodeled building at Broadway and Thirty-seventh street.

R. R. Moore, formerly president of the New Amsterdam National Bank, is president of the company. Amos Higgins, who resigned the assistant secretaryship of the Van Norden Trust Company to go with the new forces, is the secretary. The directors are Kimball C. Atwood, Herman Auerbach, George W. Elkins, A. L. Erlanger, E. H. Fallows, Joseph R. Grismer, J. H. McGraw, I. A. McKeel, E. E. Moore, R. R. Moore, L. H. Perlman, Charles G. Phillips, W. O. Sergent and L. D. Smith.

The company starts with a capital of $500,000 and a surplus of $250,000, the stock having been subscribed for at $150 a share.

ALBERT M. READ.

ALBERT M. READ was recently elected a director of the American Security and Trust Company of Washington, D. C. Mr. Read is president of the Security Storage Company of Washington, vice-president of the American Warehousemen's Association,

ALBERT M. READ.
Recently Elected Director of the American Security and Trust Company, Washington, D. C.

director of the Washington Board of Trade, and Commissioner of the National Board of Trade. He has made an especial study of warehouse receipts, and a few years ago contributed an interesting and practical paper to THE BANKERS' MAGAZINE on that subject.

AN AUTOMOBILE BANK.

A TRAVELLING bank, which not only receives deposits but carries money to customers to meet their payroll requirements, is part of the equipment of the Night and Day Bank of New York city.

To make the collections the bank has had built a specially designed automobile. Taking up the greater part of the body of the machine is a large safe, built into the automobile so that it cannot be removed. There are no side doors, entrance only being possible to the section containing the safe by a front door next to the chauffeur's seat. The mechanism is so constructed that it is impossible for any one but a chauffeur who has learned the plan to operate it.

Each depositor who desires to have his money taken to the bank by the collectors receives a metal dispatch box, numbered and inclosed in a leather case. In this he puts his currency and checks, and when the

THE AUTOMOBILE READY TO START ON A COLLECTING TRIP.

machine comes around he turns the box, locked, over to the messenger, who gives him a receipt for the box, "contents unknown." On the stub of the duplicate receipt which the messenger is to take back to the bank is a memorandum of the box's contents.

There are but two keys to each box, the customer having one and the receiving teller the other. When the messenger gets the box he drops it into a slit in the automobile safe, and as the safe is built like a letter box the deposit boxes cannot be removed save by some one knowing the combination of the safe. At the bank the boxes are taken out and the receipts checked off with the deposit slip that has been locked in the box. On the next trip the box and the pass book are returned to the depositor.

The collecting automobile will follow regular routes, starting at 3 o'clock, making a trip among the large stores at 5, a visit to the theatre box offices between 9 and 10 P. M., and picking up posibly all the small change that has been left in the large restaurants between midnight and 1 o'clock.

The machine is also designed to overcome a still greater difficulty which besets merchants who have heavy weekly pay rolls necessitating the drawing of large sums in cash at one time. With the new "wagon," as they call the automobile at the bank, it will only be necessary for a well-known customer to telephone to the bank the number of one-dollar bills, the number of twos, and so on, that he wants, and the full amount will be made up by the teller, locked in a box, and delivered within a few minutes at the customer's office or store, where his check will be accepted, providing he has been depositing long enough for his signature to be known. The chauffeur and the messenger who ride in the money "wagon" are both armed, and the bank officials feel sure that there is no chance of the machine being held up on its rounds. Even if thieves did get into it the bank officials say they couldn't get at the money.

DEATH OF A WELL-KNOWN BANKER.

HERMAN KOUNTZE, president of the First National Bank, Omaha, Nebraska, died November 20. Mr. Kountze was one of the pioneer bankers of the West. In 1856 he went from his home in Ohio to Omaha, where he joined his brother, Augustus, in the banking business. Soon they were active factors in the finances of Omaha and other growing Western towns.

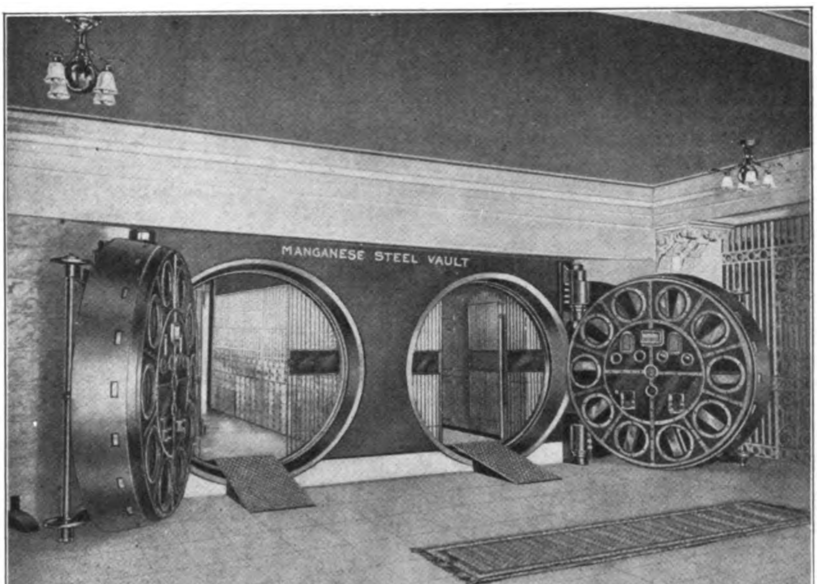
The First National Bank of Omaha was founded by Herman Kountze and his brother in 1863, and their business was turned over to the bank. Later a branch of the bank was established in Denver and became the nucleus of the Colorado National Bank of that city, established by the Kountzes in 1866.

Mr. Kountze's activities as a banker were enlarged when, in 1868, the firm of Kountze Brothers, of which Herman Kountze was a partner, was established in New York. It was not long before the firm assumed a position of international importance in the financial world. It always maintained close relations with Western affairs and built up a large business in handling municipal and state bond issues.

THE PROBLEM OF THE BURGLAR-PROOF VAULT.

PRACTICAL SUGGESTIONS TO ASSIST IN THE ANSWERING OF A MUCH DISCUSSED AND SOMEWHAT INVOLVED QUESTION.

THE tremendous material prosperity of the country in the last few years has had an immediate reflection in the demand for increased facilities for banking, and safeguarding valuables. In localities where ten years ago a single bank more than sufficed for the needs of the community are now found three or four institutions, all of which are doing a good business. The man who ten years ago measured his wordly wealth by a deposit in the local savings bank has now become an investor in securities and demands proper facilities for keeping these safely.



MANGANESE SECURITY VAULTS OF THE COMMONWEALTH TITLE INSURANCE AND TRUST COMPANY OF PHILADELPHIA.
Dimensions, 10' x 25' x 12' 3".

Hardly a bank exists now that does not find it necessary not only to guard its own securities, but to offer protection for the valuable personal property of its depositors.

These causes have given a remarkable impetus to the business of vault-building and have led the banker to pay particular attention to this portion of his equipment. He has not been slow to see the advertising value of a modern vault of massive appearance, whether it be simply for the care of the bank's own funds, or to be used for the public rental of safe-deposit boxes. Furthermore, the financial return from a safe-deposit vault makes the investment a most attractive one.

The selection of a vault seems at first glance to be no more difficult than any other decision to be made in connection with the fitting up of the banking building. The banker soon discovers, however, that he cannot expect the same assistance from his architect as he has received in connection with other portions of the work, first, because the style of vault chosen is primarily a question involving business judgment, and, secondly, because while nearly every competent architect has some general ideas upon the subject, few have been able to devote the time necessary to a complete investigation. This is particularly true of the later developments of vault-building, which have revolutionized the industry. Recent discoveries in chemistry and metallurgy have led to radical departures in materials and methods of construction. The advocates of the new systems are sharply at variance with the makers of the old style of vaults, and the arguments advanced are so technical that it requires much more than a superficial investigation to arrive at an intelligent decision. Few architects have the time or inclination to master this highly special branch of engineering, and the field is so limited that a comparatively small number of engineers feel justified in making a specialty of this work. Thus it happens that for the most part purchasers must take the responsibility upon themselves of weighing the arguments of the respective makers and coming to a decision practically unassisted.

It is the object of this article to present a few of the more salient points which bear upon the subject, and if possible to clarify the discussion which becomes so involved when the representatives of the respective makers advance their several arguments before a building committee.

Preliminary Considerations in Selecting a Vault.

There are certain preliminary considerations which are of the utmost importance in selecting a vault, but which are seldom presented for separate determination. They may be appropriately termed the practical business questions which are to be determined by the purchaser from facts always at his command and are not to be affected by the persuasive argument of accomplished salesmen.

A vault ten feet square may vary in cost from one to fifteen thousand dollars, depending upon its mode of construction, the smaller figure representing simple brick or concrete walls, and the larger standing for the massive steel casing of the most modern system of construction.

Between these two extremes will be found every variety of construction; as, for example, concrete mixed with broken glass, or reinforced with steel rods; steel rails interlocked and imbedded in concrete; concrete walls lined with Bessemer steel plates, from a quarter to an inch thick; steel walls alone, from one-half to three inches thick, composed of alternate one-half inch or one inch layers of Bessemer and chrome steel, and walls of solid steel, from two to five inches thick.

Similar variation will be found in the entrance doors, which vary from the light steel-plate door, costing seventy dollars and weighing perhaps six hundred and fifty pounds, to the ponderous circular door of solid steel weighing ten tons or more.

A very natural question at once arises: Are all these types of vaults burglar-proof? If not, at what point do they attain that quality? If other vaults besides the most expensive are burglar-proof, why should the additional cost ever be incurred? Such questions are most relevant, but seldom satisfactorily answered.

The difficulty lies in the fact that the term burglar-proof is in a measure a relative one.

Factors Affecting the Degree of Safety Afforded.

It is generally admitted that the severest felonious attack which could be made upon a vault would be in case of the temporary suspension of police or military protection and the unbridled operations of a mob, un-

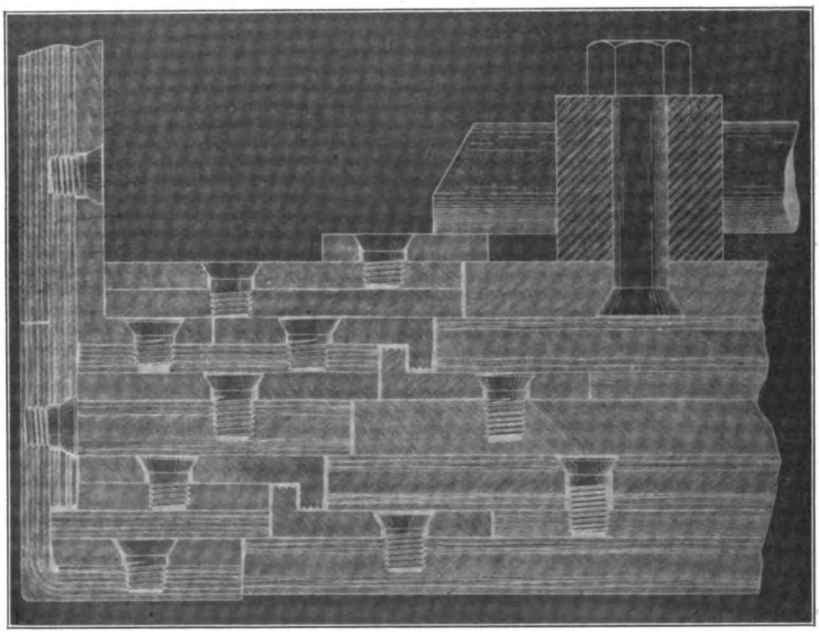


FIG. 1.—CROSS-SECTION OF A LAMINATED OR PLATE VAULT, SHOWING THE METHOD OF FASTENING THE PLATES TOGETHER BY SCREWS.

hampered by any necessity for extreme haste or secrecy. It will at once be seen what an attractive prize would be afforded under such circumstances by a vault containing the reserve of a large financial institution. The danger of such an attack is, of course, remote in large and well protected cities, but is a very present one in some of our western towns, where at times a whole community is held at the pistol point by a band of robbers while the local bank is attacked.

But even in the large cities the danger is not altogether fancied. In New York City during the draft riots of the Civil War a considerable period of time elapsed before private property was afforded adequate protection. During the Baltimore fire much of the city was in a turmoil without proper police protection. In the San Francisco fire the same conditions prevailed to a much greater degree. The recent earthquake at Valparaiso threw the city, temporarily at least, into a state of panic and demoralization.

Theoretically at least, there is also the danger of temporary invasion in time of war, and while we do not relish the thought of such a possibility, the anxiety displayed in coast cities and towns while the where-

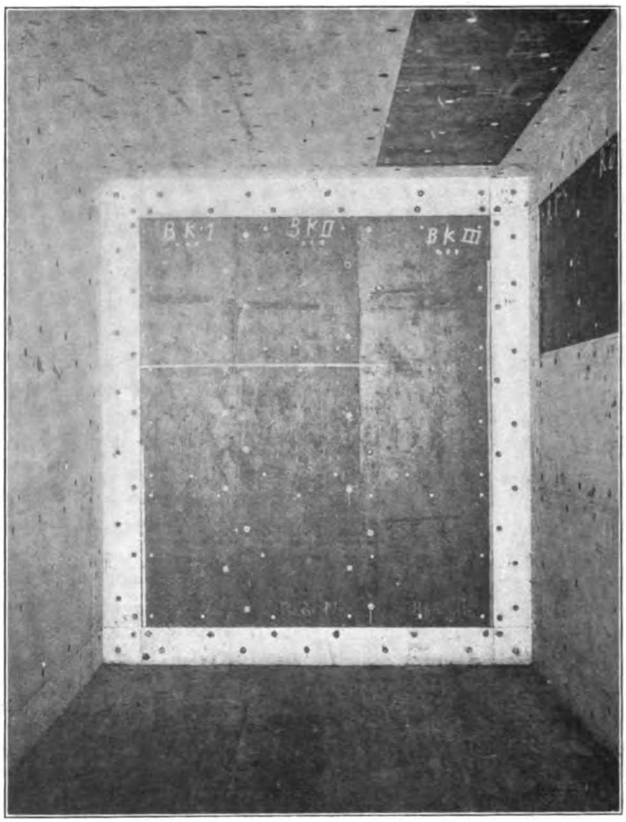


FIG. 2.—INTERIOR OF A LAMINATED OR PLATE VAULT, SHOWING INDIVIDUAL PLATES, PIERCED BY SCREWS.

abouts and strength of the Spanish flying squadron were uncertain was very real and widespread. In several instances serious consideration was given to the advisability of removing securities and valuables to inland points. Picture for a moment the feelings which would arise should the fleet of some naval world-power be approaching our coast! In theory, the absolutely burglar-proof and mob-proof vault should be capable of affording such protection under these circumstances as would allow a sufficient time to elapse in which to re-establish law and order.

Coming to purely burglarious attacks, it is manifest that every community presents an individual problem. The greater the density of the population, with its probably increased efficiency of police protection, the less the opportunity for the cracksman. Thus in our chief cities it is highly probable that the entire reserve of the largest banks might with entire safety be left upon the directors' table over night, guarded only by a faithful watchman, while a similar proceeding in a frontier town might result in a sudden increase in the per capita wealth of the under world.

The larger the towns the shorter the hours at the burglar's disposal and the greater the need for secrecy and quiet, thus imposing irksome restrictions upon his actions.

Following this reasoning to its logical conclusion, we should expect to find that the bank in the small remote town would install the heaviest vault procurable and the metropolitan depository would have little or no protection. Directly the opposite is the fact, and the merest apology for a vault suffices the country bank, while its city correspondent builds massive structures calculated to defy any agency. This anomaly is due to two causes. The metropolitan banker regards the actual danger of burglary as of secondary importance and considers it to be of primary importance that he should have a vault which is theoretically the strongest under both normal and abnormal conditions, and he is justified in so doing, for the advertising value of the modern massive vault cannot be estimated in dollars and cents. The unexampled prosperity of our country has made our people insistent upon the best in everything, and the bank or safe-deposit company which can point to the most modern form of vault impresses the prospective depositor not only with a feeling that he has obtained the best protection available, but also with confidence in the financial solidity of the institution which has fortified itself with such a modern equipment.

And yet it is curious to note that, in many cases, the city banker having decided to purchase only the best for the reasons above stated, suddenly changes his mind, and having progressed far beyond the actual protection required by local conditions, suddenly awakes to the fact that he has a vault which is not likely to be robbed, and says: "I will go no farther and spend no more money to get anything better." And when approached by the makers of still better types of vaults, he meets them with the question, "Do you mean to say that the type of vault I am considering is not burglar-proof?" Probably it is under local conditions, but so would one be of a still less expensive type.

The metropolitan banker is not altogether to be blamed for this inconsistency, for he is urged into it by the makers themselves. Every salesman argues to the banker that his particular type of vault is all that the banker needs for actual security, and that any more expensive type would merely be a waste of money. The banker does not pay much attention to this until the price begins to mount up. When his disinclination to increase the cost becomes too great for him, he accepts the argument and signs the contract for a vault which is neither fish nor fowl, being much stronger than he needs for actual protection and still not the best to be had. Naturally, this criticism does not apply to the purchaser who is absolutely limited in the amount available for the purchase. Such an one is, of course, amply justified in conforming his contract to his purse.

The country banker is animated by the same desire as his brother of the city to make an impressive thing of his vault, but rarely has the means or is justified in expending a sufficient sum to purchase the best. Hence are found an enormous number of small vaults in country banks which are of little value to protect against burglarious attack, but are used as a receptacle for considerable sums of money. Far better would it be for such banks to expend their appropriation for a capacious modern burglar-proof safe, which though perhaps less imposing would afford infinitely greater security.

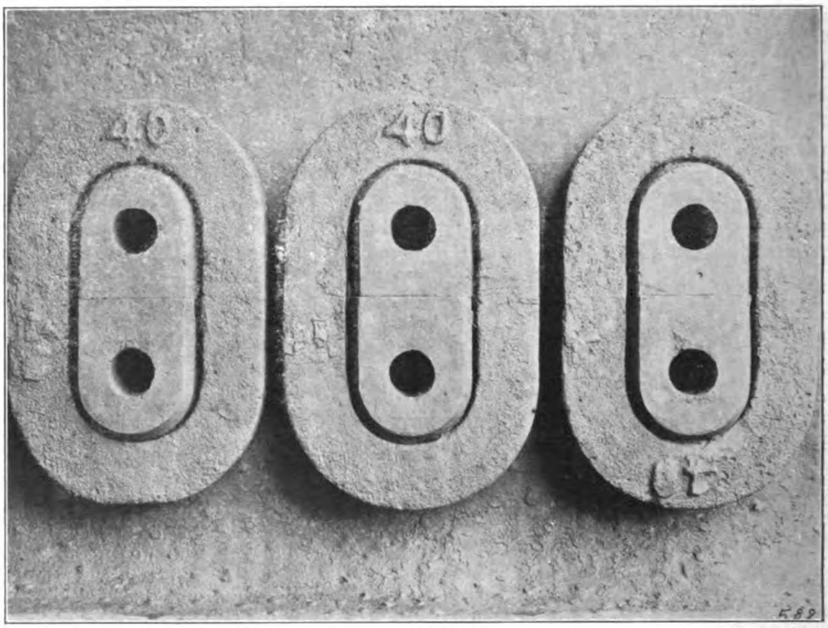


FIG. 3.—LINKS AND LUGS USED IN UNITING ADJOINING PLATES OF A MANGANESE STEEL VAULT.

Various Types of Vaults.

It will be instructive to give a brief consideration to the various types of vaults.

The evolution of the vault has been well defined, from the rock-hewn cavern closed by heaped-up stones, to masonry chambers with massive wooden doors studded with nails and locked with huge bolts or later with primitive keys, or the alphabetical locks of the seventeenth century. Wooden chests were displaced by those of metal, and with the development of the iron and steel industries the sizes of the chests increased until they became strong rooms with iron walls.

But as fast as the security increased faster grew the daring and skill of marauders, and so keeping pace the one with the other, the race be-

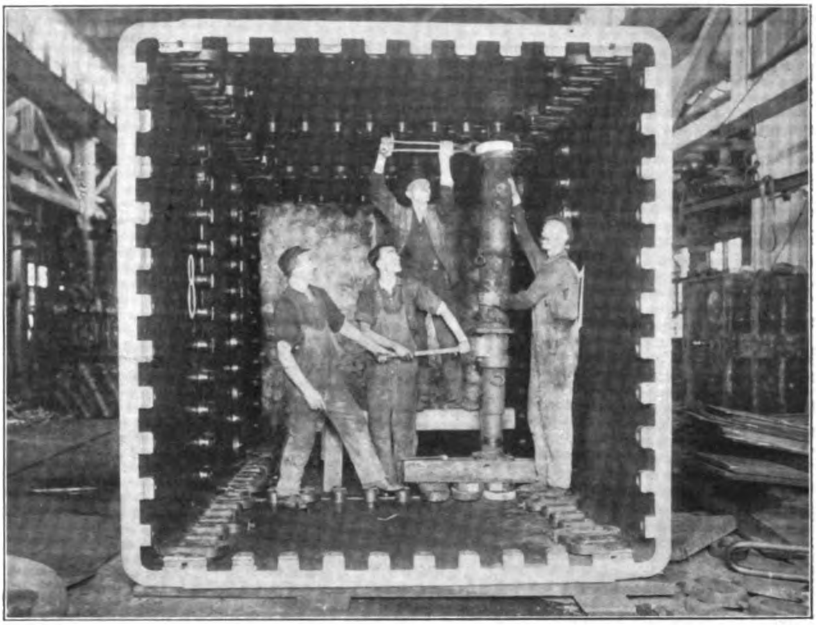


FIG. 4.—ASSEMBLING PLATES OF A MANGANESE STEEL VAULT. SHRINKING ON A WHITE-HOT RING.

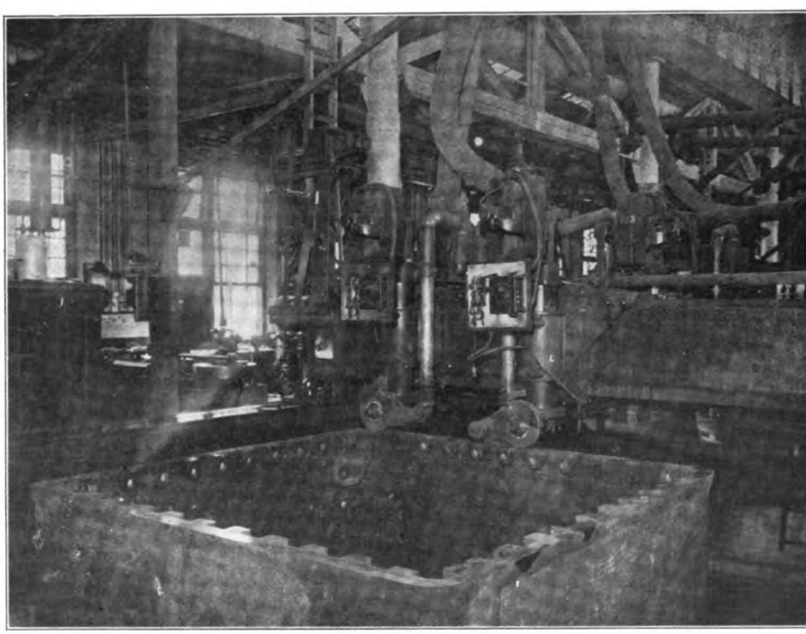


FIG. 5.—GRINDING THE JOINTS OF A MANGANESE STEEL VAULT.

tween security and attack has kept up to the present day. Iron walls gave place to those of steel, and when ordinary steel proved insufficient, the makers turned to hardened steel, though hampered always by the fact that the harder the steel the more brittle it bcame and the more susceptible to crack under shock. To avoid this and in default of a metal possessing the qualities of both hardness and toughness, alternate layers were used of tough soft steel and hard brittle steel, the combination being deemed sufficient to give hardness to protect from penetration and toughness to resist shock.

This type of vault, known as the laminated or plate vault, answered the purpose until the advent of thermit, a substance burning with intense heat sufficient to draw the temper from hardened steel. This agency practically destroyed the efficiency of hard steel. The discovery of Manganese steel, a combination of ferro-manganese and iron, provided a metal inherently hard enough to be impenetrable to a drill, and when properly treated so tough as to be secure from cracking. This discovery led to the introduction of solid-wall vaults, which in the past few years have come more and more to be recognized as the most desirable form of security. With the introduction of Manganese steel vaults came the utilization of armor plate for the same purpose.

Vaults as constructed to-day may be divided into four classes.

(1) Masonry vaults of brick or concrete having walls of any desired thickness. Such vaults are, of course, easily penetrated and depend for their security solely upon the mass of material to delay the entrance of thieves.

(2) Masonry vaults lined with steel plates from a quarter of an inch to one inch in thickness. Such a vault is little stronger than masonry alone, for if the masonry be removed an inch of steel would afford little additional protection save for the time required to pierce it (perhaps half an hour). Yet this type of vault is a very popular one for small banks having from two to three thousand dollars to spend upon a vault. Great reliance is placed upon the thin steel lining, when in fact it adds practically no strength to the structure and the bank would be infinitely better off to confine itself to a pure masonry vault at less expense.

(3) The laminated plate vault, which does not depend upon masonry save for fireproof protection and consists of steel walls from a half inch to five inches in thickness, made up of alternate layers of hard and soft steel.

(4) The solid vault with walls from two to five inches in thickness, consisting of a solid piece of metal. The solid vault, as has been seen, is a development of the last few years. Up to that time the plate or laminated vault was the standard construction. The makers of this type still maintain that it is the most available form of vault and sharply contest the supremacy of the solid vault. As yet the makers of the solid vault have not attempted to dispute the field of the cheap vault, costing less than about eight thousand dollars. The massive construction of the solid vaults does not justify its use in small or very light structures.

Any banker who has been in the market for a vault more than nine feet square and with walls two or more inches in thickness knows by experience how strong is the competition between the makers of plate and solid vaults, and has been bewildered, not to say befogged, by the multitude of arguments pro and con. In order to form any definite idea of the merits of the constructions a more detailed description of the two types of vaults must be given.

The Laminated or Plate Vault.

The door and walls of a laminated or plate vault are built up to any desired thickness by successive layers of steel plates from a half inch to one inch in thickness each. These plates are usually the full height of the vault in length and about three feet in width. The outer

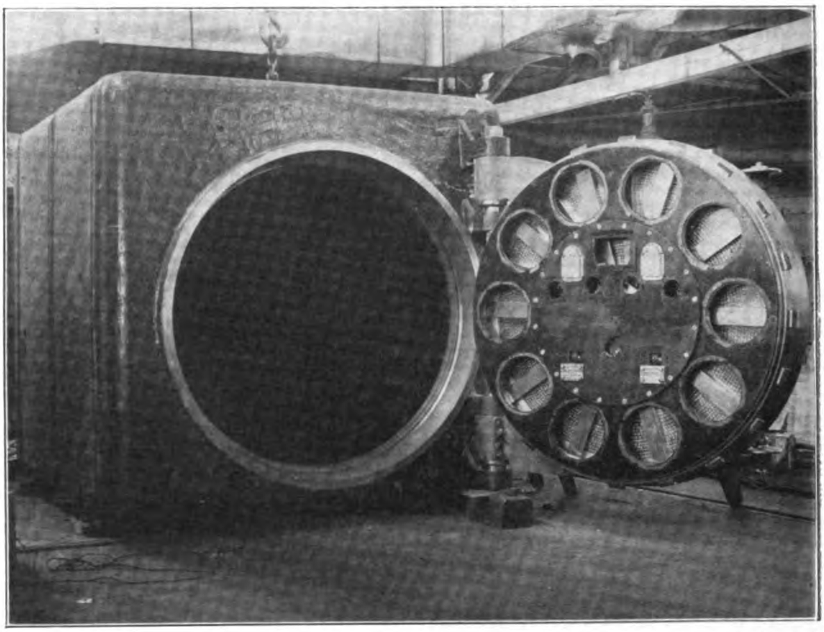


FIG. 6.—MANGANESE STEEL VAULT CONSTRUCTED FOR J. & W. SELIGMAN & CO., NEW YORK.
Dimensions, 9' 6" x 9' 6" x 11'.

layer of plates is usually of mild steel, such as Bessemer. The second layer of plates from the surface is usually composed of a very hard steel, such as five-ply chrome. These secondary hard plates are in turn backed by a series of soft steel plates, and this alternation of hard and soft plates generally continues until the desired thickness is attained. (Fig. 1).

The exterior surface of the outer plates is unbroken, but the inner face is tapped to the necessary depth to receive the screws by which the second layer of plates is fastened. The second layer of plates is attached to the outer layer by screws of either hard or soft steel, as may be specified, placed irregularly, and distant from each other generally, eight inches on centers. These screws are approximately equal in diameter to the thickness of the plates through which they pass. Each of the interior plates is of course tapped to receive the screws from the next adjoining layer. (Fig. 2.) Each individual plate is so placed as to blanket or cover a joint in the adjoining series.

The angles formed by the walls of the vault are strengthened by steel bars of such thickness as may be called for by the weight of the vault. At the corners of the vault these angles take the form of a tripod to give the requisite solidity at the point where the sides and top or bottom of the vault converge.

The door of a plate vault is built in the same manner. Each successive plate is, however, slightly smaller than the one immediately outside of it, thus forming a series of steps which correspond with a reverse series of steps on the vestibule or jamb. When the required thickness has been attained, a bolt frame is attached by screws which extend through one or more of the plates of the door. Through this frame project the bolts, which are actuated either by worm gear connecting with a shaft which pierces the door and terminates in an outer wheel, or the locking mechanism may be operated entirely by an automatic spring device affixed to the inner surface of the door and controlled by clock work.

It will be seen that a vault of this type is of a very convenient construction and may be adapted to almost any requirements. The method is the same whether it be desired to build a vault with walls one inch thick or ten; it only being necessary to increase the number of layers. In the cheapest type of vault the wall consists of only one plate, which is usually of mild steel; rarely is a single plate wall composed of hard steel, owing to the difficulty of proper fastening, and also to the fact that it would make little difference in the vulnerability of such a wall whether it was of hard or soft material.

The alternation of hard and soft plates arose, as already indicated, from the fact that, until within a comparatively recent date, no metal was known which combined the qualities of hardness and toughness to a sufficient degree to make it adaptable for burglar-proof work. A metal sufficiently hard to resist the penetrating power of a drill is so brittle that it might be easily cracked under the shock of powerful explosives, while a metal sufficiently tough to withstand this latter agency would offer little or no resistance to penetration by the burglar's tools. The most available way of solving this difficulty was to use the two classes of metals above described, securely fastened to each other by the system of screws to which reference has been made.

The advocates of this type of vault rely chiefly upon the weight of metal employed for the security which they offer. The manufacturers themselves, however, do not consider that it meets the requirements of a modern burglar-proof vault unless the walls are at least two inches in thickness. A lesser weight of metal, while recommended for light vaults, is rarely offered where the purchaser is seeking a vault of standard burglar-proof construction.

The thickness of the walls and doors is increased beyond this point to any dimensions required. Vaults of two and a half; three; and three and a half inches are of the most common occurrence, and in cases where rivalry of adjoining institutions makes it desirable to have a particularly impressive vault structure, the thickness of walls has been increased to four or five inches, and that of the door to as much as twenty inches, inclusive of the bolt frame.

THE SOLID VAULT.

The solid vault came into being as a result of the discovery of a metal which could take the place of the combined hard and soft steels in the laminated vault, and was constructed upon the theory that if a wall three inches thick, composed of three separate plates, offered protection against attack, a solid plate of the same thickness, provided it was composed of a proper metal, would be stronger. The plates of a

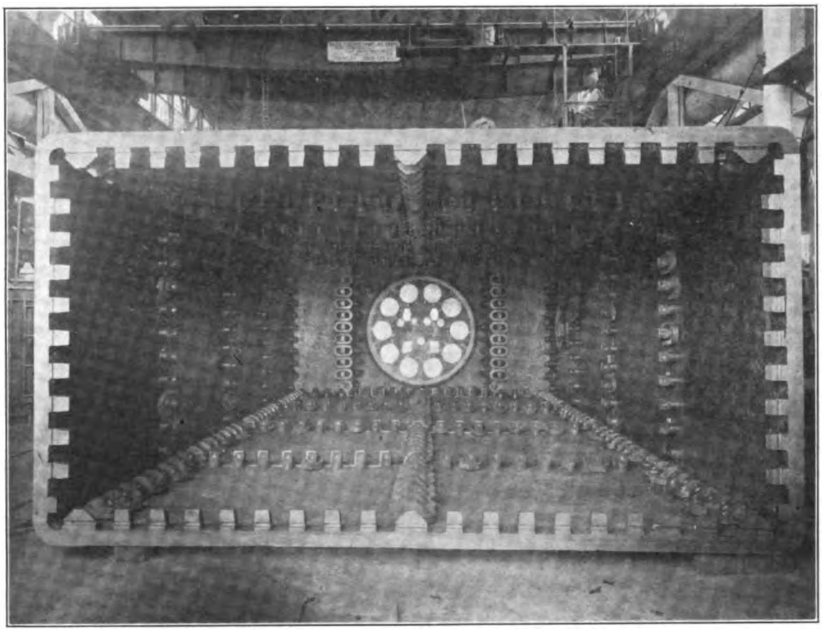


FIG. 7.—INTERIOR OF MANGANESE STEEL VAULT CONSTRUCTED FOR THE FEDERAL SAFE DEPOSIT CO., NEW YORK.
16' 8" Wide Without Supporting Columns.

solid vault being cast, it was possible to make them of much larger size than the plates employed in laminated work, and we therefore find in the solid construction single pieces of metal three inches thick and as much as nine feet square. Since the walls consisted of a single plate, it was at first a somewhat troublesome proposition to devise a method of fastening adjoining plates by a means which would provide a tight joint or union between them. This was the more important by reason of the fact that in the solid vault no opportunity exists for covering or blanketing the joints.

There are two types of solid vaults at present offered to bankers—those composed of armor plate manufactured by the United States Steel

Corporation and the Bethlehem Steel Co., and those in which Manganese steel is employed. This latter type of vault is made by only one company, the Manganese Steel Safe Company of New York and Plainfield, N. J. The system of fastening the adjoining plates differs radically in the two types of vaults. Armor plate, as is generally known, is manufactured by subjecting the outer surface of a soft steel plate to a carbonizing process by which the surface of the plate is hardened to the depth of approximately an inch. The actual surface presents the maximum of hardness and this quality decreases until, at about the depth indicated, the effect of the added carbon is lost and the original soft steel remains.

The adjoining plates of an armored vault are dovetailed along the edges, and when interlocked are prevented from being disengaged by the introduction of wedges. Similar means are employed at the corners of the vault to effect the same purpose. The door of an armor-plate vault is cast of solid metal of the required thickness and the surface subjected to the treatment above described. The bolt frame is screwed to the back of the door in a similar manner to that employed by the makers of laminated work.

Vaults composed of Manganese steel, which are the better known type, consist of a series of individual plates having a minimum thickness of two inches and of appropriate dimensions to suit the requirements of special contracts. The peculiarity of Manganese steel is such that it requires no treatment to give it its desired hardness, this quality being inherent. It is practically unmachinable. It is therefore essential that the separate plates should be cast so nearly to the ultimate dimensions that they may be finished by processes of grinding or abrasion.

Along the edges of each plate, and forming an integral part of it, are placed a series of lugs, located approximately nine inches apart, and so spaced that when the edges of two plates having been ground to true planes are placed together, the lugs upon one plate will register with the corresponding lugs of the other. These lugs are approximately four inches in width, and of the same thickness.

When the vault is ready to be assembled steel rings or links are heated red hot and when in the expanded condition, resulting from this treatment, are driven over and around each pair of lugs. These links are two inches in thickness, showing in cross section, therefore, approximately eight square inches of metal, having a tensile strength of about 90,000 pounds to the square inch. The total holding power of each of the links, therefore, is in excess of 720,000 pounds, and this strength is available to hold the adjoining lugs together. This method of fastening is illustrated in Figure 3, which shows three pairs of lugs fastened by the links referred to. Figure 4 shows the process of fastening together the plates of a Manganese steel vault. The system of adjoining links is admirably shown, as is also the method of placing the heated link around each pair. It will be observed from the illustration that the joints between the plates in every instance occur upon the top or bottom of the vault, and not at the actual corners; that is, the side plates of the vault are turned at the top and bottom so that the corners present the form of an arch and the joints between each pair of plates occur only in a flat surface.

The construction of a Manganese steel vault is precisely the operation of placing together an ordinary rectangular box.

A single section vault is composed of two side plates, a bottom and top plate, one back plate and a vestibule plate in which is placed the entrance way. Figure 5 shows a section of a Manganese steel vault which has been partially put together, the side, top and bottom plates being joined together. These plates having been joined, the section is placed under heavy grinding machinery and the four edges

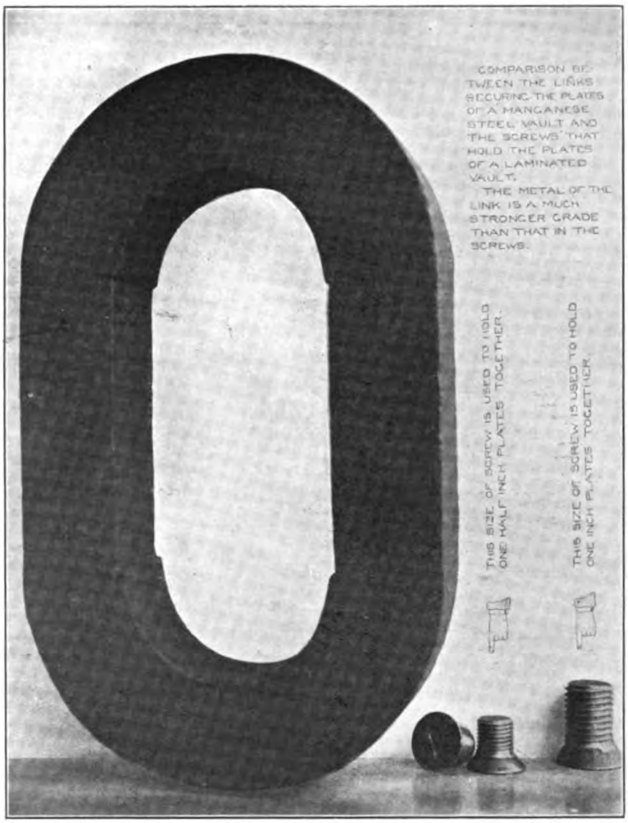


FIG. 8.—COMPARATIVE SIZE OF SCREWS USED IN LAMINATED WORK AND LINKS USED IN A SOLID MANGANESE STEEL VAULT.

ground to a uniform true plane preparatory to the placing in position of the end or front plate.

The system by which the plates of a Manganese steel vault are fastened together permits of construction of almost any shape. Section may be added to section to form any length of vault required. Figure No. 6 shows a vault consisting of two sections, the division line between the two being clearly shown on the left-hand side. Furthermore, so strong is the holding power of the lugs and links that it is entirely practicable to form a roof span of two plates, and of any desired depth without the necessity of a central line of supporting columns as exhibited in Figure 7.

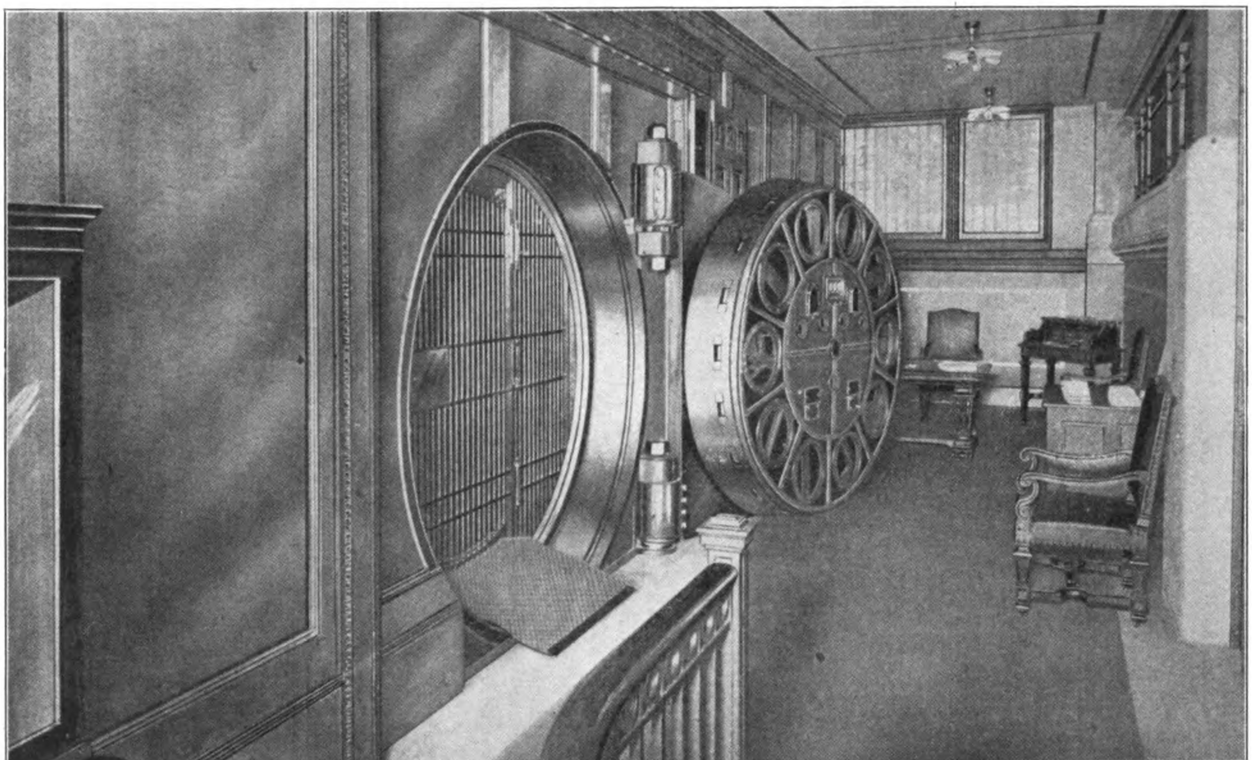
The door of a Manganese steel vault consists of a single solid casting twelve or more inches thick on the edge or jamb. The door of this type of vault differs from the armor plate or laminated vault door, in that the edge or jamb of the door is pierced by the necessary apertures to permit the use of the locking bolts. In other words, the door is its own bolt frame, while in the other types of door the bolt frame is screwed to the back of the door. This method of construction may be seen in Figure No. 6. It will be noticed that the edge of this door shows no steps such as have been described in the case of the plate door. A perfect fit is accomplished by first grinding the door and the door opening to their approximate size, after which the door plate is laid upon its back, the door placed in position, and having been painted with a mixture of emery and oil is rotated by powerful machinery until it gradually grinds its way into its permanent seat in the same manner in which a metal valve is manufactured. A slight depression will be noted in the circular door opening. Into this groove the bolts contained within the door project when the door is locked. The door bolts are controlled by combination and time locks as in the case of the plate vault. It will be seen how diametrically opposed to the laminated or plate construction is the solid form of vault. As might be expected the makers of plate vaults which were, until the advent of the solid vault, regarded as affording the highest type of security, are not yielding the field to the makers of solid vaults without strong protest, for if the arguments advanced in favor of the solid vaults and the criticisms directed at the plate vaults are just, it is obvious that the supremacy so long enjoyed by the older type of vault is at an end. The respective arguments advanced are as follows:

Criticism of Plate Vaults.

The arguments advanced against the plate vault are as follows:

(1) The large number of plates artificially fastened together. Reference to Figure No. 2 discloses the basis for this charge. The wall of a vault nine feet deep and nine feet high and three inches thick will contain approximately nine plates of inch thickness or eighteen plates of half-inch thickness. Multiplying this by six (assuming the fronts to be of the same construction as the sides) it will be found that fifty-four inch plates or 108 half-inch plates will enter into the construction of the top, bottom, sides and ends of the vault. The task of fastening these plates securely together so as to make a rigid and homogeneous mass is declared to be impossible, and it is pointed out that despite the utmost care it is out of the question to make of the completed vault anything more than a mass of metal parts mechanically put together, and which may, with comparative readiness, be mechanically taken apart.

(2) The large number of perforations in the plates required for the screw holes seriously impair the strength of the plates. This contention is supported by the fact that a plate 3x9 will be perforated by fifty screws if the latter be placed eight inches on centers and in addi-



MANGANESE VAULT OF THE WINDSOR TRUST COMPANY, NEW YORK CITY.
Dimensions, 10' x 33' 10" x 8' 3".

tion the plate will be tapped either partially or perforated fifty times additional to receive the screws from the next adjoining plate. To complete the system of fastening in a nine foot vault with half-inch plates over five thousand screws would be required.

(3) The impossibility of making the perforations on adjoining plates register accurately. This serious charge is based upon the fact that the holes which pierce the hard plates must of necessity be drilled prior to the hardening process. It is alleged that an unavoidable distortion takes place during this process which slightly alters the location of the holes, and thus it is found when the plates are ready to be assembled that whereas the holes registered accurately when first drilled, only a small proportion of them will ultimately be in such position that screws may be used to advantage. It is charged that a large number of screws, which are supposed to hold plates firmly in place, are of necessity driven in by force instead of being screwed into place. If this defect exists it is claimed that whereas the plates might, in theory, be fastened together by the vast number of screws employed, in practice, the union between them is actually very slight.

(4) The fact that the walls of a plate vault are composed of a series of layers makes it possible to insert nitro-glycerine between such layers, and, with a comparatively slight amount of explosives, overcome the holding power of the screws.

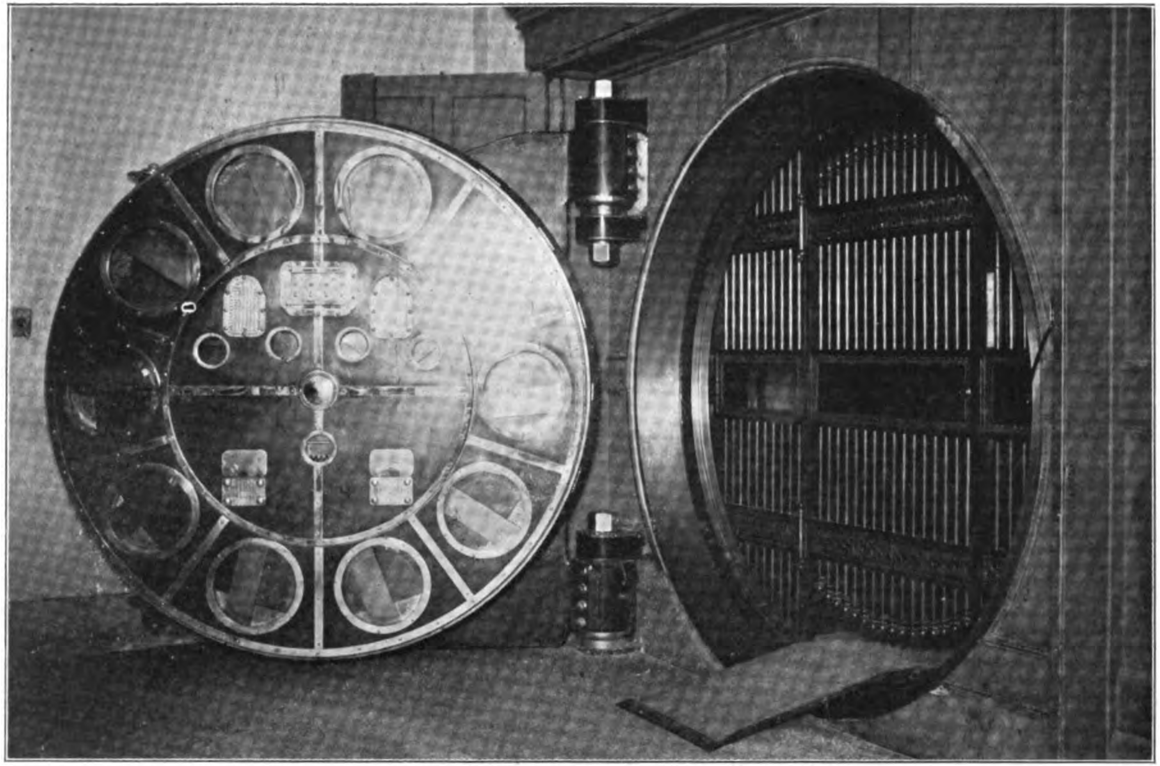
This charge is made possible by the fact that whereas a few years ago the ambitious burglar was equipped solely with mechanical tools, he is now fortified by two agencies, which render him material assistance, namely, nitro-glycerine and thermit. It being possible to draw the temper from hardened steel with the latter agency, it is in theory entirely possible for a burglar to drill through the outer soft plate of a laminated vault, remove the temper from the adjoining hard plate with a small quantity of thermit, and repeating this process as many times as there are layers of plates, penetrate to the interior of the vault.

The mere fact of penetrating the wall with a comparatively small hole is not of itself so serious as the possibility that, having bored a hole through the successive layers, it is a matter of no difficulty to insert nitro-glycerine between the successive plates and at one charge rip off a considerable number of them. The process might be varied by removing only the outer plate and having exposed the series of screws in the adjoining plates, destroy their efficiency by hammer and punch.

It is maintained that the interstices between the plates of a laminated vault offer a signally appropriate place for the explosive force of nitro-glycerine to operate.

(5) The locking mechanism of the door. It will be remembered that the bolts which fasten the laminated door into place pass through a bolt frame which is screwed to the back of the door. The critics of this type of door maintain that the strength of the door consists solely in the strength of the screws which fasten on this locking frame; that the space at the side of the door affords ample confinement for the use of nitro-glycerine, and that a comparatively small amount of explosive would overcome the holding power of the bolts above referred to.

To obviate these alleged defects in the plate vault the makers of the solid vault offer the argument that the solid plates composing the walls of



MANGANESE VAULT CONSTRUCTED FOR HARVEY FISK & SONS, NEW YORK CITY.
Dimensions, 9' x 9' x 13' 8".

the vault are just as thick as the combined thickness of the plates in a plate vault; totally avoid the use of screws; and that Manganese steel is impervious to drill and of such a natural hardness that this quality can not be removed by thermit.

They further claim that instead of a vault consisting of a large number of individual plates the solid vault requires but six pieces which are so solidly joined together by the system of lugs and links that the point where the plates join is as strong in its holding power as any other portion of the vault, and that the structure when completed is, for all practical purposes, a solid indestructible box.

As bearing upon this contention it will be of interest to examine the illustration presented at the end of this article, which shows a Manganese steel vault after a railroad accident by which it was precipitated nearly twenty feet from the tracks. The vault was raised, replaced on the cars and taken to its destination without requiring serious repairs or giving any evidence of having suffered from the accident.

It is claimed for a solid vault that even should it be pierced it would be impossible to confine any explosive within the hole so made so as to have appreciable effect. As evidence of the strength of the joints of this type of vault the makers point to the fact that in experiment ten ounces of nitro-glycerine have been exploded in a specially prepared crack in the joint without separating one plate from another.

The door of the solid vault is alleged to be superior to that of the plate vault in its greater perfection of fit, owing to the method in which it is ground to its seat, and also that instead of a series of steps such as is utilized by the makers of plate doors the jamb presents a straight surface in which it is impossible to confine explosives. The absence of any bolting frame and the avoidance of screwed fastenings, therefore, are pointed to as decided improvements on the older style.

Figure No. 8 is taken from the catalogue of the makers of the solid vault, and shows the relative proportions of the screws used in plate work and the links used in solid work.

Defense of the Plate Vault.

To the foregoing criticisms of their work the manufacturers of plate vaults reply not so much by a denial of the technical accuracy of the objections raised, as by the assertion that although theoretically they may be justified, yet practically the limitations upon the operations of a burglar are so great that it would be impossible to accomplish the injury indicated. They point to the enormous weight of metal of the walls and doors, and claim that the mere physical labor of removing it would present an insuperable obstacle to successful attack. The laminated vault manufacturers in turn attack the solid construction upon the following grounds:

(1) They raise a doubt as to the possession by any single integral piece of metal of the combined hardness and toughness necessary for burglar-proof work.

(2) They allege that the method of joining the plates of a solid vault as herein described does not result in a tight joint and that the introduction of explosives into this joint would separate the plates.

(3) They allege that if the solid vault be as indestructible as its makers claim, it would be dangerous to use, as an accidental lockout would be almost impossible of relief.

(4) That there is no necessity for any greater security than is afforded by the modern plate vault and therefore no justification for going to such additional expense as the solid vault entails.

Results Shown By Experience.

Of these criticisms naturally the first and second are best met by actual experiment. The advocates of the solid vault have realized the fact that they have not only introduced a new method of construction, but also a new metal, and they have very wisely, therefore, taken the ground with prospective purchasers that the whole question of the physical properties of the metal and the strength afforded by the method of construction cannot be settled by academic discussion and can only be determined by actual experiment and test. With this end in view the makers of solid vaults are always ready to arrange for practical tests of the physical properties of Manganese steel as well as the strength afforded by the linked construction of their vaults, such experiments being held either under the supervision of the company's own engineers or by the experts of the purchasers themselves. Remarkable results have been attained under these practical experiments which regularly include an attack upon the metal by drills, dynamite, nitro-glycerine and thermit.

As an adjunct to these tests the effect of thermit upon other hardened steels and the action of nitro-glycerine upon plate construction is demonstrated.

This method of meeting the technical arguments against the solid construction has been amply justified by its effect upon the banking community.

Six years ago Manganese steel, and vaults composed of it, were practically unknown. In a comparatively short time since their introduction, however, they have come to be recognized as both practically and theoretically the highest type of burglar-proof work. This result could never have been accomplished unless the makers had been willing to court the most thorough investigation and give prospective purchasers every opportunity for verifying the extensive claims made for the system.

We refrain from giving any details of these tests as being rather too technical for the character of this article. Any one who is interested in this question will obtain much more comprehensive ideas upon the subject of the merits of the solid construction by applying to the manufacturers for permission to be present at one of the practical demonstrations which are frequently being made.

The argument that the solid vault is too indestructible to be safe, while frequently advanced, does not carry great weight; and it would be an exceptional instance where a purchaser of a vault would not prefer the added security even at the expense of the theoretical danger of increased difficulty of entrance to the vault in case of accident to the mechanism of the door.

As a matter of fact the makers of the solid vault have never claimed that it is absolutely impossible of entrance, but take the ground that to effect an entrance would require the employment of special tools which a burglar or even a mob would find it difficult, if not impossible to obtain at all, and which would be of such weight and character as to be incapable of successful operation except under lawful conditions.

Heretofore the most potent argument against the solid vault has been the fact that in the early stages of the manufacture the cost of this type considerably exceeded the cost of a similar vault of laminated or plate work. This was due to the fact that the metal employed in the construction of the solid vault was much more expensive to produce than the ordinary rolled plates of the laminated structure. Furthermore, the impossibility of machining this metal, with the resultant necessity of

A RAILROAD WRECK—DISASTROUS TO EVERYTHING EXCEPT THE MANGANESE STEEL VAULT, WHICH WAS UNINJURED.

completing the vault by grinding, added greatly to the cost of manufacture. Notwithstanding these obstacles, an increasing number of bankers year by year appreciated the substantial advantages offered by the solid vault and equipped their institutions with this type, regardless of the added expense.

In the last year or so, however, increased facilities for manufacture and improvements in process have so reduced the cost of the solid vault that at the present time it is only slightly more expensive than the laminated work, while in some types of very heavy vaults it is even cheaper.

It is unfortunate that such a sharp conflict has arisen between the makers of the plate and solid vaults, the more especially that the discussion often grows more acrimonious than is altogether satisfactory to the purchaser of the vault, who is more concerned with getting at the actual facts than he is with the differences between the makers.

There is no doubt that in theory the solid vault is an advance in type over the plate vault, provided it be made of proper metal and be properly constructed. These are questions of experiment and test, and so far no reason has been developed to dispute the claims of the solid vault manufacturers upon this point.

The attitude of the plate makers in insisting that their system represents the last word in vault construction is a somewhat unreasonable one and in effect denies to the industry of vault-building the right to improvement and progress enjoyed by every other branch of manufacture. The advent of the solid vault was the first improvement in vault structure made for over thirty years, and it has been for some years evident that this change was bound to come when the proper metal was discovered. The same evolution has taken place in the building of burglar-proof safes, and whereas up to the time of the discovery of Manganese steel laminated plate safes built on the same principle as the vaults herein described were the standard manufacture, subsequent to the introduction of this metal the solid safe has rapidly forged to the front until at the present time practically all of the makers of burglar-proof safes are in accord in claiming for the solid safe superiority over that of plate construction.

If the makers of plate vaults desire to check the popularity of the soild vault they will find it necessary to do more than argue against it, for more and more the purchasers of vaults are demanding actual demonstrations and are calling not only upon the advocates of the solid vaults to justify by actual proof the truth of their contentions, but are in turn demanding that the detractors of the solid vault should similarly put to the test the justice of their criticisms.

We have attempted in the foregoing pages to give the prospective purchaser of vault work some idea of the problems which he will face and the arguments with which he will be met. So far the solid vault seems to have the greater number of theoretical arguments in its favor and its manufacturers assert that they are ready to demonstrate that their claims are not without justification. One who is considering the question will not go far astray in his determinations and will greatly lighten his own labors if he will pursue the very simple policy of requiring all the representatives of vault construction who come before him to reduce their arguments to writing and then require that the truth or falsity of the statements made be demonstrated by actual proof.

HOARDED WEALTH IN INDIA.

THERE is an element of wealth in India that is wholly inactive—the hoarded wealth in the form of ornaments, jewelry and buried treasure, which has been declared to amount to $2,600,000,000. This is largely held by so-called princes, princesses, rajahs and others, some of whom use a small part of this wealth as lenders of money (extortioners rather), but who hoard most of their wealth by putting it into precious stones and concealing it. If this vast wealth could be put into legitimate circulation, India would forge ahead as she has never done.—*Consular Report.*

MODERN OFFICE EQUIPMENT.

DISTINCTIVE COMMERCIAL FURNITURE THE AIM OF PROGRESSIVE BUSINESS INSTITUTIONS.

IN the published descriptions of new or remodeled bank buildings and business offices, illustrating the tendency of the time toward distinctive character in general design and architectural detail, and setting forth the marvellous advancement of recent years in facilitating office work by the installation of the telephone, telautograph, adding machines

TRUSTEES' ROOM, CAMBRIDGEPORT SAVINGS BANK.
Courtesy of Doten-Dunton Desk Company.

and various other electrical and mechanical aids, too little attention has been bestowed upon a feature of the modern business establishment which is scarcely of secondary importance to the construction and arrangement of the building itself.

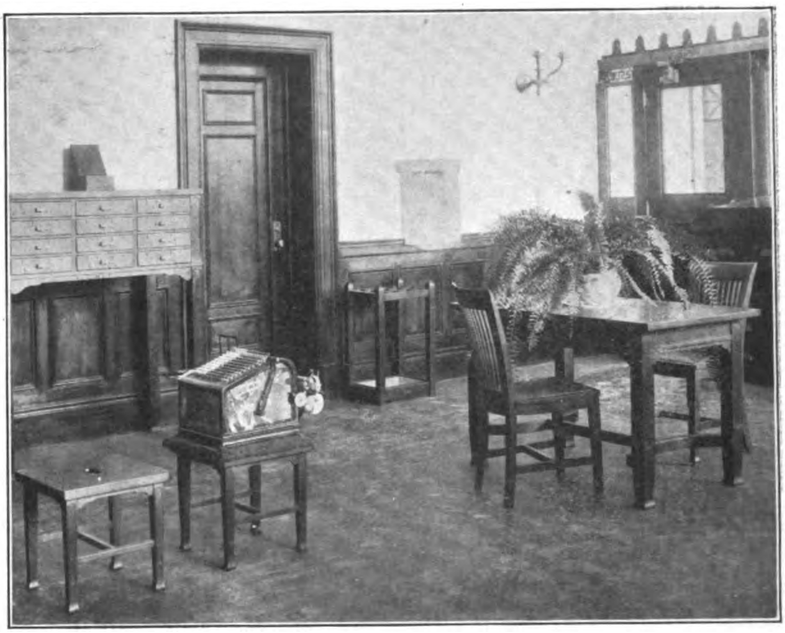
It may be easily surmised that reference is made to the office fittings and furniture. Examples are not wanting of financial institutions and commercial houses where the effect of ornate buildings and artistically designed and executed interiors has been belittled or nullified by inharmonious furnishings, conveying the impression that desks and tables and other furniture had been indiscriminately ordered, without sufficiently considering their relation to the esthetic requirements of their surroundings.

PART OF LOBBY, CAMBRIDGEPORT SAVINGS BANK.
Courtesy of Doten-Dunton Desk Company.

But in general it is becoming a well-settled policy on the part of banking and business houses to carry out in office equipment the idea of special fitness and distinction which has led them to erect exclusive and costly buildings, or to fit up suites of offices with some special scheme of design intended to typify the purpose and character of the institution.

Yet this has not long been easy of accomplishment. In an equipment of office furniture the practical necessities are first to be considered. The desks, for example, must be adapted to the special uses for which they are intended, and of dimensions to correspond with the spaces they are to occupy. And not only the desk equipment, but filing cabinets, book-cases, tables, chairs and other furniture must be constructed with the idea of utility as the first consideration, while secondarily they must conform in style and finish to the character of the building or offices in which they are to be placed. This design must be carried out to the smallest detail, otherwise some minor but incongruous element will mar the effect of the whole.

It is only within a few years that the manufacturers of office equipment began to study the question of designing complete office suites to fit specific surroundings. They were content to follow the demand of the trade, which for the most part was for ordinary goods, made without reference to fitness for the special work in hand. But with the recent and increasing tendency of business men to make their office environ-



CORNER IN WORKING SPACE, CAMBRIDGEPORT SAVINGS BANK.
Courtesy of Doten-Dunton Desk Company.

ment correspond in comfort, convenience and elegance with their home surroundings, has come the demand for fine and artistic furnishings, specially designed.

To meet this demand the manufacturer of high-grade commercial furniture to-day employs a staff of expert designers, whose province it is to ascertain the individual needs of their clientele. This necessitates a careful study of the surroundings and conditions, as well as a consideration of the prospective purchaser's personal tastes and suggestions. The expert skill required for this service is only born of long experience. Furthermore, the factory organization necessary to complete the work of the designer is not built up in a day, nor a year. Hence it is that manufacturers possessing the combination of expert designers, skilled workmen and mechanical facilities requisite to produce high-class office equipment specially designed to fit the place and purpose intended, are still comparatively few.

The accompanying illustrations are selected as furnishing excellent examples of original designs and the best modern ideas in bank furnishings. They represent features of the equipment of the new Cambridgeport Savings Bank building, Cambridge, Mass., furnished by the Doten-Dunton Desk Company of Boston. While the designs are less elaborate than many which might be shown, they are particularly noticeable for the simple elegance that always appeals to men of fine habits in business, and the character of the material, workmanship and finish is of the highest standard of artistic excellence.

Each piece of furniture is built with a definite object in view, and bears its artistic counterpart to all other pieces in the same office, so that the entire scheme of the office appointments is symmetrically and harmoniously developed.

PROPORTION OF INDIVIDUAL DEPOSITS HELD BY THE VARIOUS CLASSES OF BANKS.

HOW the various classes of banks stand with reference to the proportions of inidividual deposits held is shown by the following extract from the Annual Report of the Comptroller of the Currency:

In 1896 savings banks had the largest portion of the aggregate deposits of the country, or 39.1 per cent. of the individual deposits in all reporting banks. National banks held 33.7 per cent.; state banks, 14.1 per cent.; loan and trust companies, 11.9 per cent.; and private banks, 1.2 per cent. Statistics relating to deposits for the current year show that the national banks now hold the largest portion of deposits, although the ratio has decreased from 33.7 per cent. to 33.2 per cent. since 1896. Savings banks hold 27 per cent. against 39.1 per cent., while state bank deposits have risen from 14.1 per cent. to 22.5 per cent., and loan trust companies from 11.9 per cent. to 16.4 per cent.

The following table shows the amount and per cent. of deposits held by the several classes of banks in 1896 and 1906:

	—1896—		—1906—		—Ratios—	
Classification.	Amount (Millions)	Per cent.	Amount. (Millions)	Per ct.	Increase. Per ct.	Dec'se. Per ct.
State banks	$695.6	14.1	$2,741.5	22.5	8.4	....
Savings banks	1,935.5	39.1	3,299.5	27.0	....	12.1
Private banks	59.1	1.2	109.9	.9	....	.3
Loan and trust companies	586.5	11.9	2,008.9	16.4	4.5	....
National banks	1,668.4	33.7	4,055.9	33.2	....	.5
Total	**$4,945.1**	**100.0**	**$12,215.7**	**100.0**	**12.9**	**12.9**

PUBLISHERS ANNOUNCEMENTS

SUBSCRIBERS to THE BANKERS' MAGAZINE who desire to bind up the current volume will be supplied with a complete index on request, without charge. Heretofore the index has been sent out with the December number, but in the future we have decided to send it only to those who request it.

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JOHN J. CRAWFORD, Esq., the author of the uniform Negotiable Instruments Act, and for many years editor of our law department, is preparing a special legal article, to appear in the January number, which will be of exceptional interest and value to every bank in the country.

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IT is the aim of this publication to have no favorites among the various classes of banks. There is room in the country for national banks, state banks, savings banks, trust companies and private banks. Although to a certain extent there may be rivalry, this only acts as a healthful stimulant and really promotes the welfare of all classes of banks and of the people also.

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THE suggestion of the President that incomes and inheritances be taxed is an evidence of the growing public disposition to make the wealthy bear a greater proportion of the burden of taxation. In the MAGAZINE for the coming year the problems raised by these proposals will be fully and authoritatively discussed.

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WE are always glad to receive articles containing suggestions for improving the practical management of banks—their methods of accounting, etc. All articles (which should be as brief as circumstances will permit) will be carefully examined as soon as received and promptly paid for on publication. Officers and clerks in banks of all classes, including trust companies and savings banks, are invited to contribute. Further particulars will be furnished if desired.

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AN INSURANCE DEPARTMENT for savings banks is a recent proposal. The publishers of THE BANKERS' MAGAZINE would be glad to have its subscribers concisely express their views on this matter.

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To all its subscribers THE BANKERS' MAGAZINE wishes a Merry Christmas and a Happy New Year.

ALL BOOKS MENTIONED IN THESE NOTICES WILL BE SUPPLIED AT THE PUBLISHERS' LOWEST RATES BY THE BANKERS PUBLISHING COMPANY, 90 WILLIAM STREET, NEW YORK.

A Hand-Book of Corporation Law, as Applied to Private Business Corporations. By Richard Selden Harvey. New York: The Bleyer Law Publishing Company.

Just at this time, when corporations are so much in the public view, a work that authoritatively defines the rights, duties and limitations of these institutions is most timely. Mr. Harvey states in the preface what The Bankers' Magazine has maintained, viz., that there is ample law already in existence to restrain the acts of corporations within reasonable and just bounds. An assertion of their rights on the part of the public and the minority shareholders, vigorously maintained, would go far toward remedying the corporate evils about which so much complaint is heard.

The rights, powers and duties of corporations are admirably and clearly treated of in the text, and numerous cases and authorities cited. Bankers as members of a corporate body have a direct interest in knowing the law relating to such organizations, and they have an indirect—though highly important—interest in knowing that the officers of corporations with whom the banks may deal are not exceeding their powers.

Mr. Harvey's work is of great value and should have a wide sale among bankers as well as lawyers.

Poor's Manual of Railroads, 1906. New York: Poor's Railroad Manual Co.

The thirty-ninth annual number of this well-known publication contains, as usual, a very large fund of information about railroads and miscellaneous corporations, together with statistics of national, state and municipal indebtedness.

Brooks' Foreign Exchange Text Book: An Elementary Treatise on Foreign Exchange and the Monetary Systems of the World. By Howard K. Brooks. Chicago: H. K. Brooks.

There are comparatively few works dealing with the elementary principles of foreign exchange, although there is an increasing demand for such informatiion. Aside from these considerations, however, and solely on the basis of its meritorious contents, this volume by Mr. Brooks is a welcome addition to useful financial literature. Foreign exchange is not a subject that can be mastered without close study and experience. The treatise before us states the principles and illustrates the operations so clearly and fully as to be of great help to every banker or clerk who desires to be posted on this line of bank work.

THE COPPER HANDBOOK: A MANUAL OF THE COPPER INDUSTRY OF THE WORLD. Compiled and published by Horace J. Stevens, Houghton, Mich.

The Copper Handbook is encyclopædic in scope, but is written throughout in plain language, easily understandable by those lacking a technical education. The work begins with a chapter on the history of copper, followed by articles on the geology, chemistry, mineralogy, metallurgy and uses of the metal, with eight chapters devoted to condensed descriptions of the known copper deposits of the globe. A glossary of mining terms will be found useful to all readers not thoroughly conversant with practical mining, milling and smelting. The statistics of the copper trade and of copper share finances are covered in forty pages of highly condensed and accurate tables.

The major portion of the book is devoted to a chapter describing practically all known copper mines of the world, and listing every copper mining company of importance. This chapter is arranged alphabetically by titles, rendering it self-indexing, and saving more than fifty pages of double-column index that otherwise would be required to merely give the titles of the 4,626 mines and companies listed in the book, there being 777 more titles than in the preceding annual edition. The descriptions range in length from two lines, in the case of unimportant old and idle properties, to nearly sixteen pages in the case of the Calumet & Hecla, a mine that employs seven thousand men, and will have paid one hundred million dollars in dividends by April next.

The price of this book is $5 in buckram binding and $7.50 in full library morocco.

TRUST COMPANIES OF THE UNITED STATES, 1906. New York: United States Mortgage and Trust Company. Compiled by The Audit Company of New York.

This is a compilation of the assets and liabilities of all the trust companies of the United States, arranged in alphabetical order, and also giving the officers, trustees and other useful information relating to these important institutions. The trust companies are growing at a wonderful rate, and these statistics will serve to show the standing of individual companies as well as the progress of the totality of this portion of the country's financial merchanism.

A WORD OF APPROBATION FROM MISSISSIPPI.

AMONG recent letters commending the editorial position of THE BANKERS' MAGAZINE, we have received, with much gratification, the following from the Sumrall Bank, of Sumrall, Mississippi:

"We wish to say for THE BANKERS' MAGAZINE that it is, without question, the finest publication of this sort that it has ever been our pleasure to read. We cannot do without it in our work."

MONEY, TRADE AND INVESTMENTS

New York, December 3, 1906.

PROSPERITY CONTINUES TO BE THE DOMINANT INFLUENCE in financial circles. In every direction the evidence is overwhelming that trade is active and the country is wealthy. But prosperity carries with it its obvious penalty. It breeds speculation and extravagance and lays the foundation for future depression and panic. This is indicated in the present situation. For several months there has been money stringency. While every industry is prosperous, and investments are returning an income yield never before equalled, in some cases almost fabulous, still money is scarce, and interest rates are far above the normal level, higher even than can be considered legitimate.

Such a condition would not be surprising had there been no great increase in the supply of money. On the contrary, however, the inflation in money has been unparalleled in the experience of the United States. It has not been an inflation of fiat money either, but of a currency based upon the highest standard recognized by the civilized world, gold.

Since January 1, 1896, the total supply of money in the country has increased more than $1,400,000,000. About $120,000,000 of this has gone into the United States Treasury. The remainder is in active circulation and the people have it for their use. This increase, nearly $1,300,000,000, is far in excess of the growth in population, which in 1896 was less than 71,000,000 and is now estimated at about 85,000,000. The per capita of circulation was only about $22 in 1896, and now is about $34, an increase of $12, or more than fifty per cent.

With this extraordinary increase in the supply of money there has also been increased economy in its use, through the development of banking facilities and the extension of clearing-house systems. The bank clearings of the country in 1896 were but little more than $50,000,000,000. This year they will approximate $160,000,000,000. Outside of New York the clearings this year will probably reach $55,000,000,000, while in 1896 they were $22,000,000,000. These extraordinary increases are in a large degree due to the greater activity in business, but they also mean an enlarged usefulness for money itself. A dollar serves to conduct a larger number of transactions than it did ten years ago.

With a greatly increased supply of money and the facilities for increasing its usefulness multiplied, there is still the pressing need of more money, as indicated by the high rates of interest which have been ruling for some time past, and which seem likely to prevail.

The money question is almost exclusively the absorbing topic at the present time, and in it is involved the future of industrial and financial prosperity. All facts bearing on this question are of interest and may be of value. The extraordinary increase in the prices of investment securities in the last ten years, while necessarily increasing the demand for money, is only one of the influences operating in that direction.

Enormous amounts of capital have been poured into industrial enterprises, real estate values have increased, not in one locality, but in various parts of the country. In the development of mining properties large amounts of capital have been absorbed. Prices of nearly all kinds of commodities have risen, and wages even for the poorest classes of labor have been advanced. All have widened the demand for money.

A recent Government report shows that in five years, from 1900 to 1905, the capital employed in the leading industrial enterprises of the country has increased from less than $8,979,000,000 to $12,686,000,000, or more than forty-one per cent., while the value of products has increased from $11,411,000,000 to $14,802,000,000 per annum, or thirty-four per cent. The wages and salaries paid have increased from $2,390,000,000 to $3,186,000,000 per annum, or about thirty-four per cent.

In the record of prices compiled by "Bradstreets" there is shown a great increase in the cost of living. The level of prices of staples in October was the highest ever reported. On November 1 the index number was $8.7409, as against $8.5480 on October 1, and $8.2097 on November 1, 1905. The low level was $5.7019, on July 1, 1896, and the increase since that date is fifty-three per cent. Such an increase in the prices of commodities must have a wide influence, and it is having an important effect in causing an advance in the price of labor. This is now bringing the railroads face to face with an increase in operating expenses which may affect their net earnings. Last month the Pennsylvania Railroad decided upon an advance of ten per cent. in the wages of its employees. This advance will apply to 85,000 men and will cause an increase of $12,000,000 a year in the payroll of the company. This additional expenditure represents six per cent. on a capital of $200,000,000.

The Reading has also increased the wages of its employees. The New York Central and other roads are about to take similar action, and generally throughout the country the railroads will have to pay more for the operation of their lines. If the old theory still holds good, that the price of labor is the last to go up, then the evidence shows that the upward swing of prices has nearly reached its end.

As to the course of prices of securities there is a wide variance of opinion. There has been a high level reached, yet the earnings of many of the properties seem to justify the quotations of their securities. Taking the Union Pacific for illustration, its annual report, issued last month, showed over fourteen per cent. earned on the common stock, which apparently warranted the increase of the dividend in October to a ten per cent. basis. While the earnings of the road unquestionably show a large increase, however, a large part of the surplus earned during the year is traceable to income from investments and the profitable sale of certain of its securities.

Most of the railroads now publishing reports for the last fiscal year are showing satisfactory results, and the current earnings are making favorable comparisons with those of the previous year. It is doubtful, however, whether future earnings will compare as favorably, for with a severe winter this year, which may be expected, the comparison will be made with a year in which the winter was open and the operating expenses of the railroads consequently small.

During the past month the evidence of good times was afforded in the increase in the dividend of the Pennsylvania Railroad to seven per cent. from the old rate of six per cent. The Lackawanna also declared an extra dividend of ten per cent.

One disturbing feature of the situation is found in the further prosecution of the corporations. Railroads of prominence have been convicted of rebating and have been subjected to fines. Proceedings have been begun in St. Louis under the Sherman Act to break up the Standard Oil Trust. Congress will begin its session on December 3, and anti-corporation legislation will probably come up for consideration.

Nor can it be denied that the corporations themselves have provoked much of the aggressions now aimed at them. The fact has only just been made public that in 1902 the project was seriously considered to bring all the railway systems of the South and West under one control. It was the full fruit of the "community of interest" idea which once threatened to set the whole country aflame. A more sober view is now being taken of the limitations of combinations.

The statistics of the operations of the railroads in 1905, just published by "Poor's Manual," reveal a condition of prosperity such as the railroads of the country never before experienced in their history. The construction of railroads has not been excessive, 5,050 miles having been built during the year, or less than 2½ per cent. of the total at the close of 1904. The total has varied but little during the last five years, the average being close to 5,000 miles a year. On December 31, 1905, there were 217,341 miles of railroad in operation, a net increase for the year of 4,947 miles.

In the following table are shown the mileage on which the reports are based for each of the last ten years, the annual increase, the total capital stock and bonded debt and increase each year:

Years.	Mileage.		Capital Stock and Bonded Debt.	
	Total.	*Increase in Year.*	*Total.*	*Increase in Year.*
1896	181,394	1,573	$11,179,544,386	*$69,025,272
1897	183,547	2,153	11,518,066,646	338,522,260
1898	184,894	1,347	11,585,069,036	67,002,390
1899	187,781	2,887	11,692,817,066	107,748,030
1900	192,162	4,381	11,891,902,339	199,085,273
1901	195,887	3,725	12,326,491,526	434,589,187
1902	199,685	3,798	12,853,927,302	527,435,776
1903	206,888	7,201	13,525,623,300	671,695,998
1904	211,074	4,188	14,081,756,366	556,133,066
1905	212,624	1,550	14,563,199,931	481,443,565
Total	212,624	32,803	$14,563,199,931	$3,314,630,273

The statistics cover 212,624 miles and the total capital stock is given as $6,741,956,825, equal to $31,708 per mile, and the bonded debt at $7,425,261,901, equal to $34,875 per mile. In 1897 the capital stock was $30,526 per mile and the bonded debt $30,153 per mile. Since that time the former increased $1,182 per mile and the latter $4,722 per mile. The increase in aggregate capital stock was $264,000,000 last year and in bonded debt $516,000,000.

The total stock and bond capitalization per mile has been steadily increasing since 1900. Five years ago it was $61,884 and in 1905 it was $68,493, the highest for which there is any record. In 1880 the average capitalization was $58,624 per mile, so that in the last twenty-five years there has been an increase of nearly $10,000 per mile.

With an increase in mileage of only 32,808 miles, the capitalization has increased since 1895, $3,314,630,273, equal to an average of more than $100,000 per mile. The increased capitalization, however, is due largely to the great improvements that have been made in railroad track, equipment, terminals, stations, etc. It has been a serious question whether the large expenditures made by the railroads in recent years would yield a satisfactory income. So far, however, the earnings of the railroads appear to have more than kept pace with the capital outlay. In 1905 the gross earnings were in excess of $2,112,000,000, an increase over 1904 of $134,000,000, while the net earnings were $685,000,000, an increase of $46,000,000, which is nearly ten per cent. on the increased capitalization. The interest paid on bonds, however, was only $270,000,000, as compared with $275,000,000 in 1904, and the dividends paid on stock capital amounted to only $203,000,000, compared with $211,000,000 in 1904. With the exception of 1904, however, the total interest and dividends paid in 1905 were the largest in aggregate for any year. The income and interest and dividend payments in the last ten years were as follows:

Years.	Gross Earnings.	Net Earnings.	Total Available Revenue.	Payments from Available Revenue.	
				Interest on Bonds.	Dividends.
1896	$1,125,632,025	$332,766,979	$437,701,890	$243,287,730	$81,528,154
1897	1,132,866,628	342,792,030	440,423,354	234,454,578	83,680,040
1898	1,249,558,724	389,666,474	494,203,378	237,133,099	94,937,526
1899	1,336,096,379	423,941,689	479,561,094	239,178,918	109,032,252
1900	1,501,095,378	483,247,526	551,020,460	244,447,806	140,343,653
1901	1,612,448,826	520,294,727	588,663,541	254,318,380	156,887,283
1902	1,720,814,900	560,026,277	635,269,592	268,237,451	178,200,752
1903	1,908,857,826	592,508,512	681,993,996	278,101,8[illegible]8	190,674,415
1904	1,977,638,713	639,240,027	720,597,918	275,800,200	211,640,227
1905	2,112,197,770	685,464,488	766,392,147	270,315,290	203,675,622

The average rate of interest paid was 3.79 per cent., the smallest ever recorded, and this fact is due to the improved credit of the railroads, which has permitted them to borrow at a lower rate of interest than they could in former years. The average rate of dividends paid was 3.27 per cent., which is slightly lower than in 1904, but higher than in any other year in the last twenty-five years.

In the following table will be found the rate of interest and dividends paid yearly since 1895 and the average rates for freight and passengers. To ascertain the earning capacity of the railroads as related to their capital, the ratio of net earnings to capital stock and bonded debt has been calculated and included in the table:

YEARS.	Ratio Net Earnings to Capitalization. Per Cent.	Average Rate of Interest Paid on Bonds. Per Cent.	Average Rate of Dividends Paid on Stock. Per Cent.	Average Freight Rate Per Ton Per Mile. Cents.	Average Rate Per Passenger Per Mile. Cents.
1896	2.98	4.45	1.52	0.821	2.082
1897......	3.00	4.24	1.51	0.797	2.029
1898......	3.37	4.21	1.71	0.758	1.994
1899......	3.64	4.26	1.92	0.726	2.002
1900......	4.07	4.27	2.44	0.746	2.081
1901......	4.24	4.24	2.65	0.756	2.028
1902......	4.40	4.10	2.97	0.764	2.012
1903......	4.41	4.17	3.03	0.781	2.052
1904......	4.48	4.01	3.31	0.793	2.058
1905......	4.52	3.79	3.27	0.784	2.028

It will be noted that both freight and passenger earnings show a lower average rate in 1905 than in 1904. The ratio of net earnings to capital has increased, but not as much as it did from 1897 to 1902.

An additional table affords an opportunity of comparing the increase in earnings with the increase in capital on a mileage basis, as follows:

YEARS.	Capital Stock Per Mile.	Bonded Debt Per Mile.	Total Stock and Bonds Per Mile.	Gross Earnings Per Mile.	Net Earnings Per Mile.
1896............	$29,621	$30,110	$61,631	$6,223	$1,840
1897............	30,526	30,153	52,758	6,228	1,884
1898	30,188	30,479	62,658	6,771	2,111
1899............	30,579	30,061	62,268	7,161	2,272
1900............	30,205	29,967	61,884	7,826	2,519
1901	30,521	30,811	62,926	8,270	2,668
1902............	30.439	32,377	64.371	8,696	2,880
1903	30.719	32,494	65,880	9,301	2,887
1904............	30,686	32,731	66,715	9,248	2,989
1905............	31.708	34,875	68,493	9,643	3,135

The comparison is very favorable indeed. Since 1897 the total capitalization per mile increased about eleven per cent., while the net earnings per mile increased over seventy per cent. The improvement has not been so marked in the last four years, but the railroads are still enjoying a very full measure of prosperity.

The magnitude of the outward movement of merchandise is again attracting attention. In October the exports aggregated $187,000,000, an amount never before equalled in a single month, excepting December, 1905, when the total exceeded $199,000,000. The imports of merchandise fell to nearly $98,000,000, which made the excesss of exports more than $89,000,000. This balance is the largest for any single month with three exceptions—October, 1900, when it was $92,758,000; December, 1903, when it was $97,000,000, and December, 1905, when it was $98,595,000. For twenty-six consecutive months the exports have exceeded $100,000,000 each month and have averaged more than $140,000,000 a month. As far as our foreign trade is concerned there never has been such a period of activity as that now being experienced.

In the accompanying table there is offered an opportunity to trace the growth both of exports and imports and also of the trade balances since 1891.

	Largest Exports.		Largest Imports.		Largest Excess of Exports.	
	Month.	*Amount.*	*Month.*	*Amount.*	*Month.*	*Amount.*
1892	January....	$100,188,336	March............	$86,570,533	January............	$87,418,786
1893	December..	98,551,729	March............	86,663,524	December..........	43,626,862
1894	January....	85,940,226	March............	66,031,689	January............	33,440,279
1895	December..	92,529,117	October..........	75,080,344	December..........	30,328,070
1896	December..	117,185,926	January..........	68,647,600	October............	63,049,267
1897	December..	125,053,961	April............	101,322,406	December..........	73,547,998
1898	December..	137,850,504	March............	61,562,183	December..........	82,711,455
1899	October....	125,966,527	March............	72,820,746	January............	57,351,675
1900	October....	163,389,680	March............	86,522,456	October............	92,758,646
1901	October....	145,659,415	October..........	81,446,763	January............	67,018,521
1902	December..	147,992,403	December........	94,356,987	October............	56,903,858
1903	December..	174,819,566	March............	96,230,457	December..........	97,050,932
1904	October....	162,527,943	December........	96,566,759	October............	69,750,023
1905	December..	199,738,520	March............	110,431,188	December..........	98,595,721
1906	October....	187,338,283	March............	113,597,577	October............	89,271,568

This table shows the month in which the highest records were made in each year. October and December have been the largest exporting months as a rule, and March the record month for imports. Prior to 1891 the exports never reached $100,000,000 in a month, and except for the exceptional movement in April, 1897, the imports did not amount to $100,000,000 in a month until 1905.

The Money Market.—During the entire month the local money market has been stringent, call money rarely falling below 4 per cent. and most of the time ruling above 6 per cent. It touched 9 per cent. on the first day of the month, 15 per cent. on the 9th and 20 per cent. on the 12th. It fell temporarily to 2½ per cent. on the 15th, but was up to 12 per cent. on the 20th. Rates were lower after that until late in the month, when they began to advance again, and on November 30 touched 27 per cent. The money situation has improved abroad, but the outlook here is still very uncertain. At the close of the month call money ruled at 6@27 per cent., with the majority of loans at 10 per cent. Banks and trust companies loaned at 4 per cent. as the minimum. Time money on Stock Exchange collateral is quoted at 7½ per cent. for sixty days, 7@7½ per cent. for ninety days and 7 per cent. for four months and 6@6½ per cent. for five to six months, on good mixed collateral. For commercial paper the rates are 6@6½ per cent. for sixty to ninety days' endorsed bills receivable, 6@6½ per cent. for first-class four to six months' single names, and 6½@7 per cent. for good paper having the same length of time to run.

Money Rates in New York City.

	July 1.	*Aug. 1.*	*Sept. 1.*	*Oct. 1.*	*Nov. 1.*	*Dec. 1.*
	Per cent.	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*
Call loans, bankers' balances........	2¾ - 6	2 — ½	8 —12	4½—7	6 —9	6 —27
Call loans, banks and trust companies..............................	3 —	2 —	3½—	3 —	3 —	4 —
Brokers' loans on collateral, 30 to 60 days..............................	4½—5	3½—4	6½—	7 —	7 —	7½—
Brokers' loans on collateral, 90 days to 4 months........................	4½—5	4¼—5	6½—	7 — ½	6 —7	7 — ½
Brokers' loans on collateral, 5 to 7 months..............................	5 — ¾	5 — ½	6 — ½	6½— ¾	6 —	6 — ½
Commercial paper, endorsed bills receivable, 60 to 90 days...........	5 — ½	5½— ¾	6 —7	6½—7	6 — ½	6 — ½
Commercial paper, prime single names, 4 to 6 months.............	5 — ½	5½— ¾	6 — 7	6½—7	6 — ½	6 — ½
Commercial paper, good single names, 4 to 6 months...............	5½-- 6	6 —	7½—	7½—	6½ - 7	6½—7

NEW YORK BANKS.—The clearing-house banks begin the last month of the year with reserves less than $1,500,000 above the 25 per cent. requirement. Once during November, on the 10th, a deficit of $1,500,000 was reported. A year ago the surplus was $2,500,000, but that was the smallest reported at the beginning of December in any year since 1890, so the banks have a lower reserve ratio now than at any similar time in sixteen years. Compared with a year ago the deposits show a decrease of $9,000,000, while the loans show an increase of nearly $25,000,000. On December 1, 1904, deposits were $129,000,000 larger than they are now and loans $52,000,000 larger. During the month loans, after being reduced $13,000,000 in the first two weeks, subsequently increased $9,000,000, and at the end of the month showed a reduction of $4,000,000. Deposits fell off $21,000,000 in the first half of the month and increased $4,000,000 in the last half, a net decrease for the month of $17,000,000.

NEW YORK CITY BANKS—CONDITION AT CLOSE OF EACH WEEK.

DATES.	Loans.	Specie.	Legal tenders.	Deposits.	Surplus Reserve.	Circulation.	Clearings.
Nov. 3...	$1,052,790,900	$187,652,200	$69,353,600	$1,015,824,100	$3,049,775	$49,024,700	$1,973,259,500
" 10...	1,045,498,200	181,803,400	66,371,100	998,754,500	*1,514,125	50,544,400	1,760,189,800
" 17...	1,039,397,800	183,906,400	67,085,400	994,480,500	2,371,675	51,357,200	2,196,881,100
" 24...	1,043,438,300	185,016,200	68,878,500	997,965,100	4,403,425	52,265,400	2,190,736,200
Dec. 1...	1,048,552,300	181,687,100	69,420,700	998,634,700	1,449,125	53,324,400	....

* Deficit.

DEPOSITS AND SURPLUS RESERVE ON OR ABOUT THE FIRST OF EACH MONTH.

MONTH.	1904.		1905.		1906.	
	Deposits.	Surplus Reserve.	Deposits.	Surplus Reserve.	Deposits.	Surplus Reserve.
January	$866,178,900	$9,541,850	$1,104,049,100	$13,683,425	$977,651,300	$4,292,575
February......	1,023,943,800	25,129,050	1,189,828,600	26,979,550	1,061,403,100	11,127,625
March.........	1,027,920,400	32,150,200	1,179,824,900	14,646,075	1,029,545,000	5,008,755
April..........	1,069,369,400	27,755,050	1,138,661,300	8,664,575	1,004,290,500	5,131,270
May...........	1,114,367,800	33,144,250	1,146,528,600	16,665,250	1,028,683,200	10,367,400
June..........	1,098,953,500	29,692,325	1,136,477,700	6,050,275	1,086,751,100	6,816,025
July...........	1,152,988,800	36,105,300	1,166,038,900	11,658,875	1,049,617,000	12,055,750
August	1,204,965,600	55,969,600	1,190,744,900	15,305,975	1,060,116,900	18,892,475
September....	1,207,302,800	57,375,400	1,166,587,200	5,498,785	1,042,057,200	2,869,400
October.......	1,212,977,100	19,913,425	1,080,465,100	7,440,025	1,034,059,000	12,540,350
November....	1,204,434,200	16,793,650	1,042,092,300	12,430,925	1,015,824,100	3,049,775
December ..	1,127,878,100	8,539,075	1,023,882,300	2,565,375	998,634,700	1,449,125

Deposits reached the highest amount, $1,224,206,600, on September 17, 1904; loans, $1,146-163,700 on August 5, 1905, and the surplus reserve $111,623,000 on Feb. 3, 1894.

NON-MEMBER BANKS—NEW YORK CLEARING-HOUSE.

DATES.	Loans and Investments.	Deposits.	Specie.	Legal tender and bank notes.	Deposit with Clearing-House agents.	Deposit in other N. Y. banks.	Surplus Reserve.
Nov. 3.....	$131,934,900	$139,897,300	$5,740,100	$7,294,300	$13,003,200	$4,430,300	* $4,506,425
" 10.....	131,479,200	140,252,400	5,831,900	7,689,800	12,952,900	4,683,900	* 3,904,600
" 17.....	131,729,000	139,447,300	5,689,100	7,624,500	13,082,600	4,635,800	* 3,829,825
" 24.....	131,227,300	137,942,200	5,920,300	7,588,600	12,105,900	4,724,700	* 4,146,050
Dec. 1.....	131,732,000	139,083,100	5,858,600	7,373,700	12,982,800	4,682,200	* 3,873,475

* Deficit.

BOSTON BANKS.

DATES.	*Loans.*	*Deposits.*	*Specie.*	*Legal Tenders.*	*Circulation.*	*Clearings.*
Nov. 3	$192,018,000	$227,232,000	$17,624,000	$5,025,000	$7,832,000	$189,849,400
" 10	193,141,000	223,436,000	18,280,000	5,884,000	8,164,000	166,997,700
" 17	190,287,000	222,965,000	17,316,000	5,873,000	8,332,000	193,650,500
" 24	187,327,000	213,175,000	17,109,000	5,491,000	8,406,000	168,923,400
Dec. 1	186,559,000	210,758,000	17,026,000	5,116,000	8,570,000	....

PHILADELPHIA BANKS.

DATES.	*Loans.*	*Deposits.*	*Lawful Money Reserve.*	*Circulation.*	*Clearings.*
Nov. 3	$225,416,000	$258,553,000	$58,738,000	$14,437,000	$161,947,200
" 10	224,471,000	255,816,000	57,720,000	14,456,000	132,844,400
" 17	223,417,000	256,708,000	57,125,800	14,487,000	163,125,100
" 24	221,584,000	256,286,000	59,097,000	14,482,000	158,068,000
Dec. 1	....	....	....	....	....

FOREIGN BANKS.—The leading European banks gained in gold last month $37,000,000, more than $23,000,000 of which went into the Bank of England. The Bank of Germany gained $13,000,000 and the Bank of Russia $6,000,000, while the Bank of France lost $11,000,000. The Bank of England now holds nearly as much gold as it did a year ago, as also does the Bank of Russia, but France has lost $27,000,000 and Germany $12,000,000.

GOLD AND SILVER IN THE EUROPEAN BANKS.

	October 1, 1906.		*November 1, 1906.*		*December 1, 1906.*	
	Gold.	*Silver.*	*Gold.*	*Silver.*	*Gold.*	*Silver.*
England	£34,022,126	....	£28,549,851	....	£33,263,144	....
France	114,793,101	£41,918,969	112,515,430	£40,772,394	110,269,411	£40,863,133
Germany	31,627,000	10,542,000	27,634,000	9,212,000	30,347,000	10,116,000
Russia	110,684,000	5,469,000	112,846,000	4,460,000	114,055,000	4,361,000
Austria-Hungary	47,015,000	11,948,000	46,880,000	11,770,000	46,914,000	11,824,000
Spain	15,273,000	24,642,000	15,315,000	24,257,000	15,341,000	24,262,000
Italy	29,886,000	3,816,900	30,983,000	3,744,400	31,767,000	4,326,900
Netherlands	5,529,000	5,678,000	5,531,300	5,572,900	5,531,500	5,643,200
Nat. Belgium	3,466,000	1,743,000	3,252,000	1,626,000	3,226,667	1,613,333
Sweden	3,879,000	....	3,875,000	....	3,962,000	....
Totals	£396,124,827	£105,747,869	£387,381,581	£101,414,694	£394,706,722	£102,509,566

RATES FOR STERLING AT CLOSE OF EACH WEEK.

WEEK ENDED.	BANKERS' STERLING.		*Cable transfers.*	*Prime commercial, Long.*	*Documentary Sterling, 60 days.*
	60 days.	*Sight.*			
Nov. 3	4.8060 @ 4.8085	4.8580 @ 4.8585	4.8700 @ 4.8710	4.80¼ @ 4.80⅝	4.79½ @ 4.81
" 10	4.8050 @ 4.8060	4.8570 @ 4.8580	4.8670 @ 4.8680	4.80¼ @ 4.80⅝	4.79⅝ @ 4.81
" 17	4.8050 @ 4.8075	4.8585 @ 4.8590	4.8685 @ 4.8690	4.80⅛ @ 4.80¼	4.79½ @ 4.81¼
" 24	4.8050 @ 4.8070	4.8565 @ 4.8575	4.8660 @ 4.8670	4.80¼ @ 4.80⅝	4.79½ @ 4.81¼
Dec. 1	4.8075 @ 4.8100	4.8550 @ 4.8560	4.8635 @ 4.8645	4.80¼ @ 4.80⅝	4.79⅝ @ 4.81⅛

FOREIGN EXCHANGE.—The fluctuations in the sterling exchange market were very narrow and the market was dull throughout the month. The aid given the Bank of England by the Bank of France made the gold shipments of the former to Egypt possible without further disturbing the London money market. While the tension in London was relieved, the high rates for money in New York prevented any advance in sterling.

FOREIGN EXCHANGE—ACTUAL RATES ON OR ABOUT THE FIRST OF EACH MONTH.

	Aug. 1.	Sept. 1.	Oct. 1.	Nov. 1.	Dec. 1.
Sterling Bankers—60 days	4.82⅛– ¼	4.80¼– ⅜	4.79½– ¾	4.80⅜– ½	4.80¾–81
" " Sight	4.85 – ⅛	4.83¼– ⅜	4.83¼– ⅜	4.85½– ⅝	4.85½– ⅝
" " Cables	4.85¼– ⅜	4.83⅞–84	4.84⅛– ¼	4.86⅝– ¾	4.86⅜– ½
" Commercial long	4.81⅞– 2	4.79¾– ⅞	4.79⅛– ¼	4.80 – ⅛	4.80¼– ⅜
" Docu'tary for paym't.	4.81⅝– 2⅜	4.79¼–80½	4.78⅝–80	4.79⅝–81	4.79⅝– 1⅛
Paris—Cable transfers	5.18⅛–17½	5.20 1/16–20	94 11/16– ¾	5.18⅛–	5.18¾–
" Bankers' 60 days	5.20⅝–	5.22½–21⅞	94¾– ⅞	5.22½–21⅞	5.22½–
" Bankers' sight	5.18⅛–	5.20⅝– 5/16	94 1/16– 3/16	5.19⅜–18¾	5.19⅜–
Swiss—Bankers' sight	5.17½–	5.20 1/16–20	5.20⅝–20	5.18¾–	5.19⅜–18¾
Berlin—Bankers' 60 days	94⅛– ¼	93¾– ⅞	94¾– ⅞	93⅞–94	95 11/16–93 13/16
" Bankers' sight	94 11/16– 13/16	94⅜– ½	94 7/16– 9/16	94 11/16– ¾	94¾– 13/16
Belgium—Bankers' sight	5.20 –19⅜	5.21⅞– ¼	5.22½– 1⅞	5.21⅞– ¼	5.21⅞– ¼
Amsterdam—Bankers' sight	40 1/16– ⅛	40 – 1/16	39⅞– 15/16	40 – 1/16	40 – 1/16
Kronors—Bankers' sight	26⅝– ⅞	26 9/16– 11/16	26 9/16– 11/16	26⅝– ¾	26¾– ⅞
Italian lire—sight	5.18⅛–17½	5.20 1/16–20	5.19⅜–18¾	5.17½–	5.18¾– ⅛

MONEY RATES ABROAD.—There was no change in the official rates of discount of the European banks last month and both the Bank of England and the Bank of Germany are maintaining the 6 per cent. rate established in October. Open market rates are somewhat lower than they were a month ago. Discounts of sixty to ninety-day bills in London at the close of the month were $5\frac{1}{2}$@$5\frac{5}{8}$ per cent., against $5\frac{7}{8}$@6 per cent. a month ago. The open market rate at Paris was 3@$3\frac{1}{4}$ per cent., against $3\frac{1}{2}$ per cent. a month ago, and at Berlin and Frankfort $5\frac{3}{8}$ per cent., against $5\frac{1}{4}$@$5\frac{1}{2}$ per cent. a month ago.

BANK OF ENGLAND STATEMENT AND LONDON MARKETS.

	Aug. 31, 1906.	Sept. 30, 1906.	Oct. 31, 1906.	Nov. 30, 1906.
Circulation (exc. b'k post bills)	£29,205,000	£29,091,000	£28,842,000	£27,761,000
Public deposits	10,566,000	11,326,000	9,603,000	8,804,000
Other deposits	43,751,000	43,196,000	40,095,000	44,218,000
Government securities	15,972,000	15,958,000	15,956,000	15,459,000
Other securities	28,739,000	33,584,000	33,421,000	31,369,000
Reserve of notes and coin	27,758,000	23,383,000	18,158,000	23,614,000
Coin and bullion	38,514,765	34,022,166	28,549,851	33,263,144
Reserve to liabilities	51.05%	42.83%	36.51%	44.92%
Bank rate of discount	3½%	4%	6%	6%
Price of Consols (2½ per cents.)	87½	86½	85 11/16	8[illegible]⅜
Price of silver per ounce	30⅞d.	31⅝d.	32 7/16d.	32d.

SILVER.—There was a further advance in the price of silver last month, which carried it to $33\frac{1}{8}$d. on November 18. From this point, however, there was a rapid decline, which left the price at 32d. at the close of the month, or 7-16d. lower than on October 31.

MONTHLY RANGE OF SILVER IN LONDON—1904, 1905, 1906.

MONTH.	1904.		1905.		1906.		MONTH.	1904.		1905.		1906.	
	High	Low.	High	Low.	High	Low.		High	Low.	High	Low.	High	Low.
January	27 5/16	25⅛	28⅜	27 3/16	30¼	29 11/16	July	27	26⅜	27 3/16	26⅞	30 7/16	29 13/16
February	27⅛	25⅝	28 3/16	27⅝	30 13/16	30⅛	August	27	26 5/16	28¼	27⅛	30 13/16	29⅞
March	26 11/16	25⅛	27 11/16	25 13/16	30 7/16	29	Septemb'r	26⅞	26	28¾	28	31¾	30 13/16
April	25½	24 7/16	26⅝	25 7/16	30 5/16	29⅝	October	28 11/16	28½	28 11/16	28⅜	32 9/16	31 11/16
May	25 13/16	25½	27 7/16	26½	31⅜	30 3/16	Novemb'r	27 3/16	26¾	30 3/16	28 13/16	33⅛	32
June	26⅛	25 5/16	27⅛	26¾	31 5/16	29⅝	Decemb'r	28 9/16	27 5/16	30 5/16	29⅜	....	....

Foreign and Domestic Coin and Bullion—Quotations in New York.

	Bid.	Asked.		Bid.	Asked.
Sovereigns	$4.85	$4.88	Mexican doubloons	$15.55	$15.65
Bank of England notes	4.84½	4.86½	Mexican 20 pesos	19.55	19.65
Twenty francs	3.86	3.89	Ten guilders	3.95	4.00
Twenty marks	4.74	4.77	Mexican dollars	.53½	.55
Twenty-five pesetas	4.78	4.82	Peruvian soles	.48½	.51
Spanish doubloons	15.55	15.65	Chilian pesos	.48½	.51

Bar silver in London on the first of this month was quoted at 32d. per ounce. New York market for large commercial silver bars, 69⅛ @ 71⅛c. Fine silver (Government assay), 69⅝ @ 71⅝c. The official price was 69⅝c.

Government Revenues and Disbursements.—The Treasury receipts exceeded the disbursements in November by $7,000,000, making the net surplus for the five months of the fiscal year $15,775,000. Last year the surplus in November was only $2,000,000, while for the five months there was a deficit of $12,000,000. The receipts so far this year have been $26,000,000 more than in 1905, customs receipts having increased $11,000,000. Expenditures were $2,000,000 less than in 1905.

United States Treasury Receipts and Expenditures.

Receipts.

Source.	Nov., 1906.	Since July 1, 1906.
Customs	$25,921,327	$136,166,033
Internal revenue	24,860,342	115,037,364
Miscellaneous	4,820,329	21,444,741
Total	$55,602,496	$272,648,138
Excess of receipts	$7,279,991	$15,775,516

Expenditures.

Source.	Nov., 1906.	Since July 1, 1906.
Civil and mis.	$10,280,671	$56,291,959
War	7,595,323	50,077,011
Navy	7,780,689	40,784,996
Indians	1,609,730	7,765,884
Pensions	13,666,277	59,757,447
Public works	5,641,638	30,640,936
Interest	1,748,179	11,554,889
Total	$48,322,507	$256,872,622

United States Public Debt.

	Sept. 1, 1906.	Oct. 1, 1906.	Nov. 1, 1906.	Dec. 1, 1906.
Interest-bearing debt:				
Loan of March 14, 1900, 2 per cent	$595,942,350	$595,942,350	$595,942,350	$595,942,350
Funded loan of 1907, 4 per cent	116,755,350	116,755,450	116,755,550	116,755,550
Refunding certificates, 4 per cent	26,120	26,040	25,990	25,930
Loan of 1925, 4 per cent	118,489,900	118,489,900	118,489,900	118,489,900
Ten-Twenties of 1898, 3 per cent	63,945,460	63,945,460	63,945,460	63,945,460
Panama Canal Loan of 1916, 2 per cent	26,974,200	30,000,000	30,000,000	30,000,000
Total interest-bearing debt	$922,133,380	$925,159,200	$925,159,250	$925,159,190
Debt on which interest has ceased	1,126,875	1,126,375	1,123,205	1,118,975
Debt bearing no interest:				
Legal tender and old demand notes	346,734,298	346,734,298	346,734,298	346,734,298
National bank note redemption acct.	44,195,967	45,574,178	45,590,188	45,922,015
Fractional currency	6,865,237	6,865,237	6,865,237	6,865,237
Total non-interest bearing debt	$397,795,503	$399,173,713	$399,189,719	$399,521,550
Total interest and non-interest debt.	1,321,055,258	1,325,459,289	1,325,472,174	1,325,799,716
Certificates and notes offset by cash in the Treasury:				
Gold certificates	569,739,869	581,740,869	619,617,869	628,059,869
Silver certificates	481,392,000	478,562,000	477,368,000	477,203,000
Treasury notes of 1890	7,129,000	7,021,000	6,912,000	6,827,000
Total certificates and notes	$1,058,260,869	$1,067,323,869	$1,103,897,869	$1,112,089,869
Aggregate debt	2,379,316,127	2,392,783,158	2,429,370,043	2,437,889,585
Cash in the Treasury:				
Total cash assets	1,516,178,999	1,546,307,374	1,581,633,247	1,606,369,796
Demand liabilities	1,165,492,124	1,175,094,278	1,208,332,437	1,224,899,509
Balance	$350,686,875	$371,213,096	$373,300,810	$381,470,287
Gold reserve	150,000,000	150,000,000	150,000,000	150,000.000
Net cash balance	200,686,875	221,213,096	223,300,810	231,470,287
Total	$350,686,875	$371,213,096	$373,300,810	$381,470,287
Total debt, less cash in the Treasury	970,368,383	954,246,193	952,171,364	944,329,429

United States Public Debt.—The aggregate debt increased $8,500,000 in November, practically all of which is represented in increased certificates outstanding. The total cash assets increased $24,000,000 and demand liabilities $16,000,000, the surplus in the Treasury increasing $8,000,000. The latter now amounts to $381,000,000. The net debt, less cash in the Treasury, was reduced from $952,000,000 to $944,000,000.

Foreign Trade.—The exports of merchandise in October aggregated $187,000,000, the largest ever recorded in the same month in any previous year, and the largest for any month except December last, when the exports just fell short of $200,000,000. The imports of merchandise amounted to $98,000,000, a falling off from October, 1905, of $9,000,000. The excess of exports over imports was $89,000,000, an amount exceeded only three times in the history of our foreign trade. The total exports for the ten months of the current calendar year amount to $1,425,000,000, an increase over the previous year of $168,000,000. Imports for the same time were $1,046,000,000, an increase of $66,000,000. The net balance of exports for the ten months is $378,000,000, and this is the largest reported since 1901. The net imports of gold in October exceeded $20,000,000, making for September and October a total of $49,000,000 and for the ten months of the present year $96,000,000. The imports of silver exceeded the exports in October by $258,000 and the net exports of silver for the ten months are only $12,000,000, as against $17,000,000 in 1905.

Exports and Imports of the United States.

Month of October.	Merchandise.			Gold Balance.	Silver Balance.
	Exports.	Imports.	Balance.		
1901	$145,659,415	$81,446,763	Exp., $64,212,652	Imp., $5,071,891	Exp., $1,667,173
1902	144,327,428	87,424,070	" 56,903,358	" 9,657,617	" 1,583,830
1903	160,388,508	81,921,147	" 78,467,361	" 4,673,859	" 405,334
1904	162,527,943	92,777,920	" 69,750,023	" 4,189,626	" 1,767,984
1905	154,372,979	107,441,909	" 46,928,070	" 10,411,436	" 2,079,371
1906	186,338,283	98,066,715	" 89,271,568	" 20,172,963	Imp., 258,733
Ten Months.					
1901	1,191,978,682	727,924,332	Exp., 464,054,350	Imp., 7,791,364	Exp., 20,663,958
1902	1,087,492,912	789,573,713	" 297,919,199	" 3,567,790	" 18,460,525
1903	1,149,664,979	840,719,383	" 308,945,596	Exp., 5,222,320	" 8,687,500
1904	1,147,996,824	844,172,259	" 303,824,565	" 10,155,612	" 21,220,673
1905	1,256,924,354	979,717,437	" 277,206,917	" 1,926,883	" 17,015,583
1906	1,425,172,707	1,046,392,809	" 378,779,898	Imp., 96,158,018	" 12,188,537

National Bank Circulation.—More than $10,000,000 was added to the volume of bank circulation last month, and to secure the notes issued there were increased deposits of every class of Government bonds available for such use. The total circulation now exceeds $593,000,000, of which nearly $547,000,000 is based on Government bonds. The increase in twelve months is $60,000,000. Out of about $596,000,000 of the 2 per cent. bonds issued by the Government, the national banks hold $496,000,000 for circulation and $52,000,000 to secure public deposits. Of the $30,000,000 Panama Canal loan the banks hold all but about $500,000.

NATIONAL BANK CIRCULATION.

	Aug. 31, 1906.	*Sept. 30, 1906.*	*Oct. 31, 1906.*	*Nov. 30, 1906.*
Total amount outstanding	$569,852,303	$573,903,108	$583,171,965	$593,380,549
Circulation based on U. S. bonds	524,439,160	527,768,924	536,933,169	546,981,447
Circulation secured by lawful money	45,413,148	46,134,184	46,238,816	46,399,102
U. S. bonds to secure circulation:				
Funded loan of 1907, 4 per cent	19,482,850	21,508,250	25,124,650	26,659,150
Four per cents. of 1925	3,544,200	4,446,100	4,602,100	6,261,400
Three per cents. of 1908–1918	2,505,120	2,526,340	3,273,700	4,027,100
Two per cents. of 1930	492,568,300	490,920,000	492,170,650	495,994,100
Panama Canal 2 per cents	8,843,560	12,371,580	14,482,000	16,809,080
Total	$526,944,030	$530,772,270	$539,653,180	$549,750,880

The National banks have also on deposit the following bonds to secure public deposits: 4 per cents. of 1907, $9,378,000; 4 per cents. of 1925, $5,151,750; 3 per cents. of 1908–1918, $5,419,200; 2 per cents. of 1930, $52,047,000; Panama Canal 2 per cents. $12,613,000; District of Columbia 3.65's, 1924, $778,000; Hawaiian Islands bonds, $1,579,000; Philippine loan, $7,779,000; state, city and railroad bonds, $55,737,905; a total of $150,482,855.

MONEY IN CIRCULATION IN THE UNITED STATES.—The amount of money in circulation in the United States increased in November $2,000,000, not enough to prevent a decrease of two cents per capita, which is now $33.66, as compared with $33.68 on November 1.

MONEY IN CIRCULATION IN THE UNITED STATES.

	Sept. 1, 1906.	*Oct. 1, 1906.*	*Nov. 1, 1906.*	*Dec. 1, 1906.*
Gold coin	$676,179,514	$684,268,074	$687,685,761	$685,974,422
Silver dollars	78,938,609	81,662,707	83,606,468	84,211,919
Subsidiary silver	113,399,582	116,091,510	120,278,648	122,261,710
Gold certificates	519,965,889	541,857,929	575,958,419	572,972,119
Silver certificates	473,292,991	474,338,310	473,419,449	470,118,583
Treasury notes, Act July 14, 1890	7,112,252	6,988,562	6,894,518	6,811,576
United States notes	338,728,846	342,858,598	344,516,149	343,260,323
National bank notes	559,295,666	564,148,004	574,522,374	583,463,604
Total	$2,766,913,299	$2,812,133,694	$2,866,882,786	$2,869,074,255
Population of United States	84,897,000	85,014,000	85,181,000	85,249,000
Circulation per capita	$32.59	$33.08	$33.68	$33.66

MONEY IN THE UNITED STATES TREASURY.—The total supply of money in the Treasury increased $14,000,000 in November and the net amount $20,000,000. The gain in net gold was about $15,000,000.

MONEY IN THE UNITED STATES TREASURY.

	Sept. 1, 1906.	*Oct. 1, 1906.*	*Nov. 1, 1906.*	*Dec. 1, 1906.*
Gold coin and bullion	$831,324,335	$855,572,704	$878,982,370	$890,924,490
Silver dollars	489,312,246	486,588,148	484,645,062	484,039,611
Subsidiary silver	5,408,943	4,055,285	3,506,651	3,898,072
United States notes	7,952,170	3,822,418	2,164,867	3,420,694
National bank notes	10,556,637	9,755,104	8,649,611	9,916,945
Total	$1,344,554,831	$1,359,793,659	$1,377,898,561	$1,392,194,812
Certificates and Treasury notes, 1890, outstanding	1,000,371,132	1,023,194,801	1,056,272,386	1,049,902,278
Net cash in Treasury	$344,183,199	$336,598,858	$321,626,175	$342,292,534

SUPPLY OF MONEY IN THE UNITED STATES.—The stock of money in the country increased $23,000,000 last month and now exceeds $3,-

211,000,000. The increase was divided as follows: Gold, $10,000,000; national bank notes, $10,000,000, fractional silver, $2,500,000.

SUPPLY OF MONEY IN THE UNITED STATES.

	Sept. 1, 1906.	*Oct. 1, 1906.*	*Nov. 1, 1906.*	*Dec. 1, 1906.*
Gold coin and bullion	$1,507,503,849	$1,539,840,778	$1,566,619,131	$1,576,898,912
Silver dollars	568,250,855	568,250,855	568,251,530	568,251,530
Subsidiary silver	118,808,475	120,056,795	123,785,299	126,154,782
United States notes	346,681,016	346,681,016	346,681,016	346,681,016
National bank notes	569,852,303	573,903,108	583,171,985	593,380,549
Total	$3,111,096,498	$3,148,732,552	$3,188,508,961	$3,211,366,789

CURRENCY PLAN OPPOSED.

AT the recent annual meeting at Omaha, the Nebraska Bankers' Association adopted the following:

"*Resolved,* That we are opposed to the issue in a time of financial peace like the present of any bank-note currency, except that now authorized, secured by a deposit of United States bonds.

Resolved, That we favor legislation by Congress authorizing the issue of an emergency circulation which will be taxed so heavily that it would not be issued except in time of great commercial stringency and impending panic, and would be retired when the conditions requiring its issue no longer existed."

MERITORIOUS BANKING PUBLICITY.

THERE are many books on banking, written by learned authorities upon the subject, some of them containing hundreds of pages, and possessing varying degrees of interest and value for the banker and the student of finance. But we very much doubt if any publication has ever presented more genuine and useful information for the general public than does a little booklet bearing the somewhat ambitious title of "A Book on Banking," issued by the National Bank of Commerce, of St. Louis.

It treats of (1) general matters of interest to customers; then it explains (2) what is expected of the customer "when the messenger calls;" it describes (3) the functions of the individual bookkeeper and the passbook clerk, (4) the note teller and the collection clerk, (5) the discount clerk, (6) the receiving teller, (7) the paying teller, and (8) the executive head of a financial institution; sets forth (9) the advantages of banking by mail; brings out (10) important legal points of general information, and winds up with (11) a few timely and pointed injunctions of legal "Don'ts."

The booklet is most attractively worded, arranged and typed, and is interspersed with handsome illustrations of the banking-rooms. Altogether it is a publicity feature of the first order. This striking statement it bears on the title-page: "The National Bank of Commerce in St. Louis has built up its capital and surplus of $15,000,000 on the firm foundation of conservatism coupled with aggressiveness."

BANKING AND FINANCIAL NOTES

NEW YORK CITY.

—Percy W. Brooks, for many years connected with Messrs. N. W. Harris & Company. and for the last five years a partner at the firm's New York office, withdrew on December 1 for the purpose of going into the bond business for himself about January 1. Elmer E. Black, long identified with the firm, and for the last ten years a partner at the Chicago office, will hereafter be one of the resident partners at the New York office.

—The Mercantile National Bank, which recently moved into the Western Union Building, has sold its former home at 191 Broadway for $1,000,000.

—On January 1 the State Bank will increase its capital from $100,000 to $1,000,000. The increase will be made in the shape of a cash dividend of $900 to each stockholder of $100. The bank has been paying dividends of 100 per cent so that at the new capitalization the same will be reduced to 10 per cent.

—The Columbia Trust Company, having rounded out its first year of business, has been appointed by the State Banking Department a depository for the legal reserve of the New York State banks and trust companies.

—One of the closest clearances on record was made by the transactions of the American Exchange National Bank on November 19. On that date the bank sent to the clearing-house credit items for $9,049,255.28 and received debit items for $9,049,255.40, thus requiring a cash payment of only twelve cents on transactions aggregating more than $18,-000,000. On a previous occasion there was a debit balance of but ten cents against a bank. but in that case the exchange amounted to but $1,300,000.

—The Mechanics and Traders' Bank, Times Square Branch, has moved from Broadway and Forty-sixth street to the northwest corner of Broadway and Forty-fifth street, in the same building at the Astor Theatre, and will keep open night and day.

—In April next the Home Trust Company of Brooklyn will establish a New York branch in the new "Evening Post" Building, 20 Vesey street. Commodious safe-deposit vaults of the latest construction will form a part of the equipment of the new office. E. Wilton Lyon has just been appointed secretary of this company. The prosperous condition of the Home Trust Company is evidenced by the fact that its deposits are over $3,000,000.

NEW ENGLAND STATES.

Boston.—Since May 12 the deposits of the Atlantic National Bank of Boston have shown a very substantial increase, the record being as follows: May 12, $258,818; June 15, $997,046; July 14, $1,-204,391; August 15, $1,454,608; September 20, $1,555,517; November 12, $1,675,-709. Edward P. Metcalf is President of the Atlantic National; James S. Kenyon and Ernest W. Tinkham vice-presidents; Frank W. Peabody, cashier, and George H. Capron, assistant cashier.

—The Baxter National Bank of Rutland, Vt., has a capital of $300,000, surplus and profits of $73,000, and average deposits of about $450,000. It was organized in 1870 by Gen. H. H. Baxter, who built the commodious building now owned by the bank. Dr. John A. Mead is president. He is well-known as the reorganizer and the present president of the Howe Scale Co. Walter C. Landon is vice-president and Chas. Clark cashier. Mr. Clark was teller in the bank for twenty-five years and succeeded Geo. R. Bottum as cashier.

—The Rutland County National Bank of Rutland was organized in 1864. It was the first national bank in Rutland and one of the earliest national banks in the country, its number being 820. Its capital is $300,000, surplus and profits $135,000, and deposits about $450,000. Henry F. Field is president and acting cashier of the bank with which he has been connected since 1867.

—The Killington National Bank of Rutland has a capital of $100,000, surplus and profits of $38,000, and deposits of $250,000. Its president is E. P. Gilson, and cashier, Geo. K. Montgomery.

—The Rutland Savings Bank was incorporated in 1850 and has deposits of about $4,800,000 from over 13,000 depositors. H. O. Carpenter is president, F. H. Farrington vice-president, Chas. A. Simpson treasurer, and Louis E. Campbell assistant treasurer. The bank pays 3½ per cent interest.

—The Marble Savings Bank of Rutland began business in 1883 and its 47th semi-annual statement showed deposits of nearly $1,300,000 and 4,295 depositors. Its officials are: President, John N. Woodfin; vice-president, Chas. E. Ross; treasurer, Chas. Krans.

—Excellent progress is being made by the Waltham (Mass.) Trust Company, which opened for business in 1903. Its capital is $200,000, surplus and profits $68,890, and deposits $793,565. Officers of the company are: President, Edward P. Sanderson; vice-president, Herbert L. Bowden; secretary, Charles J. Fogg; treasurer, Albert R. Drake.

MIDDLE STATES.

—For the first time in the history of the National Bank of Cohoes, of Cohoes, N. Y., its statement of Nov. 12 shows total resources of over $2,000,000. This bank, which was established as a state bank in 1859 and reorganized as a National bank in 1865, has participated in the general prosperity of Cohoes. It was organized with a capital of $100,000 which was increased in 1872 to $250,000, a stock dividend of seventy-five per cent. being declared. Regular dividends began in 1861 and have never been passed. The present rate is eight per cent. John L. Newman is president, Thos Breslin vice-president, and Geo. R. Wilsdon cashier. Mr. Wilsdon has been connected with the bank for twenty-five years, has been its cashier for eleven years, and was for many years treasurer of the Cohoes Savings Institution, of which he is still a trustee.

The National Bank of Cohoes has surplus and profits of $275,000 (all earned) and deposits of $1,225,000.

—The banks of Pittsburg reveal the industrial activity there by the statement that the pay-roll requirements for Allegheny County are $30,000,000 a month.

—A striking evidence of the progress of the National Commercial Bank of Albany, N. Y., is to be found in the recent increase of the capital from $500,000 to $1,000,000 and the surplus from $1,000,000 to $1,500,000. The undivided profits have also been increased from $184,000 to $255,572. This is one of the oldest and strongest banks in the state, and the addition to the capital equipment will not only enhance its present strength but will enable the bank to keep up with the growing requirements of present day banking.

SOUTHERN STATES.

—W. J. Clay, State Superintendent of Banking, recently issued a statement showing that on November 10 the resources of the 115 State banks and one savings bank that have been organized under the new Texas banking law aggregated $8,891,892. Their individual deposits amount to $5,864,250; their capital stock paid in amounted to $2,405,500; surplus fund, $24,756, and undivided profits, $123,427.

He also reports that twenty-one trust companies were organized and doing business. Their total resources amounted to $10,410,100; their individual deposits aggregated $3,693,174; their capital stock paid in amounted to $2,460,000; surplus fund, $153,676, and undivided profits, $214,246.

—S. A. Trufant, cashier of the Citizens' Bank of Louisiana, New Orleans, sends to the Magazine the following suggestions regarding an emergency currency:

"Special legislation should provide authority for the Secretary of the Treasury to issue an emergency currency only to clearing-house associations in central reserve and reserve cities against clearing-house certificates. Attached to which certificates shall be a trust receipt to the Government setting forth the securities held on deposit by the said clearing-house in trust for the retirement of said certificate, but with power vested in the clearing-house to substitute securities of equal value from time to time.

"The law should provide that in reserve cities where there is not an Assistant Treasurer that some national bank shall be designated by the Treasurer to act as agent for the issue of emergency currency in dealing with the clearing-house of such city."

WESTERN STATES.

—At the close of business November 12 the Fifth National Bank of Cincinnati, Ohio, reported: Capital, $1,000,000; surplus and profits, $707,626; deposits, $8,006,736. Against the latter item was carried, in cash and due from banks and U. S. Treasury, $2.510,145.

A concise history of the bank's progress is shown in the following comparative statement of deposits.

October 6, 1896	$646,528
September 20, 1898	1,376,581
September 5, 1900	2,757,185
September 15, 1902	3,628,669
September 6, 1904	5,079,865
June 18, 1906	6,452,974
November 12, 1906	8,006,736

President Charles A. Hinsch and his associates certainly have abundant cause for feeling elated over this showing.

—There was an attendance of over 400 at the annual convention of the Indiana Bankers' Association, held at Indianapolis, November 14 and 15. After discussing a number of interesting banking topics, the following officers were chosen: President. Jonce Monyhan, president Citizens' Bank, Orleans; vice-president, H. C. Johnson, cashier Seymour National, Seymour; treasurer, John C. Shirk, president National Brookville Bank, Brookville; secretary. Andrew Smith, vice-president Capital National, Indianapolis.

—The First National Bank of Detroit, Minnesota, is the oldest bank in the place and occupies quarters in its own building, a modern two-story brick block built on a plot 50 by 50 feet. This is the oldest bank in the county and has $339,745 deposits. It is a United States depository.

—The Merchants' National Bank of Detroit, Minnesota, which succeeded the First State Bank in March last, has gained $102,325 in deposits in the last six months, the total on November 12 being $305,604. In the same period a handsome addition was also made to the surplus and profits account. The stockholders are practically all residents of the county where the bank is located, and the deposits all represent local accounts, except the $50,000 deposited by the United States.

—About the first of February the State Savings Bank of St. Paul, Minn., will move into its new building, now under construction, on Fourth street. Bedford sandstone has been used on the exterior and the interior will be fitted up in marble and bronze and supplied with all the necessaries of a modern bank.

This bank does a savings business exclusively, and has deposits of over $2,500,000.

—The American National Bank of St. Paul, Minn., was recently reported as preparing to move into new quarters, giving about double the banking space heretofore occupied. Both the vaults and furniture of the bank have been brought up to the best standards, and the equipment is now such as will enable the bank to meet the increased business that prompted the change of quarters.

—Since October 31, 1904, the undivided profits of the Terre Haute (Ind.) Trust Company, of which I. H. C. Royse is president, have increased from $76,182 to $105,036, and the deposits from $420,894 to $651,393. Total assets on October 31 last were $1,123,420, compared with $758,982 on October 31,1904.

—An attractive illustrated booklet has been issued by the First National Bank, Crookston, Minn., showing the improvements made in the banking rooms in the past year. These improvements include steel ceilings and walls, tile flooring, marble wainscoting and counters and bronze fixtures. This bank has $75,000 capital, $50,000 surplus, $9,310 undivided profits, and $1.136.324 total assets, and is managed by experienced officers and a strong board of directors.

—Though beginning business only in July last, the First State Bank of East Grand Forks, Minn., has already built up a substantial line of deposit accounts and has given further evidence of prosperity by recently moving into a handsome two-story pressed brick building, the basement and upper story being advantageously rented.

—Deposits of the Scandinavian American Bank of Grank Forks, North Dakota, now amount to $359,243, and undivided profits, $4,911. Both these items have made very substantial gains in the past six months. The capital of the bank is $60,000.

—Recently the First National Bank of Stillwater, Minn., marked its semicentennial by moving into a new building, which in point of construction and equipment conforms to the most modern standards.

The First National Bank is the outgrowth of the first bank started at Stillwater, the firm of Darling, Carswell & Scheffer. Some years later this firm, which had been slightly changed in the meantime, was succeeded by the Bank of Stillwater, and this in 1865 was reorganized as the First National Bank.

The present officers are: Charles N. Nelson, president; Roscoe H. Bronson, vice-president; Robert S. Davis, cashier; Walter L. Prince, assistant cashier.

—As usual, the last official statement of the Mississippi Valley Trust Company of St. Louis, indicates a healthful growth of business. Compared with the report of Nov. 9, 1905, deposits on November 12, 1906, show an increase of $1,170,517, and now amount to $18,167,742. Cash in hand and in depositories amounts to $6,201,027, against $10,703,826 of demand deposits. Total resources of the company are $27,019,635. Earnings for the past year were $680,000, net, of which $480,000 was distributed in dividends and $200,000 added to undivided profits.

—Deposits of the First National Bank of Superior, Wis., on November 12 were $1,519,137, a gain of $345,000 in the past year, and the largest total ever reported.

—The Breckinridge (Minn.) National Bank, which was established in 1903 with $25,000 capital, has had a steady growth, each succeeding statement showing an increase both in deposits and surplus. The bank is well housed and has modern equipment, including a manganese steel safe, and is well prepared to handle collections and to answer inquiries relating to farm mortgages or other investments in that section.

PACIFIC SLOPE.

—Seattle, Washington, is to have a World's Fair in 1909, the purpose of which is thus described:

"The primary purpose of the fair is to exploit the resources and potentialities of Alaska-Yukon and the Pacific Northwest, and to make known and foster the vast importance of the trade of the Pacific Ocean and of the countries bordering upon it. Different from other fairs, the Alaska-Yukon Pacific

Exposition will not celebrate any particular event. The awakening of the Pacific, the wonderful achievement in all lines of effort of the countries in and bordering thereon, and the important role the commerce of the great ocean plays in that part of the world, are the most noteworthy things the fair will celebrate. It will be a great international exposition. Historical sentiment will not be depended upon to arouse interest and induce participation."

—For a bank that has been doing business only since 1902, the American National of San Francisco makes a remarkable exhibit of growth. On March 3, 1902, the deposits were $387,728, and on March 15, 1903, $2,232,582. A year later they were $3,586,912, and $4,349,427 on March 15, 1905. The statement for March 15, 1906, the last one at hand prior to the fire and earthquake, showed a total of $5,998,431, and notwithstanding the great calamity, the aggregate deposits on September 15, 1906, were $6,959,266, and on November 12, 1906, $8,383,840.

—The First International Bank of South Bend, Wash., has increased its paid-up capital to $50,000. William L. Hamilton, of Medicine Hat, Alberta, was recently elected president to succeed G. H. F. Pierson, resigned and retired. The other officers are A. W. Hammond, vice-president and Elias Pierson, cashier.

The bank has a No. 5 Manganese steel safe, a vault 8 by 12 feet inside measure, and 100 safe-deposit boxes. The officers are experienced and succeessful business men. The vice-president and cashier have had charge of banks in different states, and the latter is now president of the Portal (North Dakota) State Bank.

—George Estes, heretofore with the Portland Trust Company, is now manager of the bond department of the Oregon Trust and Savings Bank of Portland. He will also conduct the advertising and banking-by-mail departments.

—According to the November 12 statement of the Fidelity Trust Company of Tacoma, Washington, that institution had $8,008,189 deposits, having steadily increased to this handsome sum from $788,081 on November 12, 1901.

—The business of the Fidelity National Bank of Spokane is growing so rapidly that it has been found necessary to add another teller.

MEXICO.

—A new building is being put up at Chihuahua, Mexico, for the branch of the National Bank of Mexico.

"CLASSIK" METAL CEILINGS.

An exceedingly handsome trade publication is the catalogue under the above title issued by the Berger Manufacturing Company of Canton, Ohio, with New York office at 210 East Twenty-third street. Previous mention of these artistic productions, especially adapted to the requirements of banking institutions, has been made in these pages. They are equally suitable for new or old buildings, of any architectural style, are fire resisting, can be applied to any construction, — wood, steel, terra-cotta or concrete,—and are produced in no less than eleven different styles—Greek, Moorish, Italian Renaissance, French Renaissance, German Renaissance, Rococo, Colonial and Empire, with the Roman, Romanesque and Gothic especially for church work.

The booklet in question shows a great variety of patterns and designs in the several styles, including centerpieces, cornices and wainscotings, with instructions for measurements and for erecting. Each style of ceiling is complete in itself, and consists of cornices, moulds, field-plates, borders, stilings, center-pieces, etc., so that no inconsistency can creep into any design. The catalogue is numbered 7 A.

NEW BANKS, CHANGES IN OFFICERS, ETC.

NEW NATIONAL BANKS.

The Comptroller of the Currency furnishes the following statement of new National banks organized since our last report.

Applications to Organize National Banks Approved.

The following notices of intention to organize National banks have been approved by the Comptroller of the Currency since last advice.

Second National Bank, Tippecanoe City, O.; by S. D. Hartman, et al.

Union National Bank, New Castle, Pa.; by L. M. Uber, et al.

Exchange National Bank, Long Beach, Cal.; by M. V. McQuigg, et al.

First National Bank, Scranton, Miss.; by H. Herring, et al.

First National Bank, Hawley, Tex.; by Henry James, et al.

First National Bank, Wyoming, Pa.; by Wm. J. Fowler, et al.

First National Bank, Randlett, Okla.; by J. M. Bellamy, et al.

Cinnaminson National Bank, Riverton, N. J.; by Alex. Marcy, Jr., et al.

National Exchange Bank, Chester, S. C.; by M. S. Lewis, et al.

Stockmen's National Bank, Brush, Colo.; by Ewing Munn, et al.

Warrensburg National Bank, Warrensburg, N. Y.; by J. T. Finch, et al.

Colton National Bank, Colton, Cal.; by J. B. Coulston, et al.

First National Bank, Ordway, Colo.; by T. Ed. Downey, et al.

First National Bank, Maquon, Ill.; by F. C. Bearmore, et al.

First National Bank, Madison, Ill.; by W. Champion, et al.

Citizens' National Bank, Greenwood, Ind.; by Harvey Brewer, et al.

First National Bank, Conway Springs, Kans.; by J. H. Lane, et al.

First National Bank, Walker, Minn.; by E. I. P. Staede, et al.

People's National Bank, Clinton, Mo.; by J. E. Wright, et al.

First National Bank, Bertrand, Neb.; by Roscoe J. Slater, et al.

First National Bank, Farmingdale, N. J.; by Henry H. Classen, et al.

First National Bank, Garfield, N. J.; by C. Doremus, et al.

Pitman National Bank, Pitman, N. J.; by J. M. McCowan, et al.

First National Bank, Dexter, N. Y.; by A. A. Phelps, et al.

Mount Vernon National Bank, Mount Vernon, N. Y.; by H. T. Jennings, et al.

Norwood National Bank, Norwood, O.; by Wm. Windhorst, et al.

Citizens' National Bank, Middleport, O.; by W. A. Ellis, et al.

First National Bank, Bristol, S. D.; by T. Strandness, et al.

First National Bank, Camden, Tenn.; by A. S. Justice, et al.

Hamlin National Bank, Hamlin, Tex.; by C. W. Shannon, et al.

Las Moras National Bank, Brackettville, Tex.; by O. Seargeant, et al.

Nephi National Bank, Nephi, Utah; by E. R. Booth, et al.

St. Paul National Bank, St. Paul, Va.; by J. Dorment, et al.

First National Bank, Grantsburg, Wis.; by F. H. Wellcome, et al.

Mechanics National Bank, Hegewisch, Ill.; by C. M. Nichols, et al.

First National Bank, McAdoo, Pa.; by Howard I. Smith, et al.

First National Bank, De Kalb, Tex.; by T. J. Record, et al.

Middleport National Bank, Middleport, N. Y.; by G. F. Thompson, et al.

Farmers and Merchants' National Bank, Lebanon, Ohio; by T. Bentoro Jack, et al.

First National Bank, Pagosa Springs, Colo.; by B. N. Freeman, et al.

Wellsville National Bank, Wellsville, Pa.; by A. C. Hetrick, et al.

People's National Bank, Texas; by Thomas Yarrell, et al.

First National Bank, Tilamook, Oregon; by James Walton, Jr., et al.

First National Bank, Gettysburg, South Dakota; by L. F. Michael, et al.

National Exchange Bank; Altus, Oklahoma; by A. C. Fagin, et al.

Vickery National Bank, Lavonia, Georgia; by A. B. Vickery, et al.

APPLICATION FOR CONVERSION TO NATIONAL BANKS APPROVED.

Scandinavian American Savings Bank, San Francisco, Cal.; into Merchants National Bank.

Bank of Sandpoint, Sandpoint, Idaho; into First National Bank.

Bank of Poplarville, Poplarville, Miss.; into National Bank of Poplarville.

Citizens Bank, Moore, Mont.; into First National Bank.

Bank of Bazile Mills, Nebraska; into First National Bank.

Bayonne Bank, Bayonne, N. J.; into First National Bank.

State Bank, Brinsmade, N. D.; into First National Bank.

Bank of Gage, Gage, Oklahoma; into First National Bank.

NATIONAL BANKS ORGANIZED.

8414—Boston National Bank, South Boston, Va.; capital, $50,000; Pres., J. J. Lawson; Vice-Pres., Wm. R. Barksdale; Cashier, C. C. Barksdale; Asst. Cashier, T. C. Watkins, Jr.

8415—Bloomington National Bank, Bloomington, Ind.; capital, $100,000; Pres., W. H. Adams; Vice-Presidents, B. F. Adams, Jr., and W. J. Allen; Cashier, James K. Beck.

8416—First National Bank, Granite Falls, Minn.; capital, $25,000; Pres., D. A. McLarty; Vice-Pres., A. E. Batchelder; Cashier, O. H. Sorlien; Asst. Cashier, T. H. Sorlien.

8417—First National Bank, Shellman, Ga.; capital, $25,000; Pres., ———— Cashier, F. C. Sears.

8418—National Bank of Commerce, Pittsburg, Kans.; capital, $100,000; Pres., F. H. Fitch; Vice-Pres., C. M. Condon; Cashier, A. E. Maxwell; Asst. Cashiers, J. S. Maxwell and A. H. Shafer.

8419—First National Bank, Abercrombie, N. D.; capital, $25,000; Pres., A. K. Tweto; Vice-Pres., I. Johnson; Cashier, H. H. Hafstrom.

8420—First National Bank, Belpre, Ohio; capital, $25,000; Pres., B. L. Van Winkle; Vice-Pres., D. M. Alderman; Cashier, F. A. Van Deren.

8421—Blue Ball National Bank, Blue Ball, Pa.; capital, $50,000; Pres., G. A. Wallace; Vice-Pres., J. Hartz; Cashier, E. M. Wallace.

8422—First National Bank, Greenwood, Ind.; capital, $25,000; Pres., Grafton Johnson; Cashier, J. Albert Johnson.

8423—First National Bank, Glouster, Ohio; capital, $25,000; Pres., S. S Danford; Cashier, Howard V. Spear.

8424—Nixon National Bank; Reno, Nev.; capital, $500,000; Pres., G. S. Nixon; Vice-Pres., G. F. Turritin; Cashier, F. M. Lee; Asst. Cashier, R. C. Turritin.

8425—First National Bank, Millstadt, Ill.; capital, $30,000; Pres.; F. L. Baltz; Vice-Pres., A. B. Daab; Second Vice-Pres., W. N. Baltz; Cashier, F. G. Baltz.

8426—First National Bank, Gary, Ind.; capital, $25,000; Pres., J. W. Fieldhouse; Vice-Pres., W. S. Hazelton; Cashier, T. T. Snell.

8427—Hamlin National Bank, Hamlin, Tex.; capital, $25,000; Pres., W. T. Shannon; Vice-Pres., A. G. Hudson; Cashier, C. W. Shannon.

8428—First National Bank, Blacklick, Pa.; capital, $25,000; Pres., J. W. Carson; Vice-Pres., James Gardner; Cashier, W. H. Ashbaugh.

8429—First National Bank, Albion, Ill.; capital, $50,000; Pres., J. F. Stewart; Vice-Pres., H. J. Strawn; Cashier, C. Emmerson; Asst. Cashier, George O. Green.

8430 — Commercial National Bank, Hutchinson, Kans.; capital, $100,000; Pres., A. E. Asher; Vice-Presidents, E. T. Guymon and K. E. Sentney; Cashier, E. N. Sapp.

8431—First National Bank, Farwell, Tex.; capital, $25,000; Pres., W. Farwell; Vice-Pres., D. A. Linthiscum; Cashier, A. J. Edmondson.

8432—First National Bank, Wheatland, Wyo.; capital, $25,000; Pres., W. P. Everingim; Cashier, Guy Dann.

8433—Fremont County National Bank, Canon City, Colo.; capital, $100.000; Pres., M. S. Raynolds; Cashier, G. F. Rockafellow; Asst. Cashier, F. A. Raynolds.

8434—First National Bank, Richmond, W. Va.; capital, $25,000; Pres., H. W. Armstrong; Vice-Pres., T. M. Richards; Cashier, Jno. R. Wallace.

8435—Berea National Bank, Berea, Ky.; capital $25,000; Pres., S. E. Welch; Vice-Pres., Wright Kelly; Cashier, J. L. Gay.

8436—Corona National Bank; Corona, Calif.; capital, $25,000; Pres., William J. Pentelow; Vice-Pres., Jacob Stoner; Cashier, M. Terpening.

8437—First National Bank, Roosevelt, N. J.; capital, $25,000; Pres., ————; Vice-Presidents, Robert Catson and Joseph A. Hermann; Cashier, Eugene M. Clark.

8438—American National Bank, Cincinnati, Ohio; capital, $100,000; Pres., J. M. Crawford; Vice-Presidents, Wm. Christie Herron and J. M. Blair; Cashier, H. A. Winans; Asst. Cashier, O. L. Ballinger.

8439—Citizens' National Bank, Glasgow, Ky.; capital, $40,000; Pres., Jas. P. Depp; Vice-Pres., B. K. Wells; Cashier, L. W. Preston; Asst. Cashier, E. F. Jewell.

8440—American National Bank, Shreveport, La.; capital, $150,000; Pres., S. W. Smith; Vice-Presidents, S. B. McCutchen, P. C. Wideman and E. S. Woodin; Cashier, M. A. McCutchen.

8441—Citizens' National Bank, Middleport, Ohio; capital, $25,000; Pres., Charles F. Rathburn; Vice-Pres., John B. Downing, Jr.; Cashier, W. E. Russell.

8442—First National Bank, Riceville, Iowa; capital, $25,000; Pres., James Hendricks; Vice-Presidents, R. T. St. John and C. E. Adams; Cashier, B. N. Hendricks.

8443—Harpeth National Bank, Franklin, Tenn.; capital, $50,000; Pres., R. A. Bailey; Vice-Pres., Walter A. Roberts; Cashier, Jo. J. Green; Asst. Cashier, Newt Cannon, Jr.

NEW STATE BANKS, BANKERS, ETC.

ALABAMA.

Lafayette—Chambers Co. Bank; capital, $30,000; Pres., J. M. Tuckers; Vice-Pres., G. E. Collins; Cashier, M. R. Collins; Asst. Cashier, R. H. Boyd.

ARIZONA.

Florence—Bank of Florence; capital, $10,000; Pres., D. C. Stepens; Vice-pres., F. A. Chamberlin; Cashier, F. C. Eagin.

ARKANSAS.

Gassville—Citizens Bank; capital, $5,-000; Pres., M. O. Coventon; Vice-Pres., T. A. Johnson; Cashier, H. C. Browning; Asst. Cashier, W. H. Thorn.

CALIFORNIA.

Greenwater—Greenwater Banking Corp.; capital, $50,000; Pres., Geo. S. Nixon; Vice-Pres., Lewis A. Parkhurst; Cashier, H. B. Gee.

Los Angeles—Globe Savings Bank; capital, $112,000; Pres., Chas. A. Elder; Vice-Pres., Chas. Lloyd; Cashier, E. J. Scott; Asst. Cashier, E. E. Morse.

Newport Beach—State Bank of Newport; capital, $12,500; Pres., S. Townsend; Vice-Pres., A. J. Wallace; Cashier, Lew. H. Wallace.

COLORADO.

Denver — Interstate Trust & Savings Bank; capital, $50,000; Pres., Almon E. Hart; Vice-Pres., L. C. Greenlee; Cashier, H. G. Stephens; Asst. Cashier, A. W. Clark.

FLORIDA.

Bradentown—R. H. Johnson & Bros., bankers.

GEORGIA.

Cobbtown—Bank of Cobbtown; capital, $15,000; Pres., E. Daughtry; Vice-Pres., J. S. Chambers; Cashier, J. C. Crow.

Decatur—Bank of Decatur; capital, $15,-000; Pres., W. F. Pattillo; Vice-Pres's, W. H. Weekes and W. E. McCalla; Cashier, E. W. Davis.

Flovilla—Bank of Flovilla; capital $15,-000; Pres., F. S. Etheridge; Vice-Pres., F. M. Lawson; Cashier, J. T. Gibson.

Ochlochnee—Bank of Ochlochnee; capital, $25,000; Pres., D. B. Anderson; Vice-Pres., W. S. Bulloch; Cashier, William Johnson.

Oliver—Peoples Bank; capital, $15,000; Pres., L. O. Benton; Vice-Pres., C. L. Huggins; Cashier, O. H. Marsh.

IDAHO.

Nampa—First National Bank; capital, $25,000; Pres., E. H. Dewey; Vice-Pres., J. H. Murray; Cashier, Walter E. Miller.

Nez Perce—Bank of Nezperce; capital, $25,000; Pres., J. A. Schultz; Cashier, P. J. Miller.

ILLINOIS.

Chicago—Security Bank; capital, $60,-000; Pres., Edward A. Erickson; Cashier, Jens C. Hansen.

East Alton—Bank of East Alton; capital, $25,000; Pres., C. A. Caldwall; Vice-Pres., Albert Wade; Cashier, Samuel Wade.

Elkville—Elkville State Bank; capital, $25,000; Pres., J. D. Hays; Vice-Pres., R. C. Eaton; Cashier, Wm. Hays.

Heyworth—Farmers State Bank; capital, $30,000; Pres., Sigmund Heldman; Vice-Pres., John T. Buck; Cashier, Albert Fulton; Asst. Cashier, Meritt A. Gifford.

Kell—Kell Bank; capital, $10,000; Pres., L. L. Emmerson; Vice-Pres., C. T. Kell; Cashier, C. H. Purdue; Asst. Cashier, G. W. Parchen.

Marion—Citizens' Trust & Banking Co.; capital, $100,000; Pres., H. M. Parks; Vice-Pres., W. W. Clements; Cashier, R. A. Parks.

Prairie du Rocher—State Bank; capital, $25,000; Pres., Wm. H. Ker; Vice-Pres., Joseph Laurent; Cashier, Wm. H. Maurey; Asst. Cashier, Thos. J. Conner.

Woodlawn—Woodlawn Bank; capital, $5,000; Pres., G. B. Welloourn; Vice-Pres., W. C. Troutt; Cashier, Jno. W. Watkins.

INDIANA.

Worthington—Commercial State Bank; capital, $25,000; Pres., Joe Moss; Vice-Pres., B. B. Mitten; Cashier, E. E. Miller.

INDIAN TERRITORY.

Chant—Farmers & Merchants' Bank; capital, $10,000; Pres., Joe. M. Edwards; Vice-Pres., S. T. Philips; Cashier, J. W. Eakin.

IOWA.

Humboldt—People's State Bank; capital, $100,000; Pres., G. E. Tremaine; Vice-Pres., E. K. Winns; Cashier, W. W. Stevens.

KANSAS.

Hewins—Hewins State Bank; capital, $10,000; Pres., J. M. Dosbaugh; Vice-Pres., Fred I. Gaddie; Cashier, C. J. Burson.
Hollenberg—Moss Bros. State Bank; capital, $10,000; Pres., A. J. Moss; Vice-Pres., M. E. Moss; Cashier, A. R. Moss.
Long Island—Farmers' State Bank: capital, $20,000; Pres., J. F. Arnold; Vice-Pres., L. Yautiss; Cashier, A. L. McCinstion.
McLouth—Union State Bank; capital, $15,000; Pres., Elijah Jones; Vice-Pres., C. G. Casebeir; Cashier, H. D. Edmonds.
Nersho Falls—Nersho Falls State Bank; capital, $10,000; Pres., D. R. Inge; Cashier, C. Kramer; Asst. Cashier, Nora Kramer.
Pittsburg—The National Bank of Commerce; capital, $100,000.

KENTUCKY.

Flemingsburg—People's Bank; capital $25,000; Pres., Jno. J. Reynolds; Vice-Pres., D. D. Housley; Cashier, Pres. E. Rhods.
Oldham—Oldham Trust Co.; capital, $14,000; Pres., J. Wood Yoger; Vice-Pres., P. S. Head; Cashier, John T. Yoger.

LOUISIANA.

Franklin—Commercial Bank & Trust Co.; capital, $200,000; Pres., James Birg; Vice-Pres., James A. Peterman; Cashier, H. S. Palfrey; Asst. Cashier, R. H. Collins.
Paincourtville—Bank of Paincourtville; capital, $25,000; Pres., Felix Dugas; Vice-Pres., A. A. Landry; Cashier, Pierre E. Landry; Asst. Cashier, Geo. H. Dugas.

MICHIGAN.

Birch Run—Bank of Birch Run; capital, $7,500; Proprietor, Chas. Maynard; Asst. Cashier, Raymond Frost.
Hopkins—Hopkins State Bank; capital, $20,000; Pres., D. B. Kidder; Vice-Pres., C. H. Furber; Cashier, R. C. Furber.
Otisville—Otisville Bank; capital, $5,000; Pres., Lee Hagle; Vice-Pres., N. W. Lyons; Cashier, F. R. McGregor.
Pickford—Bank of Pickford; capital, $5,000; Pres., David Beacon; Vice-Pres., Wm. H. Best; Cashier, Will G. Cox.

MINNESOTA.

Brainerd—Citizens' State Bank; capital, $25,000; Pres., W. T. Dunn; Vice-Pres., Fred Hoffman; Cashier, J. A. Bachelder.
Deerwood—Bank of Deerwood; capital, $6,000; Cashier, H. J. Hage; Asst. Cashier, A. L. Howe.
Gibbon—Citizens' State Bank; capital, $12,000; Pres., Peter Manderfeld; Vice-Pres., John Friedl; Cashier, John W. Boock.
Manchester—Manchester State Bank; capital, $10,000; Pres., Charles E. Paulson; Vice-Pres., Ole M. Olson; Cashier, Henry Loth.

MISSISSIPPI.

Prentiss—Farmers' Security Bank & Trust Co.; Vice-Pres., R. F. Walden; Cashier, J. W. Burrow.
Raleigh—Raleigh State Bank; capital, $75,000; Pres., A. A. Fuller; Vice-Pres., W. D. Crout; Cashier, H. H. Davis; Asst. Cashier, R. A. Alak.
Tylertown—Tylertown Bank; capital, $25,000; Pres., L. K. Kampton; Vice-Pres., J. C. Rimer; Cashier, W. H. Morse.

MISSOURI.

Deerfield—Bank of Deerfield; capital, $5,000; Pres., F. B. Welton; Vice-Pres., W. W. Higpee; Cashier, L. H. Pease.
Ferguson—Bank of Ferguson; capital, $15,000; Pres., Fred Bindbeutel; Vice-Pres., W. H. Tiffin; Cashier, D. A. Randall.
Granby—Bank of Granby; capital, $20,000; Pres., W. A. Bowles; Vice-Pres., N. Y. Davis; Cashier, J. Hutsell; Asst. Cashier, Ed. B. Wolfe.
Kansas City—Westport Ave. Bank; capital, $100,000; Pres., G. M. Smith; Vice-Pres., J. M. Klapmeyer; Cashier, W. F. Lacoff; Asst. Cashier, Jno. B. Warnall.
Neck City—Bank of Neck City; capital, $10,000; Pres., Gust Weyand; Vice-Pres., C. C. Yoder; Cashier, W. F. Estes; Asst. Cashier, Chas. E. Scafe.

NEBRASKA.

Mitchell—Mitchell State Bank; capital, $15,000; Pres., J. A. Bowman; Cashier, J. T. Whitehead.

Richland—Richland State Bank; capital, $5,000; Pres., J. W. Rusch; Vice-Pres., J. E. Arnold; Cashier, Geo. A. Shonke.

NEVADA.

Caliente—Lincoln County Bank; capital, $6,000; Pres., Homer A. Hansen; Vice-Pres., F. R. McNamee; Cashier, David Farnsworth.

Manhattan—Nye & Ormsby Co. Bank; capital, $500,000; Pres., Frank Golden; Vice-Pres., D. M. Ryan; Cashier, R. B. Meder.

Reno—Nevada Trust & Savings Bank; capital, $100,000.

NEW YORK.

New York—Commercial Trust Co.; capital, $500,000; Pres., R. R. Moore; Sec., Ames Higgins.

North Java—North Java Co., Bankers; Pres., G. J. Humphrey; Vice-Pres., W. J. Humphrey; Cashier, W. E. Smith.

NEW MEXICO.

Clayton—Union County Trust & Savings Association; capital, $50,000; Pres., H. J. Hammond; Vice-Pres., Nester C. de Baca.

NORTH CAROLINA.

Ramseur—Bank of Ramseur; capital, $12,000; Pres., W. H. Watkins; Vice-Pres., H. L. Cater; Cashier, Irrine Smith.

Vanceboro—Bank of Vanceboro; capital, $5,000; Pres., W. C. White; Vice-Pres., J. W. Stewart; Cashier, J. B. Harvey.

NORTH DAKOTA.

Ashley—Union State Bank; capital, $10,000; Pres., R. R. Hedtke; Vice-Pres., P. T. Kretschmar; Cashier, C. D. Gross.

Berwick—Citizens' State Bank; capital, $12,500; Pres., Horace Bagley; Vice-Pres., Louis Ebel; Cashier, A. A. Hanson.

Blabon—Blabon State Bank; capital, $10,000; Pres., James D. Brown; Vice-Pres., A. C. Chapman; Cashier, F. B. Chapman.

Buford—First State Bank; capital, $5,750; Pres., A. F. Noble; Vice-Pres., A. C. Chapman; Cashier, F. B. Chapman.

Hebron—Merchants' State Bank; capital, $10,000; Pres., F. Schweigert; Vice-Pres., F. Dichtenmueller; Cashier, E. H. Maind.

Ryder—Citizens' State Bank; capital, $10,000; Pres., A. C. Wiper; Vice-Pres., P. J. Cumber; Cashier, E. H. Wiper; Asst. Cashier, Chas. Wiper.

Tolna—State Bank; capital $10,000; Vice-Pres., N. B. Felton; Cashier, Geo. G. Magona.

OHIO.

Alger—Alger Savings Bank; Pres., Alex. Carman; Vice-Pres., E. G. Harriman; Cashier, M. D. McConbrey.

Cincinnati—Hyde Park Savings Bank; capital, $50,000.

Leetonia—Farmers & Merchants' Banking Co.; capital, $50,000; Pres., G. W. Ballantine; Vice-Pres., Wm. Floding; Cashier, J. B. Frederick.

Shawnee—Shawnee Bank Co.; capital, $12,500; Pres., D. C. Jenkins; Vice-Pres., H. R. Blaire; Cashier, F. A. Sharshal.

OKLAHOMA.

El Reno—Commercial Bank; capital, $20,000; Pres., C. R. Miller; Vice-Pres., Chas. M. Standard; Cashier, Earl Beebe.

OREGON.

Mt. Angel—Bank of Mt. Angel; capital, $15,000; Pres., Fred Schwab; Vice-Pres., C. R. Hougham; Cashier, J. M. Conklin.

PENNSYLVANIA.

Bethlehem—Bethlehem Trust Co.; capital, $125,000; Pres., J. A. Aberts; Vice-Pres., H. J. Meyers; Cashier, A. C. Young.

Blue Ball—Blue Ball National Bank; capital, $25,000; Pres., Geo. A. Wallace; Vice-Pres., Jacob Hartz; Cashier, E. M. Wallace.

SOUTH CAROLINA.

Blackstock—Bank of Blackstock; capital, $10,000; Pres., L. E. Sigmer; Vice-Pres., W. S. Douglass; Cashier, John R. Craig.

Branchville—People's Bank; capital, $25,000; Pres., R. F. Duges; Vice-Pres., L. J. Mann; Cashier, Oscar W. Smoak.

White Pine—Citizens' Bank; capital, $15,000; Pres., J. E. Williams; Vice-Pres., E. W. Hungate; Cashier, W. W. Batte.

SOUTH DAKOTA.

Hitchcock—Security State Bank; capital, $6,000; Pres., J. C. Bassett; Vice-Pres., E. L. Nelson; Cashier, F. E. Lemmon.

Java—German State Bank; capital, $10,000; Pres., John Bieber; Vice-Pres., Fred Spirg; Cashier, P. Spirg; Asst. Cashier, Henry Thielen.

Midland—Bank of Midland; capital, $15,-000; Pres., C. L. Millett; Vice-Pres., A. J. Bunker; Cashier, M. C. Sherwood.
Murdo—First State Bank; capital, $5,-000; Pres., John R. White; Vice-Pres., Wm. M. Smith; Cashier, Everett A. White; Asst. Cashier, M. M. Mckee.
Rowesville—Cotton Bank; capital, $1,-000; Pres., V. P. Shuler; Vice-Pres., J. C. Funchess; Cashier, J. H. Moore.
Stratford—Farmers' State Bank; capital, $10,000; Pres., J. C. Bassett; Vice-Pres., L. J. Mann; Cashier, Oscar W. Smoak.

TENNESSEE.

Bulls Gap—People's Bank; Pres., J. B. Willoughby; Vice-Pres., E. M. Myers; Cashier, J. D. Morrow.

TEXAS.

Amarillo—Western Bank & Trust Co.; capital $100,000; Pres., B. T. Ware; Vice-Pres., W. M. Lay; Cashier, Frank B. Salter; Asst. Cashier, Chas. T. Ware.
Crowell—Bank of Crowell; capital, $25,-000; Pres., C. T. Herring; Vice-Pres., L. J. Massie; Cashier, J. W. Shnell.
Gonzales — Farmers' National Bank; capital, $25,000; Pres., Thos. B. Palfrey; Vice-Pres., J. P. Randle and C. T. Rather; Cashier, J. S. Douglas.
Paris—First State Bank; capital, $100,-000; Pres., Hudson P. Ellis; Vice-Pres., J. T. Conway; Cashier, J. W. Hardesie.
Sweetwater—Farmers & Merchants' State Bank; Pres., J. V. W. Holmes; Vice-Pres., J. Z. Linn; Cashier, E. L. Daniel; Asst. Cashier, G. E. Bradford.

UTAH.

Lehi—Bank of Lehi; capital, $————; Pres., Jas. Chipman; Cashier, W. D. Chipman.

VIRGINIA.

Cheriton—Bank of Cheriton; capital, $20,000; Pres., W. M. Upshur; Vice-Pres., Samuel Townsend; Cashier, Geo. T. Tyson.
Powhatan—Southern Interstate Bank; Cashier, Wm. E. Maxey.
Scottsburg—Bank of Scottsburg; capital, $11,000; Pres., J. T. Locy; Vice-Presidents, E. E. Hinckle and J. J. Stigall; Cashier, L. D. Bailey.

WASHINGTON.

Aberdeen—Chehalis County Bank; Pres., Frank G. Jones; Vice-Pres., N. Rogan; Cashier, O. F. Johnson.
Goldendale—Golden Milling Co.; capital, $30,000; Pres., Frank Aldrich; Vice-Pres., W. H. Moore; Cashier, L. A. Duncan.
Tacoma—Scandinavian Commercial & Savings Bank; capital, $100,000; Pres., Louis Foss; Vice-Pres., O. Granrud; Cashier, Andrew Melgard; Asst. Cashier, H. Rostad.

WISCONSIN.

Cazenovia—State Bank; capital $10,000; Pres., J. C. Anderson; Vice-Pres., John Walsh; Cashier, J. E. Hanzlik.
Dousman—Dousman State Bank; capital, $10,000; Pres., C. C. Olson; Vice-Pres., H. L. Bischel; Cashier, Oscar A. Olsen; Asst. Cashier, L. G. Olson.
Ingram—Ingram State Bank; capital, $10,000; Pres., E. D. Van Ellen; Vice-Pres., Geo. D. Bartlett; Cashier, F. H. Blackburn.
Milwaukee—Mitchell Street State Bank; capital, $50,000; Pres., Valentine Zimmerman, Jr.; Vice-Pres., Sylvester Wabiszenske; Cashier, G. F. Egerton.

WYOMING.

Buffalo—Wyoming Loan & Trust Co.; capital, $25,000.
Riverton—Riverton State Bank; capital, $10,000; Pres., A. J. Cunningham; Vice-Pres., J. F. Richards; Cashier, H. G. Hay, Jr.; Asst. Cashier, George Gregory.

CANADA.

BRITISH COLUMBIA.

Salmon Arm—Bank of Hamilton.

QUEBEC.

St. Jovite—Merchants' Bank; J. B. Donnelly, Mgr.

SASKATCHEWAN.

Glen Ewen—Northern Bank; W. A. Campbell, Mgr.
Prince Albert—Northern Bank; H. B. Torren, Mgr.

ALBERTA.

Blairmore—Union Bank; H. D. Smith, Mgr.
Cowley—Union Bank; C. U. Reece, Mgr.
Stettler—Traders' Bank; J. C. Murray, Mgr.

BRITISH COLUMBIA.

Vancouver—Bank of Montreal; C. Sweney, Mgr.

ONTARIO.

Agincourt—Metropolitan Bank; R. T. Laing, Mgr.

Brantford—Imperial Bank; A. H. Murray, Mgr.

Forest—East Lambian Farmers' Loan & Savings Bank; N. Tripp, Mgr.

Guelph—Royal Bank; G. B. Korris, Mgr.
Picton—United Empire Bank; A. Leslie, Mgr.
Tilbury—Sovereign Bank; J. I. Hill, Mgr.

CHANGES IN OFFICERS, CAPITAL, ETC.

ALABAMA.

Dothan—Third National Bank; S. J. Espy, Vice-Pres. in place of J. T. Thrasher; T. E. Williams, Pres., deceased.
Jacksonville—Tredegar National Bank; Frank J. Burke, Vice-Pres. in place of W. H. Dean.

ARKANSAS.

Little Rock—State National Bank; Max Mayer, Vice-Pres. in place of F. J. Darragh; W. W. McLaughlin, Cashier, in place of R. D. Duncan.

CALIFORNIA.

Glendale—Bank of Glendale; E. H. Vesper, Pres. in place of J. C. Kayes.
Los Angeles—Merchants' National Bank; W. H. Holliday, Pres. in place of H. W. Hellman, deceased; Marco H. Hellman and P. R. Wilson, Vice-Presidents; M. H. Hellman, Cashier in place of W. H. Holliday.—National Bank of California; J. E. Fishburn, Pres. in place of J. M. C. Marble; W. D. Woolwine, Vice-Pres. and Cashier in place of J. E. Marble and J. E. Fishburn.—American National Bank; J. G. Mossin, Vice-Pres., deceased.
Napa—James H. Goodman & Co.; J. C. Noyes, Vice-Pres., deceased.
Redlands—Redlands National Bank; W. W. Cave, Cashier in place of C. C. Ames.
San Francisco—Columbus Savings and Loan Society; W. J. Demartin, Cashier in place of Frank N. Belgrano.
Turlock—First National Bank; H. S. Crane, Pres. in place of C. H. Schiveley; E. B. Osborn, Vice-Pres.; F. W. Hosmer, Asst. Cashier.

COLORADO.

Cripple Creek—First National Bank; J. De Lonchamps, Cashier in place of E. C. Newcomb; Asst. Cashiers, M. L. Fuller and O. L. Fuller.
Hotchkiss—First National Bank; W. B. Stockham, Vice-Pres. in place of F. Kehr; D. W. Thomas, Cashier in place of C. L. Pike.
Monte Vista—First National Bank; M. Brady, Cashier in place of W. Staley; no Asst. Cashier in place of W. W. Pickett.

Palisades—Palisades National Bank; J. L. Oliver, Pres. in place of J. J. Durkee; Cashier, C. E. Walker in place of J. G. McKinney.

DELAWARE.

Wilmington—Farmers' Bank; W. W. Lobdell, Pres. in place of J. L. Carpenter, Jr., resigned.

DISTRICT OF COLUMBIA.

Washington—People's Savings Bank, resumed business, with W. J. Lambert, Pres.; Wm. F. Gude, Vice-Pres.; J. B. Kinnear, Treas.

GEORGIA.

Chipley—Bank of Chipley; J. L. Allen, Cashier, resigned.
Conyers—Bank of Conyers; Paul McDaniel, Cashier in place of T. D. O'Kelley, resigned.
Doerun—People's Bank; David C. Barrow, Pres.
Habira—Bank of Habira; W. H. McKinnon, Cashier.
Mansfield—Bank of Mansfield; E. L. Almond, Pres. in place of J. M. Hurst; E. L. Almond, Vice-Pres., succeeded by J. M. Hurst.
Moultrie—Moultrie Banking Co.; W. W. Ashburn, deceased.
Powder Springs—Bank of Powder Springs; J. H. McLendon, Cashier.

IDAHO.

Coeur d'Alene—First National Bank; Thos. H. Brewer, Pres. in place of E. N. Lindberg.
Harrison—First Bank; B. F. O'Neil, Pres.; H. J. Rossi and R. K. Wheeler, Vice-Presidents; W. B. Hagar, Cashier; H. B. Grant, Asst. Cashier.
Payette—First National Bank; A. B. Moss, Pres. in place of G. V. Leighton; Vice-Presidents, Geo. V. Leighton and P. Pence; Cashier, M. F. Albert in place of G. D. Snell, Jr.

IOWA.

Des Moines—Iowa National Bank; G. A. Nelson, Asst. Cashier.—Bank of Sully; Henry Dewit, Asst. Cashier, deceased.
Dubuque—German Savings Bank; H. Mitchell, Vice-Pres. in place of A. F. Heet.

Dunkerton—First National Bank; F. Braniger, Cashier in place of W. W. Beal, Jr., resigned.

Humboldt—People's Savings Bank; title change to People's State Bank.

New London—New London National Bank; W. L. Weller, Pres. in place of W. W. Lee.

Newton—First National Bank; R. L. Arnold, Cashier in place of E. E. Lyday.

Red Oak—First National Bank; no cashier in place of O. J. Gibson.

State Center—Dobbin and Whitson State Bank; O. J. Whitson, deceased.

Sumner—First National Bank; W. A. Heyer, Asst. Cashier.

ILLINOIS.

Brocton—Brocton Bank; John Roll, Pres., deceased.

Chicago Heights—Chicago Heights Savings Bank; Geo. I. McEldowney, Pres.; J. Kotilineak, Jr., Cashier.

Evanston—State Bank; H. J. Wallingford, Pres.; H. H. C. Miller, Vice-Pres.; W. G. Hoog, Cashier; E. F. Pierce, Asst. Cashier.

Farmer City—First National Bank; Jacob Swigart, deceased.

Gibson City—Farmers & Merchants' Bank; Robert McClure, Pres., deceased.

Grant Park—Grant Park National Bank; E. C. Curtis, Pres. in place of F. Holzman; Cass J. Hayden, Cashier in place of E. C. Curtis; no Asst. Cashier in place of Cass J. Hayden.

Herrick—Herrick Bank; Logan Nance, Vice-Pres., deceased.

Libertyville—First National Bank; J. S. Gridley, Cashier in place of C. M. Taylor; G. Carroll Gridley, Asst. Cashier.

Mansfield—First National Bank; no Vice-Pres. in place of A. J. Langley; C. M. Dankman, Cashier in place of J. C. Langley; M. S. Champion, Asst. Cashier in place of H. R. Gladden.

Rockford—Forest City National Bank; E. E. Brumbaugh, Cashier.

INDIANA.

Berne—Bank of Berne—C. A. Neuenschwander, Pres.; J. F. Lehman, Vice-Pres.; Jesse Rupp, Cashier.

Coatesville — Coatesville Bank; title changed to First National Bank.

Lafayette—National Fowler Bank; W. S. Potter, Vice-Pres. in place of C. G. Fowler; C. G. Fowler, Cashier.

Muncie—People's National Bank; C. A. Willard, Pres. in place of Edward Tuhey.

Salem—Citizens' Bank; C. B. Williams, deceased.

Sheridan—First National Bank; O. A. Cox, Vice-Pres.; L. W. Cox, Cashier in place of F. G. Kassebaum.

South Bend—First National Bank; M. B. Staley, Vice-Pres. in place of E. B. Reynolds.

INDIAN TERRITORY.

Claremore—First National Bank; W. E. Halsell, Pres. in place of W. R. McGeorge.

Coalgate—Coalgate National Bank; J. H. Mitchell, Cashier in place of B. C. Sims.

Holdenville—National Bank of Commerce; C. M. Hamilton, Cashier in place of I. B. Martin; G. L. Browning, Asst. Cashier.

Vinita—First National Bank; G. W. Clark, Vice-Pres. in place of W. P. Phillips; Earl Walker, Asst. Cashier.

KANSAS.

Atchison—Exchange National Bank; A. J. Harwi and W. P. Waggener, Vice-Presidents; C. W. Ferguson, Cashier; W. W. Hetherington, Asst. Cashier in place of Ferugson.

Norton—National Bank; C. L. Bowers and C. E. Hilsinger, Vice-Presidents; S. B. McGrew, Asst. Cashier.

Oberlin—Oberlin National Bank; L. S. Munger, Cashier in place of H. O. Douglas; A. C. Bush, Asst. Cashier.

Sedan—People's National Bank; D. J. Moore, Cashier in place of O. D. Stallard.

Wellington—Wellington National Bank; Geo. H. Hunter, Vice-Pres. in place of G. T. Pitts.

KENTUCKY.

Louisville—Commercial Bank and Trust Company; E. W. Hays, Cashier.

Middlesborough—National Bank; C. T. Cleland, Cashier in place of W. C. Sleet.

Varsailles—Bank of J. Amsden & Co.; J. P. Amsden, Cashier, deceased.

LOUISIANA.

Jeanerette—First National Bank; W. F. Voorhies, Cashier in place of A. Cousin, Jr.

New Iberia—People's National Bank; no Pres. in place of Jas. Gebert, deceased.

New Roads—First National Bank; E. C. Claiborne, Cashier.

Paintcourtville—Bank of Paintcourtville; Pierre Landry, Cashier in place of Leonce Leblanc; George Dugas, Asst. Cashier.

MAINE.

North Berwick—North Berwick National Bank; N. S. Austin, Cashier in place of Theodore Gould.

MARYLAND.

Baltimore—Western National Bank; C. E. Rieman, Pres. in place of J. G. Harvey, deceased; W. B. Brooks, Vice-Pres.—United Surety Company; W. A. Mason, Treas., resigned.

Easton—Easton National Bank; Henry Hollyday, Cashier in place of Richard Thomas, deceased.

Midland—First National Bank; R. Annan, Pres. in place of M. Wineland, deceased.

MASSACHUSETTS.

Boston—First National Bank; G. W. Hyde, Asst. Cashier.

Fall River—Fall River National Bank; Herbert Field, Vice-Pres. in place of R. B. Borden.

Hudson—Hudson National Bank; Alfred D. Gleason, Pres. in place of J. S. Bradley; J. H. Robinson, Vice-Pres. in place of A. D. Gleason.

Malden—First National Bank; Harry W. Fenn, Asst. Cashier.

MICHIGAN.

Adrian—Waldby and Clay State Bank; George N. Jones, Asst. Cashier, resigned.

Concord Farmers' State Bank; Wm. D. Chapple, Pres., deceased.

Grand Rapids—Old National Bank; H. A. Woodruff, Asst. Cashier in place of Frank S. Coleman.

Hopkins—Exchange Bank; title changed to Hopkins State Bank.

Jackson—Jackson City Bank; John D. Morton, Asst. Cashier.

Melvin—Melvin Bank; Nathan Kerr, Pres., resigned; the bank has been reorganized with W. V. Andrae, Pres.; George Windsor, Sec. & Tr.

MINNESOTA.

Hawley—First National Bank; S. B. Widlund Cashier in place of G. A. Lee, resigned.

Lake Benton—National Citizens' Bank; W. F. Mann, Cashier in place of Alfred Soderlind; Mr. Mann continues as Vice-Pres.

Mora—State Bank; W. F. Waterman, Cashier in place of C. F. Mahake, resigned.

St. Paul—Capital National Bank; W. B. Clow, Asst. Cashier, resigned.

Stillwater—Lumbermen's National Bank and Stillwater Savings Bank; Roscoe S. Hersey, Pres., deceased.

MISSISSIPPI.

Meridian—Union Bank & Trust Co.; G. W. Meyer, Pres., deceased.

Saltillo—Branch of Farmers' Bank & Trust Co.

MISSOURI.

Bay St. Louis—Merchants' Banks; C. L. Hopkins, Pres.; L. M. Gix and Roger De Montluzin, Vice-Presidents.

MONTANA.

Harlem—First National Bank; W. S. Cowan, Vice-Pres. in place of W. E. French.

NEBRASKA.

Angus—Bank of Angus; Percy Baird, Pres.; M. I. Aitken, Vice-Pres.; Geo. Ewing, Cashier.

Auburn—Nemaha County Bank; Wm. Gaede, Cashier, deceased.

Calloway—Calloway State Bank; J. H. Dicker, Pres.

Stromsburg—First National Bank; V. E. Wilson, Pres. in place of J. W. Wilson; J. W. Wilson, Vice-Pres. in place of V. E. Wilson.

NEVADA.

Winnemucca—First National Bank; F. M. Lee, Vice-Pres.; J. Sheehan, Cashier in place of F. M. Lee; C. L. Tobin, Asst. Cashier in place of J. Sheehan.

NEW JERSEY.

Closter—Closter National Bank; Albert E. Cook, Cashier in place of William Tate.

Hackensack—People's National Bank; E. H. Lee, Cashier in place of I. H. Labagh; no Asst. Cashier in place of E. H. Lee.

Newark—Essex County National Bank; B. Atha, Pres. in place of T. W. Crooks; F. B. Adams, Vice-Pres.; A. F. R. Martin, Cashier.

NEW YORK.

Brooklyn—First National Bank; I. Hamburger, Cashier in place of W. A. Field; no Asst. Cashier in place of I. Hamburger.

Glens Falls—National Bank; Jno. E. Parry, Cashier in place of W. A. Waite, deceased.

Niagara Falls—Bank of Suspension Bridge; H. J. Hiller, Cashier in place of F. E. Johnson, resigned; J. E. Rutledge, Asst. Cashier.

New York City—Windsor Trust Co.; A. G. Norrie and H. Ward Ford, Vice-Presidents.—New York Trust Co.; F. J. Horne, Sec. in place of H. E. Ahern, resigned.—John C. King & Co., dissolved; succeeded by Messrs. Babcock, Rushton & Louderback.—Shoemaker & Bates, dissolved; succeeded by Shoemaker, Bates & Co.—United States Trust Co.; L. G. Hampton, Asst. Sec., deceased.—Union Trust Co.; opened a branch office at 425 Fifth avenue.

NEW MEXICO.

Hagerman—Hagerman National Bank; Jno. I. Hinkle, Cashier in place of W. M. Waskom.

NORTH CAROLINA.

Asheville—Blue Ridge National Bank; R. M. Fitzpatrick, Asst. Cashier.

Franklin—Bank of Franklin; F. S. Johnson, Pres.; J. S. Sloan, Vice-Pres.

Lexington—National Bank; J. W. Noell, Pres. in place of R. L. Burkhead; R. L. Burkhead, Cashier in place of J. W. Boring; W. E. Swann, Asst. Cashier, in place of James Adderton.

NORTH DAKOTA.

Bismarck—Bismarck Bank; E. M. Thompson, Cashier.

Devil's Lake—First National Bank; H. E. Baird, Pres. in place of A. O. Whipple; Howard Whipple, Vice-Pres. in place of H. E. Baird.

Lakota—National Bank; H. E. Baird, Pres. in place of A. O. Whipple; Howard Whipple, Vice-Pres. in place of H. E. Baird.

Mannhaven—Mercer County State Bank; E. M. Thompson, Cashier, resigned.

Starkweather—First National Bank; H. E. Baird, Pres. in place of A. O. Whipple; Howard Whipple, Vice-Pres. in place of H. E. Baird; Chas. A. Potter, Asst. Cashier.

OHIO.

Carrollton—Carrollton Savings & Banking Co.; L. I. Stockon, deceased.

Carthage—First National Bank; E. C. Blair, Cashier.

Delaware—Delaware National Bank; C. W. Denison, Asst. Cashier.

Georgetown—First National Bank; Jno. A. Tweed, Pres. in place of H. C. Loudon; Jno. Wood, Vice-Pres. in place of J. A. Tweed.

Monroe—Monroe National Bank; no Pres. in place of J. E. Compton, deceased.

Monroe—Monroe National Bank; W. M. Stewart, Acting Pres.

Sidney—First National Bank; J. C. Cummins, Cashier in place of L. M. Studevant.

Springfield—Springfield National Bank; W. F. Foos, Pres. in place of C. R. Crain.

OKLAHOMA.

Anadarko—National Bank; B. S. Dixon, Cashier in place of D. Kreitzer.

Binger—Binger Bank; J. R. Utterback, Pres.; W. H. Marvel, Vice-Pres.; W. T. Utterback, Cashier; Mrs. W. T. Utterback, Asst. Cashier.

Shawnee—Oklahoma National Bank; J. W. Rubey, Pres. in place of C. J. Benson; H. A. Pierson, Asst. Cashier in place of C. J. Baugh.

Wakita—First National Bank; W. S. Perrin, Cashier in place of H. A. Bull; F. A. Clinesmith, Asst. Cashier in place of W. S. Perrin.

OREGON.

Marshfield—First National Bank of Coos Bay; O. B. Hinsdale, Vice-Pres. in place of C. H. Merchant.

Sumpter—First National Bank; N. W. Carpenter, Pres. in place of J. A. Howard.

PENNSYLVANIA.

Bolivar—Bolivar National Bank— E. R. Hammond, Pres.; B. F. Reese, Vice-Pres.; F. E. Robinson, Cashier.

Galeton—First National Bank; D. Humphrey, Cashier in place of W. B. Layton.

Leechburg—First National Bank; J. C. Nieman, Cashier in place of C. F. Armstrong; M. W. Bottomfield, Asst. Cashier in place of W. R. D. Van Giesen.

Norristown—Penn Trust Co.; J. T. Elbert, Sec.; H. M. Cassell, Asst. Tr.

Phoenixville—National Bank; Wm. Kennedy, Pres. in place of L. B. Kaler, deceased.

Philadelphia—Merchants' National Bank; W. P. Barrows, Asst. Cashier.—Republic Trust Co.; Geo. C. Allen, Pres.; J. E. McCully, Vice-Pres.; J. E. McCully, Sec. & Tr.

Pittsburg—Washington Trust Co.; R. M. Crow, Sec. & Tr., resigned.—Union Trust Co.; H. W. Gleffer, Assistant to Pres.; S. Hayes, Tr.; John A. Irwin, Sec.

West Elizabeth—First National Bank; no Asst. Cashier in place of J. S. Speer.

SOUTH CAROLINA.

Union—People's Bank; T. I. Swiggert, Cashier, resigned.

SOUTH DAKOTA.

Lake Andes—Lakeside State Bank; A. Vander Voort, Cashier, deceased.

Virgil—Virgil State Bank; W. J. Heberlein, Cashier.

Wessington Springs — First National Bank; E. B. Maris, Cashier in place of A. R. McConnell; Rose Groth, Asst. Cashier in place of Cora Dewey.

TENNESSEE.

Carthage—First National Bank; J. T. Price, Asst. Cashier.

Harriman — Manufacturers' National Bank; Bird M. Robinson, Pres. in place of G. B. Durell.

TEXAS.

Aspermont—First National Bank; E. W. Kidwell, Cashier, resigned.

Bells—First National Bank; G. D. F. Whiting, Vice-Pres. in place of S. D. Simpson; Jos. Hughes, Asst. Cashier in place of J. K. Roddy.

Benjamin—First National Bank; G. H. Beavers, Vice-Pres. in place of G. B. Stewart.

Coolidge—First National Bank; W. J. Wallace, Cashier in place of J. E. Jenson.

Devine—Adams National Bank; no Pres. in place of W. B. Adams, deceased.

Eagle Lake—First National Bank; J. J. Whatley, Cashier in place of M. E. Guynn, resigned.

Gainesville—First National Bank; J. W. Gladney, Cashier in place of Wm. Worsham.

Greenville—First National Bank; S. B. Brooks, Cashier in place of E. W. Harrison, resigned.

League City—Citizens' State Bank; Ernest Steele, Cashier in place of J. P. Atkinson, resigned.

McLean—First National Bank; S. F. Sullenberger, Pres. in place of R. H. Collier; J. N. Porter, Vice-Pres.; W. P. Patterson, Cashier in place of C. M. McCullough.

San Antonio—Alamo National Bank; J. N. Brown, Pres. in place of C. Hugo; Otto Meerscheidt, Cashier.

Savoy—First National Bank; J. B. King, Asst. Cashier in place of R. H. Cook.

Whitewright—First National Bank; W. T. Sears, Vice-Pres. in place of R. M. Lively.

UTAH.

Kaysville—Barnes Banking Co.; R. W. Barnes, Cashier, resigned.

Salt Lake City—Utah National Bank; W. S. McCormick, Pres. in place of A. H. Lund, resigned.

VIRGINIA.

Gate City—First National Bank; no Vice-Pres. in place of J. A. Quillen, deceased.

Onancock—Jas R. Hickman, Vice-Pres. in place of F. T. Boggs, deceased.

VERMONT.

Orwell—First National Bank; no Pres. in place of W. B. Wright, deceased.

WEST VIRGINIA.

Bluefield—Flat Top National Bank; W. B. Hicks, Asst. Cashier in place of T. E. King.

Keyser—People's Bank; T. B. Davis, Pres.; F. H. Babb and W. W. Woods, Vice-Presidents.

Wellsburg—Wellsburg National Bank; S. S. Hedges, Cashier in place of T. W. Carmichael.

WISCONSIN.

Grantsburg—Grantsburg State Bank; capital, $25,000; Pres., F. K. Wellcome; Vice-Pres., O. Erickson; Cashier, H. A. Anderson; Asst. Cashier, E. Stevenson.

Green Bay—Bank of Green Bay; Mayor R. E. Minahan, Pres.

Oakfield—Cowles-Carpenter Co.; Miss Effie Taylor, Asst. Cashier.

WYOMING.

Sheridan—Bank of Commerce; Chas. R. Massey, Cashier in place of H. G. Alger.

MEXICO.

Saltillo—Bank of Saltillo; name changed to Compania de Saltillo, S. A.

BANKS REPORTED CLOSED OR IN LIQUIDATION.

ALABAMA.

Haynesville—First National Bank.

COLORADO.

Norwood—Bank of Norwood.

DISTRICT OF COLUMBIA.

Washington—People's Savings Bank.

ILLINOIS.

Ashton—People's Bank.

INDIANA.

Tipton—Union Bank.

INDIAN TERRITORY.

Comanche—Citizens' National.

MISSISSIPPI.

Indianola—Merchants & Planters' Bank.
Pittsboro—Bank of Pittsboro.

OHIO.

Cleveland—Market National Bank.
Lima—Lima Bank.
Monroeville—First National Bank.
Zanesville—Union National Bank.

WYOMING.

Evanston—Beckwith & Co.

MASSACHUSETTS BANKERS' ASSOCIATION.

The Massachusetts Bankers' Association held its second annual banquet on December 5 at the Hotel Brunswick, Boston, president Francis B. Sears presiding. Besides the customary festivities and felicities of the occasion, there were addresses by ex-Governor John D. Long, dealing with what might be termed the higher ethics of banking; Lewis E. Pierson, president of the New York National Exchange Bank, treating of the order bill of lading, and Dr. Clarence J. Blake of Boston, on the subject of the ear and the telephone.

A motion was unanimously passed directing the executive council of the association to communicate with the executives of other state associations for the purpose of uniting in requesting Congressmen to urge upon the Government the necessity of changing the present $3,000,000 per month currency retirement limitation; it having been found by the banks that if they can issue more of $5 and $10 certificates, business will be greatly facilitated.

Roswell C. Bradford has been elected a director of the Portland (Me.) National Bank, to fill the vacancy caused by the death of Henry P. Cox. Mr. Bradford is treasurer and traffic-manager of the Portland & Rumford Falls Railroad, and treasurer of the Rumford Falls Power Company.

Harvey Fiske & Sons have announced that they will discontinue their Boston office on January 1. Messrs. A. G. Fiske and A. A. Tilney, the resident partners, will return to New York, where it is the firm's intention to centralize all their business.

Petition has been granted for the establishment of the Chelsea Trust Company, in Chelsea, Mass., with a capital of $200,000, all of which has been subscribed, and the company will be organized at once. The petitioners were ex-Gov. John L. Bates, A. T. Ratshesky, vice-pres. Phelps of the National Life Insurance Company of Vermont, and a number of business men of Chelsea.

George S. Parker, for twelve years cashier of the Union Market Bank of Watertown, Mass., has resigned to become president of the Live Stock National Bank of Sioux City, Iowa. Mr. Parker has served as president of the Massachusetts National Bank Cashiers' Association, and has been auditor of the Watertown Co-operative Bank since its inception.

S. Everett Hyde, a director of the Fourth National Bank of Boston, died very suddenly, just after attending a directors' meeting. Mr. Hyde was the head of the firm of Hyde, Wheeler & Co., commission merchants.