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THE BANKER'S MAGAZINE

AND

Statistical Register.

ALBERT S. BOLLES, EDITOR.

"No expectation of forbearance or indulgence should be encouraged. Favor and benevolen are not the attributes of good banking. Strict justice and the rigid performance of contracts a its proper foundation."

"The Revenue of the State is THE STATE: in effect, all depends upon it, whether for support or reformation."

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VOLUME FORTY-FOURTH

OR,

VOLUME TWENTY-FOURTH OF THE THIRD SERIES

FROM JULY, 1889, TO JUNE, 1890, INCLUSIVE.

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GENERAL INDEX

TO THE

FORTY-FOURTH VOLUME

OF THE

BANKER'S MAGAZINE AND STATISTICAL REGISTER,

FROM

JULY, 1889, TO JUNE, 1890, BOTH INCLUSIVE.

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BANKER'S MAGAZINE

AND

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VOLUME XLIV. JULY, 1889. No. 1.

PROSPECTS OF TRADE.

Many of the newspapers, at least, are sanguine of an immediate trade revival. They behold numerous signs of it on every hand. Certainly the event accords with the wish of every one; but we are not so hopeful. While there are some indications of improving trade, we think that there are deeper causes which indicate a continued depression.

The losses by the recent flood in Pennsylvania and other States will not make a foundation for more active times than would otherwise have existed. It is true that a very considerable amount of work must be done to make the losses good; but, after all, this work only means the supplying of what has been lost, and when the repairs are completed nothing will have been added to the wealth of the country; and in no real or true sense can it be said that by thus making the losses good is the country benefited by the event. In the first place, some who have lost heavily will be obliged to compromise with their creditors, or get extensions of their paper, or in one way or another be favored; so that the loss, whether borne by them or shared in part by others, is nevertheless a real loss which cannot by any magic be converted into anything else. On the other hand, if the millions thus lost were in the country to-day they would just as certainly be used for further production. If anything is certain, it is that capital never remains idle long, but is constantly pushing out for employment in every possible direction. There are short seasons,

it is true, when it will accumulate in banks and other places, but it is always discontented when at rest. Unlike the ocean, it is never contented when still, and never remains long in this condition.

The real reason for the existing depression all over the country is this: Within a few years a large sum of money has been expended, especially in the extension of railroads, far beyond the necessities of the time, and on which little or no profit is earned. It may be that in our wonderful country all of these great railroad extensions will prove profitable within ten or fifteen years, possibly some of them sooner; but in many cases hardly any returns have come from many millions of capital thus expended. What is the meaning of all this? A very considerable portion of the capital of the country for the time being has been sunk; it has ceased to be productive. Nothing comes from it, and consequently the owners are for the time impoverished to that degree. If a man has nothing, he can spend nothing, and this applies to the richest as well as to the poorest; and if the capital of the richest is impaired or cut down in any degree, that impairment is just as truly felt by the country as the impairment of the capital of any other man. It may be that in his own private living his expenses are just as great as before; nevertheless he has less money to invest. He therefore gives employment to fewer men, and he cannot, if he would, employ as many or do as much to keep the wheels of industry in motion as he could if his income were larger. His motive does not affect the question; he may be just as desirous of driving those wheels as ever, but his power is less, and whenever this shrinking occurs, whatever may be the cause, production must languish. If he seeks to make good his loss by borrowing from the banks, he merely takes the capital of others, so that they have less to expend in keeping the wheels of industry in motion than they would have, had no borrowing occurred. In other words, by no magic can any more be expended than exists. Nor will credit in the least help the situation. All that credit can do is to transfer capital from one person to another. It does not increase capital; that remains the same, except as it may be increased by production or diminished by positive loss. Credit adds nothing and takes nothing from it; it operates to transfer capital from one person to another, and so may be entirely eliminated from the question.

This fact, then, cannot be denied, that a very large amount of capital in our country has become for several months or years unproductive; in other language, has been temporarily or permanently sunk. Since this is so, there is less capital for the employment of labor for construction of every kind; and the consequence is that prices are shrinking and must continue to

shrink until the losses thus sustained by a few in the beginning are to a considerable extent borne by others. Suppose a capitalist had four millions of dollars four years ago, and at the present time two millions are invested in unproductive railroads. He has now only two millions of paying capital left, and it is evident that with these he cannot employ as many persons or engage as widely in the industries as he could if he had his four millions. But suppose that prices should become so reduced in the course of the next two or three years that his two millions are as efficient as his four millions once were, then it is evident that he has once more so completely recovered that he can engage in as heavy operations as he could before his loss occurred.

If what we have said is true, then we see clearly enough the recovery which is going on all the time during a period of depression. Prices may be daily decreasing, nevertheless a time is coming from the decrease whereby those who suffer will in the end be able to undertake their industrial operations on the same scale that they did years before. Their capital is relatively having greater power by the general shrinkage. So far as they are directly affected by the shrinkage they are losers too, but so far as others lose more they are gainers. Of course, relatively, recovery may come in other ways, by an increase of business and by an advance of prices. This we think is the correct explanation of a period of depression and the mode in which the cure is wrought. However true this may be, when the losses sustained by a few in the beginning are divided over the entire country, then the end of the depression has come. They cannot be wholly borne by the persons on whom they originally fall. In some form or other they must pass through the entire community before any recovery can take place. Suppose there were no change of prices following the losses of the capitalist in these new railroads. They certainly would be unable to employ labor as they did before, and therefore fewer men would be engaged, and this would have a tendency to reduce prices, so that from any point in which the question is regarded the same result inevitably follows.

Thus we see why business is in its present stagnant condition. A large amount of capital has become unproductive; the owners cannot use it. They can not employ labor as they did before, nor buy and sell as they did before, and so producers of merchandise must reduce their prices to meet the present state of affairs. Now this is going on, prices are shrinking, and all kinds of business are becoming adjusted to the new state of things, and while this readjustment continues we do not see much, if any, chance of improvement in business. Nevertheless, it is certain that this readjustment means a preparation for better times.

When this readjustment has become general we shall see the wheels of trade start in all directions. Until then, people must have patience to do the best they can and be happy if they succeed even in holding their own. We think it may be fairly said that the country at large is undergoing this period of adjustment with less loss than at any other time in its history, and it will probably emerge from it more quickly than ever before. Nevertheless, some months, or perhaps years must go around before business will be very active. This is the way we regard the situation.

THE NEGOTIABILITY OF NOTES CONTAINING A STIPULATION FOR ATTORNEY'S FEES.

A few months ago we published the syllabus of a decision by the Supreme Court of Michigan, in which the court held that a note containing a stipulation for the payment of an attorney's fee was not negotiable. We were asked by some of our friends at the time whether this was the law in other States. We will look briefly into the question because one or two more decisions have recently been made on the subject.

At the outset, the question should be divided into two parts. The first is, whether a note containing such a stipulation is void; and, secondly, if the note be good, whether it is also negotiable. In regard to the first point the authorities are quite unanimous that the note containing such a stipulation is not void. This question was considered by the Supreme Court of Maryland in the case of *Bowie* v. *Hall*, decided last November. It was there held that the stipulation in the note in the case of non-payment at maturity to pay the cost of paying the same, including attorney's commission, was valid. In the case of the *Manufacturing Company* v. *Newman* (60 Md. 584) the same court held that the same stipulation destroyed the negotiability of the note, but did not impair the validity of the contract. On the contrary, the court said:

" But to declare such stipulations void, in order to maintain the negotiable character of the note, is certainly a strong thing for the court to do, unless it clearly contravenes some established principle of law. Parties have the right to make their contracts in what form they please, provided they consist with the law of the land; and it is the duty of the courts so to construe them, if possible, as to maintain them in their integrity and entirety. While the instrument under consideration may not be a valid negotiable promissory note, it does not by any means follow that it is not a valid contract of another description."

That doctrine has been pretty generally affirmed by the courts everywhere, we think, and therefore need not be further con-

sidered. Now for the second question. The courts are squarely divided on the subject. In Pennsylvania, Missouri, Michigan and Minnesota the courts have decided in numerous cases that such a note is not negotiable. In Iowa, Kansas, Kentucky, Wisconsin, Indiana and Nebraska the opposite doctrine has been held. The Supreme Court of Nebraska has recently delivered two decisions on the subject, in one of which Judge Cobb said: "Under the provisions of our statutes, when attorney fees are allowed by the court they do not become a part of the judgment proper, but a part of the costs, and it is expressly provided that such allowance shall be made in all cases wherein the mortgage or other written instrument, upon which the action is brought, shall in express terms provide for the allowance of an attorney's fee; and it must have been the intention of the legislature that such written instrument, if containing words of negotiability, should still retain that character, notwithstanding the clause allowing an attorney's fee. (*Heard* v. *Dubuque County Bank*, 8 Neb. 10.) The court cited the following cases in support of this decision: *Seaton* v. *Scovill* (18 Kan. 433), *Sperry* v. *Horr* (32 Iowa 184), *Hubbard* v. *Harrison* (38 Ind. 323), *Stoneman* v. *Pyle* (35 Ind. 103), *Johnson* v. *Crossland* (34 Ind. 334). *Dietrick* v. *Bayhi* (23 La. Ann. 767), *Gaar* v. *Louisville B. Co.* (11 Bush 180). Shortly afterward the same court decided a second case the same way, *Kemp* v. *Klaus* (8 Neb. 24). The Supreme Court of Missouri, however, have declared that such a note is non-negotiable. (*Bank of Trenton* v. *Gay*, 63 Mo. 33.)

Perhaps nothing further need be said on the question. The courts simply are divided, hopelessly so, and the important thing is for the banks to know what the rule is in their own State on the subject. It is one of the strong illustrations showing the need of a national code of commercial law. There are many such questions which may lead banks and holders into difficulty, and which would be readily settled if a national or interstate code was in operation.

A REVIEW OF FINANCE AND BUSINESS.

WEATHER THE CHIEF FACTOR IN THE SITUATION.

The glowing prospects of the month of May for the biggest, the best and the earliest harvests this country has ever known, have been succeeded by weather conditions in the month of June which have materially endangered the fulfillment of the promises of May, if indeed they have not already modified them, to an extent that will affect all branches of business more or less unfavorably. This change in the business situation has been reflected in the "weather markets" of the past month, where prices have literally gone up and down, with the sunshine and the rain. The abnormal disturbance of atmospheric conditions, which began with the disasters in Pennsylvania, have continued for the greater part of June, throughout the larger part of the great agricultural region of the Mississippi and Ohio valleys, and have extended to and across the Atlantic Ocean, affecting the crops of both hemispheres; and, for the greater part, unfavorably. The three chief exceptions are, first, the Pacific coast, which has secured a fine and above an average harvest of wheat; second, the spring wheat of the Northwest, where the drought of May, which was favorable to extended seeding, lasted till the latter part of June, before sufficient rains came to put that crop out of danger from drought; and, in the third place, the same was true of the other chief spring wheat producing country, Russia. In the meantime the early harvest in the winter belt of the United States was not only postponed, but, if reports are half true, seriously affected both in quantity and quality by the almost incessant rains. A "wet harvest" in Europe is considered a bad harvest; and it will be an exception if our winter wheat harvest is not. The harvest in Europe is later, and, therefore, not endangered by these conditions, as fine weather has succeeded the rains there in time. The benefit to our spring crop and that of Russia, by the rains, will not offset the damage to our winter harvest, because there was previously a loss from the May conditions of spring wheat, by reason of the continuance of dry weather well into June, reducing the May prospects. Corn has been flooded in some sections, and the oat harvest delayed and injured to some extent, causing these markets to advance, partly on the danger to these new crops, and in part on the light movement of the old ones, in consequence of such wet weather as seriously to interfere with farmers' deliveries. Sympathy with the sharper advance in wheat also helped the upward movement in other grains and their products, flour and feed.

THE EFFECT OF CROP DAMAGE ON RAILROAD STOCKS AND SPECULATION.

At the same time that these conditions have advanced the prices of the great breadstuff staples of home consumption and export, they have had the natural and opposite effect on railroad securities, and speculation in them for a rise, which had been pretty thoroughly discounted, on the magnificent crop prospects of May, as the speculation for a decline in grain had been discounted on the same prospects. The reaction in stocks, however, was not so sharp nor decisive as in wheat, because in part, the stock market was held up by pools quite generally, which had not unloaded sufficiently when this damage to the crops occurred, and partly because the conflicting reports of damage were not believed until some time after the injury had been done to the winter wheat. The effect of this, on the Southwestern roads of the Granger system, was also in part offset by the improved prospects of the spring wheat, on the Northwestern half of the Grangers. At this juncture, however, occurred a new and equally serious element, in the withdrawal of the Alton road from the Interstate Association, because of the alleged violation of its rules, and of the Interstate law, by the St. Paul road which had taken the Alton's share of the Kansas City business, and threatened a general freight rate war in the entire Granger system. But the same influence of the bankers, who represent investors, and which had forced the Burlington and Northern to cease its disturbing influence in the Northwest, by its cutting of St. Paul and Minneapolis rates, brought the St. Paul, under its new bankers' or investors' directory, back into the traces of the Interstate Association. With its promise to do so no more, it was hoped that the Alton would withdraw its notice of withdrawal, or at least live up to the Association rates, even if it did not return to the investors' fold.

EFFECT OF CUT RATES AND GOLD EXPORTS.

These doubts and contingencies were ample cause for a halt in the Bull movement in railway securities, which began in May, on better than average crop prospects. But they were not sufficient to overcome the strength of the Bull cliques, even in face of the renewed and increased exports of gold during June, and the fear of a closer money market when the new crops begin to move, together with the chances of continued specie exports. The situation seems to be this: The advance of the past two months in the stocks of the leading grain and Trunk Line roads, fully, if not more than discounted the exceptional crop prospects of an early spring, following a mild winter. These prospects have been materially modified as to the winter wheat harvest, and have, no doubt, fallen off somewhat on balance of the crops. A reaction,

of considerable proportions, was therefore natural, and should have followed these changed conditions. The threatened disruption of the Interstate Association and a rate war, though not general, west of Chicago, would have been enough for a successful Bear campaign had the big cliques been loaded that way. The free exports of gold in place of our railroad securities, which Europe does not seem to be thirsting for just now, and the chances in favor of higher rates for money within sixty days, are certainly not Bull conditions for either Granger or Trunk line railroad stocks.

THE BOOM IN THE COAL STOCKS.

The boom in the coal stocks, outside the supposed "melon" in the Delaware and Hudson Company, has been predicated wholly upon a hypothetical "improvement in the coal trade," consequent upon reduced output and marking up of prices, and the temporary inability of some roads to produce their quota. These stocks are also cliqued, notoriously the Reading, which continues to run far behind its fixed charges, with little prospect of improvement. As to the other member of the Anthracite Coal Triumvirate—the Lackawanna, it was boomed because the price of its rival, the Delaware and Hudson, was getting dangerously near that of its own stock, and threatened to cross it, which would never do. Hence the Lackawanna bellows were set to work on the Stock Exchange, and the latter stock was kept in the lead a couple of days, when the wind gave out, and Delaware and Hudson went to the head for the first time in years, and held it easily. What kind of a "melon" that in Delaware and Hudson will be, cannot be learned, as it is still green, if indeed grown. But there is suspicion of a watermelon, in the shape of an extra scrip dividend, or "watered" stock, based upon the increased earnings or value of its Canadian and other extensions, outside its coal business. The temporary elimination of the Pennsylvania Railroad from the market, by reason of the Johnstown disaster, while a great injury to that company, as was the loss of its through traffic during the two weeks required to rebuild and re-establish its western and coal connections did but little to help the coal trade, as stocks were ample to supply all demands, which cannot materially increase, except during the winter season, until the iron trade revives, of which the prospects are not brilliant, though in some respects improving, especially in the South, where the output is stimulated by the low prices, at which the furnaces there claim they can run and make a profit, though not a large one. This, and generally good trade, with good crop prospects at the South, is giving her railroads better traffic and earnings.

THE MONEY AND BOND MARKETS.

As noted above the fear of a closer money market after the

crops begin to move is leading to a conservative policy on the part of banks and money lenders, in view of the late expansions in loans, the reduction in the surplus reserve, and the still small purchases of bonds by the Government. Yet the latter gives no uneasiness, as the offerings of bonds have been small at the current low rates of interest, and there was neither need nor object of conversion of these bonds into cash. But the Treasury has fixed a price at which this can be done with benefit to the Government, and at the same time afford relief to the money market and the holders of bonds, should it be needed. The only question is the amount that will be applicable after the requirements of the coming fiscal year have been provided for, as these are usually very heavy for the first three months after July 1st. As to what extent we can stand the export drain of gold to make good the wants of the Bank of England, which is getting the bulk of our shipments, without affecting our money market, there are various opinions, some maintaining that we could export our full annual production of $33,000,000, which it is thought is not likely to be exceeded, in view of the fact that our exports are likely to increase with the incoming crops, and thus stop the drain. Others claim that with the reduction of the surplus reserve in the United States Treasury to a lower point than a year ago such exports would reduce the stock in the country to an unsafe point, by as much at least, and probably more, than the amount consumed annually in the arts. The market for all classes of railroad bonds has followed, and in cases led that for stocks, but is now more quiet again.

THE TRUST SPECULATIVE MANIA.

The mania for speculation in Trust stocks, upon the New York Stock Exchange, bids fair to equal the tulip mania, with which Europe was once afflicted; and to exceed the Copper Trust speculation, which recently resulted so disastrously to the Syndicate in Paris. Warnings like this, however, have no more weight against such a craze than reason has with a crowd when panic stricken. The fact that all these Trusts, big and little, have, until recently, been unwilling to part with their stock, would be enough, to a thinking mind, to cause it to inquire, why this sudden and almost unanimous desire to let the public into all these "big things?" One would suppose that Trusts had been organized for the benefit of the public, to judge from the eagerness with which it has grabbed this bait, which did not even conceal the hook of the monopolist, who, when he can rob the public no longer, or fears that the game is at an end, kindly lets his victims have the peel after the orange is squeezed. The cause of this sudden and general eagerness of these originators of Trust monopolies to list their securi-

ties on the Stock Exchange, and the willingness of that Exchange to admit anything, from a peanut to a whisky swill-milk Trust, provided it is sufficiently "watered," are both easy to explain: and, to a man of ordinary intelligence and common horse sense, would need no explanation at all. The Stock Exchange has driven away a good part of its former business, in its effort to make a monopoly itself of stock dealings, and the Consolidated Exchange will keep this business. To make good this loss the old exchange welcomes with open arms its more successful and monopolistic brethren all over the country. Hence it has come down to listing a swill-milk or "cattle feeders" and whisky-distilling Trust stock to the tune of $30,000,000, on which the public is promised the 5 per cent. dividends—that have been paid.

The anxiety of the holders of these Trust stocks to dispose of them before the Legislatures of the different States North, South East and West, shall again meet, next winter, is apparent from the fact that some of them passed, at their last session, stringent anti-Trust laws, and the rest showed a willingness to do so, that will be quickened by public opinion before another winter, after which it will not be such an easy thing for a Trust to evade the laws of one State, against them, by moving their offices into and organizing under the laws of States that have no anti-Trust laws. Indeed, it will be fortunate for these Trusts if Congress itself, under the change in its control, does not take up and pass, next winter, some of the many bills introduced last winter by the leaders of the now ruling party, not only placing them under National control, but declaring them to be illegal in themselves, since by their very method of organization they seek to render themselves irresponsible to the laws of the States whose protection they claim for their property and operations. But before and above all this legislation, stands the decision of Judge Barrett against the Sugar Refineries Company, declaring it an illegal organization from first to last, and all its acts null and void. This decision has not been repealed, yet this Sugar Trust goes on as if the decision had never been rendered against it, and tells the public that it will have no effect, and that a creation of the law is beyond and above its reach. But these sugar refiners themselves know better than to trust to such immunity from the law; and, since that decision, have listed their stock, and are giving the public all it will take, at prices which would be ridiculous, were there any prospect of their keeping up the enormous profits they have extorted from the public since formed, evidently being convinced that it is useless to appease the consumers of sugar, and determined to make hay while the sun shines. Hence it is time the public, which is eagerly buying these Trust stocks, should be told—what any one can see, if they will open their eyes—that there is likely to be a

panic in them sooner or later, and a collapse as fatal as that of the Copper Trust, which ought to be warning sufficient.

CONTINUED LOSS OF EXPORT TRADE.

Our export trade, though ahead of this period a year ago, is still behind what it should be, except for cotton and corn, the volume of the movement of which was never more satisfactory than this crop year, though prices, especially of corn, have never been more unsatisfactory. Wheat has been equally low on the last half of the past crop year, yet exports have not been stimulated thereby, as before explained, and Europe will only buy here when she cannot buy elsewhere as well, or as quickly. In other words, we are boycotted by Europe whenever and wherever possible.

With the big corn crop of last year, and the steady decline in the price of hog products and beef for the past eight months, we ought to be free exporters of provisions as well as of corn. But we are not, for the reason that England is getting Irish and Danish bacon cheaper or better than American, while frozen mutton from Australia and New Zealand is taking the place in English markets of our packed beef. This, and the exclusion of our meats from the Continent, because American, and of our lard because adulterated, has nearly killed our once great export provision trade, and there is no immediate prospect of its general recovery, as other countries have been developed by English capital and enterprise, until the world's productive capacity has been increased many fold faster than its population and consumption during the past ten years.

THE GENERAL BUSINESS SITUATION.

Outside of these leading interests, the controlling influences of which have been noted above, there has been little of special importance or change the past month, worth extended mention. The general business situation, though by no means bad, continues to be unsatisfactory. Merchants at retail complain that, owing to unseasonable, cool and wet weather they have no had their usual spring trade. Jobbers, in turn, say that while they sold a good amount of goods early in the season, the retailers are not duplicating their orders, as they have not yet sold their early purchases. Wholesale houses are not accumulating much stock, as they are filling old orders, while manufacturers are generally running full time and making small profits with steady prices, especially in cotton goods, though some classes of woolens favor the buyer rather than the manufacturers. Yet the market for the new crop of wool is opening low, and the cost of production favors the manufacturer as much as the prices of his goods do the buyer. With good crops, and prices for them,

which will return the farmer the cost of production, or more, we have the prospect of an average good fall trade.

LATEST CROP PROSPECTS.

Since the above was in type there has been a continuance of the wet weather in the great winter wheat and corn belt, from which the former grain has suffered in harvesting, which has now reached central Illinois, while corn has received a set-back on the fine promise of June sufficient to make a Bull out of a Bear market for that staple, and caused a lively stampede of the shorts to cover. Strange to say, however, the effect on the wheat market has been small, as the rains have also continued in the spring wheat belt, and so improved the conditions of that crop that the speculators have lost sight of the wet winter wheat harvest. and are now talking as large a crop again as they did a month ago, when they were discounting the biggest one ever raised. Indeed, wild estimates of a 425 million crop of winter, and a 200 million of spring wheat have been telegraphed over the country by the Bears, which are ridiculous on their face, as such a crop would be 100 millions, or more, larger than any crop this country has ever produced. The fact that the stocks of the railways, that would be most favorably affected by such news, have not rallied from their late depression, on these reports, but have rather declined still more in face of them, leaves an apparent contradiction somewhere. It is safe to presume, therefore, that the conditions of both spring and winter wheat, and of corn and oats, are not so good as they were in early June; and that we are likely to have, on present prospects, not much more than average crops when both quality and quantity are considered. Hence little improvement in the railway situation can safely be predicated upon these latest reports and estimates of the crops.

REACTION IN TRUST STOCKS.

Since the above, upon the trust speculative mania, was also written, there has a change in the temper of the public come over the market, and a pretty sharp reaction in prices, which may mean two things. After such a rapid and continuous advance, it is only natural to get a more or less sharp reaction, whenever the longs attempt to realize their profits, as they will, sooner or later. This may be all there is in this set-back to trust stocks. But the market acts very much as if it had been fed more than it could take by the insiders eager to get out and realize their profits; and as if they had been tumbling over each other lest they should be left when the collapse comes. It would seem too soon for this yet, as the craze has hardly had time to run itself out.

FINANCIAL FACTS AND OPINIONS.

National Bank Circulation.—The Comptroller's statement for May 31st shows that the national bank circulation is rapidly dwindling away, the amount on the 30th of April being only $135,881,353. The decrease for the year had been $27,365,025. At that rate in a half-dozen years there will be no national bank circulation. There is a slight addition from month to month to supply the new banks, but this is not sufficient to make good the withdrawals. As the amount grows smaller, too, the banks are less and less inclined to regard it as a prominent factor in their earnings, and so less attention is paid to the matter of issuing and maintaining a national bank circulation. The small amount added is simply the consequence of buying the minimum amount of bonds by the banks in order to do business. Probably within two or three years there will be no considerable amount of national bank note circulation left. Of course the shrinkage is more than made good by the constant addition of silver and gold to our circulation.

Profits in English Joint Stock Banks.—From the London *Economist* we learn that while twelve months ago British bank shares were selling at an average premium of 177 per cent. they had advanced in October to 181, and now stand at 187. In other words, the paid-up capital of the joint stock banks of Great Britain valued at market prices is 4¼ millions more in last October and nearly 7¾ millions more than a year ago. The detailed statement is:

Joint-Stock Banks of United Kingdom.	*In Supplement, May, 1889.*		*In Supplement, October, 1888.*		*In Supplement, May, 1888.*	
	Capital paid up.	*Market Value.*	*Capital paid up.*	*Market Value.*	*Capital paid up*	*Market Value.*
	£	£	£	£	£	£
England and Wales	53,866,000	157,694,200	53,768,000	153,337,300	53,663,000	150,783,900
Scotland	9,052,000	23,143,300	9,052,000	23,239,500	9,052,000	22,733,000
Ireland	6,948,000	16,841,600	6,916,000	16,314,100	6,916,000	16,442,800
Isle of Man	67,000	223,800	67,000	223,800	67,000	223,800
Total	69,933,000	197,902,900	69,803,000	193,114,700	69,698,000	190,181,500
Aug. market value of banking capital in						
England	*198 per cent. prem.		*191 per cent. prem.		*186 per cent. prem.	
Scotland	156 " "		157 " "		151 " "	
Ireland	142 " "		136 " "		138 " "	
Total U. Kingdom.	*187 " "		*181 " "		*177 " "	

* In calculating this premium £1,000,000 has been deducted from the amount of the paid-up capital, that being the capital of Messrs. Glyn, Mills, Currie & Co., the market value of which we cannot estimate.

Bank Collections.—Our readers are familiar with the decision rendered by the United States Supreme Court in the case of the Exchange National Bank of Pittsburgh against the Third National Bank of New York, in 1884, in which it was held that the bank receiving commercial paper for collection was responsible for the negligence or misfeasance of correspondents or sub-agents employed in collecting the same. The consequence of this decision has been that various expedients have been adopted by banks to relieve themselves from liability to the senders of such paper for its collection. In many cases the receiving banks have notified the senders that they would not be responsible for the negligence of their sub-agents who might be employed, and have thus doubtless relieved themselves from liability should any negligence occur. But there is a large number of cases in which banks deal with their depositors in making collections, and it seems to be very important to have this question definitely understood between the bank and the depositor in all cases. To that end the banks of Pittsburgh, more than a year ago, took action on the matter, and at a meeting of the Clearing House, held in July of that year, the following resolution was passed:

Resolved, By the Associated Banks of the Pittsburgh Clearing House, that it be recommended to the banks and bankers of this city, that they hereafter receive paper for collection on points other than our own city, involving business through other banks or sub-agents, only on the following conditions, to be plainly expressed by written or printed notice in pass book, and also in a book prepared specially for that purpose, namely: "All notes, drafts, and checks on distant points, received by this bank for collection or credit, shall be transmitted in the usual manner for collection, either direct to the banks on which the same shall be drawn, or to such banks or persons as we shall deem reliable, with the express understanding, that we do it solely for the convenience of our depositors or customers, and *we shall not be liable* for any loss incurred, directly or indirectly, by omission, negligence, or default of any such bank, person or sub-agents, or for loss in transit, or from any other cause whatever, until the proceeds in actual money come into our possession."

Resolved, further, That such condition be expressly agreed to by the party leaving such paper with the bank.

Their action has been forwarded to the Clearing Houses of the United States, with the request that they co-operate in adopting this resolution, and we believe that this has been done in several cases, and most recently by the Clearing House in San Francisco. When the action of the Pittsburgh Clearing House reached the San Francisco Clearing House the matter was referred to a committee, who reported as follows:

"Your committee, appointed for the purpose of investigating the most desirable method of relieving the Associated Banks of this city from the risks and liabilities attending the collection of negotiable paper payable at points other than San Francisco, begs to recommend as the most feasible plan, that in future such paper be received by said

banks, for collection or credit, *only* from such depositors as shall have signed an agreement reading substantially as follows:

"'To.....(Here insert name of bank).....

"'It is understood that all notes, drafts and checks, on distant points, received by you for collection or credit, shall be transmitted in the usual manner for collection, either directly to the banks on which the same shall be drawn, or to such banks or persons as you shall deem reliable, with the express understanding that you do it solely for my [our] convenience, and *you shall not be liable* for any loss incurred directly or indirectly, by omission, negligence or default of any such bank, person, or sub-agents, nor for loss in transit, or from any other cause whatever, until the proceeds in actual money come into your possession.'"

"The Clearing House recommended," so we are informed by Mr. Sleeper, the manager, "that the several bank members should take action in conformity with the report of the committee, and several of the banks have adopted and are now taking from their customers the following form of a letter of instructions to cover the subject generally, and also the following form of a collection deposit ticket, printed in red, for daily use on the counter, and to provide for special cases:

COLLECTION.

DEPOSITED

By.....with..... ....:.Bankers, to be transmitted for Collection for my [our] account and risk to the Bank on which drawn, or through such other agencies as ..... may select.

No protest.

With protest.

San Francisco, Cal., ...18....

	AMOUNT.	
	$	
Check on.....	.....	....
Draft on.....	.....	....
Note.....	.....	...

San Francisco, Cal.....18....

Messrs.....Bankers.

Dear Sirs: We understand that your bank is a member of the San Francisco Clearing House, and that, consequently, as a general rule, all checks, drafts and other business paper payable at any other bank member of that Clearing House, which may be deposited with you for collection, will be sent for collection through the Clearing House in accordance with its rules and regulations now or hereafter in force. This is quite in accord with our wishes and instructions.

As we shall have occasion, from time to time, to deposit with your bank for collection, notes, checks, drafts, bonds, coupons or other business paper payable at places outside of this city, we beg to instruct you in all such cases to transmit for collection for our account and at our risk, such business paper to the banks or persons on which they may be drawn, or through such other agencies as you may select; it being understood that such transmission, when made, is for our conveni-

ence, and that you are not to be held liable therefor until the proceeds shall have reached your bank in this city.

In the event of your taking from us any such outside business paper as cash for our credit, under discount, or otherwise, you will please consider that the collection of the same shall be made under the same conditions and instructions. We remain,

Yours truly,

....

"These forms seem, so far, to work well without objection being made to them. The collection deposit ticket supplies instructions as to special cases and is filed for record until returns are received —then clears the record by its use as a deposit ticket, for net returns.

"The responsibility of banks for business paper taken to be collected at distant points is a matter of common concern to all bankers, and it may interest the many readers of your widely circulated magazine to know what action the banks of San Francisco are taking, looking to the settlement of this vexed question."

Work of United States Mints.—The annual report of Dr. Kimball the director of the Mint, on the production of precious metals in the United States during the year 1888, has just appeared. The value of gold deposited in the mints and assay offices last year was $41,496,410, of which $30,775,020 was classified as domestic production. The value of silver deposited, and purchased at coinage value was $41,323,973, of which amount $38,599,471 was classified as domestic production. The coinage consisted of 90,941,528 pieces, and their value was $65,318,615.23.

	GOLD.	
2,238,562 Pieces	Double eagle	$21,717,320.00
	Eagle	8,030,310.00
	Half eagle	1,560,980.00
	$3 pieces	15,873.00
	Quarter eagle	40,245.00
	Dollar	16,080.00
Total		$31,380,808.00
	SILVER.	
40,446,986 Pieces	Dollars	$31,990,833.00
	Half dollars	6,416.50
	Quarter dollars	306,708.25
	Dimes	721,648.70
Total		$33,025,606.45
	MINOR COINS.	
10,720,483 nickles		$536,024.15
41,083 three-cent pieces		1,232.49
37,494,414 one-cent bronze		374,944.14
Total		$912,200.78

The total expenses of the mint service, including the assay office, was $1,273,053.19. The coinage was certainly done at a very small cost. One of the results which becomes more and more apparent every year from the examination of these reports is the expense of

the New Orleans Mint, and the only reason we know for continuing it is to increase the public patronage. Certainly there is no other reason. Dr. Kimball's remarks concerning the tenure of office in these institutions is well worth quoting. "A comparison of the mint practice of the United States with that of advanced countries in Europe is unequal in several important particulars. While European institutions are favored with permanent organizations, skilled superintendence as well as skilled operatives, the mints of the United States, in common with the whole mint service (with the single exception of the clerical force of this bureau), are subject to quadrennial changes in the whole personnel, a remarkable fact, obviously incompatible with the practical interests and business methods of a high class of manufacturing establishments, as the mints and the assay offices of the Government should always be considered." Surely this is a kind of work in which permanence is desirable in order to insure the greatest efficiency in conducting it. Indeed, the necessity of having technical and skillful officers is so great that no administration has been able to change them in the glib perfunctory manner practiced in other departments.

British Bank Stocks.—The increase in the amount of paid-up capital of the English banks since May, 1885, is nearly $17,500,000 During the same interval the Scotch banks, with more than one-sixth of the capital of the English banks, have gained only £170,000, while the Irish banks, with a paid-up capital of only about £200,000 less than that invested four years ago, is now valued at £2,300,000 less than it then was. The London *Economist* says that the Home Rule agitation is responsible for the most of this decline in Irish bank values. It says that since the advent of the Unionist Government there has been a gradual recovery in its value. The small advance in the Scotch bank shares is, perhaps, the most notable thing in the foregoing table. During the past three or four years the Scotch banks have suffered heavy losses from lending too freely; but the monopoly of banking formerly enjoyed by that country appears to be less profitable than it was. The truth is, the London banks are lending heavily to the Scotch, in consequence of the high rates charged by the Scotch banking companies. This has led to a contraction of business by them, and consequently smaller dividends and profits all around. This is evidently a short-sighted policy on the part of the Scotch banks to exact so much more than their London competitors, and the ill consequences are apparent in the above tables.

The Vagliano Forgery Case.—This noted case has reached its second stage, a decision having just been rendered by the Court of Appeal. It will be remembered that drafts were made payable to

the order of Vagliano Brothers, amounting to £71,500, to which their signatures were forged. These signatures were made by their correspondence clerk Glyka, who obtained his employers' acceptance to forty-three bills for the amount above mentioned. Among the correspondents of the acceptors was Mr. George Vucina, a merchant and banker in Odessa, who for nearly thirty years had maintained business relations with them.

Practically, his credit with the Vaglianos was unlimited, and he frequently drew on them. Glyka knew these facts and was not slow in turning them to his advantage. He secured specimens of the Vucina letters of advice, and of his genuine bills, and having done this he had paper prepared the same in texture and general appearance as that on which the Vagliano business letters were written, and he also had bills prepared in all respects like their genuine bills. To these he forged Vagliano's name as drawee, with great skill, and in each case wrote on the face of the bill the name of C. Petridi & Co. as payees. Glyka having forged a letter of advice from Vucina, with reference to one of the forged bills, would place it with the ordinary correspondence of the firm. The bill mentioned in the letter of advice would be duly entered in the bills payable book, and after the lapse of a few days Glyka would take an opportunity of dropping the bill into the bill box. Then it would be taken with genuine bills to one of the clerks and compared with the bills payable book, and, being in order, would be stamped with the words "Accepted, payable at the Bank of England." Messrs. Vagliano would accept it along with the other day's bills and it would then be left in the portfolio until called for. Glyka then proceeded to forge the indorsement of C. Petridi & Co., adding what was professed to be their stamp, "C. Petridi & Co., Constantinople." In all cases but one his indorsements were to N. Maratis. In one case to B. Maratis, who, in turn, was represented as indorsing to N. Maratis. Both of these were fictitious names. Messrs. Vagliano from time to time advised the Bank of England of the bills coming forward for payment and requested the bank to pay the same. Among these acceptances were the forged bills of Glyka. His difficulties did not end by getting the money from the bank, for he had to prevent the Vaglianos from gaining knowledge of the fraud, and to do this he was obliged to intercept their letters to Vucina, and alter the accounts inclosed. After Glyka's frauds were discovered, the Vaglianos brought an action against the bank, claiming that they should not be debited with the amount of the forged bills. Mr. Justice Charles, who first tried the case, decided in their favor. He declared that the law was clear that, in the absence of special negligence and of any statutory provision, a banker must bear the responsibility or risk of the forged indorsement of a payee. The bank endeavored to protect itself by the Bills of Exchange

Act of 1882, which enacts, with reference to bills of exchange, that "where the payee is a fictitious or non-existing person the bill may be treated as payable to the bearer." If the bills were to be so treated, it was not questioned that Messrs. Vagliano must fail in their action, but the Judge held that this was not the proper meaning to put on the act. The London *Economist* in discussing the case said: "The point which any ordinary business man would take to be strongly favorable to the bank is the fact that the bank was acually requested by Messrs. Vagliano to honor the forged bills; or, in other words, that Messrs. Vagliano had been guilty of negligence in not discovering the forgery." On this point also Mr. Justice Charles decided in favor of Messrs. Vagliano, on the ground that they had not been guilty of negligence which was the proximate cause of loss to the bank.

Five or six of the Lord Justices of Appeal have followed Mr. Justice Charles, and the case will now doubtless go to the House of Lords for final decision. This tribunal has usually taken a broader view of the law, and may reverse the decision. Certainly it is a very hard case for the bank, and the rule seems to be too severe with respect to its liability for the signatures of its customers. The decision will be awaited with great interest by all banking men..

THE LEGALITY OF TRUSTS.

Much has been written on this subject, but a case has just been decided by the United States Supreme Court involving the question which is worth reviewing. A man named Gibbs brought an action against the Consolidated Gas Company of Baltimore for services rendered in negotiating an agreement between the Consolidated and Equitable Gas Companies of Baltimore, whereby the two companies agreed to raise the price of gas to $1.75 a thousand, and not to supply it to the people at less than that rate. They further agreed to pool their revenues and divide them on a stipulated basis. The effect of this agreement was to compel consumers to pay more for gas, and very much more than the gas was worth. Another effect was to kill the competition in the business, to erect a monopoly and to make the public pay tribute to the two companies. For doing this Mr. Gibbs presented the modest bill of fifty thousand dollars against each of the companies, and having refused to pay, he brought a suit in a Maryland court to enforce the payment. The court, however, held that the action could not be maintained, because the combination was illegal, resting their decision mainly on a statute of that State which prohibits persons or companies from "entering into consolidation, combi-

nation or contract with any other gas company whatever." The case was then appealed to the United States Supreme Court which sustained the decision. The opinion was delivered by Chief Justice Fuller, who, among other things, said:

"Innumerable cases, however, might be cited to sustain the proposition that combinations among those engaged in business impressed with a public or quasi-public character which are manifestly prejudicial to the public interest cannot be upheld.

"The Law 'cannot recognize as valid any undertaking to do what fundamental doctrine or legal rule directly forbids. Nor can it give effect to any agreement the making whereof was an act violating law. So that, in short, all stipulations to overturn or in evasion of what the law has established, all promises interfering with the workings of the machinery of the Government in any of its departments, or obstructing its officers in their official acts, or corrupting them, all detrimental to the public order and public good in such manner and degree as the decisions of the courts have defined, all made to promote what a statute has declared to be wrong, are void.'

"It is also too well settled to admit of doubt that a corporation cannot disable itself by contract from performing the public duties which it has undertaken and by agreement compel itself to make public accommodation or convenience subservient to its private interests."

This is very specific language, and hardly leaves a question concerning the position of the chief Federal tribunal on the subject.

It will be noted that this is quite in harmony with the decision of Judge Barrett, of New York, in the Sugar Trust case, and which, is now awaiting a decision by the higher court of that State.

Notwithstanding the legality of Judge Barrett's decision, the Sugar Trust is flourishing as vigorously as ever, and it may be that, in spite of all the decisions that the courts may render, both State and Federal, these trusts will find a way of continuing their business without much impediment. In California the mode of continuing operations is to put the property into the hands of one or two persons, confiding it entirely to them. Perhaps this will be regarded as simply an evasion of the law. One would think that the question would be, what is the nature of the business, rather than the mode by which it is conducted. In the case of the Sugar Trust, for example, have the various persons or corporations who own the various properties combined or united for the sake of increasing their gains and injuring the public? and if they have, no matter by what method this end is wrought, the courts are likely to reach the property of the holders and managers, and eventually to render justice.

The way of the law, though, is slow, and it may be that several years more must pass before these concerns realize its power.

THE AUTHORITY AND LIABILITY OF BANK OFFICERS.*

[CONTINUED.]

In continuing our remarks on the authority and liability of a cashier, we shall begin with a statement of his general powers. In a well-considered case (*Asher* v. *Sutton*, 31 Kan., p. 289), Horton, C. J., has remarked: "The cashier is the executive of the financial department of the bank, and whatever is to be done, either to receive or pass away the funds of the bank for banking purposes, is done by him or under his direction; he therefore directs and represents the bank in the reception and emission of money for banking objects. (*United States* v. *Bank*, 21 How. 356; *Merchants' Bank* v. *State Bank*, 10 Wall. 604; *Commercial Bank* v. *Norton*, 1 Hill 501.) But neither the president nor the cashier can impose by his own action on the bank any liability not already imposed by law or usage; nor can they bind the bank, in the absence of authority from the directors, by any agreements or contracts outside of the range of their duties." (Citing *Bank* v. *Dunn*, 6 Pet. 51.)

"Cashiers of a bank," says Shepley, J. (*Matthews* v. *Mass. Nat. Bank*, 1 Holmes 396, p. 405), "are held out to the public as having authority to act according to the general usage, practice and course of business conducted by the bank. Their acts, within the scope of such usage, practice, and course of business, will in general bind the bank in favor of third persons possessing no other knowledge." (*Morse* v. *Massachusetts Nat. Bank*, 1 Holmes p. 209; *Minor* v. *Mechanics' Bank*, 1 Pet. 70; *Merchants' Bank* v. *State Bank*, 10 Wall. 604.)

"The duties of the cashier are well understood, and as recognized judicially are restricted to the care and management of the property and fiscal concerns of the bank, and the conduct of its business as a bank in the usual and ordinary way. (*Badger* v. *Bank*, 26 Me. 428; *Merchants' Bank* v. *State Bank*, 10 Wall. 604; *Bank of Genesee* v. *Patchin Bank*, 3 Ker. 309.) The president and cashier of a bank cannot assign the choses in action of the corporation to its creditors as a security for the payment of a precedent debt, without authority from the board of directors. They can do no act outside of their ordinary duties in the conduct and management of the banking business, unless by authority, either express or implied, from the fact that they have been permitted to do the like acts without objection." (Allen, J., *First Nat. Bank* v. *Ocean Nat. Bank*, 60 N. Y. 278, p. 291, citing *Hoyt* v. *Thompson*, 1 Seld. 320.)

Occasionally irregular instruments are given and received, and then the question arises, are these of an individual or an official character? Thus a cashier gave a certificate of deposit in regular form, except that it was signed only by himself, and in his individual name. It was shown that he was cashier at that time, and that he had authority to sign it. Consequently the bank was declared liable. (*Crystal Plate Glass Co.* v. *First National Bank*, 12 Pacific Rep., 678.)

"In cases where bills are drawn, accepted or indorsed by an agent, if, from the nature of the contract and the terms of the instrument, it clearly appears that the party, by whom such bill is drawn, accepted, or indorsed, is an agent, and that he intended to bind his principal, he will be deemed to have contracted for such principal; but the terms of the instrument must be so explicit as to repel the inference that the agent intended to bind himself." (Whipple, J., *Farmers & Mechanics' Bank* v. *Troy City Bank*, 1 Doug. Mich. 457, p. 468). Cases in illustration cited by the court, *Thomas* v. *Bishop*, 2 Strange 955; *Leadbitter* v. *Farrow*, 5 Maule & Sel. 345; *Barker* v. *Mechanics' Fire Ins. Co.*, 3 Wend. 94; *Ballou* v. *Talbot*, 16 Mass. 461; see discussion of case of *Mechanics' Bank* v. *Bank of Columbia*, 5 Wheat. 326.) Therefore, a bill directed to John A. Welles, cashier of Farmers and Mechanics' Bank of Michigan, and "accepted by John A. Welles, cashier," is drawn on and accepted by the bank, and not by Welles individually. (*Farmers & Mechanics' Bank* v. *Troy City Bank*, 1 Doug. 457.)

The word "cash.," affixed to the name of the payee of a note, indicates that it is payable to the bank. It can, therefore, sue thereon as payee. (*Nave* v. *Hadley*, 74 Ind. 155; *Baldwin* v. *Bank of Newbury*, 1 Wall. 234; *Garton* v. *The Union Bank*, 34 Mich. 279; *The First National Bank* v. *Hall*, 44 N. Y. 395: *Pratt* v. *The Topeka Bank*, 12 Kan. 570; *Fisher* v. *Ellis*, 3 Pick. 322; *The Bank* v. *Wheeler*, 21 Ind. 90; *Hays* v. *Crutcher*, 54 Ind. 260; *Watervliet Bank* v. *White*, 1 Den. 608; *Bayley* v. *Onondaga Ins. Co.*, 6 Hill 476. See especially the discussion of the subject and cases cited by Clifford, J., in *Baldwin* v. *Bank of Newbury*, 1 Wall. 234.)

A bank which discounts a bill of exchange payable to the order of "A. B., cashier," may maintain an action on the bill in its own name. (*Barney* v. *Newcomb*, 9 Cush. 46.) Clifford, J., says, on the authority of Mr. Parsons: "If a bill or note is made payable to A. B., cashier, without any other designation, there is authority for saying that an action may be maintained upon it, either by the person therein named as payee, or by the bank of which he is cashier, if the paper was actually made and received on account of the bank; and the authorities cited by the author fully sustain the position." (*Baldwin* v. *Bank of Newbury*, 1 Wall. 234, p. 242. The cases cited are *Fairfield* v. *Adams*, 16 Pick. 381; *Shaw*

v. *Stone*, 1 Cush. 254; *Barney* v. *Newcomb*, 9 Cush. 46; *Wright* v. *Boyd*, 3 Barb. 523; *Watervliet Bank* v. *White*, 1 Den. 608; *Bayley* v. *Onondaga Ins. Co.*, 6 Hill 476; see, also, *Eastern R. Co.* v. *Benedict*, 5 Gray 561; *Folger* v. *Chase*, 18 Pick. 63; *Hartford Bank* v. *Barry*, 17 Mass. 94; *Long* v. *Colburn*, 11 Mass. 97; *Swan* v. *Pick*, 1. Fairf. 441; *Rutland R. Co.* v. *Cole*, 24 Vt. 33.)

With respect to the cashier's power to certify checks we have reviewed most of the decisions in another work. There are two questions of prime importance on this point: first, the liability of the bank to third persons for the cashier's act in certifying; and secondly, his liability to the bank for so doing. Not infrequently he has certified checks without authority, nevertheless his bank was liable to the holders of them. "The certification of a check, if written out," says Church, C. J., "would contain a statement that the drawer had funds sufficient to meet it in the bank applicable to its payment, and an agreement on behalf of the bank that these funds should be retained and paid upon the check whenever it was presented. The cashier has a right, by virtue of his office, to make this certificate when the drawer has funds. He is the custodian of the funds of the bank and of the books; he receives money and gives vouchers therefor; and whether upon receiving a check he pays it in money or gives the holder a certificate of deposit or draft, or a certificate that he will retain sufficient of the money standing to the drawer's credit to pay it when presented, he is in either case acting within the line of his duty and within the scope of the authority which necessarily attaches to his office.

"Whether the bank might not restrict this authority, so as to affect the right of persons having notice, is not material. It is sufficient that the public have a right to regard his authority as co-extensive with these duties, and that such authority is inherent in the office. This is substantially conceded by the learned counsel for the appellants, but they insist that the cashier has no power to make the certificate when the drawer has no funds. I agree that he has not, as between him and the bank, and the liability of the bank is not based upon his power to bind them by such contract without funds, but upon the ground that the bank cannot dispute the fact that there are funds, and hence the contract is enforced as though there were funds to meet it. It follows that a *bona fide* holder only can enforce the liability against the bank, where the certificate is given in the absence of funds.

"The bank having placed the cashier in the position which implies this inherent authority, those who deal with the bank have a right to infer that he possesses it, and although the exercise of it in a given case may not be warranted on account of the existence or non-existence of some extrinsic fact peculiarly within his official knowledge, yet the bank is responsible, instead of an

innocent party, upon every principle of reason and morality. (*Farmers & Mechanics' Bank* v. *Butchers & Drovers' Bank*, 16 N. Y. 125) . . . *Ultra vires* cannot be alleged for telling the truth even by bank officers, nor can they insist upon a falsehood to the injury of one who has confided in their veracity.

"The import of a certification and the liability of the bank upon the principle here indicated legally result from the nature of the agreement and the application of well settled rules of law, and do not depend upon usage or custom." (*Cooke* v. *State National Bank*, 52 N. Y., p. 114–116).

Can a bank by usage or express agreement extend its liability so far as to issue certificates without funds with the knowledge of the holder? Judge Selden has expressed the opinion that banks have no power to lend their credit in that form. (*Farmers & Mechanics' Bank* v. *Butchers & Drovers' Bank*, 16 N. Y. 125, p. 128.) But if an overdraft may be permitted, why may not a cashier certify it? (*Commercial Bank* v. *Ten Eyck*, 48 N. Y. 305.) "It is clear, however, that where such a certificate is made without funds, by a cashier, in fraud of the rights of the bank, no one but a *bona fide* holder can enforce it." (Church, C. J., *Cooke* v. *State National Bank*, 52 N. Y., p. 116.)

Concerning the power of a cashier to pledge the securities of his bank, one of the most instructive cases is that of *Mercantile Bank* v. *McCarthy* (7 Mo. App. 318.) McCarthy was president of the Farmers and Traders' Bank. The cashier delivered a written instrument to the other whereby all notes and other evidences of debt deposited with it for collection were to be held as security for accommodations. McCarthy having been sued on a note he had given in the possession of the Mercantile Bank, he claimed that the cashier of his bank had no authority to pledge its securities to the other. He had been doing this ten months before the note in question was deposited with the Mercantile Bank. The court, speaking through Bakewell, J., said: "If it be conceded that a cashier has no inherent power to pledge negotiable paper, yet it is certain that if the bank decides to pledge such paper, the act would naturally be done through its cashier. His exercise of the power is *prima facie* evidence that he possesses it; and if he has exercised the power during a series of months, in virtue of a written agreement such as that offered in evidence, and under circumstances such that the president and directors of the bank must have been cognizant of his acts in this respect, so that a course of dealing was established of which the president and directors must be presumed to have had notice, it cannot be said that the person who, on the faith of this course of dealing, accepts such a pledge and makes advances upon it, is acting in bad faith.

"If the directors of a bank have for many years allowed the

cashier to do all the business of the bank, they are held to have conferred on him authority to do everything which the charter or general law does not absolutely forbid a cashier to do, and his acts bind the bank. Much more may it be held that where, in accordance with the terms of a written agreement entered into by the cashier, negotiable notes held by one bank have been constantly pledged, through the cashier, with another bank to secure advances, the bank making the advances may safely presume that this is done with the consent of the directors, where no notice is received to the contrary, and the course of dealing is such that the officers of the bank, if ordinarily vigilant, cannot be ignorant of the disposition which the cashier is thus making of the negotiable paper which is owned by, or in the custody of, the bank."

A cashier or president can employ attorneys without formal action of the directory. On this subject the supreme court of Missouri have said: "It is clear that the managing officers of a corporation have power to employ attorneys and counsellors. . . . If such officers transcend their powers, as limited by the particular corporation, they are responsible to their employers, but outsiders are not supposed to be advised of their limitations. It would be very strange if banks should be deprived of the power of employing attorneys except by calling a meeting of the board of directors, and by formal resolutions. Promptness is often required in instituting proceedings for the security of debts, and delays might be very damaging; and if the employment of attorneys, either to appear in suits or otherwise, in their legitimate business, should be held to be beyond the scope of the authority of the general officers of the bank, the bank itself would be much more likely to suffer than the persons employed." (*Western Bank* v. *Gilstrup*, 45 Mo. 419, p. 422; *Mumford* v. *Hawkins*, 5 Denio 355; *American Insurance Co.* v. *Oakley*, 9 Paige 496.)

"A cashier of a bank has ordinarily no power to discharge a debtor without payment, nor has he any authority to bind the bank by an agreement that a surety shall not be called on to pay the note he has signed, or that he shall have no further trouble from it. A special authority to discharge sureties may be proved; or the cashier may be allowed to represent stockholders generally without any regard to the usual duties of a cashier. But there must be proof of such authority, as, upon general principles, he does not have any such powers." (Napton, J., *Daviess County Sav. Association* v. *Sailor*, 63 Mo. 24, p. 27.)

If a person should indorse a note on the assurance of the cashier that he should not be held liable thereon, this would not shield the indorser from liability, for the cashier has no authority to release a debtor without consideration. Said Spencer, J., in a recent case: "Officers of banks are but its agents, and, like other

agents, can only bind their principals when acting within the scope of their authority. It is not within the province of a cashier or president of a bank to excuse the obligations of persons liable to it, either as principal debtors or acccommodation makers or indorsers, without payment. And it has been repeatedly held by the highest judicial tribunals that officers of banks have not the power to excuse or limit the legal objections of persons to the banks they represent by agreeing with them that they shall not be held or called upon to pay the obligations which they make, either as principal debtors or accommodation makers or indorsers, and on the credit of which the bank has parted with its funds." (*Thompson* v. *McKee*, Sup. Ct. of Dakota, 1888, 37 N. W. 367, citing *Bank* v. *Dunn*, 6 Pet. 57; *Bank* v. *Jones*, 8 *Id.* 14; *Bank* v. *Tisdale*, 84 N. Y. 655; *Wyman* v. *Bank*, 14 Mass. 58; *Davis* v. *Randall*, 115 Mass. 547.)

A cashier made an agreement with the parties to a note whereby all except one were discharged. The court instructed the jury that the cashier had no authority to release any of the parties, but if they were released after he had consulted with one or two of the directors the act was binding on the bank. This instruction was deemed correct. (*Payne* v. *Commercial Bank*, 6 Sm. & Marsh. 24.)

Has a cashier authority to offer a reward for the detection of thieves who have robbed his bank? This question has been raised, but not answered. Uuquestionably if he should offer a reward, and the directors should ratify the offer, the bank would be responsible for it. (*Kelsey* v. *National Bank*, 69 Pa. 426.) And in such a case, if the directors should learn that the cashier had offered a reward, they must promptly disavow the act if they do not intend that their bank should be bound by it.

A bank cannot receive the benefit of a contract and then dispute the cashier's authority to make it, or a collateral contract made by him without which the principal one would not have been made. Thus, a cashier made a contract whereby security was given by a debtor on long time to a creditor. The cashier, to secure the creditor's assent, delivered a bond of indemnity against a prior mortgage, covered by the collateral security. The bank received the benefit of this transaction, and defended the creditor in a suit to foreclose this mortgage. Having thus shown its acquiescence to the arrangement, it could not dispute his authority to execute the contract of indemnity. (*Peninsular Bank* v. *Hanmer*, 14 Mich. 208.)

If a cashier make false statements while performing the duties of his office, in reference to the bank's business, whereby a customer is deceived and injured, the bank is responsible. Thus, a cashier told the president that some bonds which had been depos-

ited with the bank for safe keeping, and which had been temporarily loaned to it, had been replaced, when in truth they had not been and never were. The bank was held liable for the loss to the depositor. (*Gould* v. *Cayuga Nat. Bank*, 56 How. Pr. 505.) In a case of this kind the court said that the cashier "was the second highest officer in the bank, had full knowledge of the falsity of the statement, and the bank was bound by it. It was made while the cashier was performing the duties of his office, and in reference to the business of the bank, and was made with intent to deceive the plaintiff."

A cashier who has committed a fraud, either alone, or with his directors, cannot be shielded by them from legal immunity. Said Judge Story in the well-known case of *Minor* v. *The Mechanics' Bank* (1 Pet. 46, p. 71): "It cannot be pretended that the board could, by a vote, authorize the cashier to plunder the funds of the bank, or to cheat the stockholders of their interest therein. No vote could authorize the directors to divide among themselves the capital stock, or justify the officers of the bank in an avowed embezzlement of its funds. . . . . Every act of fraud—every known departure from duty by the board in connivance with the cashier, for the plain purpose of sacrificing the interests of the stockholders, though less reprehensible in morals, or less pernicious in its effects, than the cases supposed, would still be an excess of power, from its illegality—and, as such void, as an authority to protect the cashier in his wrongful compliance." (*First National Bank* v. *Drake*, 29 Kansas, p. 328.)

There are cases in which the cashier can act for other parties beside the bank, and then the question arises, how are his relations to be regarded? Thus in one case C., a bank debtor, transferred stock to B., the cashier of the bank, for the purpose of securing it. It was claimed that the transfer was to the bank. But the court said: "We think it clear that the transfer is not to the bank, notwithstanding B. is styled in the writing cashier, and the transfer was intended to be made to him in that capacity, For it is obvious, from the facts disclosed, that B. himself was to be the depositary, for the benefit of the bank and of C., and he is called cashier merely for the purpose of designating the person by an appropriate addition. He alone had the legal control of the stock, and could give title to it by an assignment, and although a sale of it by him, without authority from the directors of the bank, would be a violation of duty toward the corporation, yet a purchaser, ignorant of his trust, would hold the legal title to the property." (*New England Marine Insurance Company* v. *Chandler and Burroughs*, 16 Mass. 274, p. 277.) Consequently, the cashier was regarded as the trustee of the debtor for the surplus after paying his indebtedness to the bank.

[TO BE CONTINUED.]

FARM MORTGAGES ONCE MORE.

Mr. John S. Lord, Chief of the Bureau of Statistics of Illinois, has just issued the most elaborate and complete report that has been made on the subject. From this report all we learn is that the total registered indebtedness of the State exceeds $402,000,000, bearing an annual interest of over $14,325,000. Of this total, however, nearly 55 per cent. is found in Cook County, and in a large measure represents the incumbered lots of Chicago and vicinity. The amount of mortgage indebtedness outside of Cook County aggregates $181,447,888, and the annual interest $6,857,125. Of this total, $142,400,300 represents the mortgages on lands and farms (lots outside of Cook County and chattels being omitted), with an annual interest of $4,919,754. The total number of acres of incumbered land in the State is 8,082,794 in a total acreage of 34,081,180. It will thus be seen that 23 per cent. of the entire acreage of the State is under mortgage.

These figures are stupendous, and yet some persons think that they should not disturb anyone. We cannot help thinking, however, that many of these mortgages have been made by persons who, if not the least able, are certainly not the best able to pay them. We do not suppose that the most thrifty farmers in the State have mortgaged their farms, but rather a class in need of money, who may find it difficult in not a few cases to pay it. Much good has been done by calling attention to this subject, and especially by collecting these figures, thus putting the public in possession of the extensive character of the liens on the farms in one of the Western States.

The experience in Kansas last year has disclosed the risky nature of some of these liens. In not a few cases have the farms been abandoned to the mortgagees, and companies have been formed to carry the mortgages and enable the farmers to work out of their difficulties. This lesson should teach them to go slow in borrowing; yet the mortgage companies to some extent are to blame, for their agents have been persistent in persuading farmers to borrow, and they have doubtless induced many a farmer to put a mortgage on his farm who had not thought of doing so before the agent appeared. We cannot regard with very much serenity this huge pile of debt; but if the farmers undertake resolutely to lessen it, this will be cause for rejoicing.

HISTORY OF THE MASSACHUSETTS SAVINGS BANKS.

[CONTINUED.]

TAXATION.

In 1850, the subject of the taxation of bank deposits began to be agitated in certain quarters with considerable warmth, and a petition was presented to the House of Representatives asking for legislation in this direction. The committee to whom the matter was referred made a report in which the situation as viewed by them was stated as follows: "The act petitioned for would deter people from depositing in savings banks, and would weaken the stimulants and inducements to industry and frugality among the people of the Commonwealth, and increase the number of the poor, the poor rates, and the taxes upon property already subject to taxation, thus injuring many and benefiting none."

That this view of the situation was very much distorted is quite evident in the light of later experience. The rights and privileges of these institutions, as we have seen, were guarded with most jealous care; and it is greatly to the credit of those having their welfare in view, that a becoming prudence was always manifested in giving sanction to anything that had the semblance of innovation. The fact, however, was becoming more and more apparent, that the Institution for Savings was no longer solely what its founders had intended to have it, namely, a place where the wage worker and other persons of limited means might safely and profitably leave their small accumulations. The success and reliability of these institutions had begun to recommend them as a means of investment for persons of fortune. It was this circumstance, more than anything else, that brought about the agitation in favor of taxation of bank deposits. It was found, also, that the number of individuals who were taking advantage of the law authorizing savings banks to loan on taxable securities were becoming daily more numerous throughout the Commonwealth. The banks were carrying a considerable amount of such securities as collateral for loans, when, in 1849, a law was passed requiring them to make returns to the assessors of the towns in which the parties so pledging lived, of the names of the persons and the amounts held for the benefit of each. These returns were to bear date May 1st each year.

In 1851, a law was passed covering the other ground just referred to, in so far as it required the treasurers of the banks to return to the towns of Massachusetts an annual statement of the amounts

on deposit in excess of $500 belonging to the individuals named, residents of said towns. These returns were required to bear date May 1st, and to be forwarded previous to the 10th day of the same month, under penalty of a fine of fifty dollars for any neglect so to do.

By a law of April, 1852, the above act was supplemented so as to permit an assessor of any city or town in the State to call for a statement, from any savings institution, of the amounts to the credit of any residents of said town, when said amounts were in excess of $100. In 1866, this limit was changed to $200. Such requests from assessors were to be in writing, and could be made at pleasure.

These provisions were but preliminary to the law to which they soon proved to be an inadequate substitute. They were abolished in 1862, and a State tax of one-half per cent. on deposits substituted. In 1863, the tax was increased to three-fourths per cent.; in 1865, it was reduced to one-half, and in 1868 raised again to three-fourths per cent. This taxation of deposits, while it met with strong opposition in certain quarters, as was to be expected, proved to be the most equitable adjustment of the interests of all concerned that could have been devised. The final tax of three-fourths of one per cent. was only about one-half the rate imposed on other taxable property—a discrimination to which no exception appears to have been taken.

Five Cents Savings Banks.

In the two years, 1854 and 1855, twenty-six new banks were organized. Of this number, twenty started on the plan of receiving deposits as small as five cents at one time. The main purpose of this departure appears to have been to facilitate deposits on the part of minors. It was to this end that provision was made to enable minors to deposit and to draw at will. While it was an idea new to Massachusetts, the wisdom of the provision had been sufficiently demonstrated in England, where it had been incorporated into the general laws as early as 1817; and also in the State of New York similar legislation had obtained since 1820. This provision was incorporated into the general laws of this State in May, 1855.

Crisis of 1857.

The financial and commercial reverses of 1857 were less severely felt among the banks than in 1837. The banks of discount were on a safer footing at this time, and hence, were better able to stem the current of the impending disaster. The savings banks were doubly assured of practical exemption from the general reverses, from the fact that great care had been exercised since 1837 in regulating the amount of funds invested in bank stock in

any form; and, also, from the very evident fact of the unusually stable condition of these banks just alluded to. From the following statement of the investments of the savings banks in 1858, it will be seen that, whereas the amount loaned on the credit of the banks in 1834 was 70 per cent., and in 1838 about 50 per cent., at this time it was only about 25 per cent. Carrying the comparison yet further, it is instructive to notice that in 1838 the loans on mortgages were 22 per cent. of the total loans, and in 1858, 37 per cent. The loans on personal security in 1838 were 13 per cent.; in 1858, 23 per cent.; county and town loans, 1838, 9 per cent.; in 1858, 10 per cent.; loans on public funds, 1838, 1½ per cent.; in 1858, 3 per cent. The official returns for 1858 are summarized as follows:

Total deposits	$33,914,971
Public funds	$1,089,977
Bank stock	6,611,431
Loans on bank stock	844,213
Deposits at interest	1,065,828
Railroad stock	104,363
Loans on railroad stock	51,380
Real estate	207,190
Loans on mortgages	12,514,706
Loans to county and town	3,363,989
Personal security	7,751,265
	$33,604,342

Commissioners' Report, 1858.

The most noticeable feature of the commissioners' report for 1858 is the pronounced position taken in opposition to a too intimate connection between the savings banks and the banks of discount. In practice it had become a very common and profitable arrangement, to open and maintain the one in connection with the other. By this method the necessary expense of office rent was reduced, and, in many instances, the officers of one being the officers of the other, an additional item, and a very considerable one, was also saved. It was evident to the commissioners that this arrangement was likely to result, in the course of time, in evil to the weaker institution, which would be, in nearly every case, the savings bank. In fact, it had been found in a number of instances that the affairs of two institutions thus domiciled were very far from being distinct, the one from the other. And, in the judgment of the commissioners, the tendency was inevitably in the direction of confusion and of ultimate loss to the savings banks where such relations were permitted. The language of the report is as follows: "In some instances we have found cashiers of banks officiating also as treasurers of savings institutions. This combination of duties we regard as objectionable. We think that, as a general rule, there should be as little connection as possible

between banks and savings institutions." The solicitude thus expressed found similar utterance in the reports of succeeding commissioners *

The report also calls attention to the fact that the feelings of jealousy which had been manifested towards the law of 1834 by banks previously organized, in that it had invaded and abridged their charter privileges, were still conspicuously manifest in certain quarters.

Report of 1861.

The Bank Commissioners' report, made to the Legislature in 1861, has been considered one of the most valuable and suggestive documents ever laid before that body on the subject of the banks. It presents a very thorough analysis of the theory, policy, and practical operation of these institutions, besides giving comparative statistics of their development. The commissioners at this time were Geo. Walker, J. F. Marsh, and W. D. Forbes.

Some of the facts contained in this report are of interest in this connection; particularly the figures representing the growth of the system. The number of banks in 1834 was 22; in 1860 there were 93, an increase of fourfold. In 1834, the number of depositors was 24,256; in 1860, 230,068, an increase of 848 per cent. The deposits in 1834 amounted to $3,407,774; but in 1860 they were $45,054,-236, a significant increase of 1,222 per cent. The average deposit in 1834 was $140.49; in 1860 it was $195.82, an increase of 39½ per cent. The average deposit to each person of population was $5.58 in 1834, and $36.59 in 1860, an increase of 620 per cent. The percentage of population as depositors, in 1834, was 1 in 25; in 1860, as 1 in 5 4-10. The average expense of managing the institutions for the six years, 1834-9, was one-third of 1 per cent. of the deposits; for the six years, 1855-60, it was twenty-eight one-hundredths of 1 per cent. The average dividend for five years, from 1840-44, was 5¼ per cent.; for six years, from 1855-60, it was about 6¾ per cent. During the ten years from 1850-60, deposits increased 231 per cent., while the population of the Commonwealth increased only 24 per cent. During the same period the valuation of the State increased 50 per cent., but bank capital increased 75 per cent. These figures indicate very clearly the relative growth of population and wealth in Massachusetts during the given periods. And what was true in this State was very largely true in other New England States, as well as in New York. The accumulations were greatly in excess of the advance in population.

* At the time of this writing (March, 1889,) an adverse report is made in the Legislature of Massachusetts on the question of separating the management of national and savings banks. This action is a great disappointment to both Governor Ames and Bank Commissioner Chapin, both of whom have pointed out the need of new and stringent legislation in this matter, if the State is to maintain its cherished reputation for careful control of its banking institutions.

The report also points out the fact that the material advancement in this country was much greater than that in any country of Europe; and also, that the laboring people of Massachusetts were accumulating money, in the form of bank deposits, much more rapidly and generally than was found to be the case among like classes in other lands.

At no time previous to the very exceptional year of 1860 was there a decline either in deposits or in the number of depositors in the savings banks of this State. And it is stated, as an indication of the greater relative resources of the working people of this country, that the yearly fluctuations of deposits have always been less severe and violent in this country than in England or France.

Most prominent and important among the suggestions presented in the report, is the recommendation that the possible scope of investments be enlarged, so as to include the best municipal securities, such as the bonds of the cities of Portland, Hartford, Providence, New York, and Albany. It will be seen that this suggestion bore fruit in the Act of 1863.

Conditions in 1861.

The opening of the Civil War wrought many changes in the financial conditions of the country. The demand for money, universal and imperative, was felt in every community. The rates of interest rose at once, and quite decidedly. Investments in public funds became the most attractive on the market, by virtue of such advance. The extent to which the opportunity was embraced by the banks is made evident by an examination of their returns. In 1861, the amount invested in public funds was $3,111,148; the maximum was reached in 1868, when the amount was $31,987,621. Of this sum, $25,488,011 was in Government bonds, these having been, during the war period, a most attractive investment for the banks.

Effect of Usury Laws.

The usury laws of Massachusetts had limited the rate of interest chargeable in certain cases so that mortgages of real estate paid the banks but six per cent. The demand for money by the Government at higher rates, therefore, wrought mischief with this class of investments. The purpose of all usury laws has been, primarily, to protect the borrower; and yet, was it ever known that such laws accomplished their purpose? To the contrary, have they not more frequently wrought untold hardship? At this particular juncture, the results of the law were very manifest. The Government offered, at the outset, interest at the rate of 7 3-10 per cent., while the rate on mortgages was unalterably fixed by law at a maximum of six per cent. Very naturally, therefore, bank

deposits were turned out of the channel of real estate investments into that of public securities, consisting, very largely, of Government bonds. Persons of small means, having only a home wholly or in part paid for, found it nearly impossible to raise money upon the same, in the hour of necessity, in consequence of the practical hardship of a law that had been enacted ostensibly for their particular benefit. Not only did the loans upon real estate security not increase during a period when the demands for money from every quarter were unexampled, but they show an actual and decided decline. In 1862, the total loans by the banks on real estate security amounted to $18,408,749; while in 1865 they had fallen to $15,534,568. It was these conditions which suggested, and rendered imperative, the law of May, 1865, making it legal, for one year thereafter, to contract for interest at the rate of 7 3-10 per cent., for a period not to exceed one year. The beneficence of this law became so apparent, in contrast to the old one, that, in 1867, the usury laws were finally repealed.

The impulse immediately given to real estate security for loans was apparent. Such loans on the part of savings banks, which, in 1865, amounted to 25 per cent. of their deposits, increased to 60 per cent. in 1875.

Investments—Act of 1863.

The general law of 1834 limited the amount to be invested in the capital stock of any corporation to 10 per cent. of the deposits; but in no case was such loan to exceed $100,000. The law of 1855, also, provided the same limit. By an act of 1863, this restriction was made to cover not only *investments* in such stocks, but, also, such loans as might be made on notes, with stock as collateral security.

This same act, also, provided for a wider range of investments for institutions for savings, by adding the following securities: (1) public funds of the State of New York; (2) bonds or notes of New England cities; (3) first mortgage bonds of any railroad in the State duly incorporated, and which had paid regular dividends for two years next preceding such investment; (4) bonds of railroads which were unincumbered by mortgage; (5) notes of citizens of Massachusetts with the above described stocks as collateral; or, on pledge of stock of such railroads, at not over eighty per cent. of market value, or over ninety per cent. of par value. These provisions, of course, did not apply to horse railroads.

Relations with the National Banks.

As the National began to succeed the State banks, the general provisions regulating the legal relations between them and the savings banks for the most part remained the same as with the State institutions. Strange to say, however, it was provided that

no savings bank should hold, in any form, the stock of any such bank, to an amount exceeding *one-fourth* its capital—the limit in the case of the State institutions having been *one-half* the capital stock.

Real Estate.

Previous to 1870, the savings banks were only allowed to invest their funds in real estate by special act of the Legislature. Such authority had been given in a few instances. During that year a general law was enacted, allowing a bank to invest not over ten per cent. of its deposits in real estate for banking purposes, but, in no case, was the amount so invested to exceed $200,000.

By a law passed in 1868, it was provided, that real estate held under foreclosure, or, by sale under provisions of the mortgage, or, upon judgment for debts due, or, upon settlement to secure such debts, must be sold within five years from the date of assuming such security.

Unclaimed Deposits.

The first act of the Legislature relating to unclaimed deposits was passed in 1871. The savings banks of this State had had an uninterrupted career of more than sixty years, during which time nearly two generations of depositors had passed away. It had been found that, in very many cases, the banks were holding money upon which no claim had been made for a good many years. Also, in numerous instances, the lawful limit prescribed for deposits, and for the accumulation of interest, had been reached, necessitating some action whereby the parties interested, or their legal representatives, might be brought to a knowledge of the facts. The law of 1871 was the first step taken in the matter, and seems to have covered only the matter of excessive interest. It provided for public notification through the papers, once in five years, of the names of the parties interested, with the last known residence of each, and of the sums held, over and above the amount on which interest was allowed.

In May, 1887, an act was passed providing for this matter more in detail. It demands that within fifteen days after the last business day of October, 1887, the treasurer of each savings bank shall return to the Commissioners of Savings Banks a sworn statement containing the names, amounts to the credit, the last place of residence or post office address, together with the fact of the death—if known to the treasurer—of depositors who shall have made or withdrawn no part of their deposit within the twenty years next preceding. The treasurer is also to give public notice of the above facts through the papers once a week for three weeks in succession. These requirements do not apply to persons known to be living, or to accounts representing less than twenty-

five dollars. The commissioners are expected to embody all such returns in their annual report.

DISCRIMINATION.

Among the early laws for the government of savings banks, it was provided that no persons interested in making the loans for such institutions should themselves become borrowers of the same. The law proved to be a wise one. In the course of time it came to light that an abuse, resembling somewhat the one which the above law was intended to prevent, had become somewhat common. It was found that favoritism was too often shown in the placing of investments. Personal acquaintance, direct or indirect, had more weight, at times, than the actual merits of the security offered would warrant. Thus, to a certain extent, the public found their privileges with these institutions unduly and improperly abridged. It must not be understood that this abuse of their trust by bank officials was by any means common in the State. It was not general, but frequent and disturbing enough to call for legislative action, which was had in 1872. The act of that year provided that the taking of any fee by an officer of an institution for savings, or the depriving of any individual of his rights or privileges, by any preference being shown in the matter of granting loans, was an offense punishable by a fine of twice the amount illegally taken.

ANNUAL RETURNS.

The law regarding the annual returns to the Government on the part of the banks has been changed from time to time. The purpose seems to have been to keep the public informed, more and more definitely, in regard to the growth and practical working of the system, not less than to provide against illegal practices, and the unwarranted abuse of privilege and authority. From 1846 to 1860 the changes in the law were infrequent. The general statutes of 1860 contained one noticeable amendment, in that a return was required of the average annual rate of dividend since the last extra dividend, instead of for the previous five years, as formerly demanded. This was again changed, in 1862, to the demand for a statement of the dates on which extra dividends were declared, and of the average annual per cent. of dividends for the period ending at the time of and including the last extra dividend.

In 1867, the following items were called for in addition to previous requirements:

1. Number and amount of deposits received.
2. Number and amount of deposits received exceeding $300 at one time.
3. Number and amount of withdrawals.
4. Number of accounts opened.

5. Number of accounts closed.
6. Surplus on hand.

An act of 1874 added the following:

1. Rate of interest on loans.
2. Total amounts of loans at different rates of interest.

In 1875, another act called for the number and amount of loans not exceeding $3,000 each.

The law of 1876 provided for a much larger number of items than had previously been required. They may be summarized as follows:

1. Returns were to be made to close of business the last busi-day of October.
2. Number of corporators.
3. Amount of deposits, and each item of other liabilities.
4. Par value, and estimated market value of public funds, bank stock and railroad bonds, held as investments.
5. Estimated value of real estate, with the amount invested in same.
6. Amount of profits earned.
7. Rate and amount of each semi-annual dividend, instead of each ordinary dividend.
8. The time for declaring dividends to be fixed by the by-laws of each institution.
9. Number of open accounts. (Instead of number of depositors, as previously.)

An act of 1879 added the following items to the required returns:

1. Number of deposits of $1,000 and upward.
2. Number and amount of deposits of $200 and less.
3. Number and amount of deposits of $100 and less.
4. Number and amount of deposits of $50 and less.
5. Number and amounts of deposits held by women, guardians, in trust, and by charitable associations

In 1880, the act of 1879 was repealed, and the following substituted:

1. Number and amount of open accounts of $50 and less.
2. Number and amount of open accounts exceeding $50 and less than $100.
3. Number and amount of open accounts exceeding $100 and less than $200.
4. Number and amount of open accounts exceeding $200 and less than $500.
5. Number of accounts of $1,000 and more.
6. Number of accounts to the credit of females, guardians, in trust, and of religious and charitable associations, whenever called for by the commissioner.

In March, 1888, this portion of the general law was still further amended, and all previous amendments consolidated, so that sections 40 and 41 of chapter cxvi. of the Public Statutes now read:

Sec. 40. "The treasurer of every such corporation shall annually, within twenty days after the last business day of October, make a report to the commissioners, showing accurately the condition thereof at the close of business on said day. The report shall be in such form as the commissioners shall prescribe, and shall specify the following particulars, namely: Name of corporation and number of corporators; place where located; amount of deposits; amount of each item of other liabilities; public funds, including all United States, State, county, city, and town bonds, stating each particular kind, the par value, estimated market value, and amount invested in each; loans on public funds, stating amount on each; bank stock, stating par value, estimated market value, and amount invested in each; loans on bank stock, stating amount on each; railroad bonds, stating par value, estimated market value, and amount invested in each; loans on railroad bonds, stating amount on each; estimated value of real estate, and amount invested therein; loans on mortgage of real estate; loans to counties, cities, or towns; loans on personal security; cash on deposit in banks, with the names of such banks, and the amount deposited in each; cash on hand; the whole amount of interest or profits received or earned, and the rate and amount of each semi-annual and extra dividend for the previous year; the times for the dividends fixed by the by-laws; the rates of interest received on loans; the total amount of loans bearing each specified rate of interest; the number of outstanding loans which are of an amount not exceeding three thousand dollars each, and the aggregate amount of the same; the number of open accounts; also the number and amount of deposits received; the number and amount of withdrawals; the number of accounts opened, and the number of accounts closed, severally for the previous year; and the annual expenses of the corporation; all of which shall be certified and sworn to by the treasurer. The president and five or more of the trustees shall certify and make oath that the report is correct according to their best knowledge and belief." Section 41. "Beginning with the year ending with the last business day of October, 1889, and annually thereafter, such reports shall also state the number and amount of deposits of fifty dollars and less, of those exceeding fifty dollars and not more than one hundred dollars, of those exceeding one hundred dollars and not more than two hundred dollars, of those exceeding two hundred dollars and not more than five hundred dollars, of those exceeding five hundred dollars and less than one thousand dollars, of those of one thousand dollars or more; and of those to the credit of women, both adult

and minor, guardians, religious and charitable associations, and in trust, respectively, received during the year."

Law of 1876.

The general law of 1876, approved October 1st, was, in the main, a codification of existing laws governing institutions for savings. This law, with such amendments as were made previous to 1882, was incorporated into the general statutes of that year. In this re-arrangement, certain important changes were adopted, a brief summary of the more important of which seems called for in this connection.

1. Trustees to meet once in three months, to prepare a statement from the books of the exact condition of the bank, such statement to take the form of a trial balance of its accounts. This statement to be posted in a conspicuous place in the bank until the next meeting.

2. The maximum amount of deposits to be loaned on first mortgages in the State, was reduced from 75 to 70 per cent.; such loans not to exceed 60 per cent. of a fair valuation. All loans to be made on the recommendation of not less than two members of the board of investment, who shall certify thereto.

3. Deposits in national banks, on call and at interest, not to exceed 20 per cent. of the total deposits. (In 1860, the amount allowed was 7 per cent., and in 1863, 12 per cent.)

4. Loans on personal security not to exceed one-third (changed from one-half) of deposits, and to run not longer than one year.

5. Before declaring a semi-annual dividend, there must be reserved, out of the six months' earnings, not less than one-eighth nor more than one-fourth per cent. of the deposits, as a guaranty fund, until the same shall have reached five per cent. of the deposits, at which amount it shall be maintained to meet losses.

6. Ordinary dividends limited to five per cent.

7. No dividend to be declared unless the net profits of the previous six months, over and above such sums as are added to the guaranty fund, are at least two per cent. of the deposits, without the approval in writing of the Savings Bank Commissioners. (In March, 1880, the amount of net profits required was changed to 1½ per cent.)

8. Once in three years, when the net profits over and above the guaranty fund and the regular dividends amount to one per cent. of such sums as have remained on deposit for one year next preceding, such profits *shall* (changed to *may* in 1888) be divided among depositors whose funds shall have remained on deposit for one year at least, in proportion to the amount of dividends declared on their deposits for the three years preceding.

The practical results of the law regulating the accumulating of

a reserve, seem to have been effectual in preventing the widespread tendency to divide the entire profits semi-annually among the depositors. The tendency to compete with each other, among the banks, led, too often, to the sacrificing of the guaranty fund for the sake of a more favorable showing in dividends. Thus we find that in 1867, the average surplus held by the savings banks was 3.94 per cent. of the deposits. In 1870, the average was 1.83 per cent.; in 1871, 1.77 per cent.; in 1872, 1.65 per cent.; and in 1873, 1.56 per cent.—a continuous decline. The law of 1876, as has been seen, calls for an undivided guaranty fund of five per cent. of the deposits.

WILLIAM WOODWARD.

[TO BE CONTINUED.]

PROFIT SHARING.

The Postmaster-General, Mr. Wanamaker, as everybody knows, is the owner of an immense store in Philadelphia, and two years ago he formed a plan of dividing a portion of his profits with his employes. A few days since, the end of the second year of the experiment was reached, and a large sum was divided, making a total division for the two years of $213,785.36. On this occasion Mr. Wanamaker made a speech to his three thousand employes, in which he said:

We have paid the usual salaries and exactly $213,785.36 more by this free-will distribution. Not one person, to the best of my knowledge and belief, would have had any larger salaries had this plan of distribution not been in force. So that it is out of our pockets into yours and without any obligation on our part except good will and interest in the welfare of our good people. Under a system of monthly examinations of individual records all our clerks have had proper consideration according to merit, and perhaps a few salaries have been reduced as above value of services, while many have been advanced without solicitation. This is the present and future policy of the house. The double interest allowed to the 7-year-old employes has been generally availed of and will start many savings. We shall do the same this year. We allow double interest on the principal of these distributions.

He remarked among other things that he had a two-fold object in view in forming the plan. One was to show his interest in his employes, and the other to increase the business, which would be a benefit both to him and to them. He also remarked that the second object had not been attained, and he thought that his employes were responsible to some degree for the result.

Not long ago we were complimenting the president of one of the great trust companies of New York on the success of the enterprise, when he pointed to the employes around the room

and remarked that its success must not be ascribed wholly to him, but also to the employes of the institution, every one of which was a stockholder and deeply interested in its success. He said they all felt and worked as though it were their own, and were not only proud of it, but were doing their utmost to find business and to increase its profits. When this spirit animates a banking or manufacturing or other enterprise, its success is assured.

Of late there have been two remarkable utterances on this subject, one by Mr. Andrew Carnegie, of Pittsburgh, and the other by Mr. Potter, the president of the Illinois Steel Company, just organized, the largest organization of the kind in the world. Mr. Carnegie, in a recent speech to his employes, remarked that he had full faith in the sliding scale as a mode of determining the wages question, as it is called; and Mr. Potter's remarks to a reporter were to the same effect. The sliding scale is only another form of profit sharing. The basis of the plan is to give a portion of the profits to the employes. It is of no consequence what the plan is called, whether sliding scale, profit sharing, or some other. The essence consists in a fair division of the profits with those who participate in getting them. Those who have studied the subject of labor remuneration most are the most hopeful with regard to the ultimate success of this plan of adjusting the differences between labor and capital. Mr. Wanamaker, as we have said, manifested some disappointment because his business had not increased in harmony with his expectations; but possibly he may be wrong in his conclusions. It seems to us that a trial of two years is quite too short on which to pronounce such a judgment. The question is, what is the temper of his employes? What, in fact, have they done to contribute toward the success of the enterprise—anything or not? Have they shown more zeal in the business? If Mr. Wanamaker has looked into these matters, and concludes that, on the whole, they have no more interest in the business than they had before, then of course his judgment may be correct. Otherwise, we think his judgment is imperfect. It is certain, however, that this principle of profit sharing is finding more and more favor among employers, and is the most hopeful plan yet discovered for lessening the conflict between labor and capital. All these experiments, like Mr. Wanamaker's, and Mr. Carnegie's, and that of the Illinois Steel Company, and others that might be mentioned, will be watched with the keenest interest; for, if successful, they will lead others to follow in the same direction. The experience thus far gained is in many respects quite satisfactory, and as time passes we hope that we shall have more to record of a similar or better character.

PAYMENT OF CHECK TO A BONA FIDE HOLDER IS A FINALITY.

COURT OF APPEALS OF MARYLAND.

Manufacturers' National Bank v. *Swift.*

In the absence of fraud on the part of the holder, the payment of a check by a bank is a finality, and the fact that the drawer had no funds on deposit will not give the bank any remedy against the holder. The presentation of a check is a demand for payment, and if it is paid, all the rights of the payee have been satisfied and he is not entitled to ask any questions.

When, with full and perfect knowledge of the facts, and without the least element of surprise, imposition and misrepresentation, a bank has elected to pay a check, the law could never permit it to undo the transaction and recover the money back.

There being nothing in the facts of this case to take it out of the operation of the principles above stated, the payment of the check in controversy by the bank is held to have been a finality, and the bank is not entitled to recover its amount from the holder to whom it was paid.

BRYAN, J.—When this case was before the court on the first appeal it was decided that the Manufacturers' Bank and Swift were both responsible to the trustees of the Bull estate for the full amount of the sum now in controversy. It was held that the question of primary and secondary liability was not presented, and the court studiously refrained from determining which of these parties must ultimately bear the loss, laying down the rule as applicable to the case that all parties to a breach of the trust are equally liable, and there is no primary liability. (68 Maryland 236.) No further controversy is admissible on the questions then decided. Since the decree of this court the Manufacturers' Bank has paid to the trustees of the Bull estate the whole of the sum, and we are now required to determine whether Swift is bound to indemnify the bank in whole or in part.

We will mention some of the prominent facts which show the relations between the parties in respect to this matter, and then we will consider other matters in evidence, which are supposed to change or modify these relations. Veazey was the trustee of the Gazette Publishing Company, and in that capacity was required to pay to Swift the sum of fourteen thousand one hundred and forty-four dollars and eighty-two cents. On the 15th day of July, 1886, he delivered to E. O. Hinkley, Esq., Swift's solicitor, a check for this amount on the Manufacturers' Bank, signed "I. Parker Veazey, trustee," and received from him a release of Swift's claim. This check was paid by the said bank, although Veazey had no funds in the bank at the time of payment properly applicable to this purpose. If there were nothing further in the case the question would be of the simplest possible description. It is the duty of a bank to know the state of its depositor's account, and if it makes a mistake in this respect it must abide the consequence. The presentation of a check is a demand for payment; if it is paid, all the rights of the payee have been satisfied, and he is not entitled to ask any questions. It would forever destroy the character of a bank in all commercial circles, if, when it was ready and willing to pay a check, it permitted the holder to inquire if the drawer had funds there to meet it. It is a matter with which he has no concern. In the absence of fraud on the part of the holder the payment of a check by a bank is regarded as a

finality, and the fact that the drawer had no funds on deposit will not give the bank any remedy against the holder. (*Addie* v. *National City Bank*, 45 New York 735.)

In *Levy* v. *The Bank of the United States* (Binney 37, and 4 Dallas 234), one Thomas passed to Levy a check on the bank purporting to be drawn by one Wharton in favor of Thomas or bearer; this check was received by the teller and entered to Levy's credit in his bank book as cash. On the same day, in the course of a few hours, it was discovered that the signature to the check was a forgery, and as soon as the discovery was made notice of it was given to Levy. It was held that the loss must fall on the bank. This decision is cited with approval by the Supreme Court of the United States in *United States Bank* v. *Bank of Georgia*, 10 Wheaton 333. It is also approved by this court in *Commercial and Farmers' Bank* v. *First National Bank*, 30 Md. 19, where the case in Wheaton and other cases of similar bearing are also adopted. Unless there is something to take the present case out of the general rule we think it very clear that the payment of Veazey's check was conclusively binding on the Manufacturers' Bank.

When Mr. Hinkley received this check from Mr. Veazey he deposited it in the Union Bank to the credit of Hinkley & Morris, a legal firm of which he was the senior member. On the following day it was sent through the clearing house to the Manufacturers' Bank, and, payment of it being refused, it was returned to the Union Bank. Thereupon it was delivered to Hinkley, and he gave the Union Bank the check of Hinkley & Morris for the same amount to counterbalance the credit they had received for it. Within a few minutes after he received the Veazey check, Mr. Hinkley was informed by Mr. Veazey, and Mr. Hindes, the cashier of the Manufacturers' Bank, that the check was "all right," and he immediately deposited it a second time in the Union Bank, and in the course of the day it was paid. The occurrence must now be noticed which caused this mode of dealing with the check. Messrs. Veazey and E. Calvin Williams were trustees of the Bull estate, and as such were entitled to receive from J. C. C. Justis twenty-eight thousand one hundred and twenty-one dollars and fifty-five cents.

During the absence of Mr. Williams in Europe Mr. Veazey was authorized by an order of court to receive the money. On the 15th day of July, 1886, a check on the Mechanics' Bank for the amount was delivered to him, which by due indorsement was made payable to the order of I. Parker Veazey and E. Calvin Williams, trustees. This check Veazey indorsed and deposited in the Manufacturers' Bank to the credit of an account of "I. Parker Veazey, trustee." This check, passing through the clearing house, on the following day reached the Mechanics' Bank, and payment was refused because it was not indorsed by both of the trustees, Veazey and Williams. Notice being given to the Manufacturers' Bank, it, in turn, gave notice to the Union Bank that Veazey's check to Hinkley would not be paid. Later in the day a deposit was made by Justis to the amount of this check in the Manufacturers' Bank to the credit of I. Parker Veazey and E. Calvin Williams, trustees, and it was agreed between Veazey and the said bank that the check to Hinkley should be paid, and that it should be altered by affixing the name of E. Calvin Williams, trustee, as one of the drawers. Of this transaction Hinkley was kept in entire ignorance. Notice was then given by the Manufacturers' Bank to the Union Bank that the check was recognized as good, and it was delivered to the runner of the former bank. According to the rules of the clearing house, this receipt and recognition of the check was a payment of it, and entitled the Union Bank to a credit for its amount in settlement with the Manufacturers' Bank.

After the payment thus made, the signature of the check was altered by Veazey so as to read as follows: "I. Parker Veazey, trustee, E. Calvin Williams, trustee, per I. Parker Veazey." The check when delivered to Hinkley was in form and legal effect; such as he was entitled to receive, and such it remained until it was paid by the bank on which it was drawn, with a full and entire knowledge of every circumstance connected with it from its origin until its payment. Immediately on its payment Mr. Hinkley remits the proceeds to his client, who resided in another State. On the 28th of September, one month and twelve days after the settlement of the business, he hears for the first time that objections are urged against the payment of the check. If the bank could recover this money from Swift it would be an extremely dangerous matter to do business with a bank; no one could know when he could safely receive payment of a check. We think, however, that the law has provided rules for the transaction of this kind of business which are sound and sensible, and which promote convenience and security in commercial dealings. When, with full and perfect knowledge of the facts, and without the least element of surprise, imposition or misrepresentation, a bank has elected to pay a check, the law could never permit it to undo the transaction and recover the money back.

The alteration of the signature of the check after it had been paid was a nugatory act. It could not authorize the bank to charge the check against the account standing in the name of the two trustees. That account could be legally charged only by check signed by both of them. Entering the Hinkley check on the books of the bank as a debt against this account was without significance; the responsibility of the bank was not in the least degree diminished by such an entry.

The foregoing considerations are intended to show how the bank and Swift stand in reference to each other. On the former appeal it was held that, as against the representatives of the Bull trust, Swift could not be "allowed to retain the money which had been paid to him from a fund on which he had no claim, and which was charged against that fund and no other." But in the present controversy the Bull trust is in no wise interested; it has been fully reimbursed for the conversion of its money. This conversion was affected by the wrongful change in the signature of the Hinkley check after it had been paid; a change made without Hinkley's knowledge or consent, and after the check had passed out of his possession and beyond his control.

The simplest principles of justice require that those who did this great wrong to the trust fund should redress the injury which they committed. They should be compelled to restore the spoliated trust fund to its original integrity. But assuredly there is nothing in the transaction which can give them recourse against any other person. The responsibilities of third persons are measured by their own conduct. If they have done the agents of this mischief no wrong they cannot be required to make them any compensation. The bank can derive no special claim from the fact that it was dealing in this unauthorized way with trust funds. While with respect to the bank, Swift stands like any other holder of a check who presents it in the ordinary course of business, and receives payment without knowledge of any peculiar circumstances affecting it.

In our opinion, the matters which we have stated settle the rights and responsibilities of these parties. And it is, perhaps, not strictly necessary that we should give our views upon other questions which have been discussed at the bar. We, however, take occasion to say that, while the officers of the Manufacturers' Bank committed great

errors of judgment, there was not the least purpose to do any intentional wrong to anybody. We regard the conduct of Hinkley as highly becoming to an upright and intelligent solicitor. We are satisfied that he did not know, and had no reason to believe, that Veazey was committing a breach of trust. A gentleman from his office, who, at his request, called on Veazey for the money due from the Gazette Publishing Company, had been told by Veazey that it was "out on call; that he would have to give some notice, and that it would take several days to get it in." Veazey also told Hinkley that he would have to give "notice" before he could get it. When he received Veazey's check it was in a form sufficient and appropriate to pay money of the Gazette Publishing Company, and it was deposited in bank in strict conformity to the usual course of business. With regard to Mr. Hindes' testimony in reference to a conversation which he says he held with him in the Union Bank on the 16th of July, about half past 12 o'clock, we are constrained to think there is some error. He says that he told Hinkley that the check would not be paid, and that Mr. Williams was associated in the matter. Hinkley positively and emphatically denies that any such conversation took place, and that he does not remember that he was in the Union Bank on that day except on one occasion, and that was about eleven o'clock, immediately after he had been assured both by Veazey and Hindes that the check was "all right."

Mr. Wells, the cashier of the Union Bank, testifies that he saw him at this time, and no one connected with the bank testifies that he was there at any other time during the day. The singularity of such a conversation must have made an impression on his mind which he could not have forgotten. Let us consider how the case would have stood. A check for a large amount is refused payment; immediately afterward the holder is informed by the drawer of the check, and the cashier of the bank which refused it, that it was all right, and he is requested to redeposit; in about an hour and a half he is informed by the same cashier that it will not be paid, and then, after the delay of about an hour, the check is paid. An experience so unusual and extraordinary must have made a lasting impression on the memory. Mr. Hindes probably mistook some other person for Mr. Hinkley, or he may have confounded together some of the many conversations which took place on this subject.

The decision of the Circuit Court is in accordance with our views, and it will be affirmed with costs.

Order affirmed with costs.

COLLECTIONS. ALTERED DRAFT.

COURT OF APPEALS OF NEW YORK, SECOND DIVISION.

National Park Bank of New York v. *Seaboard Bank.**

A draft on plaintiff bank, which had been fraudulently altered, was received by the E. Bank for collection only, and was indorsed and forwarded by it to defendant for collection for its account. The amount of the draft was credited by defendant to the E. Bank, and was afterwards paid by plaintiff to defendant. All sums to the credit of the E. Bank at the time of payment were paid by defendant to the E. Bank before the alteration was discovered. *Held*, that defendant was not liable to plaintiff for the amount thus erroneously paid to it.

The rule that a payment on a general account, made with no directions as to its appropriation, is to be applied to the oldest items of debit, applies to payments made by defendant to the E. Bank in determining whether it has paid to the E. Bank the amount of the draft.

On the 7th of July, 1885, the First National Bank of Wallingford, Conn., drew on the plaintiff a draft in the usual form for the sum of eight dollars, payable to the order of one Frank Saxton, and delivered the same to him. Subsequently, but prior to July 15, 1885, said draft was raised from eight dollars to eighteen hundred dollars, and on that day said Saxton indorsed it in blank, and presented it to the Eldred Bank, of Eldred, Pa., with the request that it should collect the same for him. The Eldred Bank received said draft for collection only, giving back a receipt to that effect; indorsed it to the order of the defendant's cashier "for collection for account of the Eldred Bank, Eldred, Pa.," and at once forwarded it for collection to the defendant, its New York correspondent, which received it on the morning of July 16, 1885, and at once notified the Eldred Bank, by mail, that it had been received and placed to its credit. On the next day the defendant presented it, through the New York clearing house, to the plaintiff for payment, and the plaintiff thereupon, through a mistake of fact, paid it to the defendant as a draft for $1,800. The change in said draft was unknown to each of said banks until about the 15th day of August, 1885, and all of them acted in good faith in the premises. It was the custom of defendant to notify the Eldred Bank immediately of a failure to collect any of its checks or drafts, or of anything wrong in regard to them. The Eldred Bank waited until July 25, 1885, in order to be sure that everything was all right, when, not having heard anything to the contrary, it became satisfied that the draft was genuine in all respects, and paid over the proceeds thereof, less charges for collection, to said Saxton. According to the established course of business between the defendant and the Eldred Bank, the former did not become responsible for said draft, or for any draft, forwarded to it for collection by the cashier, but "was reimbursed by said Eldred Bank in case of the non-payment of any such draft, . . . if the defendant had made any credits, payments, or remittances, in anticipation of the collection of the same, or on account thereof." The defendant, upon receipt of said draft, credited the amount thereof to the Eldred Bank in the only account that it kept with the latter. Said account was balanced on July 21, 1885, and the balance carried to the credit of the same account, which remained open until after August 15th, but by that time the aggregate of the debits therein by the defendant to the Eldred Bank, since the last balancing thereof, including the balance then existing in favor of the Eldred Bank, exceeded the

* Affirming 44 Hun. 49.

aggregate of the credits by considerably more than the sum of $1,800, with interest thereon from July 17, 1885.

The plaintiff first learned that the draft had been altered on the 15th of August, 1885, when it notified the defendant of the fact, and requested repayment of the difference between said sums, with interest, which the defendant refused, as it had already paid over the money to the Eldred Bank, which in turn had paid it to Saxton. At this time the balance to the credit of the Eldred Bank on the books of the defendant exceeded the amount of said draft, but said balance arose wholly from collections and transactions subsequent to the date when said draft was paid. The plaintiff brought this action to recover from the defendant the difference between the genuine and the altered draft. The justice, before whom the cause was tried without a jury, found the foregoing facts, and also found specifically "that said sum of $1,800, and all other sums of money in the possession of or under the control of the defendant on July 17, 1885, and on July 25, 1885, belonging to or to the credit of said Eldred Bank, had been, prior to August 15, 1885—the date of the aforesaid notice—paid over by the defendant to said Eldred Bank"; "that the defendant never had any title, ownership, interest, or property in or to said check or draft, or any part thereof, and never assumed any title, ownership, interest, or property in the same." Said justice found as a conclusion of law that the complaint should be dismissed upon the merits, with costs, and, the judgment entered accordingly having been affirmed by the general term, the plaintiff appealed to this court.

VANN, J. (*after stating the facts as above*).—When the draft in question was paid by the plaintiff under a mistake of fact, the defendant either owned it, or simply held it for collection as the agent of the Eldred Bank. If the defendant had then owned the draft, it would have become liable, upon discovery of the facts, to refund the amount mispaid, provided its condition had not in the meantime changed so that this would be unjust. (*Bank* v. *Banking Association*, 55 N. Y. 211; *White* v. *Bank*, 64 N. Y. 316.) If, however, the defendant did not then own the draft, but merely presented it for payment as the agent of another bank, it could not be required to repay, provided it paid over to its principal before notice of the mistake. (*La Farge* v. *Kneeland*, 7 Cow. 460; *Mowatt* v. *McLelan*, 1 Wend. 173; *Herrick* v. *Gallagher*, 60 Barb. 566; Story Ag. § 300.) The plaintiff claimed that the entry made by the defendant on its books to the credit of the Eldred Bank upon receipt of the draft proved that it belonged to the defendant, while the defendant claimed that the restrictive indorsement of the draft by the Eldred Bank prevented any change of title, and simply created an agency for collection.

A question of fact thus arose as to the intention of the parties to the transaction, to be determined by considering their words and acts, their course of business, and all of the surrounding circumstances. We think that the decision of this question in favor of the defendant by the trial court, acting in the place of a jury, is conclusive upon us. Moreover, it seems to be settled that the title to commercial paper received for collection by a bank, and forwarded to its correspondent in the usual course of business, without any express agreement in reference thereto, does not vest in such correspondent, even if it has remitted upon general account in anticipation of collection. (*Dickerson* v. *Wason*, 47 N. Y. 439.) Title passes only by a contract to that effect, to be either expressly proved or inferred from an unequivocal course of dealing. (*Scott* v. *Bank*, 23 N. Y. 289.) This would involve, in the case at bar, an agreement on the part of the defendant to become absolutely responsible to the Eldred Bank for the amount of the draft, whether it was

collected or not, without any right to reimbursement for advances. (*Id.*) This was not the agreement of the parties to the transaction in question, either as found by the trial court, or as appears from the undisputed evidence. In the case of *Bank* v. *Loyd*, 90 N. Y. 530, relied upon by the plaintiff, the referee found that the owner of a check indorsed it in blank, and deposited it in a bank, which received it as a deposit of money, entered the amount as cash to his credit in his pass-book, and returned the book to him. It was held that under those circumstances the property in the check passed from the customer, and vested in the bank. No other result could follow a transfer absolute in form and in fact by one party and its receipt as cash by the other. The learned counsel for the plaintiff concedes that an agent who has received money paid by mistake cannot be compelled to repay it where he has paid it over to his principal without notice, but he contends that, as the specific proceeds of this draft were not paid over, the rule has no application.

The trial court found, and the evidence clearly shows, that the proceeds of the draft, and also the entire amount that the Eldred Bank had to its credit with the defendant when the draft was paid, had been drawn out at least two weeks before the alteration of the draft was discovered. Where a payment is made upon general account, with no direction as to its application, the law applies it to the oldest items; that is, the first debits are to be charged against the first credits, and the debt paid according to priority of time. (*Sheppard* v. *Steele*, 43 N. Y. 52; *Allen* v. *Culver*, 3 Denio 284; *Webb* v. *Dickinson*, 11 Wend. 65.) In *Allen* v. *Culver*, *supra*, 293, the court said: "In the case of a running account between parties, where there are various items of debit on one side and of credit on the other, occurring at different times, and no special appropriation of payments constituting the credits has been made by either party, the successive payments and credits are to be applied in discharge of the items of debit antecedently due, in the order of time in which they stand in the account. In other words, each item of payment or credit is applied in extinguishment of the earliest items of debt until it is exhausted." We think that this rule should be applied to the case under consideration, and that the amount received upon the draft had been paid over by the defendant to the Eldred Bank before it was notified that the draft had been altered.

The judgment appealed from should be affirmed, with costs.

All concur.

LIABILITY OF A NATIONAL BANK FOR ITS CIRCULATION AS A STATE BANK.

SUPREME COURT, SPECIAL TERM, NEW YORK COUNTY.

Claggett v. *Metropolitan National Bank.*

Laws N. Y. 1865, c. 97, § 2, provides that any State bank becoming a national bank shall be deemed to have surrendered its charter on compliance "with the requirements of this act," but that it shall continue a body corporate for three years afterwards, for the purpose of closing its concerns, "but not for the purpose of continuing, under the laws of this State, the business for which it was established." Section 6 provides that, when authorized to commence business as a national bank, all assets of the old bank shall vest, without any conveyance, in the national bank, which, on returning the bills of the State bank to the banking department of the State, may receive the stock pledged to secure the redemption of the same, and that it shall be subjected to the same rules as the State banks with regard to the final redemption of the circulating notes of "such State banks so converted into national associations." Section 8 provides that the act shall not be construed so as to release the national bank from any obligation incurred before becoming such association. *Held*, that the conversion of a State bank into a national bank did not constitute such a "closing of the business" of the State bank that it could limit its liability to redeem its circulating notes by proceedings under Laws 1859, c. 236, authorizing State banks intending to close business to publish notice that any persons having any of the circulating notes of the bank should present them for redemption within six years, and, failing to do so, the bank would no longer be liable on such notes.

Action by Sumner E. Claggett and Charles T. Chickering, as administrators of the estate of James H. Paine, against the Metropolitan National Bank, to recover the amount of certain bank bills issued by the Metropolitan Bank while incorporated under the laws of the State, and before it became a national bank. On March 14, 1867, such bank deposited with the Bank Superintendent of the State a sum of money equal to its outstanding circulation, and the Superintendent published notice that the circulating notes of such bank would be redeemed at par at any time within six years from the date of notice, and that all notes that were not presented for redemption within that time should cease to be a charge upon the fund in the hands of the Superintendent for that purpose. The bank bills in suit were not presented for redemption within seven years from the date of such notice.

PATTERSON, J.—In this action is involved the applicability to the facts disclosed in the agreed statement of the provisions of chapter 236 of the Laws of 1859, as amended by chapter 348 of the Laws of 1866, and the provisions of chapter 97 of the Laws of 1865; the latter being entitled: "An act enabling the banks of this State to become associations for the purpose of banking under the laws of the United States."

The defendant claims exemption from liability for the bank notes found among the effects of the plaintiffs' intestate on the ground that all liability therefor ceased long before this action was brought because of the deposit of money with the State Superintendent of Banking, the publication of notice requiring redemption of the notes to be made within six years, and the failure to present such notes for redemption pursuant to the notice. The act of 1859 was passed to facilitate the winding up of the affairs and business of State banks intending to close business, or whose charters had expired, or which had become insolv-

ent, and it was not intended to affect banks whose business was to go on continuously. If the Metropolitan Bank did close business by becoming a national banking association, the contention here made would be unanswerable; but merely by changing from the State to the federal system of banking it did not close its business.

It was held by the Court of Appeals in *Bank* v. *Phelps*, 97 N. Y. 44, that "the general scheme of the national banking act is that State banks may avail themselves of its privileges, and subject themselves to its liabilities, without abandoning their corporate existence, without any change in the organization, officers, stockholders, or property, and without interruption of their pending business or contracts. All property and rights which they held before organizing as national banks are continued to be vested in them under their new *status*"; and, "although in form their property and rights as State banks purport to be transferred to them in their new *status* of national banks, yet, in substance, there is no actual transfer from one body to another, but a continuation of the same body under a changed jurisdiction. As between it and those who have contracted with it, it retains its identity, notwithstanding its aeceptance of the privilege of organizing under the national banking act." When that case was decided in this court, Gilbert, J., whose view is indorsed by the Court of Appeals, said (16 Hun, 158): "The change from a State to a national bank did not destroy either the existence or the identity of the corporation. Such change conferred new franchises, and imposed new duties and liabilities on the corporate body, in addition to those which it previously had, but nothing more. There was a slight change in the corporate name, but the new name designated the same entity. In short, the legal effect of the change was merely the acceptance of a new charter by the corporation. It remained to every intent and purpose as it did before, though its name was altered, and its new charter was granted by the national instead of the State legislature."

The necessary result of this view of the law is that the change or conversion of the Metropolitan Bank to the Metropolitan National Bank did not result in a close of its business. It remained the same bank, and went on doing business continuously; and a mere passing of a resolution that it intended to close business could not have the effect now claimed, as the intention manifestly was simply to prosecute its then "pending business," and to conduct business thereafter under the changed jurisdiction. If this is correct, the proceedings under the act of 1859 were ineffectual, unless they were authorized under the provisions of chapter 97 of the Laws of 1865. By section 2 of that statute it is enacted that any State bank becoming a national banking association "shall be deemed to have surrendered its charter, if it shall have complied with the requirements of this act, provided that every such bank shall nevertheless be continued a body corporate for the term of three years after the time of such surrender, for the purpose of prosecuting and defending suits by and against it, and of enabling it to close its concerns, and to dispose of and convey its property; but not for the purpose of continuing, under the laws of this State, the business for which it was established."

It is claimed that, under the section referred to, the Metropolitan Bank was authorized to close its business, and was brought within the permission of the act of 1859 as to terminating liability on its circulating notes as a bank closing business, and one whose charter had expired. The surrender of the charter may be deemed an expiration; but an examination of the other provisions of the act of 1865 will show that it was not the intention of the legislature to confer authority on the

State institution to extinguish the liability of the national banking association into which it was converted for its circulating notes. By section 8 it is provided that "nothing in this act shall be construed as releasing such association from its obligations to pay and discharge all the liabilities created by law, or incurred by the bank before becoming such association." Beyond that, the general purpose of maintaining the liability of the national banking association for the circulating notes of the State bank is indicated in the sixth section, which provides that, as soon as the certificate of the Comptroller of the Currency has been obtained, authorizing the bank to commence business, etc., "all the assets, real and personal, shall immediately, and by act of law, and without any conveyance or transfer, be vested in and become the property of the national banking association into which such bank shall have been converted." It is not suggested that the correlative duty of paying the liabilities was not assumed by taking over the assets. As clearly indicating the purpose of the legislature, the same section 6 proceeds to enact: "And it [the national bank] shall be entitled, on returning the bills of such [the State bank] to the banking department of this State, to receive the stocks pledged to secure the redemption of the same, in like manner as the bank issuing the same is now entitled by law, and shall be subjected to the same rules as such banks in respect to the final redemption of the circulating notes of such State banks so converted into national associations."

One purpose of this act seems clearly to have been to carry with the transfer of the assets the obligation to pay all liabilities of the State bank, including the circulating notes, and to put at the disposal of the national bank the securities lodged with the banking department to protect the circulation, and to continue down to final redemption the duty of the national bank to pay that circulation. Such a purpose is inconsistent with the theory of the legislature having conferred on the State organization the right to destroy the liability of the national bank, and renders the act of 1859 inapplicable; and while the State may not legislate concerning national banks so as to fix upon them liabilities or duties which Congress has not seen fit to impose, it had power to declare how, and under what circumstances and conditions, the national banks might acquire funds or securities specifically pledged with the State for special contracts, under the State banking law, so long as that legislation did nothing further.

I am of the opinion that the bank bills are a debt of the defendant, and that the plaintiffs are entitled to recover; bank bills not being within the statute of limitations by the law of this State.

LIABILITY OF STOCKHOLDERS FOR SUBSCRIPTIONS.

GEORGIA SUPREME COURT.

Hill v. *Silvey.*

An arrangement made in good faith among the stockholders of a corporation whose subscription to its capital stock has never been made public, entered into before the corporation has incurred debts, whereby, instead of issuing stock to the amount of the original subscriptions, each subscriber is given full paid-up stock to the amount that he has actually paid on his subscription, is valid as against creditors, and they cannot enforce the original subscriptions, except as to the deficiency between the amount of paid-up stock so issued and the minimum allowed by the charter for the transaction of business.

GUSTIN, J.—The facts necessary to the decision of the main question in this case are as follows: The Georgia Banking Company was incorporated by act of 15th of September, 1870 (Acts 1870, p. 109). Its name was changed to the "Citizens' Bank of Georgia," and it was located at Atlanta, Ga., by act of 27th of August, 1872 (Acts 1872, p. 95). The first section of the first act authorized certain persons to "receive subscriptions to an amount not exceeding one million of dollars, in shares of one hundred dollars each, whereof ten per cent. shall be paid to said commissioners at the time of subscription." It added that "all such subscriptions shall be binding upon the subscribers, respectively, and their heirs and legal representatives, and be payable in such installments and at such times as the board of directors of said corporation shall prescribe." The second section made the subscribers a body corporate when $1,000,000 was subscribed, and ten per cent. thereof paid to the said commissioners. The third section provided that when $100,000 was so paid the commissioners should give notice to meet and organize. Section 13 declared "that the said company shall be responsible to its creditors to the extent of its property, and the stockholders shall be liable, to the extent of the full amount of their respective unpaid stock subscribed for by them, for the debts of the company, in proportion to the number of shares held by them." The amending act struck out "$1,000,000" in the second section, and inserted in lieu thereof "$200,000"; and struck out "$100,000" in the third section, and inserted in lieu thereof "$20,000."

There was a stock subscription list under the amended act amounting to $408,200, the form of the subscription being as follows: "We the undersigned subscribe the amounts and number of shares set opposite our names to the capital stock of the Citizens' Bank, and agree to pay the same as provided by the charter and board of directors after organization under the charter."

Part of the subscribers organized on the 9th of November, 1872, 2,400 shares of stock being represented in the organization, and the bank began business 2d January, 1873. In pursuance of regular calls they paid fifty per cent. on their subscribed stock.

On June 30, 1873, a return was made to the Governor, under section 1,467 of the Code, one of the items of which was: "Capital stock paid in, $140,340." This return contained no statement of the capital stock subscribed not paid in.

No resolution or other action was had definitely fixing any amount as the capital stock until, on the 13th of January, 1874, the following resolutions were passed by the stockholders:

"It having been the original purpose of the stockholders of the Citizens' Bank of Georgia to pay in only fifty per cent. on the amount of capital stock subscribed by each, and to let the dividends as they accumulated pay the other fifty (50) per cent., and it having since been thought best to reduce the stock to full paid-up stock, and to declare and pay the dividends as they are made in cash; therefore

"*Resolved*, That the original plan be abandoned, and as no certificates of stock have been issued, that certificates of stock be issued to each stockholder on an amount of stock as large as the sum actually paid in by him or her in cash, and that the capital stock and subscriptions be reduced to the amounts actually paid in.

"*Resolved*, Further, that the board of directors be, and they are hereby, instructed to open the books of the bank for additional subscriptions of full paid-up stock, said books to remain open till the whole capital stock subscribed reaches the sum of four hundred thousand dollars, the stock hereafter subscribed to receive its dividends as earned from the date the cash for the stock is paid in."

No certificates of stock were issued until after this action. Other returns were made to the Governor from year to year, showing the amount of the capital stock as gradually increasing to $186,300 on November 15, 1876; then decreasing to $160,000 on December 31, 1880, when the last return was made. The bank did business until it became insolvent, and on the 13th of April, 1881, it made an assignment to L. J. Hill and W. S. Thompson "of all its property and effects, rights and credit, of every kind and character whatsoever, for the benefit of all the creditors of this bank *pro rata*." The assignee took possession of the assets to execute the trust. Afterward, on the 16th of April, 1881, the State of Georgia, in behalf of itself and all other creditors of said bank who might join it, filed a bill in Fulton Superior Court against said bank *et al.*, and on the 25th of April, 1881, said assignees were appointed receivers of said court to receive, take and hold all the property and effects conveyed to them by said deed of assignment, "convert the same into cash, and hold it subject to the further order of the court."

In August, 1881, Hill & Thompson, suing as assignees and receivers, having obtained leave of the court, brought a bill against the stockholders to collect the remaining fifty per cent. on their subscription, setting out the resolutions of January 13, 1874, but alleging that they "were passed without any authority of law," and that they were "void, and of no force, validity or effect," and afforded "no valid reason why said amounts should not be paid," and that such amounts were debts due by each of them to the Citizens' Bank of Georgia, and assets of the bank, and as such passed by the deed of assignment, and that they "were and ought to be a fund in equity, to be collected and applied to the payment of the debts of the bank." The creditors of the bank were also made parties defendant to this bill, for the purpose of enjoining them from proceeding by separate actions against the stockholders. It was averred in the bill that none of the debts due by the bank were in existence at the time of the adoption of the resolution of January 13, 1874, but that all had been created since.

All of the defendant stockholders relied upon the resolutions above referred to as a release from their liability beyond the fifty per cent. paid. Some of them also made special defenses, such as set-off, payment of debts of the bank, transfers of their stock, etc., not necessary to be considered in this connection. No answer was filed by any creditor setting out that his debt was due before that time, nor was any filed setting up any special claim or equity against the stockholders.

Omitting any further statement of the very voluminous pleadings in

this case, we come to the consideration of the principal question which we are called upon to decide, whether, under this state of facts, the subscribers and stockholders are liable at law or in equity to the assignee and receivers, and through them to the creditors of the bank; and this depends upon the validity of the resolutions of January 13, 1874, considered in connection with the subsequent dealings of this bank with the public and persons having business relations with it.

1. That these resolutions had the effect of releasing stockholders, all of them agreeing thereto or aquiescing therein, from further liability to the bank itself, and from obligations each to the other, cannot be seriously doubted. No good reason exists at law or in equity why this could not be done, and it is supported by high authorities. In *Scovill* v. *Thayer*, 105 U. S. 153, Justice Woods, in considering an agreement among stockholders to issue certificates for fully paid stock upon which only twenty per cent. had been paid, says: "The stock held by the defendant was evidenced by certificates of full-paid shares. It is conceded to have been the contract between him and the company that he should never be called upon to pay any further assessments upon it. The same contract was made with all the other shareholders, and the fact was known to all. As between them and the company this was a perfectly valid agreement. It was not forbidden by the charter or by any law of public policy, and as between the company and the stockholders was just as binding as if it had been expressly authorized by the charter. If the company, for the purpose of increasing its business, had called upon the stockholders to pay up that part of their stock which had been satisfied by 'discount' according to their contract, they could have successfully resisted such a demamd. No suit could have been maintained by the company to collect the unpaid stock for such a purpose. The shares were issued as full paid, on a fair understanding, and that bound the company." (See also 2 Mor. Priv. Corp. §§ 790, 800, 801, 813, 816, 817, 841; *Steacy* v. *Railroad*, 5 Dill. 348; *Cooper* v. *Frederick*, 9 Ala. 738; *In re Insurance Co.*, 14 Fed. Rep. 28; *Hepburn* v. *Commissioners*, 4 La. Ann. 87; *Palfrey* v. *Paulding*, 7 *id.* 363.)

2. It is contended, however, that, whatever the effect of the resolutions might have been as between the stockholders and the bank, or among themselves, it could not operate to release the stockholders from liability to creditors. This is based upon the well recognized principles that the capital stock of a corporation is in equity a trust fund for the payment of its creditors, and this, whether it has been paid into the company or exists in the form of unpaid installments, and that it cannot be reduced, either by declaring dividends which infringe upon the capital, by release from installments to become due, by accepting property or work at a false valuation, nor in any like manner—principles that in their general application are so universally recognized by courts and writers of recognized standing that no authority need be cited in their support. But when it becomes necessary, as in this case, to apply them to, and ascertain their bearing upon, any particular state of facts, it also becomes necessary to consider the reasons which led to their establishment, and the limitations and condition of their application.

In the earlier cases in which this doctrine is enunciated the question will be found to have arisen when there was an attempted reduction of the fund representing the capital stock which would have resulted in the non-payment of existing debts. Thus in *Slee* v. *Bloom*, 19 Johns. 669, the trustees of the company sought by a resolution to limit the amount to be collected from stockholders to thirty per cent. of their subscriptions, and in the opinion of the court, Spencer, C. J., says: "The evidence places it beyond all doubt that the debt due to the appellant, who is the only

creditor of the company, will be partially paid only if that resolution has the effect intended by it. A large balance will be irrevocably lost. Now could the trustees pass a by-law having the effect to deprive a creditor of the company of his only means of satisfaction, by a resort to the stockholders ratably until his debt was paid? I answer without hesitation that such a by-law or resolution is utterly inoperative."

In *Wood* v. *Dummer*, 3 Mas. 308, the company declared a dividend to such an amount that it infringed upon the capital stock, and left an insufficiency for the payment of its creditors. The opinion of Justice Story contains the following: "The capital stock is a trust fund for creditors, and the stockholders, upon the division, take it subject to all equities attached to it. They are to all intents and purposes privies to the trust, and receive it *cum onere*."

In these and all cases of like character the rule seems to be absolute and without qualification, for the reason that, as such creditors, the credit has been acquired, and the debts have been contracted, upon the express faith of the capital stock subscribed. (*Heightower* v. *Thornton*, 8 Ga. 486.)

In later years another class of cases has arisen, in which, after the capital stock has been subscribed, the fund representing it has been reduced by arrangements among the stockholders either to treat the whole subscription as paid when part only has been, to reduce the capital stock after subscription, or other agreements of like character; and the question has arisen in these cases whether, as to future creditors, the same absolute liability attaches, or whether certain qualifications are to be made according to the circumstances of each case. A close and careful consideration of the leading authorities leads us to the conclusion that this doctrine can only be maintained as to future creditors in cases where it appears that their credit was or might have been given, their debts contracted upon the faith of these subscriptions—where the subscriptions did enter, or might have entered, into consideration of their contracts with the company.

Sawyer v. *Hoag*, 17 Wall. 610, is a leading, perhaps the leading case in which the liability of the stockholders to future creditors is strongly maintained. In that case Sawyer subscribed $5,000 to the stock of an insurance company, giving his check for the full amount of his subscription, and receiving in return $4,250, for which he gave his note, payable in five years, with securities. All the other stockholders of the company made the same arrangement. At various times it was reported to the authorities of the State of Illinois, where the company was located, that the stock was fully paid up. The company was declared bankrupt, and litigation ensued between Sawyer and the assignee in bankruptcy, in which it was contended that Sawyer's subscription had never been paid, and that what he owed was on the subscription, and not on his note, and constituted part of the trust fund for the payment of creditors. The Supreme Court of the United States so held, placing its decision upon the ground that, as to creditors, the transaction was not a payment of the subscription, but only a change of the character of the debt from a stock subscription to a loan of money; from a trust fund to a debt with which the corporation could deal as ordinary assets. This case differs from the one now before us in this: that during the whole existence of the insurance company the capital stock subscribed by Sawyer was held out to the world, and to those dealing with the company, as assets upon which they might rely.

Substantially the same questions came before that court in the cases growing out of the failure of the Great Western Insurance Company. (*Upton* v. *Tribilcock*, 91 U. S. 45; *Sanger* v. *Upton*, *id.* 56; *Webster* v.

Upton, id. 65; *Chubb* v. *Upton*, 95 *id.* 665.) So far as applicable to the cases before us, the facts of these cases and the principle decided therein were practically the same as in *Sawyer* v. *Hoag*, and the doctrine was reaffirmed in *Scovill* v. *Thayer*, 105 U. S. 143. But in this last-stated case, after holding that the stock subscribed is considered in equity as a trust fund for the payment of creditors, they further say: "It is so held out to the public, who have no means of knowing the private contract made between the corporation and its stockholders. The creditor has therefore the right to presume that the stock subscribed has been or will be paid up, and if it is not a court of equity will at his instance require it to be paid. In this case the managers and agents of the bankrupt company had in effect represented to the public that all its capital stock had been subscribed for, and has been or would be paid in full. Considered, therefore, in view of a court of equity, the contract between the company and its stockholders was this, viz.: that the stockholders should pay, say, for example, $20 per share on their stock, and no more, unless it became necessary to pay more to satisfy the creditors of the company; and when the necessity arose, and the amount required was ascertained, then to make such additional payment on the stock as the satisfaction of the claims of creditors required." In *Insurance Co.* v. *Manufacturing Co.*, 97 Ill. 537, a private corporation, already organized, increased its stock under authority of its charter, and the subscription to the new stock was made upon the agreement set out in the subscription paper, that no assessment should be made, and that each subscriber was to pay only $10 a share on the new stock, the par value of which was $100 a share. This provision was held to be void as against creditors of the corporation without notice of it, and in their opinion the court say: "On the books of the corporation defendants appeared to be *bona fide* holders, each of the number of shares for which he had subscribed. The allegation of the bill, admitted by the demurrer to be true, is that no officer or agent of the complainant, when it became a creditor of the corporation, had any notice or knowledge of the existence of the agreement purporting to limit the liability of the stockholders. . . . So far as the record before this court discloses, defendants appeared to all persons dealing with the corporation to be stockholders, with no notice of any agreement that their liability for shares held by them was less than what the law would impose in case of an unconditional subscription to the capital stock of a corporation. The secret agreement of the shareholders in this case must be regarded as void—certainly as to creditors of the corporation without notice—and the stockholders held to be bound to all the responsibility of *bona fide* subscribers."

In *Jackson* v. *Traer*, 64 Iowa, 469 (decided in 1884), all of the above-cited cases and many others were considered by the Supreme Court of that State. In that case a railway company, which was indebted to a construction company in the sum of $70,000, which it could not pay, issued to members of the construction company certificates of its stock of the face value of $350,000. It was held that the receivers of these certificates were liable as stockholders to the creditors of the railway company for the remaining eighty per cent. of the par value. But this decision was based largely upon the fact that the agreement was a secret one, which could not have been known to persons dealing with this corporation.

We have not attempted to cite all of the reported cases bearing upon this one, but have selected such as have been mainly relied on by the plaintiffs in error, and as seemed to give the fullest support to their view of the case. In every case that we have been able to find, it is shown, either in the statement of the facts or in the opinion of the court itself,

that the creditors dealing with these corporations relied, or had a right to rely, upon the capital stock as the fund for the payment of their debts. We are therefore led to the conclusion that the correct rule is that laid down by Woods, J., in *Paper Co.* v. *Waples*, 3 Woods 35: "The rule with regard to unpaid subscriptions of stock is this: that whatever sum is subscribed by the stockholders and held out to the public as the stock of the corporation is liable to be called in for the payment of its debts." Or as stated by Bradley, J., in *Coit* v. *Amalgamating Co.*, 14 Fed. Rep. 12: "But there are cases in which arrangements have been made for the payment of stock which preclude the company itself from enforcing any further payment thereon, and yet in which, as to creditors who can fairly allege that they have relied, or whom the law presumes to have relied, upon the amount of capital stock of the company, the courts will interfere and impose a trust upon the subscription, and set aside the arrangement made for its payment." This decision was made in 1882, after all the decisions of the Supreme Court of the United States above referred to, by one of the justices who presided in all of them.

Testing this case by these rules, it must be apparent that the stock, as originally shown by the subscription list, was never held out to the world as the stock of the corporation, and that the creditors did not rely, nor will they be legally presumed to have relied, thereon. No creditor has by any pleadings or evidence sought to set up any such claim; they rest on the naked fact that the subscription was made. To the extent of the $200,000, the minimum capital stock allowed by the charter upon which business could be commenced, they certainly had a right to presume that the stock had been subscribed. The fact alone of the commencement of business created that presumption, and to that extent we have no doubt that the stockholders were correctly held liable. But beyond that amount no such presumption arises. No act, no statement of the corporation, is shown by which it has ever in any manner sought to mislead the public as to the real amount of its capital stock. Of whatever delinquencies this corporation may have been guilty—and the result seems to indicate that there were grave ones—it must be acquitted of any attempt to deceive or mislead the public or persons dealing with it as to the amount of its capital stock. No publicity is shown to have been given to the subscription list. So far as is disclosed by this record, no creditor knew what it contained. Within a little over a year after business commenced the capital stock was reduced to $200,000, if indeed the resolutions of January, 1874, did not first fix the amount of the stock. A much slighter inquiry on the part of any person desiring to have dealings with the bank would have developed this action than would have been necessary to have ascertained the contents of the subscription list, for that seems not to have been preserved, but to have been "among the waste papers of the bank."

It may be said that customers of the bank did not have access to the book of minutes; neither did they to the papers of the bank. There was, however, a source of information alike open to every person having dealings or proposing to have dealings, with this bank—the returns required by law to be made to the Governor, and published. Whether or not these amounted to technical notice, they were a method provided by law by which a diligent person could have ascertained the true condition of the corporation with which he was about to commence dealings. If untrue, they would not have been conclusive as to the liability of this bank and these stockholders, but would have afforded the strongest possible basis for the relief sought. (*Schley* v. *Dixon*, 24 Ga. 280.) It would be neither just nor equitable to consider them of no effect when true. Indeed, this case affords strong grounds for holding

that these creditors have impliedly waived whatever right, if any, they may have had to call upon these stockholders. Especially is this true as to the State, the same officer having been charged by law with the duty of selecting State depositories, and with receiving these returns.

Upon this subject we cite 2 Mor. Priv. Corp., § 829 (2d ed.), as follows: "Thus, persons contracting with a corporation may expressly or impliedly waive their right to compel the shareholders to contribute the full amount of the company's capital in discharge of the corporate obligations. If a person should contract with a corporation, or voluntarily give it credit, knowing that its capital had not been fully paid up, but was declared to be fully paid up for the purpose of discharging the shareholders from further liability, the evident intention of both parties would be to make the agreement subject to these conditions; and there would be no equity in charging the shareholders with any further liability on account of the obligation so incurred by the company. So if the capital of a corporation was declared to be fully paid up in consideration of specific property of less value than the amount of the capital, a person who should voluntarily deal with the company, knowing the character and value of the property so transferred to the company, would have no claim upon the shareholders for any further contribution of capital. By voluntarily dealing with the company under the circumstances, he must be deemed to have assented to the existing agreement; the company and its shareholders having offered to contract only on these terms. The fact that such an arrangement is illegal and contrary to public policy might possibly be a ground for declaring it void, and for dissolving the corporation; but it would not be a ground for giving a creditor who assented to the arrangement rights against the shareholders for which the creditor did not stipulate, and which the shareholders never agreed to give." (*Robinson* v. *Bidwell*, 22 Cal. 379; *Peck* v. *Coal Co.*, 11 Bradw. 88; *Coit* v. *Amalgamating Co.*, 14 Fed. Rep. 12.)

Our attention has been especially invited to the thirteenth section of the charter of this company. If it is contended that this creates a statutory liability as to stockholders in addition to that upon the subscription, that question is not now before us. So far as the liability upon the subscriptions is concerned, it is governed by the principles already announced.

3. Holding that the judgment should be affirmed, under the act of 1887, page 41, it is unnecessary to pass upon the questions made by the cross-bill; and as the judgment is affirmed, it is also unnecessary to rule specially upon the motion to dismiss.

LEGAL MISCELLANY.

BANKS AND BANKING—INSOLVENCY—SET-OFF.—In an action by the assignee of a bank to recover a balance due from another bank, a check drawn upon the insolvent bank, which came into the hands of the defendant prior to the assignment, should be allowed as a set-off, though the defendant simply holds the check for collection. [*Farmers' Deposit Nat. Bank* v. *Penn. Bank*, S. C. Penn.]

NEGOTIABLE INSTRUMENTS — ACCOMMODATION PAPER—AFFIDAVIT OF DEFENSE.—A note, signed by an agent of the defendant, was indorsed to the plaintiff, and on its maturity a renewal note was given by the defendant: *Held*, that an affidavit of defense, in an action on the renewal

note, which merely averred want of consideration for the first note, without averring want of authority on the part of the agent, was insufficient. [*Canfield* v. *Ditman*, S. C. Penn.]

NEGOTIABLE INSTRUMENTS—DEFENSE—BREACH OF WARRANTY.—In an action on a negotiable note: *Held*, that a breach of warranty in the consideration of the note was a good defense. [*Hays* v. *Kingston*, S. C. Penn.]

BANKS—NATIONAL BANKS—INCREASE IN CAPITAL.—National banks have no authority to increase their capital stock, except as provided by Rev. St. U. S. § 5,142, and act Cong. May 6, 1886. [*Winters* v. *Armstrong*, U. S. C. Ohio, 37 Fed. Rep. 508.]

BANKS AND BANKING.—A bank having delivered a box deposited with them to the bearer of ticket or card which called for the delivery of the box to "bearer," had legally complied with its contract, and was therefore exonerated from all responsibility in the premises. [*Fisk* v. *Germania Nat. Bank*, La., 5 South. Rep. 532.]

CORPORATION—STOCKHOLDERS.—A subscription to the stock of a corporation constitutes, first, a contract between the subscribers themselves to become stockholders when the corporation is formed, upon the conditions expressed in the agreement; second, it is the nature of a continuing offer to the proposed corporation, which, upon acceptance by it, becomes as to each subscriber a contract between him and the corporation. [*Minneapolis Threshing Machine Co.* v. *Davis*, Minn., 41 N. W. Rep. 1026.]

NEGOTIABLE INSTRUMENTS—INDORSEMENT.—The indorsee of a note who takes it in payment of a pre-existing debt is not a *bona fide* holder for value, and cannot enforce it when its consideration has failed, and the voidable contract in pursuance of which it was given has been rescinded. [*Ferress* v. *Tavel*, Tenn., 11 S. W. Rep. 93.]

NEGOTIABLE INSTRUMENT—NOTE.—In an action by a vendor on a note given for the price of some cattle, an answer averring that the plaintiff falsely represented that he was the owner of the cattle is not sufficient to sustain the charge of fraud or deceit in making the sale. [*Budd* v. *Power*, Mont., 20 Pac. Rep. 820.]

NEGOTIABLE INSTRUMENTS—EXTENSION.—Defendant was indorser of a note held by plaintiff. After its maturity defendant agreed that on transfer to him of the note, and of the trust deed securing it, he would indorse a new note for the amount due. He indorsed the new note but the old note and trust deed were not assigned to him: *Held*, that in the absence of a showing that he was damaged by the failure to assign and deliver the old note, defendant was liable on the new note. [*Sanders* v. *Smith*, Miss., 5 South. Rep. 514.]

TAXATION — ASSESSMENT. — Under Rev. St. Ohio, prescribing the character of statement to be made by persons holding moneys, etc., subject to taxation, etc., there is no principle which forbids the State from taking the whole period of a business year already past as the best means of ascertaining how much the tax-payer shall be assessed on taxable property, and how much shall be deducted for his non-taxable Federal and State securities. And where a person converts the entire amount of his bank account into treasury notes just before the day to which the assessment relates, for the sole purpose of avoiding the assessment, and a few days later surrenders the notes, and has his account restored, he cannot object to having the amount of his account

assessed under the above act. [*Shatwell* v. *Moore*, U. S. S. C., 9 S. C. Rep. 362.]

BANKS AND BANKING—CHECKS.—The plaintiff, a banking corporation, sent a number of checks to its correspondent, a banking firm at A, for collection; the checks being drawn upon the latter firm. Afterwards, but before the checks were received, the latter firm was dissolved by the death of one of its members. The surviving partner paid the checks by charging them to the accounts of the drawers, and gave credit for the amount thereof to the plaintiff on the books of the firm: *Held*, that he had no such authority. [*First Nat. Bank* v. *Payne*, Va., 9 S. E. Rep. 153.]

NEGOTIABLE INSTRUMENTS—INDORSEMENT.—A negotiable promissory note, payable to "order," must be transferred, by indorsement of the payee thereof, to an innocent holder for value, before maturity, in order to invest the holder with the legal title thereto, and deprive the maker from pleading his equities and defenses. [*Calvin* v. *Sterrit*, Kan., 21 Pac. Rep. 103.]

NEGOTIABLE INSTRUMENT—TRUSTEES.—When trustees of an estate under a will indorse a promissory note in their own names, adding thereto the words "Trustees Estate of," without a stipulation that the trust-estate alone should be responsible, they are personally liable upon the indorsement. [*Roger Williams Nat. Bank* v. *Groton Manuf'g Co.*, R. I., 17 Atl. Rep. 170.]

NEGOTIABLE INSTRUMENT—DELIVERY.—The maker of a negotiable promissory note cannot interpose the defense against an innocent purchaser for value before maturity that the note was not delivered, when he allowed the payee to deposit it in a table drawer in a hotel, to be given to the landlord by his wife, to be held for both parties. [*McCormick* v. *Holmes*, Kan., 21 Pac. Rep. 108.]

NEGOTIABLE INSTRUMENTS—BILL OF EXCHANGE.—The following instrument: "$365.74. Moss Point, April 16, 1888. Received on board schooner Robert Delmas, from E. B. Smith, 2,244 barrels of charcoal, for which I promise to pay to the order of John J. Driscoll, at New Orleans, the sum of $365.74. Louis Cromer, Master"—is not a bill of exchange, and an action may be maintained thereon against the maker without presenting it in New Orleans for payment. [*Smith* v. *Cromer*, Miss., 5 South. Rep. 619.]

BANKS AND BANKING—CHECK.—A trustee drew a check on a trust fund, and gave it to defendant in payment of a debt which had no connection with that fund. Defendant, in good faith, presented the check to the bank, and obtained the money. The bank, having been compelled to make good the misappropriation, brought this action to recover the amount of the check from defendant: *Held*, that as between them, the payment of the check by the bank was a finality, and conclusively binding on the bank. [*Manufacturers' Nat. Bank* v. *Swift*, Md., 17 Atl. Rep. 336.]

PRINCIPAL AND SURETY.—A co-surety upon a note, who takes security from the promisor to indemnify himself against his suretyship, and also for an individual accommodation indorsement of a previous note for the same maker, is not bound to share his security with his co-surety when insufficient to indemnify him for the first indorsement. [*Titcomb* v. *McAllister*, Me., 17 Atl. Rep. 315.]

EDUCATION IN BANKING.

The following excellent words are by Mr. R. R. Wilkie, cashier of the Imperial Bank of Canada, to the students of the British-American College of Toronto:

The speaker then referred to the opinions which have been expressed in some quarters in favor of a Government note circulation to replace the present note issue, and showed its impolicy and its danger. We must leave over for to-day the portion of his remarks which deal with this point. Mr. Wilkie continued:

The public at large have, I think, a very erroneous idea of the duties and responsibilities of a banker. I would advise any one present who has the inclination to enter the fraternity, not only to satisfy himself as to his own fitness for the position, but to be prepared to subject himself to almost military discipline; to wait patiently under small remuneration for promotion and an increase of salary; to devote himself exclusively to the interests of employers; to guard his conduct and his tongue so that he will not be a reproach or hindrance to his institution; and to take the chances of remaining comparatively unappreciated or unknown in a subordinate capacity for years. Although some have entered the service of a bank at an early age, and have by the exercise of ability, diligence, sobriety and good manners attained a high position, I will be safe in saying that not more than one in one hundred obtain the rank that they at one time looked at as within their grasp. Neither must it be supposed that the aspirant for bank honors does not need more than a very ordinary education. The commerce of Canada is not now, as formerly, confined to the valley of the St. Lawrence. The financial operations of our people encircle the world, and by means of that glorious work, the Canadian Pacific Railway, we are brought to-day into close contact with what was at one time the "Orient," but which to-day, as the "Occident," is as easy of access as the continent of Europe. Our competition, therefore, is no longer amongst ourselves, but is with the bright, experienced, polished, well-educated, pushing business men of the whole commercial world. A great deal of England's commercial supremacy can be accounted for by the high educational standing of its bankers, merchants and manufacturers, and it is no rare thing now to find university graduates occupying the highest positions in practical finance. I would advise every young man present, no matter what his prospects or ambitions may be, to keep up his studies of the arts and sciences; of the languages, dead and modern; and of classical literature, long after he has entered the commercial world in his struggle for existence and supremacy. There is sure to come a time in his career when he will find himself in competition with other applicants for an important position. Supposing all other things to be equal, he that has occupied his spare hours diligently will be preferred above one who has abandoned his studies when relieved from enforced attendance at school or college.

It is a source of much gratification to know that we now have in the University of Toronto a chair of political economy. It is to be hoped that the opportunity which this curriculum presents will be availed of freely. I predict for those students who give to the lectures from that chair the attention they demand, a far greater influence in the body politic than will be exercised by those who are satisfied to depend upon newspaper scraps and partisan speeches for their acquaintance with the

science. And on the other hand, why should not university students be encouraged to perfect themselves in bookkeeping, in the theory and practice of banking, and in many of the subjects which now form the curriculum at this important seat of learning? What an advantage it would be to a professional man to be able to keep his own books, or know how they should be kept. How often we hear of the doctor or lawyer, who, from want of experience, has been obliged to employ outside assistance to enable him to fathom his own assets and liabilities; and how many clients have been ruined by the criminal carelessness of lawyers, honest enough in their intentions at the start, who have, through ignorance of bookkeeping, allowed their clients' money and their own to form part of one bank account, drawing against the fund as occasion requires, regardless of the proprietorship, until too late he finds that his all is gone. I offer the suggestion of the appointment of a commercial examiner at the University, in the hope that your president will act upon it, and that we shall yet see the leaders of the learned professions looking back at their commercial education as one of the chief elements of their success.

THE PROSPECTS OF BANK CLERKS.

A correspondent in the London *Banker's Magazine* says: "There are clerks who have no exalted notions of their business; they are discontented with their salaries and their prospects, frequently expressing themselves as having a positive hatred for banking work and all things connected with it. The range of this class of clerk is from the one who is indifferent, and only gives so much of his attention to his duties as will save him from dismissal, to the one who has ability but lacks the perseverence necessary to turn it to good account. He is energetic and often plausible when overlooked by his manager, but when the oversight is removed he frequently degenerates into a mere idler. It is to be regretted that any portion of the profession, no matter how small, should be so affected. It is a misfortune to themselves and to their employers that their talents should remain dormant, and their lives frittered away in an occupation foreign to their sympathies. There can be no hope held out for such as these; the remedy is in their own hands. Why do they not leave an employment in which they have no interest, and seek more congenial spheres? There are also numbers of clerks who have started well and who like their business, but have become discouraged because of the slowness of their promotion. In some offices this feeling is fostered and intensified by all advancement being made according to length of service, without any reference to ability. It cannot be denied that this practice presses very hardly on clerks of above the average ability. But the injustice of it has been recognized by many of the larger banks, and has been remedied by the introduction of a system of promotion based on a consideration of both the ability and the seniority of the clerks. In banks with numerous branches this difficulty has, perhaps, never been felt. The largeness of the staff and the frequent removals makes it impossible for a clerk to point out a certain position as his place. Thus, the injustice complained of appears to be almost confined to country banks where the smallness of the staff renders it difficult for promotions to be made out of the ordinary order, because of the jealousies and unpleasantness it might lead to amongst the other members of the staff. But the directors and managers will be well advised if they follow the example of the metropolitan bankers, and try to remedy the evil.

"The question from a clerk's point of view appears to hinge chiefly on the complaint of the slowness of promotion. But to arrive at a just conclusion, it must be examined from a directors' standpoint. A youth enters the service of a bank as junior clerk; he usually commences at a small salary, with an annual increment until an agreed maximum is reached, after which his position and salary will depend on the requirements of his employers, coupled with his own aptitude for business. Or, it may be, an experienced clerk is engaged to fill a specific post; he is promised advancement as occasion offers, providing he gives satisfaction. At the time of engagement the clerk is hopeful of his prospects and comfortable in his situation, but years pass by without any change in the office, and he becomes impatient and dissatisfied. The directors have honorably fulfilled their obligations; the clerk may have given satisfaction, but no vacancy having occurred, promotion could not be given. This is no fault of the directors, nor can they be blamed for it; they are not under a promise to the clerk that they will make a career for him; their undertaking was to pay a certain salary for specific work done.

"Vacancies arise either by death or removal. The former are beyond the control of directors or clerks; the latter may be voluntary or compulsory. The voluntary removals are in the hands of the clerks themselves, whilst the compulsory ones are in the hands of the directors. It would be most unsatisfactory to the clerks in the long run, if the directors exercised their power to any considerable extent, and made removals to make room for others. A policy of this kind would be liable to be carried to most undesirable extremes. For instance, the working expenses might be cut down considerably by the employment of juniors at small salaries, to the exclusion of a large number of the higher salaried officials. Unfortunately, this system is in operation in some businesses, banking itself not being altogether untainted.

"Again, the post of a bank clerk is looked upon as a most desirable occupation by many parents and guardians, who bring all their influence and the influence of their friends to bear on the directors, to obtain appointments for their eligible sons and wards; and, consequently, the pressure of labor in the market is so great that many banks have lists of some hundreds of applicants waiting for appointments. This must have some influence on the salaries of those who are already in the field. High salaries, excepting in a few cases, can be scarcely expected in the face of such fierce competition.

"There are advantages secured to the bank clerk which do not enter into many other situations. Generally he has light hours of business, a gentlemanly occupation, a fair salary, and a permanent engagement. It is tacitly understood that if a clerk fulfills his duties to the satisfaction of his employers, and conducts himself with propriety at business and in his leisure, the appointment is for life. The salary of a youth entering a bank varies from £40 to £70 per annum; the maximum, for what may be termed ordinary clerks, ranges from £150 to £250 per annum. This is a fair income—one on which most men can afford to wait for something better to offer itself, with a tolerable amount of comfort.

"It is impossible for every clerk who enters the business to become a manager; there must be always a rank and file, and naturally, because of the great difference in the respective numbers, more clerks than managers will be required; so it must be the lot of more to remain as clerks than to become managers. In a small bank there will be usually only one or two managers required in a generation; this is the prize which may fall to a member of the staff. In larger banks more managers will be required, but there will be more competitors for the post because

of the larger staff; the opportunities will be probably more numerous in the larger than in the smaller banks.

"On the whole, the prospects of the aspirant for position are both bright and hopeful. He must not allow his anxiety to secure the coveted post to overstep his judgment by being too much in haste. But if he shows a thoughtful regard for the interests of his employers, and an active desire to prepare himself for the higher positions and increased responsibilities by a special education, to be obtained only by a practical banking knowledge, together with a profound knowledge of banking literature, historical, economical, and legal, he is almost sure to secure a good, if not a leading position in the profession."

A STORY OF A FAMOUS BANK ROBBERY RETOLD.

The New York *Times*, a few days since, described the famous robbery of the Manhattan Savings Institution in 1878, when its vault was forced and securities and money amounting to $2,747,700 stolen. It is not too much to say that had not Patrick Shevlin, the janitor's assistant, married the janitor's daughter, the burglary would never have been committed. The general public knew little about the methods of first-class criminals or that crimes of this kind are committed after much study and preparation. The police statement, that not a bank exists which at some time or another has not been carefully surveyed to discover its weak points, is correct. The Manhattan Savings Institution was surveyed and pronounced in felons' vulgate a "pudding"—easy to rob—in 1875. The surveyor was a client of Mrs. Mandelbaum, the thieves' banker and receiver of stolen goods. He was George L. Leslie, son of a Cincinnati brewer, who in June, 1878, was found murdered near Yonkers. Some say he was assassinated by a man jealous of a woman; others that he was put out of the way because he was leaky. Leslie was an expert cracksman, and his knowledge of buildings, safes, and bank vaults was perfect. His verdict was that the vault could be opened easily, and his advice was craft, not violence. That meant that it would be well to win over some trusted servant of the bank as a confederate.

Patrick Shevlin, the son-in-law of the janitor, was considered approachable, and the gang first selected to win him over and rob the bank were "Tim" Tracy, "Jimmy" Hope, "Johnny" Dobbs, and George Mason, with Leslie as instructor. Tracy had attended school with Shevlin, and needed no introduction to him. Shevlin was a feather-headed fellow, and when Tracy had unfolded his plan listened eagerly to the details of the scheme which was to make him rich. While Tracy was securing his alliance the others were busy. Leslie found out exactly what kind of a lock was on the vault door and secured one precisely like it. At 861 Greene avenue, Brooklyn, Leslie experimented on it until he discovered where to bore a hole through which a steel rod could be inserted so as to bring the notches of the tumblers of the combination into line when the vault door would be unlocked. Shevlin allowed a couple of the gang to go into the bank at night: the hole was bored at the precise spot as on the plate of the dummy lock, the tumblers were aligned, and the vault door swung open. The experimenters did not have tools with which to force the compartments in the vault, so they puttied up the hole in the door and left hurriedly because Shevlin was nervous. The inside of the vault had not been properly surveyed so as to estimate the tools necessary for the final attack. So a few days

later the experimenters returned for a final reconnoissance, opened the vault door, and made their estimate, and shut the vault up. In so doing they blundered and threw the combination out of gear. When the bank's cashier came the next morning he could not open the vault, and had to call in an expert. He discovered the hole filled with putty, and the officers of the bank marveled and investigated in vain. Shevlin had his nerves so shattered that for months he would not listen to his tempters.

In the meantime trouble came to the schemers, and they split up and reorganized. In the fall of 1878 the "mob," as a confederation of cracksmen is termed, was composed of Shevlin, officer John Nugent, of the fifteenth precinct, John Grady, a receiver of stolen goods, and "Billy" Kelly, a bartender, outside confederates and active partners; "Jimmy" Hope and his son John, Edward Gearing, or Goody; "Pete" Emerson, or "Banjo Pete," and "Abe" Coakley. "Billy" O'Brien, or Porter, and "Johnny" Irving were allies in the interest of Mrs. Mandelbaum, the banker of the clique, who paid about $2,500 for the kit of tools the burglars proposed to use.

It had been decided to open the vault by force after the janitor and his family had been overpowered, and every detail of the scheme was carried out in the early morning of Sunday, October 27, 1878. The bank recovered nearly all of its securities or had such as were registered duplicated, and its loss, including the money stolen, about $13,000, was not more than $60,000, which sum includes expenses. Its officers now consider it a blessing in disguise, and the lesson it taught will be remembered in the construction of the new vaults. Inspector Byrnes hunted the burglars down. Grady is dead, Shevlin was accepted as a witness, Kelly, John Hope, and Gearing were convicted. "Jimmy" Hope went to San Francisco and committed a burglary, and when his term expired at St. Quentin a New York detective brought him East to serve an unexpired term at Auburn prison. Nugent and Emerson are serving a term at Trenton prison for an attempt to rob a man by the butcher's-cart method at Hoboken. Coakley could not be convicted on the evidence presented by the police.

THE TRADE POLICY OF AUSTRO-HUNGARY.

The Austro-Hungarian "National Railroad Council" (an advisory body, representing trade, manufactures, and the patrons of the railroads) not long ago asked the Government as far as possible to cause the railroads to obtain all their supplies and labor within the empire. The Ministry of Commerce in accordance with this expression has sent a circular to all the railroad managements, inviting them to regard this request as far as practicable. It says that the State railroads supply themselves almost exclusively from home manufacturers, and that in the charters of private railroads hereafter a provision will be inserted requiring them to obtain their rolling stock, rails, etc., from domestic manufacturers, unless it is proved beforehand that the terms on which they are offered, are less favorable than those on which foreign supplies are obtainable. This provision will be strictly executed. Meanwhile the ministry invites the railroad companies to report the quantities and cost of the foreign and of the total working supplies, rolling stock, bridges, rails, signal and telegraph apparatus, etc., ordered by them during the year 1888.

CAPITAL, REAL ESTATE, VALUE OF SHARES AND DIVIDENDS, OF NEW YORK CITY BANKS.

	Capital.	Surplus.	Par.	No. Shares.	Gross Value per Share, '88.	Real Estate.	Assessed Value Shares, '88	Dividends, per Cent.				Book Value Shares, '89	Last Sale Stock Reported.	Individu'l Deposits. Net.	Due Banks.
								1886.	1887.	1888.	Last Div.				
	$	$				$								$	$
America, Bank of	3,000,000	1,935,600	100	30,000	135.30	900,000	121	8	8	8	July '89...4	165	May 6, '89..184	7,915,800	2,693,200
American Exchange Nat.	5,000,000	1,583,400	100	50,000	114.00	319,000	104	7	7	7	May '88...3	132	June, 22, '89..153	11,694,600	6,240,500
Bowery	250,000	397,600	100	2,500	189.53	19,700	174	11	12	12	July '89...6	259	April 10, '89..255	2,862,300	....
Broadway National	1,000,000	1,603,700	25	40,000	52.50	250,000	45	20	16	16	July '89...8	260	June 18, '89..300	5,102,100	1,052,900
Butchers & Drovers' Nat.	300,000	287,800	25	12,000	41.00	80,000	34	8	8	8	July '89...4	195	May 8, '89..182	2,387,200	63,600
Central National	2,000,000	556,600	100	20,000	105.00	693,700	83	7½	8	7½	July '89...4	128	June 21, '89..146	6,750,100	4,731,300
Chase National	500,000	652,600	100	5,000	133.00	....	133	8	6	6	July '89...4	230	Feb. .., 87..225	3,577,300	7,665,000
Chatham National	450,000	563,800	25	18,000	39.27	....	37	14	12	12	July '89 qr.3	225	April 10, '89..275	4,795,000	1,092,900
Chemical National	300,000	5,864,800	100	3,000	1533.36	310,000	1444	100	100	100	Bi-m'thly25	2054	May 15, '89..4030	21,573,100	5,576,700
Citizen's National	600,000	387,300	25	24,000	34.00	274,000	25	7	7	7	July '89...3½	164	April 24, '89..169⅞	3,754,900	97,500
City National	1,000,000	2,259,500	100	10,000	263.83	203,000	225	10	15	15	May '88..5	326	Dec. 5, '88..341	9,369,600	1,199,900
Clinton	200,000	6,500	100	2,000	New	...	New	New	New	New	New	103	None	308,400	....
Columbia	200,000	76,400	100	2,000	80.00	....	80	None	None	None	July '89...3	138	Feb. 8, '88..114½	2,027,600	182,300
Commerce National	5,000,000	3,304,300	100	50,000	142.66	615,000	130	8	8	8	July '89...4	166	June 6, '89..196½	12,430,400	4,088,800
Commercial National	300,000	56,200	100	3,000	93.00	....	93	None	None	6	July '89...3	118	April 24, '89..104	1,116,700	348,300
Continental National	1,000,000	273,600	100	10,000	107.44	585,000	42	7	7	7	July '89...4	127	June 19, '89..129¼	3,000,900	3,443,500
Corn Exchange	1,000,000	1,116,200	100	10,000	170.03	78,000	156	10	10	10	Feb. '89...5	213	May 29, '89..234¾	6,355,000	217,500
Deposit, Nat. Bank of	300,000	40,800	100	3,000	97.00	....	97	..	..	..	New	113	Jan. 10, '89..108	572,900	180,000
East River National	250,000	134,900	25	10,000	33.24	72,300	25	8	8	8	July '89...4	154	Feb. 6, '89..160	1,417,600	....
East Side	100,000	22,700	100	1,000	New	....	New	None	None	None	None	123	Mch. 20, '89..125	218,500	....
Eleventh Ward	100,000	141,400	25	4,000	37.00	45,000	32	8	8	8	July '89.. 4	241	Jan. 9, '89..226	1,242,300	....
Empire State	250,000	51,500	100	2,500	New	...	New	None	None	None	None	120	None	764,000	....
Fifth National	150,000	263,000	100	1,500	196.50	100,000	160	6	6	6	July '89...3	275	Dec. 19, '88..236	1,819,400	121,500
Fifth Avenue	100,000	731,300	100	1,000	556.00	....	556	None	None	None	None	831	May, 1885....625	4,685,400	....
First National	500,000	6,100,700	100	5,000	1002.30	600,000	902	40	40	40	J'ly '89qr.25	1320	May, 1884....800	5,880,200	18,601,000
Fourth National	3,200,000	1,486,000	100	32,000	109.00	161,600	93	8	7	7	July '89...3½	146	June 21, '89..168	10,781,200	10,820,100
Fourteenth Street	100,000	54,300	100	1,000	New	....	New	None	None	None	None	154	None	481,700	....
Gallatin National	1,000,000	1,338,900	50	20,000	94.16	510,000	77	10	10	10	Apl. '89...5	234	April 24, '88..265	4,164,900	1,449,400
Gansevoort	200,000	600	100	2,000	New	....	New	None	None	None	None	100	None	286,100	....
Garfield National	200,000	259,600	100	2,000	149.00	....	149	None	None	None	None	229	None	3,571,000	115,300
German American	750,000	219,900	75	10,000	79.48	....	79	6	6	6	Feb. '89...3	129	June 15, '89..125	2,517,500	222,000
German Exchange	200,000	386,000	100	2,000	206.00	62,000	175	None	3	10	May '89 An. 10	293	Sept. 7, '87..265	3,320,000	7,400
Germania	200,000	361,600	100	2,000	206.00	45,100	184	9	9	8	May '89...4	280	May 29, '89..277	2,733,700	....
Greenwich	200,000	100,900	25	8,000	28.00	....	26	6	6	6	May '88 ..3	150	Jan. 30, '89..139½	1,397,300	....
Hamilton	150,000	59,100	100	1,500	New	....	New	None	None	None	None	139	None	219,300	20,600
Harlem	100,000	8,100	100	1,000	New	....	New	None	None	None	None	108	None	397,300	95,500
Hanover National	1,003,000	1,175,700	100	10,000	139.33	....	139	7	7	7	July '89...3½	218	June 19, '89 .315	6,579,600	12,251,700
Home	100,000	66,000	100	1,000	129.00	56,000	107	None	None	None	None	166	None	841,700	....
Homestead	100,000	600	100	1,000	New	....	New	None	None	None	None	100	None	39,600	8,000
Hudson River	200,000	110,300	100	2,000	New	....	New	None	None	None	None	155	May 8, '89...2[illegible]	420,800	....

Importers & Traders' Nat.	1,500,000	4,408,000	100	15,000	265.20	204,500	250	14	14	14	July '89...7	394	June 5, '89..548	11,963,600	12,314,700
Irving National	500,000	282,700	50	10,000	59.00	98,300	49	8	8	8	July '89...4	136	June 12, '89..189	3,102,600	480,100
Leath'r Manufactur's Nat.	600,000	517,300	100	6,000	153.03	200,000	107	10	10	10	July '89...5	186	Jan. 30, '89..227½	2,235,200	635,000
Lenox Hill	100,000	5,100	100	1,000	94.00	....	94	None	None	None	None	105	Feb. 13, '89..100	359,300	6,300
Lincoln National	300,000	224,300	100	3,000	107.00	....	107	None	None	None	None	175	Feb. 9, '87...133	3,374,500	489,800
Madison Square	200,000	18,900	100	2,000	91.00	....	81	6	3	3	July '88...3	109	Feb. 13, '89..105	635,300	86,800
Manhattan Co	2,050,000	1,261,200	50	41,000	63.58	900,000	50	7	7	7	Feb. '89...3½	162	May 29, '89..175	9,875,300	2,367,400
Market & Fulton Nat.	750,000	684,100	100	7,500	153.40	269,600	126	8	8	8	July '89...4	192	Jan. 24, '89..190	4,256,100	362,900
Mechanics' National	2,000,000	1,704,800	25	80,000	37.70	175,000	32	8	8	8	July '89...4	185	June 19, '89..200	6,086,100	2,531,400
Mechanics & Traders'	200,000	213,700	25	8,000	28.46	21,400	22	8	9½	10	July '89...5	206	Mch. 7, '89..172	2,852,300	139,000
Mercantile National	1,000,000	740,600	100	10,000	117.63	200,000	102	6	6	6	July '89...3½	174	May 15, '89..195	4,064,100	5,699,700
Merchants' National	2,000,000	845,100	50	40,000	57.00	860,700	43	7	7	7	July '89...3½	142	June 19, '89..162	5,028,700	4,167,300
Merchants' Exch. Nat.	600,000	124,700	50	12,000	48.00	243,700	34	6	6	6	July '89...3	120	May 10, '89..115	2,438,000	1,938,200
Metropolis, Bank of the	300,000	474,400	100	3,000	173.50	....	170	7	8	8	July '89...4	258	Feb. 13, '89..361	5,274,700	546,300
Mount Morris	100,000	221,300	100	1,000	168.00	....	168	6	6	6	July '89...3	321	Nov. 2, '86..200	2,139,800	88,600
Murray Hill	100,000	291,100	50	2,000	128.50	....	125	16	16	16	July '89...4	391	April 6, '87..260	1,803,300	30,400
Nassau	500,000	182,700	50	10,000	52.33	....	52	8	8	8	May '88...4	136	Nov. 14, '88..155	3,139,300	36,000
New Amsterdam, Bank of	250,000	23,900	100	2,500	91.00	....	91	None	None	None	None	109	Dec. 17, '88..116	835,400	46,000
N. Y. Nat. Banking Asso.	2,000,000	1,633,000	100	20,000	146.00	250,000	146	10	10	10	July '89...5	182	June 18, '89..245	10,317,700	3,826,200
New York County Nat.	200,000	142,800	100	2,000	73.00	....	56	8	8	8	July '89...4	171	April 3, '89..461	3,176,800	....
N. Y. National Exchange	300,000	127,400	100	3,000	114.00	60,000	94	6	6	6	Feb. '89...3	142	Jan. 11, '89..130	1,782,500	139,300
Ninth National	750,000	302,900	100	7,500	103 24	350,000	37	7	7	7	July '89...3½	140	Mch. 20, '89..140	3,762,900	3,768,400
Nineteenth Ward	100,000	19,200	100	1,000	87.00	....	87	None	None	None	None	119	Oct. 6, '86...96	727,700	9,100
North America, Bank of	700,000	491,500	70	10,000	85.60	....	68	6	6	6	July '89...3	170	June 19, '89..187	3,082,000	1,336,700
North River	240,000	127,600	30	8,000	30.00	94,200	23	8	8	8	July '89...4	153	Jan. 22, '89..140	2,473,400	174,300
Oriental	300,000	376,600	25	12,000	43.00	80,900	35	10	10	10	July '89...5	228	Oct. 31, '88..207	2,213,300	....
Pacific	422,700	334,200	50	8,454	69.50	51,300	62	8	8	8	Feb. '89 qr. 2	180	Feb. 6, '89..175¼	3,656,800	....
Park National	2,000,000	1,995,700	100	20,000	144.50	822,200	108	8	8	8	July '89...4	200	April 17, '89..233	12,984,900	13,132,800
People's	200,000	250,300	25	8,000	36.85	76,500	28	10	10	10	July '89...5	225	Feb. 23, '88..185	3,006,900	16,300
Phenix National	1,000,000	569,000	20	50,000	21.60	....	15	6	6	6	July '89...3	157	May 8, '88..134½	3,443,200	1,923,600
Produce Exchange N. Y.	1,000,000	148,400	100	10,000	97.00	....	97	6	5	5	Apl. '89...2½	115	June 12, '89..112¼	2,681,700	590,300
Nat. Bank of the Republic	1,500,000	864,700	100	15,000	120.76	637,700	87	6	6½	7	July '89...3½	157	May 21, '89..165	4,421,400	10,442,800
Riverside	100,000	4,500	100	1,000	91.00	....	91	None	None	None	None	105	None	398,400	9,400
St. Nicholas	500,000	207,600	100	5,000	121.26	....	121	8	6	6	July '89...3	141	April 24, '89..130	1,741,600	138,400
Seaboard National	500,000	136,300	100	5,000	102.00	....	102	5	6	6	July '89...3	127	June 24, '89..136	2,186,600	2,159,300
Seventh National	300,000	77,300	100	3,000	106.33	....	106	6	6	6	July '89...3	126	June 7, '89..135	1,497,700	600
Second National	300,000	227,000	100	3,000	103.33	....	103	None	10	10	July '89...5	176	Feb. 6, '89..350	5,175,500	1,800
Shoe & Leather National	500,000	234,500	100	5,000	116.00	250,000	73	8	8	8	July '89...4	147	June 21, '89..154	2,870,100	1,512,100
Sixth National	200,000	73,000	100	2,000	92.00	....	77	8	8	8	July '89...4	136	May 4, '87..235	2,229,700	....
State of N. Y., Bank of	1,200,000	472,400	100	12,000	119.00	294,000	100	8	8	6	May '89...3	139	June 4, '89 .110	3,262,400	194,800
Stuyvesant	....	....	..	....	New	....	New	..	..	..	....	....	....	....	....
Third National	1,000,000	279,200	100	10,000	97.17	....	96	6	6	5¼	July '89...3	128	Jan. 9, '89..115	2,511,500	7,249,200
Tradesmen's National	1,000,000	240,500	40	25,000	41.60	371,600	30	6	6	6	July '89...3	124	June 12, '89..100	1,969,200	1 345,700
Twelfth Ward	200,000	51,400	100	2,000	95.00	....	95	None	None	None	None	125	1888..... 145½	609,900	51,500
Twenty-third Ward	100,000	4,400	100	1,000	New	....	New	None	None	None	None	104	Jan. 9, '89...99	187,700	....
Union Square	200,000	31,500	..	.. ..	New	....	New	None	None	None	None	115	None	898,700	....
United States National	500,000	505,700	100	5,000	164.00	....	164	8	8	8	July '89 qr. 2	201	July 27, '88..210	1,724,400	4,346,600
Western National	3,500,000	183,900	100	35,000	92.63	....	92	None	None	None	None	105	June 25, '89...98	6,123,800	5,478,400
West Side	200,000	231,500	100	2,000	138.00	....	138	10	10	10	July '89...5	215	Dec., '88.....243	2,394,700	....

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

PAYMENT OF NOTE.

S. sent to a bank by mail for collection a note that he held against P. P. was indebted to the bank on a past due loan for a much larger sum than the note. P. came in before noon and wrote on the face of the note, "chg. my acc. P." The note was put on the spindle, a draft was made for the amount, and put in the mail before four P. M. of the same day. At three o'clock the bank's transactions were closed for the day, and the note was entered on the journal against P. At four P. M. the bank officers learned that P had made an assignment. The letter was recovered, the draft was taken from it, the past due loan was charged against P., and the note was returned to S., plus a hole in the center of it. S. claims the money from the bank. Is he entitled to it?

REPLY.—It must be kept in mind that this question arises between the bank and S., and not between the bank and P. We think the bank must be regarded as having P.'s money to pay the note, after his instructions to pay and the amount had been charged to him. It is true that the putting of the note on the spindle was not such a conclusive compliance with P.'s request as to prevent the bank from not paying it. In the case of the *National Bank* v. *Second National Bank* (69 Ind. 479), a cashier put a check on a canceling fork, but on learning that the drawer had not funds enough to pay it he declined to pay, and was justified in doing so. But in this case the bank drew the draft, understanding the condition of P.'s account; there was no mistake in paying the note. It seems to us that P. must be regarded as having paid his note. Suppose he had paid the bank the needful amount of money, which had been delivered to an express company, could the bank have recalled it? We think not. The bank was acting as agent, and having received the money, its duty was to remit the same. Suppose it had received the money and had kept it, would not the bank be liable to S. for the amount? The fact that the bank advances the money to P. to pay his note does not change its liability as agent to S. Its liability is just the same as it would be if P. had paid the money for the draft, or some other person had advanced the money for the purpose. Having received the money, or given S. credit for it, which is equivalent to receiving it, the bank's duty was to send it to S. The money did not belong to the bank, and P.'s failure did not affect the bank's relation to S.

City National Bank v. *Burns* (68 Ala. 267) was a much harder case for the bank than this. A. deposited in a bank B.'s check drawn on the same institution. The amount was credited to A. and charged to B. The check proved to be an over-draft and B. was insolvent; nevertheless, the bank could not recover the amount of A. It is true the bank was not A.'s agent, but it paid the money without making a proper investigation into the condition of B.'s account, and was held for the amount.

In this case the bank paid P.'s note, understanding the condition of his account, to itself as agent for S. P.'s inability to reimburse the bank is no justification for declining to send S.'s money to him.

Transfer of Stock.

"No transfer of the stock shall be made without the consent of the board of directors by any stockholder who shall be liable to the bank either as principal debtor or otherwise." Is the above provision good in law?

Reply.—This question relates to the transfer of the stock of a national bank, and must be answered in the negative. One of the later cases is *Feckheimer* v. *National Exchange Bank* (79 Va. 80), decided in 1884. The bank had passed a by-law similar to the one mentioned, and sought to take advantage of it to recover its debt. "But," said the court, "the provision contained in the by-laws is in contravention of the laws of Congress, and is therefore void, and, so far as it may imply an express agreement between the bank and its shareholder to that effect, it is void as against public policy, and in its inception was a violation of law, as was held by the Supreme Court of the United States in *Bank* v. *Lanier* (11 Wall. 369; *Bullard* v. *Bank*, 18 Wall. 589)."

The reports of the New York Clearing-house returns compare as follows:

1889	*Loans*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*	*Surplus.*
June. 8..	$413,829,000	$76,410,200	$44,717,400	$440,285,700	$3,993.100	$11,056,175
" 15..	416,213,400	75,075,300	46,184,300	442,625,500	3,965,200	10,603,225
" 22..	416,829,000	73,922,100	45,841,000	442,170,400	3,988,700	9,220,500
" 29..	417,458,300	72,312,400	45,281,500	440,006,700	3,947,400	7,592,225

The Boston bank statement is as follows:

1889.	*Loans*	*Specie.*	*Legal Tenders*	*Deposits.*	*Circulation.*
June 1.....	$154,374,900	$11,030,000	$4,236,200	$141,890,900	$2,540,200
" 8.	155,126,400	10,909,500	3,999,500	142,214,900	2,536,800
" 15....	155,606,500	10,887,400	4,426,300	142,539,300	2,541,700
" 22.	155,635,900	10,308,300	4,624,600	141,094,000	2,538,900
" 29....	154.737,300	10,740,000	4.353,700	138,275,490	2,544,200

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1889.	*Loans.*	*Reserves*	*Deposits.*	*Circulation.*
June 1.....	$96,501,000	$29,677,000	$101,081,000	$2,088,000
" 8..	97,103,000	28,989,000	100,338,000	2,086,000
" 15.	97,766,000	28,956,000	101,589,000	2,083,000
" 22	98,855,000	27,989,000	101,129,000	2,087,000
" 29.....	100,966,000	27,308,000	102,597,000	2,081,000

Sterling exchange has ranged during June at from 4.88¼ @ 4.89¼ for bankers' sight, and 4.86¼ @ 4.87½ for 60 days. Paris—Francs, 5.15⅝ @ 5.15 for sight, and 5.17½ @ 5.16⅞ for 60 days. The closing rates for the month were as follows: Bankers' sterling, 60 days, 4.86¼ @ 4.86½; bankers' sterling, sight, 4.88¼ @ 4.88½. Cable transfers, 4.88½ @ 4.88¾. Paris—Bankers' 60 days, 5.17½ @ 5.16⅞; sight, 5.15⅝ @ 5.15. Antwerp—Commercial, 60 days, 5.20⅜ @ 5.20. Reichmarks (4) — bankers', 60 days, 95⅛ @ 95¼; sight, 95½ @ 95⅝. Guilders—bankers', 60 days, 40¼ @ 40 1/16; sight, 40 1/16 @ 40½.

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money have been as follows:

Quotations:	June 3.	June 10.	June 17.	June 24.
Discounts	4 @ 5½	4½ @ 5½	4½ @ 5½	4½ @ 5½
Call Loans.....	3½ @ 1½	2½ @ 2	2½ @ 2	3 @ 1½
Treasury balances, coin.....	$153,847,096	$153,678.845	$154,175,261	$154,209.829
Do do currency..	17,346,611	17.719,338	18.763,789	19,745,676

BANKING AND FINANCIAL ITEMS.

LOS ANGELES, CAL.—The banks of that city have come to an understanding to close their establishments at 12 o'clock noon on Saturdays. This is found to be in conformity with the customs of many of the banks from Chicago westward. The new rule will go into effect on and after July 6th prox., a regular notice of which appears in the *Times* to-day. The bankers claim that this is a good move all the way round, as it will enable them to clear up their week's business without drawing unreasonably on their employes for overtime, and that the public will adjust themselves to the new arrangement without serious inconvenience.

NEW YORK CITY.—Under the advice of counsel, Defaulter De Baun, of the Park National Bank, will plead guilty to an indictment of forgery, and receive, it is said, a sentence of five years in the State prison.

OURAY, COLORADO.—The San Miguel Valley Bank, of Telluride, was robbed of the available cash on hand this morning by four armed men who rode away with their booty. The robbery was committed in broad daylight, and for daring is unsurpassed in the history of this part of the country. About 10 o'clock this morning, while the cashier, C. F. Painter, was out making collections, three men entered the bank, and covering the bookkeeper with their revolvers, demanded that he hand over to them the cash of the bank. The bookkeeper was alone and unarmed, and was compelled to comply. Having secured the money the three joined their companion, who was holding their horses in front of the building. All quickly mounted and left town on the run, firing their revolvers in the air as they went. No one interfered with them, and all four escaped without difficulty.

PITTSBURGH, PA.—Pittsburgh is just now having an unusual experience with bank embezzlers. Simultaneous with the conviction and sentence to six years in the penitentiary of Ex-Cashier Voigt, of the wrecked Farmers and Mechanics' Bank, the arrest of Bookkeeper Flann, of the Marine National Bank, for stealing $35,000, is announced. Meantime, Ex-Assistant Cashier McMasters, Voigt's accomplice in the transactions which ruined the Farmers and Mechanics' Bank, is held under bail to await trial. In both of these instances the defalcations are directly traceable to speculation, though the methods and characteristics displayed by the culprits during the period covered by their rascality were of an entirely opposite nature. Cashier Voigt, who managed to steal $138,000, to all appearances led an exemplary, upright life. He was in receipt of a salary large enough for all reasonable needs. He exhibited none of the common vices of men, and was not extravagant. His exemption from suspicion for months after he had left the employ of the bank was owing to his established character in these respects, and his reputation for sobriety and integrity. Upon the other hand, young Flann was extravagant, flashy and dissipated. He kept a horse, purchased a fine residence, gave elaborate wine suppers, and presented his wife with diamonds. His salary was $45 per month. During a period of two years he succeeded in stealing $35,000 in various sums from the bank. Voigt's mania was grain speculation; Flann's the Louisiana lottery.—*The Philadelphia Press.*

GOLD MINING STOCK.—Since March there has been a decline of from £2 5s. to £37 each in the various African gold mining stocks in London. The decline in the market value of the shares of twenty companies has been £8,600,000. This enormous loss in three months indicates to what lengths speculation has been going in England, and accounts for the apathy as to our own securities.—*The Philadelphia Press.*

EX-COUNCILLOR W. E. LOCKE, of Norwood, has been appointed and confirmed a savings bank commissioner, and E. P. Chapin has been designated as chairman of the savings bank commissioners.

MASSACHUSETTS.—The treasurer of the East Cambridge Five Cents Savings Bank, who died on the 7th of June, was a woman, Miss Mary L. Stone.

BOSTON.—A few days ago Mr. W. B. Weeden, of Providence, read a paper on "The Currency of Early New England" to the New England Historic-Genealogical Society. In the earliest colonial days, he said, barter was much resorted to in the absence or scarcity of coin. John Winthrop, the younger, was the father of paper currency in New England. He recognized the fact that specie must be at the basis of all systems of currency. He devised a famous plan for a bank, with a currency receivable in the markets, yet which should not be convertible into specie. In 1670 wheat and moose skins were made legal tenders. Pork and cattle were also received in payment of taxes. In Hingham, milk pails were a legal tender. Wool was also much used as a standard in barter. A paper currency was desired as a means of relief from this state of affairs. In 1690 the colonial government issued fiat money. But the best will of promissor and all the power of State were not enough to make a paper dollar equal to money. In 1712 a bill was passed, making bills of credit current for the purchase of merchandise. They were receivable for public dues and were to be equal to money. But a fiat money could not be maintained at par. The authorities made frantic efforts to keep specie at home. A law was passed forbidding the sending of more than a certain fixed amount out of the province at once. The pine-tree shilling was the most common coin then in circulation. The Spanish "piece-of-eight" was much valued, and was the predecessor of the American dollar. Notwithstanding the efforts of the colonies, they found it impossible to keep their bills at par. The payment of taxes was finally deferred from year to year, as the collection would be a virtual redemption of the currency. Repudiation of public indebtedness followed. Some of the colonies, however, were able to maintain their bills at par much longer than others.

LOUISVILLE, KY.—Louisville banks are noticing an improvement in their deposits. The banks generally are in a good condition, and prosperous. Leading the list is the Kentucky National Bank, which is the largest bank south of "Mason and Dixon's line." A great increase of business has been seen here since Jan. 1. A new savings bank and trust company was organized last month, Attila Cox, president, H. V. Sanders, secretary and treasurer. The capital stock was passed at $300,000, and immediately taken up. This company has secured quarters for twenty years in the new building of the Commercial Club Company.—*Boston Commercial Bulletin.*

MONTREAL.—The Canadian press seems to be united in the opinion that the annual meeting of the Bank of Montreal disclosed a more favorable and hopeful condition of financial and commercial affairs in the Dominion than had been recognized. Among the statistics of the financial growth of Canada submitted at the meeting was the following comparison of deposits with Canadian banks and loan companies now and ten years ago, showing an increase of more than $100,000,000, or about 120 per cent:

	1879.	1889.
Chartered banks	$63,636,000	$122,016,000
Savings banks	14,702,000	52,195,000
Loan companies	9,426,000	19,000,000
Totals	$87,764,000	$193,211,000

During this period, while bank deposits have increased by $100,000,000, mercantile loans have been expanded by only half that amount, and rates of interest have fallen.

PERSONAL.—Dr. Andrew Simonds, one of the best known bank presidents in the South, died on the 12th of June. He was born in Abbeville county, and in 1860 married a daughter of John A. Calhoun. He began life as a school teacher in the West at the age of eighteen years. While in the West he boarded with a physician and qualified himself to practice medicine. Later he turned his attention to mercantile pursuits, and is 1859 he retired from business with a fortune. About this time the State Legislature decided to establish a branch bank of the State in the upper part of the State, the parent bank being in Charleston. The work was intrusted to Dr. Simonds and he established the bank at Abbeville. It was at his

suggestion that the moneys and assets of another bank in Charleston were sent to him at the breaking out of the war in 1861. He saved them all and returned them to the State in the fall of 1865 without the loss of a single dollar. He organized the First National Bank of this city in 1865, was elected president and filled the office till his death. At the expiration of the bank's charter, a few years ago, the stock was worth many times its par value. A new charter was obtained and Dr. Simonds held most of the stock. He is said to have been the richest man in the State. He was a firm believer and a large investor in United States four per cent. bonds. He was vice-president of the National Bankers' Association and a frequent contributor to the columns of financial journals. He leaves three sons and a daughter.

A BANK PRESIDENT'S ADVENTURES.—S. S. Rickley, president of the bank at Columbus, Ohio, had an exciting adventure several years ago. He was in his private office when a man entered and demanded $50. The president kindly told him that he could not spare it. The man presented a pistol and fired, the ball passing through Mr. Rickley's eyes and making him totally blind for life. Instead of escaping, the man blew out his own brains. Recently Mr. Rickley heard of the affair in which Mr. Moffat, the Denver banker, was robbed by a man who entered his private office and forced him, under threats, to pay him a large sum of money. The blind banker at once sat down and wrote Mr. Moffat the following letter: "I am still living but totally blind, and am having this written for your comfort by an amanuensis. Of course life is sweet, and it is gratifying to possess that which all men aim to get—money and possessions—but oh! how much sweeter would be the light of day, at least to me, without one dollar of money or one foot of ground; and you, my dear fellow banker, may congratulate yourself and yours on your fortunate escape. We now have our windows screened, our counters screened, and I might say, our conscience screened. The door to my private room is constantly locked, and no one admitted unless he be known or can identify himself. Generally the lessons of experience are much dearer than those of observation. Congratulating you again on your fortunate escape with only the loss of money, which you can doubtless make up in a short time, I remain, yours very truly."

NEW YORK CITY.—Fifteen years ago any bank in New York which had a line of deposits amounting to $10,000,000 was counted an immense corporation. To-day there are fifteen such banks in the city, and there are five which have more than $20,000,000 of deposits in their vaults—viz:

Chemical National	$26,279,100
First National	24,839,500
National Park	24,618,000
Fourth National	20,678,600
Importers' and Traders'	23,243,800
Grand total	$119,669,000

CINCINNATI, O.—The Comptroller of the Currency has declared a second dividend of 10 per cent. in favor of the creditors of the Fidelity National Bank of Cincinnati, Ohio, making in all 35 per cent., on claims proved, amounting to $3,833,299. This bank failed June 20, 1887.

NEW YORK CITY.—The Chase National Bank, of which Henry W. Cannon is president, has been designated by the Secretary of the Treasury, at the request of the Postmaster-General, as a depository of postal funds of the Government in the city of New York.

MEXICO.—The last report of the Council of Administration of the National Bank of Mexico discloses a prosperous condition of affairs, and the announcement of the additional dividend of 8 per cent., making a total of 14 per cent. for the fiscal year, indicates a corresponding large profit. Last year, the total dividend on the ordinary shares was 11 per cent. Under the head of "Commercial Operations," the report shows how rapidly the mercantile dealings of the institution have increased under the more liberal policy now happily governing it. The item of "Bills Discounted," which on the 31st of December, 1887, amounted to $7,125,864.54, at the close of 1888 had risen to $10,357,670.48, an increase of $3,231,805.94. "This increase," says the report, "has been contributed to by several causes, among

which we think we should especially mention the reduction in the rate of discount, which, at the beginning of the year, was 8 per cent. and which we gradually reduced to 6 per cent., the rate at which the bank has operated since October. Our cash on hand, so far from decreasing through the augmentation of business, showed an excess of $4,751,200.29 over the previous year. In the same manner the circulation increased from $11,642,143 at the end of 1887 to $14,436,692 at the end of 1888, showing an increase of $2,794,549."

NEW YORK.—The Controller of the Currency has appointed A. Barton Henburn, of Canton, St. Lawrence County, N. Y., as Examiner of National Banks in the City of New York, vice V. P. Snyder, resigned. He was a member of the State Assembly for five years, and was chairman of several important committees, and as such was influential in general financial legislation. He subsequently held the office of State Superintendent of Banking for three years, and more recently has acted as receiver of the Continental Life Insurance Company. He was recommended by Senators Evarts and Hiscock, ex-Senator Platt, Chauncey M. Depew, Representative Lansing and others.

NEBRASKA.—The State Bank of Creighton is one of the new banking institutions in that State. The Knox County *News* says that the prime organizer is Robert M. Peyton, who was for several years employed as agent for the F. E. & M. Y. Railway. Since then he has been interested in the loan business, and has been very successful. With him are associated men whose success is a strong promise that the bank will fulfill the expectations of its founders and friends.

DAKOTA.—The Bankers' Association of Dakota have just held a convention at Fargo. Interesting papers were read by Mr. William Powell late cashier of the National Bank of Commerce, Minneapolis, Mr. Frank H. Irons, cashier of the Exchange Bank of Fargo, and others. The following resolutions were passed, which are of interest to bankers everywhere. *Whereas*, Prompt and reliable information of the constitution of all national banks is greatly desired by the public and by bankers, and *Whereas*, The statements published in book form by the Comptroller of the Currency supplies this want, but not promptly, being published yearly and received several months after the call; Therefore be it *Resolved*, It is the judgment of the association that all statements received in answer to each call should be at once published in book form, and circulated promptly and generally throughout the country and to all national banks; and be it further *Resolved*, That we earnestly recommend this plan to the consideration of the Hon. E. S. Lacey, Comptroller of Currency, and respectfully request that the same, or some system of business equally prompt and reliable in its scope, be speedily adopted.

CANADA—BANK NOTE CIRCULATION.—The need of maintaining a bank note circulation in Canada is a question which interests the bankers in that country quite as much as it does the bankers in our own. At the annual meeting of the Quebec Bank, Mr. Stevenson, its experienced cashier, made some remarks on the subject, which are worth giving, for their application to banks in the United States is apparent. "If the Government were to carry a measure depriving the banks of their power to issue notes, it is manifest that their lending power would be reduced to the extent of their average circulation—about $36,000,000—less the necessary reserve for redemption, $6,000,000, which would be liberated, say $30,000,000. The effect of such a measure would certainly be most unfavorable upon the commerce of the country. What would the effect be upon the particular interest of the business of banking? The banks with small capital and considerable circulation would suffer such a contraction of their lending powers that they would be unable to carry their customers' accounts; their earning power would diminish in the ratio of their lending power; their expenses in carrying on a diminished business would be out of all proportion to their profits; dividends would have to be reduced; and as a natural sequence such bank stocks would suffer a serious decline in value. . . . It appears to me that the only safety for banks of small capital, in the event of the circulating power being taken away, would consist in amalgamation. The voice of history is potent, and experience is an imperative teacher. Seventy years ago there were forty independent banks in Scotland, all of them circulating their own notes. Their circulating powers were curtailed, and the

forty banks were within a comparatively short time reduced to ten—by suspension, liquidation, and amalgamation, and notwithstanding the enormous increase of business since, the banks in Scotland now number only eleven. In fine, I feel safe in predicting that if the power of circulation be taken away, the effect upon the banks with small capital and considerable circulation will be not, perhaps, sudden, but certainly slow death, if they attempt to stand alone. But I do not believe that any Government in Canada will be able to carry a measure involving the withdrawal of the power of circulation from the existing banks."

BOSTON.—The Bank Officers' Association, at its annual meeting elected the following officers: President, F. B. Sears, Third National; vice-presidents, S. A. Merrill, Mechanics' National; Fred. A. Claflin, National Bank of Redemption; treasurer, H. A. Tenney, Globe National; secretary, E. A. Stone, Franklin Savings; directors for one year, W. E. Elder, National Revere, C. A. Ruggles, Clearing House; for two years, W. H. Sargeant, Merchants' National, C. C. Domett, Maverick National; auditors, Henry O. Fuller, Second National, Edward F. Ripley, Boston National, G. W. Auryansen, A. L. & T. Co.; trustees for one year, J. P. Stearns, Shawmut National; for two years, A. F. Luke, National North America; for three years, W. E. Hooper, Home Savings Bank.

NOTICE.

The NATIONAL BANK OF LEBANON, located at Lebanon, in the State of Kentucky, is closing up its affairs. All note-holders and others, creditors of the association, are therefore hereby notified to present the notes and other claims against the association for payment.

R. E. KIRK, Cashier.

LEBANON, KY., May 18, 1889.

DEATHS.

SCHLAGER.—On June 7, aged thirty-five years, Charles Schlager, President of the City National Bank, Susquehanna, Pa.

SIMONDS.—On June 12, aged sixty-eight years, Dr. Andrew Simonds, President of the Simonds National Bank, of Sumter, and the First National Bank, Charleston, S. C.

WARRINER.—On June 19, aged sixty-two years, John R. Warriner, President of the Agricultural National Bank, Pittsfield, Mass.

WELLMAN.—On June 8, aged fifty-three years, Abijah Joslyn Wellman, Cashier of the First National Bank, Friendship, N. Y.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from June No., page 958.)

State.	*Place and Capital.*	*Bank or Banker.*	*Cashier and N. Y. Correspondent.*
N. Y.	CITY.....	Washington Trust Co...	.....
	$500,000	D. M. Morrison, *P.*	Francis H. Page.
ALA....	Attalla.....	Bank of Attalla.....	Importers & Traders Nat. Bank.
	$25,000	James A. May, *P.*	F. D. Nabers, Jr., *Act'g Cas.*
		L. A. May, *V. P.*	
" ..	Attalla.....	State Bank.	Third National Bank.
	$50,000	T. G. Montague, *P.*	J. M. Jones, *Cas.*
ARK....	Helena.....	Peoples Sav. B. & Tr. Co.	.....
	$30,000	N. Straub, *P.*	Walter Lucy, *Cas.*
		John P. Moore, *V. P.*	
CAL....	Portervîlle.	Pioneer Bank.....	H. & J. Seligman.
		P. N. Lilienthal, *P.*	Edwin W. Beebe, *Cas.*
		E. Newman, *V. P.*	
" ..	San Francisco..	Market Street Bank.....	Kountze Bros.
		Wm. J. Somers, *P.*	C. P. Butler, *Cas.*
		H. C. Somers, *V. P.*	
COL....	Antonito.....	San Luis Valley Bank...	Importers & Traders Nat. Bank.
		Edward H. Baker, *P.*	John H. Early, *Cas.*
" ..	Manitou Springs	J. B. Wheeler & Co.....	Chemical National Bank.
	$25,000		J. B. Glasser, *Cas.*
" ..	Sheridan Lake..	Kiowa County Bank.....	National Park Bank.
	$50,000	(Hardesty & Pelham.)	Geo. W. Young, *Cas.*
" ..	Telluride.....	Bank of Telluride... ...	Hanover National Bank.
	$25,000	J. H. E. Waters, *P.*	Wm. E. Wheeler, *Cas.*
		John Nicholas, *V. P.*	
DAK....	Hitchcock.....	Bank of Hitchcock.....	.....
	$25,000	Thos. W. Burns, *P.*	Carl D. Foster, *Cas.*
GA.....	Dawson.....	J. W. Wooten's Bank...	.....
	$25,000	J. W. Wooten, *P.*	F. W. Clark, *Cas.*
ILL.....	Franklin Grove.	Franklin Grove Bank....	Chase National Bank.
	$25,000	John D. Lahman, *P.*	Warren C. Durkes, *Cas.*
		Conrad Durkes, *V. P.*	
IND.....	Angola.....	Steuben County Bank...	Fourth National Bank.
	$50,000	Wm. G. Craxtan, *P.*	Harry K. Scott, *Cas.*
		Orville Carver, *V. P.*	P. A. Craxtan, *Ass't Cas.*
IN. T...	Guthrie.....	McNeal-Little B'k'g. Co.	United States National Bank.
	$50,000	James W. McNeal, *P.*	Andrew G. Herron, *Cas.*
" ..	Guthrie.....	Merchants Bank.....	Importers & Traders Nat. Bank.
	$25,000		Geo. S. Cunningham, *Cas.*
			R. B. Norton, *Ass't Cas.*
" ..	Oklahoma City.	Citizens Bank.....	Hanover National Bank.
	$50,000	James Geary, *P.*	L. A. Gilbert, *Cas.*
			A. L. Welsh, *Ass't Cas.*
" ..	Oklahoma City.	Oklahoma Bank.....	Chemical National Bank.
		Geo. T. Reynolds, *P.*	J. P. Boyle, *Cas.*
		T. M. Richardson, *V. P.*	
IOWA...	Clarion.....	Bank of Clarion.....	Ninth National Bank.
	$25,000	D. Young, *P.*	Chas. D. Young, *Cas.*
" ..	Tabor.....	State Bank.....	Chemical National Bank.
	$25,000	James Mickelwait, *P.*	Eugene W. Brooks, *Cas.*
		Wm. M. Brooks, *V. P.*	
KAN....	Herington.....	First National Bank.....	.....
	$50,000	John Hall, *P.*	F. E. Munsell, *Cas.*
" ..	Scott.....	Bank of Scott City.....	Morton, Bliss & Co.
	$25,000		Eli M. Lyons, *Cas.*
			S. C. Grabb, *Ass't Cas.*
" ..	Spring Hill.....	Spring Hill Banking Co.	Importers & Traders Nat. Bank.
	$7,000	Caleb Dryer, *P.*	Eugene Davis, *Cas.*
		Jno. S. Mackey, *Sec.*	
KY. ..	Mt. Sterling....	Farmers Bank.....	United States National Bank.
	$250,000	R. A. Mitchell, *P.*	Wm. Mitchell, *Cas.*

State.	*Place and Capital.*	*Bank or Banker.*	*Cashier and N. Y. Correspondent.*
KY.....	Pikeville.....	Bank of Pikeville.....	.....
	$10,000	Richard M. Ferrell, *P.*	Basil Hatten, *Cas.*
		Chas. M. Parsons, *V. P.*	
MD.....	Hagerstown..	Second National Bank...	.....
	$100,000	Henry H. Keedy, *P.*	John Van Lear, *Cas.*
		J. L. Nicodemus, *V. P.*	
MICH...	Oscoda.....	Iosca Co. Sav. Bank.....	National Bank of Commerce.
	$30,000	Robt. K. Gowanlock, *P.*	Walter L. Curtiss, *Cas.*
MINN..	Olivia.....	Peoples Bank.....	National Shoe & Leather Bank.
		P. W. Heins, *P.*	C. W. McMindes, *Cas.*
"	.. West Duluth...	Bank of West Duluth..	Mercantile National Bank.
	$25,000	Wm. E. Richardson, *P.*	Robt. Crombie, *Cas.*
		D. H. Merritt, *V. P.*	Jno. P. Morrow, *Ass't Cas.*
"	.. West Duluth...	Manufacturers Bank.....	American Exchange Nat. Bank.
	$25,000	W. H. H. Stowell, *P.*	Harvey P. Smith, *Cas.*
		Martin O. Hall, *V. P.*	
MO.....	Lamar.....	First National Bank.....	.....
	$50,000	James H. Wilson, *P.*	
"	.. St. Joseph.....	Schuster-Hax Nat. Bank.	Chemical National Bank.
	$500,000	Adam N. Schuster, *P.*	Sam'l. A. Walker, *Cas.*
		T. W. Clawson, *V. P.*	
"	.. St. Joseph.....	Tootle, Lemon & Co....	.....
		John S. Lemon, *P.*	Wm. F. Norton, *Cas.*
		Thos. E. Tootle, *V. P.*	Graham G. Lacy, *Ass't Cas.*
NEB....	Adams.....	State Bank.....	Chemical National Bank.
	$10,000	Wm. P. Norcross, *P.*	Homer J. Merrick, *Cas.*
		Jas. W. McKibbin, *V. P.*	
"	Chappell...	Deuel Co. State Bank...	Gilman, Son & Co.
		(Clayton & Hamilton.)	.....
"	.. Geneva.....	First National Bank.....	.....
	$50,000	Geo. W. Smith, *P.*	Frank J. Miller, *Cas.*
N. J....	Bloomfield. . ..	Bloomfield Nat. Bank...	.....
	$50,000	Thos. Oakes, *P.*	Lewis K. Dodd, *Cas.*
N. Y...	Adams.....	Farmers National Bank..	.....
	$65,000	C. D. Potter, *P.*	G. W. Hannahs, *Cas.*
"	.. Brooklyn	Fifth Avenue Bank.....	National Bank of the Republic.
	$100,000	Albert P. Wells, *P.*	Isaac Simonson, *Cas.*
		Wm. F. Wells, *V. P.*	
"	.. Caledonia.....	McDonald Bros.....	Chase National Bank.
N. C....	Leaksville.....	Bank of Leaksville.....	Commercial National Bank.
	$10,000	Wm. R. Walker, *P.*	F. D. Swann, *Cas.*
		D. F. King, *V. P.*	
PENN...	Philadelphia ...	Quaker City Nat. Bank..	National Bank of the Republic.
	$250,000	Joseph G. Ditman, *P.*	Wm. H. Clark, *Cas.*
		Joseph Leedom, *V. P.*	
TENN...	Chattanooga...	Chattanooga Nat. Bank..	.....
	$150,000	J. H. Warner, *P.*	C. R. Gaskill, *Cas.*
TEXAS..	Stephenville....	First National Bank.....	Hanover National Bank.
	$50,000	C. J Shapard, *P.*	H. M. McKnight, *Cas.*
		McD. Reil, *V. P.*	
UTAH ..	Salt Lake City.	Commercial Nat. Bank..	Fourth National Bank.
	$250,000	Henry G. Balch, *P.*	Jno. W. Donnellan, *Cas.*
		Geo. M. Downey, *V. P.*	
VA.	Pulaski City...	Pulaski National Bank..	Chase National Bank.
	$50,000	J. H. Caddall, *P.*	W. F. Nicholson, *Cas.*
		W. F. Jordan, *V. P.*	
WASH..	Seattle.....	Washington Nat. Bank..	.....
	$100,000	Edward O. Graves, *P.*	
"	.. Spokane Falls..	Spokane Savings Bank..	American Exchange Nat. Bank.
	$100,000	Horace L. Cutter, *P.*	Jules L. Prickett, *Cas.*
		James Monaghan, *V. P.*	
W. VA..	Charleston.....	Citizens Bank.....	Hanover National Bank.
	$50,000	Moses Frankenberger, *P.*	Joseph E. Rollings, *Cas.*
		John C. Roy, *V. P.*	
WIS....	Shullsburg.....	First National Bank....	.....
	$50,000	Joseph Copeland, *P.*	John H. Savage, *Cas.*

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from June No., page 955.)

Bank and Place.	*Elected.*	*In place of.*
N. Y. City..Garfield National Bank..	Geo. H. Wyckoff, *V. P.*..	Hiram Hitchcock.
	Hiram Hitchcock, *2d V. P.*	.....
" .. Mercantile National Bank.....	C. H. Bogert, *Ass't Cas.*	.....
" .. United States National Bank...	F. P. Olcott, *V. P.*	D. A. Lindley.
ARIZ.. Bank of Tempe, Tempe.	J. S. Armstrong, *V. P.*..	.....
	W. E. Judson, *Cas.*.....	.....
COL.... Merchants State Bank, Lamar..	H. J. Gochenour, *Act'g C.*	.....
CONN... Merchants Nat. B., New Haven.	C. S. Merrick, *V. P.*.....	H. J. Morton.
DAK.... Union Banking Co., Aberdeen.	W. H. Morrow, *Cas.*.....	.....
" .. Farm. & Traders B., Kimball..	M. P. Abbott, *Cas.*.....	L. A. Foote.
ILL..... Atlas Nat. Bank, Chicago.....	S. W. Stone, *Cas.*.....	F. P. Wilson.
" .. Chicago National Bank, Chicago.	Henry H. Nash, *V. P.*..	.....
	Wm. Cox, *Cas.*.....	Henry H. Nash.
	F. M. Blount, *Ass't Cas.*	Wm. Cox.
IOWA... Bank of Edgewood, Edgewood.	O. B. Blanchard, *P.*.....	.....
	L. B. Blanchard, *V. P.*...	.....
KAN.... Anthony National Bank, Anthony.	John D. Brown, *V. P.*....	H. M. Denlinger.
	F. M. Anderson, *Cas.*....	F. D. Denlinger.
" .. First National Bank, Concordia.	W. W. Bowman, *Cas.*...	G. E. Lathrop.
	J. I. Wyer, Jr., *Ass't Cas.*	W. W. Bowman.
" .. Bank of Horton, Horton.....	Geo. S. Hovey, *Cas.*.....	F. D. Krebs.
" .. State Bank of La Crosse, La Crosse	Wm. Davis, *P.*.....	A. H. Arter.
" .. First Nat. Bank, Leavenworth.	Geo. H. Hopkins, *A. Cas.*	.....
" .. Bank of Pleasanton, Pleasanton.	Fred Wagner, *P.*.....	W. P. Rice.
	Ben. Ellis, *V. P.*.....	.....
" .. West Side Nat. Bank, Wichita.	J. A. Davison, *Cas.*.....	John Watts.
KY..... Kentucky Nat. B., Louisville...	R. F. Warwick, *Ass't C.*	.....
MASS... Andover Nat. Bank, Andover..	M. T. Stevens, *V. P.*....	.....
" .. Charles River N. B., Cambridge.	Walter S. Swan, *P.*.....	Chas. E. Raymond.
" .. Falmouth Nat. B., Falmouth..	G. E. Dean, *Cas.*.....	Geo. E. Clarke.
" .. N. Mt. Wollaston Bank, Quincy.	E. B. Pratt, *F.*.....	E. H. Dewson.
" .. Pynchon National Bank, Springfield.	Chas. Marsh, *P.*.....	H. N. Case.*
	Geo. R. Bond, *Cas.*.....	Chas. Marsh.
" .. First Nat. Bank, Woburn.....	Edward L. Shaw, *V. P.*..	John Johnson.
MICH... First National Bank, Vassar.	D. G. Slafter, *P.*.....	Townsend North.
	Justin Wentworth, *V. P.*	D. G. Slafter.
MINN.. First National Bank, St. Peters.	F. A. Donahower, *P* ...	Wm. Schimmel.
	J. C. Donahower, *Cas.*..	F. A. Donahower.
	Fred M. Donahower, *A.C.*	J. C. Donahower.
MO..... National Exchange Bank, Kansas City.	John K. Cravens, *P.*.....	.....
	L. D. Cooper, *Ass't Cas.*	.....
" .. Continental Nat. B., St. Louis.	J. M. Thompson, *V. P.*..	.....
NEB.... State Bank, Alexandria.	M. S. Knox, *P.*.....	T. E. Smith.
	R. F. J. Knox, *Cas.*.....	L. J. Dunn.
	E. E. Wilson, *Ass't Cas.*	.....
" .. Bradshaw Bank, Bradshaw.	Wm. Kerr, *P.*.....	.....
	Geo. W. Kirby, *V. P.*....	.....
" .. Schuyler National Bank, Schuyler.	W. H. Sumner, *P.*.....	Chas. E. Sumner.
	J. S. Johnson, *Cas.*.....	W. H. Sumner.
N. Y... Nat. Exch. Bank, Lockport....	T. E. Ellsworth, *P.*.....	Jno. H. Vermilye.*
" .. Newburgh Sav. B., Newburgh.	Thos. F. Balfer, *Treas.*.	T. C. Ring.
" .. United National Bank, Troy...	Geo. H. Cramer, *P.*.....	Jos. W. Fuller.*
PENN... Lehigh Val. N. B., Bethlehem..	Geo. A. Reed, *Cas.*.....	H. G. Borhek.
" .. Nat. Bank of Chambersburg,	Sam'l. M. Linn, *P.*.....	W. L. Chambers.
" .. Chambersburg.	T. B. Wood, *V. P.*.....	S. M. Linn.
" .. Honesdale N. B., Honesdale...	John Torrey, *P.*.....	C. F. Young.
" .. First Nat. Bank, Lehighton....	John F. Semmel, *Cas.*...	W. W. Bowman.

* Deceased.

	Bank and Place.	*Elected.*	*In place of*
PENN...	First Nat. Bank, Mt. Joy.....	M. M. Brubaker, *A. Cas.*	.....
" ..	Merchants National Bank, Philadelphia.	Wm. Wood, *P.*.....	G. H. Stuart.
		James Whitaker, *V. P.*.	Wm. Wood.
" ..	Wyoming N. B., Tunkhannock.	F. L. Sittser, *P.*.....	C. P. Miller.
R. I....	Niantic Nat. Bank, Westerly...	Thos. W. Segar, *P.*.....	J. M. Pendleton.*
S. C....	First Nat. Bank, Charleston...	Andrew Simonds, *P.*.....	Dr. A. Simonds.*
TENN ..	Nat. B. of Franklin, Franklin..	E. E. Green, *Ass't Cas.*.	.....
" ..	Safe Dep. Tr. & B'k'g. Co., Nashville.	J. H. Eakin, *V. P.*.....	.....
		W. H. Mitchell, *Sec*.....	J. H. Eakin.
TEXAS..	First National Bank, Farmersville.	Eldred H. Pendleton, *P.*	Allen H. Neathery.
		Allen H. Neathery, *V. P.*	.....
		Leonard E. Bumpass, *Cas.*	.....
		Sam'l. R. Hamilton, *A. C.*	.....
" ..	First Nat. Bank, Granbury.. ..	A. L. Williams, *Cas*.....	A. U. Thomas.
VT.	N. B. of Vergennes, Vergennes.	Thos. S. Drake, *V. P*....	David Smith.
VA....	Sav. B. of Norfolk, Norfolk..	Geo. W. Dey, *P*.....	A. M. Smith.
" ..	B. of S'th. Boston, S'th Boston.	Jos. Stebbins, *P*.....	John W. Riely.
WIS....	First Nat. Bank, Beaver Dam.	Geo. C. Congdon, *A. Cas.*	.....

OFFICIAL BULLETIN OF NEW NATIONAL BANKS

(*Monthly List, continued from June No., page 959.*)

No.	*Name and Place.*	*President.*	*Cashier.*	*Capital.*
4048	Continental National Bank..... St. Louis, Mo.	Geo. A. Baker,	Chas. W. Bullen,	$2,000,000
4049	Second National Bank..... Hagerstown, Md.	Henry H. Keedy,	John Van Lear,	100,000
4050	Quaker City National Bank... Philadelphia, Pa.	Joseph G. Ditman,	Wm. H. Clark,	500,000
4051	Commercial National Bank.... Salt Lake City, Utah.		John W. Donnellan,	250,000
4052	First National Bank..... Geneva, Neb.	Geo. W. Smith,	Frank J. Miller,	50,000
4053	Schuster-Hax National Bank... St. Joseph, Mo.	Adam N. Schuster,	Samuel A. Walker,	500,000
4054	Teutonia National Bank..... Dayton, Ohio.	Edward Pape, Sr,	Louis H. Poock,	200,000
4055	First National Bank..... Shullsburg, Wis.	Joseph Copeland,	John H. Savage,	50,000
4056	Bloomfield National Bank..... Bloomfield, N. J.	Thos. Oakes,	Lewis K. Dodd,	50,000
4057	First National Bank ..... Lamar, Mo.	Jas. H. Wilson,		50,000
4058	First National Bank..... Herington, Kan.	John Hall,	F. E. Munsell,	50,000
4059	Washington National Bank.... Seattle, Wash.	Edward O. Graves,		100,000
4060	Fourth National Bank..... Chattanooga, Tenn.	J. H. Warner,	C. R. Gaskill,	150,000
4061	Farmers National Bank..... Adams, N. Y.	C. D. Potter,	G. W. Hannahs,	65,000
4062	First National Bank..... Dublin, Texas,	H. A. Smith,	A. A. Chapman,	50,000

* Deceased.

CHANGES, DISSOLUTIONS, ETC.

(Continued from June No., page 959.)

ALA....	Mobile.....	R. F. Manley & Co. has been succeeded by Manley & Turner, same correspondents.
ARIZ....	Tempe.....	Bank of Tempe has been incorporated.
" ..	Flagstaff	Citizens Bank has gone out of business.
DAK....	Hitchcock.....	Commercial Bank (Fowler, Hazen & Tollett) has been succeeded by the Bank of Hitchcock.
" ..	Lakota.....	Nelson County Bank (M. S. Northcote) has gone out of business.
ILL.....	Franklin Grove.	Exchange Bank (Conrad Durkes) has been succeeded by Franklin Grove Bank.
IOWA ..	Clarion.....	Wright County National Bank has gone into voluntary liquidation, succeeded by Bank of Clarion.
" ..	Edgewood.....	Bank of Edgewood (H. F. Beyer), now Blanchard & Son, proprietors.
" ..	Kingsley.....	Bank of Kingsley (Oldfield & Vernon), now Mueller & Robinson, proprietors.
KAN....	Clay Centre....	Clay County Bank (John Higinbotham) has failed.
" ..	Lawrence... ..	National Bank of Lawrence and the Douglas County National Bank have been succeeded by the Lawrence National Bank.
KY.....	Mt. Sterling....	Farmers National Bank has been succeeded by Farmers Bank.
MINN...	Duluth.....	Duluth, Union & Merchants National Banks have been succeeded by the First National Bank.
MO.....	Savannah.....	Savannah Savings Institution reported failed.
" ..	St. Joseph.....	Schuster, Hax & Co., now Schuster-Hax National Bank.
NEB....	Bradshaw.....	Bradshaw Bank has been incorporated.
" ..	Omaha.....	Bank of Omaha reported failed.
" ..	Ravenna.....	Bank of Ravenna (Shaw & Edgerton) succeeded by First National Bank.
N. MEX.	Socorro.....	Socorro County Bank reported failed.
N. Y. ..	Le Roy.....	National Bank of Le Roy has gone into voluntary liquidation.
TEXAS..	Farmersville...	Exchange Bank has consolidated with the First National Bank.
WASH.	Port Townsend.	Clapp & Feuerbach, now incorporated as the Merchants Bank, same officers and correspondents.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, JUNE, 1889.

Opening, Highest, Lowest and Closing Prices of Stocks and Bonds in June.

GOVERNMENTS.	Interest Periods.	Opening.	Highest.	Lowest.	Closing.
4½s, 1891 .reg.	Quarterly Mar.	106½	106¾	106½	106¾
4s, 1891 .coup.		106½	106¼	106½	106¾
4s, 1907 .reg.	Jan	128	128⅛	128	128½
4s, 1907 .coup.	Feb.	129	129⅛	129	129½
6s, cur'cy, 1895, reg.		118	118	118	118
6s, cur'cy, 1896, reg.	Jan.	121	121	121	121
6s, cur'cy, 1897, reg.	&	124	124	124	124
6s, cur'cy, 1898, reg.	July.	128	128	128	128
6s, cur'cy, 1899, reg		130	130	130	130

RAILROAD STOCKS.	Opening.	Highest.	Lowest.	Closing.
Atlantic & Pacific	8	8⅛	7¼	—
Buff. R. & Pitts	—	—	—	—
Canadian Pacific	—	57	55⅛	55¾
Canada Southern	—	55¾	53	53½
Central of N. J.	—	114⅜	100½	110
Central Pacific	—	35⅞	35	—
Ches. & Ohio	22	22¾	20	—
Do 1st pref.	62¼	62¾	59	59¼
Chic. & Alton	—	135	135	—
Do pref.	—	—	—	—
Chic., B. & Q.	102½	104⅜	100⅞	101¾
Chic., M. & St. P.	74	75¼	69⅞	70¾
Do pref.	—	116	110	—
Chic. & N. W.	112⅜	114	108⅜	108⅝
Do pref.	—	142	139⅞	139⅞
Chic., R. I. & P.	99⅜	100¼	95⅛	95¾
Chic., St. L. & P.	—	16⅜	14¼	—
Do pref.	—	39⅛	37	—
Chic., St. P., M. & O.	35¾	36⅞	34	—
Do pref.	—	99¾	97	—
C., C., C & I.	—	73¾	69⅞	—
Col. Coal & Iron	—	31	25¾	30½

RAILROAD STOCKS.	Opening.	Highest.	Lowest.	Closing.
Col., H. Valley & Tol.	—	16¼	13⅛	15½
Col. & H. C. & I.	—	20	15½	—
Del. & Hudson	140¼	149¼	139¾	—
Del., Lack. & W.	143⅜	148¾	142¾	147⅛
Den. & Rio Grande	—	18	16½	16½
Do. pref.	47¼	50	47¼	—
East Tenn. V & G.	11	11	10¼	10¼
Do 1st pref.	—	75½	73¼	—
Do 2d pref.	25	25¼	24¼	—
Houston & Texas C	—	9⅛	9	—
Illinois Central.	—	116½	114½	—
Indiana, Bloom. & Western	—	—	—	—
Lake Erie and Western.	19⅜	19⅞	18¼	18¼
Do pref.	61½	62	60	—
Lake Shore	105¾	107½	103⅞	104⅛
Long Island	—	95½	94	—
Louisville and Nashville	70⅜	72¼	68⅜	68⅞
Louisville, N. Alb & Chic.	—	45	42	—
Manhattan Consol.	—	100¾	98¼	—
Marq. H. & O.	—	14½	13	—
Do pref.	—	96	95	—
Memphis & Charleston	—	65	60	—
Michigan Central	—	92⅜	90	—
Mil., L. S. & W.	—	93	90	—
Do pref.	—	117	114½	—
Minn. & St. Louis	5¼	5¼	4	—
Do pref.	—	11	11	—
Mo., Kan. & Texas	11	11¼	10	—
Missouri Pacific	74⅝	77	72½	72⅞
Nash., C. & St. L.	96½	99	96	—
N. Y. C. & Hudson	—	109⅞	107¾	—
N. Y., C. & St. L.	—	18⅞	16¾	—
Do pref.	—	71½	70	—
N. Y., L. E. & W.	28¾	28¾	26¾	27
Do pref.	—	70½	67¾	—
N. Y. & New Eng.	46½	53⅛	45⅝	52½
N. Y., Ont. & W.	17⅜	18⅛	17¼	17⅜
N. Y., Sus. & W.	—	9½	8	8
Do pref.	—	35¼	32½	33

MISCELLANEOUS.	Opening.	Highest.	Lowest.	Closing.
Norfolk & Western	—	16⅜	15	16¼
Do pref.	52⅞	53⅛	51⅝	—
Northern Pacific.	30⅜	30⅜	28	28
Do pref.	67⅛	68½	65¾	65⅞
Ohio & Mississippi	—	24	22	22⅜
Ohio Southern	13½	16	13½	—
Oregon Impt.	—	57	53½	—
Oregon R. & N.	94⅜	101¼	93¾	96½
Oregon Short Line.	47⅛	52½	46½	—
Oregon & Trans-Con	38	38	32⅞	34¼
Pacific Mail	36½	36½	31⅞	—
Peoria, Decatur & Evansville	—	25¼	21	—
Philadelphia & Reading	47⅛	49	45½	48
Pullman Palace Car Co.	190	190	183½	184
Rich. & W. P. Term.	26⅛	26⅛	23½	24⅛
Rome, W. & Ogd.	—	104	103	—
St. Louis, A. & T. H.	—	49¼	44	—
Do pref.	—	110	100	—
St. Louis & San Francisco	29⅜	30	27	27⅝
Do pref.	60½	61¾	57	58¼
Do 1st pref.	—	113½	112	—
St. Paul & Duluth	—	36½	34	—
Do pref.	—	—	—	—
St. Paul, M. & M.	—	103½	101	—
Southern Pacific Co.	31¼	34⅛	28¾	29¼
Tenn. Coal & Iron	37½	40⅜	37¼	39¼
Texas & Pacific	21¾	22½	20	20⅛
Union Pacific	63¾	64¼	60	60¾
Virginia Midland	—	35	35	—
Wabash, St. Louis & Pacific.	15¼	16⅞	15¾	—
Do. pref.	28¼	30⅜	28½	29⅛
MISCELLANEOUS—				
Express—Adams	—	150½	145½	—
American	—	120¾	115	—
United States	—	95½	90	91⅛
Wells-Fargo	145	146	142	—
Western Union	88¾	88¾	85⅛	85⅛
Silver Bullion Cert	—	—	—	—

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AMERICAN INDUSTRIES AND FOREIGN INVESTMENTS.

Within a few months foreign investors, chiefly Englishmen, have been purchasing American industrial enterprises. This movement is worth consideration.

The history of foreign investing in this country is not without interest. In the beginning, stocks and other property were taken chiefly to pay debts which could be satisfied in no other way. American merchants who had made purchases abroad, expecting, of course, to pay in cash, having failed, the foreign seller took whatever he could get. In this way he first acquired an interest in American securities and other property. A large portion of the stock of the first United States bank was sent to Europe to discharge indebtedness. A considerable portion of the securities representing the revolutionary debt also went for the same purpose. Later, the stocks issued by States were taken by foreign creditors.

The next phase was the investment by foreigners in American railroads and canals. Some of these were very profitable, but not all of them. One of the most notorious was the Erie Railroad, and another was the Atlantic & Great Western. These roads were buried deep in litigation for many years, with which the public is familiar. Investments in other railroads followed. During the closing years of the civil war, large amounts of the national bonds were taken, and also securities of the Northern States. It is said

that the majority of the Pennsylvania Railroad Company's stock is held abroad, also that of the Chicago, St. Louis & Milwaukee and several other railroads.

Another and later phase was the purchase of lands by wealthy Englishmen, and in some cases foreign companies have been formed for that purpose. These investors had the wisdom to perceive that the national domain which could be cheaply purchased was rapidly lessening, and that the time would soon come when every acre would doubtless advance very considerably in value. Having the patience, therefore, to wait a few years for profits, they have invested heavily in Western lands, leasing them to cattle companies or to individuals, or content to keep them unused. These purchases have been large, as our readers know from the tables we have published from time to time, giving the acreage which has thus passed under foreign ownership.

The last phase is the purchase of industrial enterprises. The breweries have been the first to attract the foreign investor. They have been very profitable. The drinker's prosperity is not affected by hard times. The amount of capital thus invested is about $35,000,000. The following table gives the names of the companies and their capitalization:

	Capital.		
Name of Company.	Ordinary Shares.	Preference Shares.	Debenture Stock.
J. F. Betz & Sons	£100,000	£200,000	£250,000
Hill's Union	50,000	25,000	50,000
New York	300,000	300,000	330,000
Frank Jones	400,000	400,000	500,000
Detroit	70,000	50,000	40,000
Chicago	600,000	.....	400,000
Washington	75,000	60,000	26,000
Bartholomay	310,000	310,000	350,000
Voight	70,000	55,000	75,000
United States	350,000	350,000	400,000
Baltimore	70,000	70,000	50,000

To these companies should be added a San Francisco brewery, which has been purchased for $3,000,000, but the capitalization of which is unknown. It will be seen from the foregoing table that the securities issued in payment are of three kinds—debenture bonds, preferred stock and common stock. Two of these bear a fixed rate of interest, while the third, the common stock, does not. This mode of issuing securities in payment is a very shrewd one, for in no other way could the securities of companies so heavily capitalized probably find a market.

Another form of investment is that of mines and iron furnaces, and steel works, cattle ranches and timber lands. Some of these investments, says the *Age of Steel*, have been very heavy. In the vicinity of Cumberland Gap, on the line between Southeastern Kentucky and East Tennessee, $4,000,000 have already been spent by the American Association, Limited, of London, in developing

an iron, steel and railroad center, and $6,000,000 additional have been subscribed for the further prosecution of the work. Even on the Pacific coast large manufacturing enterprises have been begun by foreign capital—as, for example, the undertaking with which the Mossbay Iron and Steel Company is credited.

More recently the Otis Iron and Steel Company, of Cleveland, Ohio, has been purchased for $4,500,000. The securities for this purchase will, it is said, be evenly divided into three kinds, the debenture bonds, bearing six per cent. interest; the preferred stock, bearing eight per cent.; while the common stock will, of course, take the remainder of the profits. The *Iron Age*, in commenting on this last purchase, says:

"The agents of English capitalists have been very fortunate in the selection of the Otis Works, with which to inaugurate their campaign on American iron and steel properties. We have no means of knowing how profitable these works are or have been, but it is a fair presumption that they have paid their owners most handsomely, inasmuch as the plant has been greatly enlarged since it was established in 1873. The product of the works has always had a high reputation, of which the managers have been deservedly proud, and which they have spared no pains to maintain. The continuance of the old management is evidently for the purpose of retaining the confidence of consumers, and is in keeping with the general shrewdness shown in these international transactions. With the possible financial results we have no special concern. The capitalization appears to be excessive, but we presume that is a matter which has been very carefully considered, and that it is based on the past earnings of the works. It will be seen that profits of but $300,000 a year will pay the interest on the debentures, the dividend on the preferred stock, and six per cent. on the common stock."

It is said, also, that the foreign purchasers are trying to buy all of the profitable stores and houses for the exchange of goods. If successful in this direction, a vast amount of property will pass under their control. No mention has thus far been made of any sales of this character, but it is believed that negotiations have been begun with several owners.

What will be the effect of these purchases? For many years Englishmen have been coming here and organizing corporations, or undertaking individually the management of great enterprises. They are in all of the States of the Union. The thread mills in New Jersey and Rhode Island are, perhaps, the best known examples. Some of the silk mills, too, are owned by foreign capital and managed by foreign skill; but the purchase of existing plants, and which are among the most profitable, is a new phase of investing, and which is likely to give rise to several important consequences.

Thus far very large prices have been paid for the properties. It is reasonable to suppose that by capitalizing them at heavy figures, other establishments will be started, containing the most improved appliances for production. Built with much less capital,

with good management they may yield large profits. Consequently the heavily capitalized concerns, controlled by foreigners, will probably meet with a competition of the kind above described, and unless they are content with smaller profits than their new competitors, they will be greatly disappointed in their venture. For such competition is inevitable. The persons who have sold have capital to invest somewhere, which will not long remain idle. Either it will be invested in a new concern of the same character, or the form of investment will be changed. But the tendency is for the brewer to brew and the miller to mill, and so, while the former proprietors and superintendents and leading officers may for a time be continued in the management of the old business, the time will soon come when some of them will long for independent proprietorship, and will start anew. Thus, as we look at the matter, the purchase of these industrial establishments by foreigners, and the capitalizing of them at high figures, readily invites the construction of others, and at an early day. The temptation, in truth, to do this, is very great, for it can hardly be expected that persons who have been conducting an independent business and reaping large fortunes, will be content to work as presidents or superintendents and merely earn salaries. Nor is the assumption reasonable that the men who have displayed so much daring and sagacity in building these great industrial establishments, and in acquiring large fortunes, will suddenly transform themselves into loafers and be content with their millions. If anything is certain it is that these energetic and far-sighted men who have shown so much ability in the management of their great industrial concerns will immediately look around for new fields of employment, or will continue in the old ones under other conditions. Probably in some of the sales that have been effected the owners have been required to stipulate that they would not engage in similar enterprises in the same town or State, or for a fixed period; but no individual, by contract, can cut himself off entirely from future employment, however desirous, nay, eager he may be to do this. It is against the policy and wisdom of the law, and therefore the way is clearly open for all those who have thus parted with their breweries and mills to continue in the work of production somewhere and under some conditions. Doubtless the way will not be found difficult for them to continue to brew and to mill, and to make iron as they have done in other days.

Another consequence, perhaps more important and lasting, is the diffusion in ownership of these great industrial concerns, and the effect of such ownership in the management and use of capital. Take a brewery, for example, that has been sold for a couple of millions of dollars, and which was owned by an individual. It has

passed under the control of shareholders; a hundred persons, perhaps, instead of one, as heretofore. The same is true with respect to all other breweries and enterprises above mentioned. Their ownership is widely diffused, and so their profits will be more widely diffused than they have been in the past. Instead of one brewer getting the profits from the two millions, they will be divided among one hundred persons. This fact is one of the most important attending the change of ownership in these properties. Certainly their transfer to companies or corporations will tend to the diffusion of profits, and thus lessen the acquisition of profits by a few persons.

The prime motive for these purchases is the immediate profits accruing to the purchasers, as they purchase at one price and capitalize at another; and if successful in selling at the new price, the difference or advance is the immediate profit made by the purchaser. The profits accruing from the purchase of the breweries was certainly very large, and the field is a most tempting one for foreigners. It is said that many offers are made to them of properties that are not among the best, but thus far they seem to have been shrewd in singling out only the best concerns for purchase. We suspect that this business, like every other, will degenerate, and when all the good concerns have been purchased that are purchasable, they will begin to buy those of less value, until there are no more innocent shareholders to victimize. This will be the fitting climax of a business which bears on its face so many marks of excessive worldly wisdom.

GOLD EXPORTS.

The recent exports of gold, principally to France, have attracted unusual attention, and not without reason. The causes for this outflow do not seem to be clearly known, as the rates of exchange do not favor it. The country can well spare this coin, but, of course, no country views with much pleasure the export of a very large quantity. One explanation for this outflow is, to liquidate the balance of foreign trade, and this explanation has been put forward by persons who ought to have had a better knowledge of the true situation. The balance of trade has not been heavily against this country for months, as some have asserted, but the exact reverse is the truth. The report of the Bureau of Statistics of the Treasury Department on Foreign Commerce shows that the value of our imports of merchandise during the last fiscal year amounted to $745,127,476, and of exports to $742,401,799; an

excess of imports over exports of $2,725,677. Of our exports, the value of domestic merchandise was $730,282,606, and the value of foreign merchandise, $12,119,193. Comparing the values of our foreign commerce of the last fiscal year with those of 1888, among the most marked changes are these: The total value of imports and exports of merchandise was $1,487,529,275, as against $1,419,911,621 during the fiscal year 1888; an increase of $67,617,654. The value of imports of merchandise amounted to $745,127,476, as against $723,957,114 during the fiscal year 1888; an increase of $21,170,362. The exports of merchandise amounted to $742,401,799, as against $695,954,507 during the fiscal year 1888. Trade, therefore, about balanced itself, and, consequently, the balance of trade explanation is not satisfactory.

Another explanation is that the premium offered by the Bank of France has been large enough to draw American gold into it. This explanation is more satisfactory than the other. The New York *Journal of Commerce* finds an explanation in the attitude of foreign capitalists who are not satisfied with the present aspect of the silver question, and who, consequently, are calling their capital home. It says:

"The shipments of specie are not called for, therefore, by the balance of trade, and we see no other explanation than the one we have heretofore made, viz., that foreign capitalists are not satisfied with the present aspect of the silver question, and many are calling their capital home. We noticed several months ago that the agents of foreign lenders, whenever they put out contracts on time, required a written promise to pay in gold."

Another explanation is, gold is exported to liquidate travelers' credits. It is estimated that over $100,000,000 will be sent to Europe this year for this purpose, of which a large portion will go to Paris. We think that the more adequate explanation is to be found in the fall of railroad and other securities during the year, the consequence, largely, of corporate mismanagement, mischievous legislation, excessive speculation, and business depression, and the shipment of gold is required to settle the balance. When we add to this fact another, that we pay foreigners about $150,000,000 a year to do our carrying trade, and that they have large investments in this country, we think that the true reason for the present export is apparent. With large crops of cotton and grain, a large quantity of which will be needed abroad, it is quite probable that the export of gold will not continue long enough to excite grave apprehensions.

A REVIEW OF FINANCE AND BUSINESS.

WEATHER AGAIN THE CHIEF FACTOR IN THE SITUATION.

The month of July, like that of June, has been one in which the business situation more than usually depended upon the weather; and the leading branches of trade and speculation have again been controlled by "weather markets." The less favorable crop prospects, at the end of June, than at the close of May, have been improved during July, so far as this country is concerned, at the same time that they have grown less bright in Europe, and the outcome of the last harvest in exporting countries of the southern half of the globe has materially reduced earlier estimates of their surplus. While, therefore, the outlook is better in the United States for most, if not all of our crops, the prospects of the world's supply, as a whole, have been materially reduced, giving this country an unexpected advantage, at the expense of its competitors, in the importing markets of agricultural products, which promises to restore to us a fair share, if not all of our lost export trade of the past five years, and give the United States its former supremacy in the grain markets of Europe.

It is in this respect that the changes in the crop situation of the past month have been most favorable to this country, and hence the weather has again been the chief factor in business. On the first of June we had prospects of the largest crops ever raised, with the lowest prices, without profit to the producers and an inadequate export outlet for our surplus. July first reduced the prospects of our crop of wheat materially, at the same time that Western or importing Europe seemed likely to be less dependent upon the United States than usual for her smaller deficit, as her crops were never in better condition for the season of the year. Hence, a month ago we were discounting not only low prices, but a poor crop of wheat at best, and a poor export demand. The result was seen in the produce markets and in the decline in railroad stocks dependent especially upon the grain traffic, and in the renewed and heavy exports of gold to Europe to settle the account against us. Now the prospects are that we will have more than an average crop of wheat, and much more than a year ago, with a good export demand for it, which has already set in, and at remunerative prices to the farmers of this country, who stand sorely in need of a good crop and good prices. What is true of wheat is to a less extent true of other farm and food products; for when the relative value of one staple is raised or

lowered, the others follow partially in sympathy. Beside, the conditions affecting wheat have affected other crops also, though in a less degree.

THE GRAIN MARKETS AND INCREASING EXPORT DEMAND.

As a consequence, we have seen our grain markets all advancing the past month, on higher foreign markets and better export demand, both for spot and future shipments of wheat flour and corn. The business actually done, though double that of the previous month, in all but corn, seems only to have been limited by the light offerings, both on the spot and to arrive, and by the scarcity and higher rates of ocean freights caused thereby. Indeed, we have seen nothing like such a general and strong export inquiry for breadstuffs (excepting for corn the past year), at the beginning of the crop year, for nearly seven years, as is now being experienced. The new crop of wheat has moved slowly, as indicated in our last, and not nearly so early as had been expected, because of the wet winter wheat harvest, which delayed threshing, compelled the stacking of more wheat in the sheaf than usual, has made the grain softer than otherwise, and hence not as safe or profitable to move now as after it has been held back and dried out. This has been reflected in the smaller interior receipts of wheat, and shipments of currency to the country to move the new crop, than anticipated. The winter crop is nearly harvested, and, notwithstanding the bad weather, it is turning out better in quality and quantity than expected beyond the Mississippi River. The spring crop has recovered rapidly from the damage by drought in the Northwest; on this side of Dakota, the crop will be good, and is already being harvested in the southern half of the spring wheat belt. But Dakota, Canada, and the Red River Valley will not overcome the damage by dry weather, though they promise better than a month ago. The oat crop and hay crop have been damaged considerably by the continued wet weather, but the improvement in atmospheric conditions the latter half of July has lessened the danger of a poor crop of either, so far as the Great West is concerned. The same better weather conditions have helped along the backward corn crop, due to the wet weather in June. Fears of damage are no longer entertained, and the prospects are good for a crop equal to the phenomenal one of last year. Hence, with an export demand for this cereal as good as for the last crop, when it has been only limited by the supply, the prospects for better prices and demand are as good as in wheat and flour.

Indeed, American flour millers, who have had such a hard time bulling the last short crop of wheat, are already beginning to feel the effects of the changed situation on the other side, and are now able to sell more flour and faster than they can make it.

Although a bad practice to bull a crop at its beginning, especially a large crop, it looks now as if this year would see the lowest prices at the start, because during May and early June both Europe and America discounted the largest, the best and the earliest crops ever raised. Accidents under such circumstances have helped the Bulls, as prices were already low enough, if not too low.

A PROSPEROUS YEAR FOR AGRICULTURAL INTERESTS

is, therefore, better assured, apparently, than for years, at the beginning of the new crop. Even the wool crop, which threatened to open lower, has improved prospects, though the manufacturers are resisting the advance because of complaints of dull trade, and large stocks on hand in some lines of woolen goods.

The cotton crop outlook is favorable also, though there has been some damage from too wet weather, as there always is from some sections, while others are too dry. But the area under cultivation is now so wide, and the soil and climate so varied, that, like wheat or corn, the losses of one section are made up as a rule by the gains in others. The cotton market, however, is as dead as ever, speculation in it having been killed out by the disastrous attempts of the past to control the market here, while the new grading system destroys the advantage hitherto held by a few capitalists and carriers to manipulate the market.

The provisions markets generally have been on the down grade, for all country produce, as well as hogs, has been plentiful, following a large hay, corn and oat crop last year, and wet weather and fine pasturage this season. As a result, dairy products are over-produced, with receipts of butter in New York the past month at the rate of 75,000 packages per week, and prices lower than for years, at 15 to 16c., the top at wholesale, and other produce in proportion. Yet such prices not only stimulate home consumption, but also swell our export trade and bring the farmers more money than short crops and high prices, as it costs as much to raise poor crops as good ones, excepting the hauling of the extra amount to market. The prices of hog products and hogs have been forced down by the packers West for the past seven or eight months, until they are below the average, though not as low as in 1879, when the exclusion of our hog products from European markets began, and before production had been adjusted to reduced requirements. Prices are now regarded as low, though the summer run of hogs has not been as large as expected, owing to farmers being too busy with large harvests to market hogs. Hence some look for lower prices in the fall, and Europe is only buying in a hand-to-mouth way, as home supplies are still large, and the looks for lower prices here on next crop and holds off. Yet a large crop of hogs after two large corn crops in succession is an assured thing, and at

some price there is certain to be a more active trade the coming year.

THE STOCK MARKET.OUTLOOK.

This improved condition of the agricultural interests, and the commercial and financial recovery likely to follow a prosperous year for the farmers, has already begun to be reflected in the stock market, in which the decline, begun in June, has continued in July, until the over-discounting of the May crop outlook has apparently been liquidated by the Bulls, though some of the pools are not yet out. Europe is again buying our railway securities. This and the crop outlook and export recovery are likely to prevent any material further decline, and are liable to start another Bull movement so soon as the effects of these crops are seen in increased earnings, as they are already beginning to show on some of the Western lines. That is, provided, of course, that the rates are not reduced enough, or more than enough, to offset the gain in traffic. The outlook on this score, however, is worse than a month ago, when the public was led to believe that the split in the Interstate Railway Association had been patched up. Like all patches, however, it seems to have torn deeper into the original garment, instead of covering the hole made by the Alton's withdrawal. Now it is currently reported that the association has been powerless to stop the violations of its rules, which drove the Alton to its course, and that only the roads which live up to these rules are made to suffer, while those who break them are the gainers. This is likely to drive other roads also out of the association, and then good-by to any maintenance of rates until after a rate war that shall tire out the offenders, unless the crop movement shall give all enough to do.

THE INTERSTATE ASSOCIATION POWERLESS TO ENFORCE ITS RULES, AND LIKELY TO BREAK UP.

The prospects of a general break up in this association are therefore greater than a month ago, as will be seen by the following dispatch supposed to come from some member of the association:

"Some interesting facts are coming to light in connection with the Interstate Commerce Association, which account for the action taken by the Alton, and for the fact that the Missouri Pacific has become restless and secretly threatens to withdraw from it. We learn that not a fine imposed by the commissioners on any road has yet been paid, and when a road is fined it deliberately refuses to pay, and inasmuch as no money has been pooled by the roads, no forfeit can be enforced against a road; consequently, the road which cuts a rate gets the business and is not made to suffer, while the roads which maintain rates and prove the cuts against competitors receive no benefit. Again, the recent order of the commissioners compelling the St. Paul Road to turn over part of its Kansas City business to the Alton was disregarded in toto. The

Alton got none of it, and the C., B. & Q. and Northwest got all of it. The association does not have power to divert business from one line to another for purposes of equalization as was proved in the Alton case. Unless some power is given the association to make such diversion of business as it sees necessary, we are given to understand that other notices of withdrawal are likely to be given soon. Again, the roads had hoped to advance rates. As it is, they are not able to maintain existing rates."

Nor is this all on the shady side of the railway situation. The Western State Railroad Commissioners are steadily and generally reducing the local rates within their several boundaries. The Missouri commissioners have already reduced grain rates in that State 10 per cent., and 15 per cent. on live stock and coal. The Nebraska Board of Transportation has reduced coal rates also, to take effect in thirty days, and live stock and grain rates are yet to be considered. Hence full employment of the capacity of all the roads running through these States can scarcely keep up present earnings. The railroad outlook and the future of stocks is therefore dependent upon new elements, whose influence we have no precedent for judging. Active stocks are now about 5 per cent. lower than a month ago.

EFFECT OF THE JOHNSTOWN DISASTER UPON THE PENNSYLVANIA RAILROAD.

The statement of the lines of the Pennsylvania, east of Pittsburgh and Erie for the month of June shows a large decrease in gross and net earnings, reflecting the loss of business caused by the floods at Johnstown, but it is stated that the company has already recovered the business diverted by the flood, and that the volume of traffic now is equal to what it was previous to the June disaster. As the expenditures for repairing the road and replacing bridges will be taken from the surplus fund instead of from current earnings, the expenses of reconstruction will not interfere, it is said, with the payment of its dividend. For June the loss in gross earnings was $1,149,382, or 22 6-10 per cent.; expenses were smaller by $344,720, or 9 8-10 per cent., so that the loss in net was $804,662, or 51¼ per cent. The statement for the half-year ending June 30, which includes the June losses, shows an increase of $146,032, or ½ of 1 per cent. in gross earnings, an increase of $428,325, or 2¼ per cent. in operating expenses, and a decrease of $282,293, or 3¼ per cent. in net earnings, the net loss in June having wiped out the gain for the first five months. The results on the Western lines for the half year was more favorable than in 1888, the deficit having been only $437,694, against $582,302 in 1888. This is a better showing than had been expected, however. The Reading is doing so poorly that it has refused to make further statements of its earnings; and this makes its securities exceptionally weak on investment selling.

THE MONEY MARKET AND SITUATION.

Money has continued easy, notwithstanding the free exports of gold until the last of the month, and the small Government purchases of bonds. The wheat crop has not moved as early as expected, while wet weather West has kept back the old corn crop, making requirements from that source smaller than usual. Loans have expanded correspondingly, until they are about $40,000,000 in excess of a year ago by the New York banks. Where this money has gone, in view of the dullness of speculation, has been a puzzle to many, and caused others to fear it was locked up in loans on undesirable securities, on which it would be difficult, if not impossible, to realize in case of a money stringency next fall. That this is in part true there is little doubt; for, although conservative banks refuse to make loans on the flood of new trust stocks that have been floated on the Stock Exchange by the hundreds of millions, as shown in our last, during the past few months, somebody is getting the money from somewhere to carry these stocks here in New York this year, while a year ago they were not on the market as a rule, but held by the original owners largely in the localities of their various industries. When it is considered that nearly $220,000,000 of these securities have been listed the past year, and most of them created with more than double an honest cash capitalization, and floated in this market, it is easy to see where this excess of loans is placed. Should we get a tight money market the late collapse in these stocks may prove but a summer breeze, beside of a cyclone, when these loans are called in.

The capitalization of these trusts, whose stocks have been listed, is as follows, and furnished by their officials to the Stock Exchange:

Lead Trust, capitalized for	$83,018,800
Cotton Oil Trust, capitalized for	42,185,200
Sugar Trust, capitalized for	49,856,500
American Cattle Trust, capitalized for	13,396,100
Distillers and Cattle Feeders' Trust, capitalized for	30,726,600
Total capitalization	$219,183,200

This amount represents 2,191,832 trust certificates outstanding.

As a fair example of the over-capitalization of this whole precious lot, it is stated that the value of the Sugar Trust properties was only $20,000,000, against $50,000,000 capital, or doubled one-and-a-half times. There has been no such menace as this over the money market since 1873, though part of this $40,000,000 increase in loans is due to the transfer of the chief holdings of the Atchison and Sante Fe stock from Boston to New York during the past year. The danger of further gold exports, however, has been largely reduced, if not removed, the past month, by the renewed purchase of railroad stocks by Europe, and the steady stream of English capital seeking investment here through syndicates who are buying up one after

another of our great industries, to control them. This mania does not seem to have spent itself yet; and, together with increasing exports of grain, flour, live stock, and food supplies, there seems little to fear from gold exportations. The surplus reserve of the banks, on the other hand, is still running down, and is already lower than it should be—but little over $7,000,000.

GENERAL MARKETS AND BUSINESS.

Among the general markets, there has been a decided improvement in the demand for and rates of ocean tonnage under the increased spot and future demand to move the new crop of wheat, and the outlook for ocean shipping for the coming year has not been so bright since the loss of our export trade. The petroleum market, too, has taken a new lease of life, and the price of crude, after several years of depression, has crossed the dollar line again on reduced stocks and production, and less competition from Russia than a year ago in the markets of the East. As usual, the Bears, at 92 cents the third week in the month, were Bulls at $1.02 the last week.

In general business there is little if any improvement to note, except in men's minds, who have been comforting themselves over a dull summer by predicting an active autumn, based on the good crops. But this confidence had a rude awakening at the close of July in the failure for about $4,000,000 of one of the largest dry goods commission houses and manufacturers in the United States. Not only this, it has been one of the wealthiest and most conservative in this country, and stood among the first in the trade for nearly a quarter of a century. "What is the matter with the Dry Goods trade?" is the question now on every one's tongue. The answer is bad debts, slow collections and poor trade, together with large stocks of goods unsold. This was a revelation, outside of the trade, as the public has been told all the season that stocks were light or well sold up, though trade had been poor for over a year. The losses from this failure will fall on banks in Philadelphia, New York, and in the East heavily, and on the dealers in manufacturers' supplies, though the assets are said to be large. If no one else is dragged down thereby, the above conditions of the trade, disclosed by this failure, must have an unsettling effect on confidence and credit in this line, for these conditions must be general, if they were the real cause of this failure; at least they cannot be special with a house of ability and credit second to few. Fears of more weakness are therefore entertained, and they will give a set-back to fall trade, which was just opening, and scare buyers out of the market for the present.

THE IRON TRADE REVIVAL.

The following dispatch from Philadelphia shows a much greater

improvement in the iron trade than the public had supposed, due, no doubt, so far as caused by demand from the railroads, to the preparations for moving the big crops. It says:

"The iron markets have gathered additional strength under the continuous heavy demand for all furnace and mill products. Concessions are not asked for. Prompt delivery is the only condition named in placing orders. Furnace companies find no trouble in selling their fall production. A great deal of business has been done during the past six days throughout the State, and buyers are now placing orders for supplies of forge to run them, in some cases up to the holidays. But this confidence in strong prices is not manifested by all buyers. The rolling mills are now busier than they have been this year, and the activity will probably last from two to three months, as summer and fall requirements have been withheld. Structural orders for bridge-building work are accumulating. The advance agreed on wrought-iron pipe will be maintained, as buyers are in urgent need of supplies. The sheet mills are also overcrowded with work. Building operations and the active demand for heavy and light machinery, and for railway track supplies, are helping to maintain unusual activity in several branches of the iron trade which have heretofore not enjoyed much activity. Steel rails are quiet but very firm in price at $28.50 in small lots. The outlook for iron and steel are brighter than for months."

Payment of Depositor's Note.—An inquiry was made of the *Journal of Commerce* whether a bank had the right to pay a depositor's note, payable there, who had a sufficient balance to discharge it, and an affirmative answer was given. A Richmond lawyer, William L. Royall, questions the correctness of the answer. The truth is, a different rule prevails in different States. In New York it has been maintained for a long period that a bank had the right to pay a note, payable there, to the holder. It is true that in a recent case, decided in Tennessee, and published in the June number of the MAGAZINE (p. 921), the court intimated that the rule was not clearly settled in New York, but it unquestionably is. Banks have paid such notes all over the State for many years; and if the courts have not said much about the rule, the reason is that it is so clearly settled that there is no occasion for saying anything about it.

But it is just as clear that a different rule prevails in many States. In our work on "Banks and their Depositors," all the cases may be found. In many of the States, however, no rule has been established by the courts, and the question in them is certainly an open one. We think the more reasonable rule is for the bank to pay such a note; and the decisions in New York, in which more questions concerning banking have arisen, and, for the most part, have been carefully decided than in any other State, should be the controlling authority. Yet, of course, a State in which no rule exists may decide differently, and in Tennessee all of the Supreme Court judges, except Judge Lurton, flew in the face of the New York rule and decided the other way.

FINANCIAL FACTS AND OPINIONS.

The Next Bankers' Convention.—The next convention of the American Bankers' Association will be held at Kansas City on the 25th and 26th of September. The Secretary of the Association, Mr. Green, says that among the topics to be considered are: The present condition of the National banking system, the best methods to preserve it with or without circulation; the Surplus revenue, and the reduction of the United States debt; the State banking systems of the country—should the tax repressing State bank circulation be repealed; a National Clearing House; Equalization of State and Federal taxation of banks and other corporations loaning money; the silver question; a National Bankrupt Law, etc. This convention ought to attract a large number of bankers, not more by the topics to be considered than by the place in which the convention is to be held. The Association has never gone so far West before, and much that is new and interesting will be learned in going to one of the newest and most flourishing cities of the country. It will be a valuable experience for many of the bankers to go and observe carefully the novel scenes which will doubtless pass before their eyes. In this connection we may also refer to the growth of the State Bankers' Associations in the country. Within a few weeks four of them have held conventions in Dakota, Iowa, Kansas and Texas. In all of them interesting and valuable addresses were made; evidently a strong interest exists in these State associations; in fact, the interest in them is much stronger and deeper than in the more general one; and there is reason for this. The bankers in each State meet for more specific purposes; they can accomplish practical ends by thus getting together; they can make inquiries and get information concerning men and things which will be of benefit to them in the management of their business. The papers read and the public side of their meetings are, perhaps, the least important phases of these gatherings. The national association ought to cut out different work for itself if it wishes to be more useful. An effort was made several years ago to do something in the way of promoting education among the younger members in the banking business—a movement somewhat similar to that made a few years ago in England and Scotland, and which has been so markedly successful in many regards. One of the most serious difficulties arises from the infrequency of the conventions, their brevity, and the wide separation of the members. If any progress is to be made in banking education, it is more likely to come through the State associations than the American Banking Association. However, we trust that the convention will be fully attended; and doubtless the occasion will prove an unusually interesting one.

Canadian Bank Meetings.—A practice among Canadian banks, which might well be followed by American banking institutions, is to give at their annual meeting a full account of the business of the bank during the year. Not only do the Canadian bank officers present a full statement of the profits and losses of the business on these occasions, but this is accompanied usually with an address by the president or manager, giving a clear and complete explanation of the business of the bank since the last annual meeting. In the present number will be found an extract from one of these addresses, by Mr. George Hague, general manager of the Merchants' Bank of Canada, whose name is especially familiar to American bankers by reason of his presence and excellent addresses at several of the conventions of the American Bankers' Association. Nearly all of the Canadian banks follow this practice. A full account of the business of the year is given; the address closing usually with a forecast of banking prospects. Several noteworthy ends are gained by such a full and accurate presentation of the bank's business to the shareholders. In the first place, it strengthens confidence in the bank management; every shareholder feels that everything has been said to him, and that nothing is concealed; therefore he feels a confidence in the officers and in the condition and prospects of the bank which he would not probably have so long as its operations were locked in the bosoms of the president and those immediately around him to whom the direction is confided. Confidence is a good thing, and this is growing in the world, and with reason, too, in spite of the losses, frauds and irregularities that are constantly occurring. Nevertheless, it would be well for corporations of all kinds to give more attention to their shareholders, if they wish to gain in public respect and confidence. Again, if shareholders are thus admitted behind the scenes and a full revelation is made to them of the business in which their money is invested, they are likely to take more interest in the corporation, and which will be beneficial to it in many ways. There has been much complaint in the United States that corporations were managed by a few; that it was quite useless to attend the general meetings, because nothing was said to them; and that the alternatives were presented, either of investing their money and of trusting entirely to the management for success, or else of putting it elsewhere. Even the great railroad corporations of the country, with few exceptions, have not printed their reports or made many explanations until within a few years. The practice, however, is rapidly growing of giving more information to stockholders, for which they are doubtless very grateful. We believe that if the same practice was followed by the banks they would be the gainers. Other reasons might be given to fortify this conclusion. The leading financial papers of Canada usually print the reports of these

meetings in full, and evidently the interest in the perusal of them of that country is very general. In this way shareholders not only get a better knowledge of the banks in which they are interested, but also gain many ideas concerning banking, the prospects of business, etc., which are worth knowing.

Bank Prosecution of Criminals.—The constitution of the American Bankers' Association provides for the protection of its members from criminals. By the 4th article, a committee, whose names shall not be made public, shall control all action looking to the detection, prosecution and punishment of persons attempting to defraud any member of the association. This committee, when requested by any member through the secretary, are to take the steps needful to arrest and prosecute the party charged with crime. This subject has been considered by the association from time to time, and the secretary in his last report stated:

"The secretary has endeavored to communicate with the police authorities throughout the country, in order to procure early information of the operations of bank robbers and forgers, but this has not proved a success. The news of these occurrences, as a rule, appears first in the daily press, and it is a work of supererogation to send out circulars to the banks informing them of events they may have before read in the papers. The proper function of the association in this respect seems to be confined to giving aid to members of the association who have been victimized, in the detection, arrest, and prosecution of the depredators."

Mr. G. A. Van Allen, president of the First National Bank of Albany, N. Y., on the second day of the convention introduced the following resolution:

"*Resolved*, That the executive council be requested to consider the subject of establishing a subscription fund, subject to future assessments, that shall be chargeable with rewards that may from time to time be offered by the council, payable only upon the conviction and imprisonment of forgers, thieves and bank burglars; and if found feasible and practicable, that the executive council be authorized to establish such a fund and offer rewards for the punishment of such crimes under suitable regulations."

This was referred to the executive council. At the same meeting of the convention, Mr. Knox, chairman of the council, reported as follows:

"Your committee instruct me to report that it is of the opinion that the power to act now exists in Article IV. of the Constitution, with the exception that there is no power to make assessments, and that they are of the opinion that it is impracticable to make such assessments."

After the chairman of the council had thus reported, Mr. Van Allen said he was led to act in the matter in consequence of similar action by the National Board of Fire Underwriters. This board is composed of the officers of the United States Joint Stock

Fire Companies, having also an executive board of which Mr. Van Allen is a member. That association has been very efficient in the prosecution of criminals.

Recently, Mr. Green, the secretary of the Bankers' Association, has prepared a paper relating to the subject, drawn from data furnished by Mr. Van Allen, the larger portion of which will be found elsewhere in this number. This is a very important subject, and should awaken the attention of bankers everywhere. We trust that at the next convention of the Bankers' Association more effective action will be taken. Surely Mr. Van Allen's experience as a banker and an insurance officer is of the most valuable character touching this subject.

Railroad Construction and Reconstruction.—For the first half of 1889, by authority of the *Railroad Gazette*, 1,410 miles of railroad were constructed, and by that of the *Railway Age*, 1,522 miles. Either set of figures is less than half the mileage reported for the first six months of 1888. Of the total amount of track laid in 1889, about one-half has been in the Southern States, and Mississippi shows the largest figures of all. Georgia makes a good second, North Carolina comes next, Tennessee follows, Texas is fifth, and Pennsylvania sixth, standing first among the Northern States. The average construction on each line of road was only from twelve to fourteen miles, and but two companies laid as much as forty miles. The railroad construction is thus shown to have been confined to short lines and branches. The character of the construction, therefore, indicates conservatism, but it hardly means the complete abandonment of speculative railroad building which is argued in some quarters. The conservatism and the close study of local needs which have led to the building of short lines only were forced by the situation.

This is a large diminution, but by no means unexpected. It accounts, too, for the lessened activity by the steel rail makers. Nor is there much prospect for improvement during the last half of the year. It is better for the country not to build too far in advance of the immediate wants of the people. If railroad construction has rapidly diminished in quantity, surely there is much sounder reason for the recent construction than for much of the construction of an earlier date. As we have said, a large portion of this recent construction consists of short lines built by existing companies for the purpose of entering new fields in their immediate territory. There have been no parallel roads built to ruin alike both builder and competitor.

In connection with the construction of railroads during this period, we shall also give some account of the foreclosure sales. These were heavy in mileage capital and debt, notwithstanding that only

eight roads were involved. Twice as much track was sold under the hammer as in the first six months of 1888, and three times as great an invested interest, nominally speaking, was sold. The Wabash, however, contributed two-thirds of the mileage and capital in question. Besides, it would be well to bear in mind that foreclosure proceedings relate to past losses, and for this reason have little bearing on the present, and are less significant as to the future.

The receiverships for the first half of the year are given below from a tabulated statement in the *Railway Age:*

RECEIVERSHIPS IN FIRST HALF OF 1889.

	Miles.	*Bonded Debt.*	*Capital Stock.*
St. Louis & Chicago	70	$1,400,000	$2,400,000
Sheffield & Birmingham	87	3,165,000	7,225,000
International & Great Northern	825	15,233,000	9,755,000
Kanawha & Ohio	127	979,000	12,000,000
Battle Creek & Bay City and St. Louis, Sturgis & Battle Creek	59	*600,000	*1,180,000
Canada & St. Louis	29	*300,000	*580,000
St. Louis, Arkansas & Texas.	1,244	32,818,000	16,409,000
Chicago & Atlantic	249	11,963,000	9,563,000
Total eight roads	2,690	$66,458,000	$59,112,000
Total bonds and stocks			$125,570,000

* Partly estimated.

The Denison, Bonham & New Orleans and Waco & Northwestern roads, on which only grading has been done, and the Georgia Investment & Construction Company, which is building the Carolina, Knoxville & Western road, were also placed in the hands of receivers.

The *Railway Age* adds: "From present indications a good many companies, including some of magnitude, may have to confess insolvency before the year ends, unless rate wars and hostile legislation speedily become less destructive of revenues."

The National Banks.—Notwithstanding the falling off in the national bank circulation, and the uncertain tenure of the national banking system, one hundred and fifty-six banks were established during the last fiscal year, with a capital aggregating $15,970,000. The old communities east of the Ohio and north of the Potomac have incorporated but twenty-nine new banks during the year, with an aggregate capital of $2,525,000. The remainder, one hundred and twenty-seven banks with a capital of $13,445,000, are west of the Ohio and south of the Potomac. The East gets but seventy of the new institutions, with a capital of $6,245,000, while the section west of the Mississippi river has incorporated during the year eighty-six banks, with an aggregate capital of $9,725,000. Texas heads the list of all the States in the number of new banks with seventeen of them, while Missouri stands at the head in capitalization with an aggregate of $2,950,000. Kansas has incorporated during the year twelve banks, with a capital of $835,000; Nebraska twelve, with a capital of $695,000, and Iowa six, with a capital of $600,000. Wash-

ington Territory stands first among the new States with her nine banks and capitalization of $860,000. Appended is the list by States:

State.	No. of Banks.	Capital.	State.	No. of Banks.	Capital.
Alabama	3	$200,000	Missouri	8	$2,950,000
Colorado	3	250,000	Montana	2	175,000
Connecticut	2	100,000	New Hampshire	2	125,000
Dakota	2	150,000	Nebraska	12	690,000
Georgia	4	250,000	New Jersey	4	250,000
Idaho	1	50,000	New York	1	65,000
Illinois	6	375,000	Ohio	3	750,000
Indiana	3	320,000	Oregon	7	350,000
Iowa	6	600,000	Pennsylvania	12	1,250,000
Kansas	12	835,000	Tennessee	5	350,000
Kentucky	6	675,000	Texas	17	2,060,000
Louisiana	1	200,000	Utah	1	250,000
Maryland	3	235,000	Virginia	4	300,000
Maine	1	50,000	Washington Terr.	9	860,000
Massachusetts	4	450,000	Wisconsin	2	150,000
Michigan	5	350,000	Wyoming	1	50,000
Minnesota	4	250,000	Totals	156	$15,970,000

Land Speculation.—Land speculation is a favorite method of speculating among some of the shrewdest and most far-sighted. Enormous fortunes have been made and lost in this way. Land speculation is particularly attractive in the large cities, and in the more rapidly growing cities of the West. An interesting instance of the advance in the value of land was stated the other day in a Chicago paper. In 1853 a piece of land, containing eighty acres, situated near Chicago, was bought for $4,800. Shortly afterward, it was sold to Judge Wylie, of the District of Columbia, at a slight advance, and not long since seventy-four acres were sold by him for $205,000. In California within a few years land speculation, especially in the southern part of the State, has been of the same extraordinary character. The San Francisco *Journal of Commerce*, says:

The value of real estate, both in city and country, has appreciated at a wonderful rate during the year. Especially has this been the case in the southern part of the State. In desirable localities in Los Angeles land has sold as high as a thousand dollars a front foot and, although prices have gone down with the decline of the boom, they are slowly creeping up again. Land values near towns from Monterey to San Bernardino, around the coast, have more than doubled within two years. First-class vine or fruit lands near a city bring as much as five hundred dollars an acre, in some instances. In San Francisco during the past eighteen months there has been an appreciation of sixty per cent. in the value of lands in the suburbs.

Doubtless other stories of a similar character might be told of land speculations in many parts of the Union.

THE AUTHORITY AND LIABILITY OF BANK OFFICERS.*

[CASHIER—CONTINUED.]

Formerly, the officers of a corporation were required to act under seal; but this requirement was found to be impracticable for the efficient execution of its business. Nor could meetings be constantly held by the directors of a bank to confer authority on the cashier to do many of the things which flow into the ordinary current of banking. The remark, therefore, of Foster, J., is true, that "his agreements in behalf of his principal in all matters relating to its business of discounting and banking are binding upon it, to the same extent as if made by a resolution of the board of directors." (*Wakefield Bank* v. *Tuesdell*, 55 Barb. 602; *Durkin* v. *Exchange Bank*, 2 P. & H. Va. 277.)

To bind his bank a cashier must act within the scope of his authority, and in the regular course of business. His authority must be strictly followed. (*Moores* v. *Citizens' National Bank*, 15 Fed. Rep. 141, aff'd 111 U. S. 156; *Hagerstown Bank* v. *Loudon Savings Fund Society*, 3 Grant, Pa. 135; *Bank* v. *Bank*, 1 Parsons Sel. Cases 182.) Therefore, if he should attempt to borrow money for himself or his friends, the bank would not be affected by any inducement of his, in the form of a promise, to make the loan. (*Moores* v. *Citizens' National Bank*, 15 Fed. Rep. 141.)

"If a bank chooses to limit his authority, it certainly has the power to do so. This power results necessarily from the superior authority of the directors. The corporate functions are concentrated in them; the cashier is but an agent of their appointment. His duty is not prescribed by the charter, but originates with the directors, and may be extended or limited as they may think proper. From the general character of the agency, it may be incumbent on the bank to show the restriction or limitation." (Sharkey, C. J., *State* v. *Commercial Bank*, 6 Sm. & Marsh 218, p. 235.)

The duties of a cashier may be prescribed by charter, by-laws, usage, or acts recognized by the directors. In one case the charter and by-laws required the board of directors to prescribe the duties of the bank's officers, and the charter also required the directors to keep a book "in which shall be entered and faithfully recorded a journal of all their proceedings." It was held that these provisions were merely directory, and the prescription of certain duties of the cashier by the board might be inferred and presumed from

evidence of their acts and those of the cashier, and that a written entry on the journal of a vote, order, or resolution of the board was not necessary to establish such a prescription. In this case an action was brought on the cashier's bond to recover $15,000, the amount of a deficit in the bank's circulation. The question was whether the cashier was required to keep the circulation. He maintained that this duty must have been prescribed by the board by a resolution or order. "But," said the court "why should the jury not have been authorized by the instructions to presume, from facts which were made matter of record every quarter, to wit: the quarterly reports of committees of examination, establishing that the cashier had charge of the funds of the bank, and held them subject to be disbursed and accounted for under the orders of the board to have presumed that which this state of facts pre-supposed, to wit: a prescription, and to presume it to have existed in that form, whether in writing or by parol, sufficient to bind, and, if need be, to presume it as a tacit implication, arising as well from the past as the present relations and acts of the parties?" (Thompson, J., *Durkin* v. *Exchange Bank*, 2 P. & H. Va. 277, p. 312.) Moreover, a cashier in performing the duties of his office cannot deny that they have been prescribed by the directors. (*Id.*)

It may be remarked that persons are supposed to know the extent of a cashier's authority, for it is defined and limited by law; and all are supposed to know what the law is. That ignorance thereof is no excuse, is a cardinal maxim in administering the law. (*Farmers and Mechanics' Bank* v. *Troy City Bank*, 1 Doug. Mich., p. 475.)

When a contract has been formally executed by the president and cashier, under the corporate seal of the bank, the law presumes that it was executed by authority of the directors. "This presumption, however, may be repelled by evidence, and the contract avoided by proof that the president and cashier had never been authorized or directed by the board of directors of the bank to consent to the contract, or execute it." (Horton, C. J., *Asher* v. *Sutton*, 31 Kan. 286.)

We will define more closely the authority of a cashier. In the absence of statutory authority he is the proper person to execute a deed of conveyance. The deed should show an execution by him on behalf of the bank, and by its authority, the corporate seal, and also his name subscribed as cashier. (*Sheehan* v. *Davis*, 17 Ohio St. 571; see *Lovett* v. *Steam Saw Mill Association*, 6 Paige 54; 6 Serg. & Rawle 12.)

A cashier may accept a deed of conveyance to his bank to secure a debt, and thus perfect the transfer. On one occasion a mortgage deed to a bank was executed to secure indebtedness,

which was sent by the debtor to the recording office to be recorded. He intended that this should be a delivery of the deed, while he also sent another person to the bank to inform the officers of the transaction. When the cashier received the information he said "he was glad it was done." "This," said the court, "was all the acceptance he could make, and as the officer charged with the collection of the debts due the bank, an acceptance of such an additional security was quite within the scope of his authority." (*Farmers and Mechanics' Bank* v. *Drury*, 38 Vt. 426.)

By the free banking law of Indiana, which was in force in 1861, and which was quite similar to the New York law, the president or cashier was authorized to bind the institution in carrying on the ordinary daily business, such as drawing, indorsing, and accepting bills of exchange, giving certificates of deposit, etc., in the absence of a specified manner of transacting the business. (*Allison* v. *Hubbell*, 17 Ind. 559; *Jones* v. *Hawkins*, *Id.* 550.) In Kentucky, a cashier has authority to pay drafts and checks when the drawer had funds, but not to accept and create liabilities for his bank. (*Pendleton* v. *Bank*, 1 T. B. Mon. 171.)

In the early days of banking it was decided that a cashier could deliver notes to an attorney for collection. Said Woodbury, J., "The acts of their agents within the usual authority of such agents, ought to be obligatory. In this case, the delivery of the notes for collection by the cashier was a customary act for such officers to perform; and would seem to be strictly within the power commonly intrusted to them in banking institutions." (*Eastman* v. *Coos Bank*, 1 N. H. 23, p. 26, citing *Long* v. *Colburn*, 11 Mass. 96.)

If the charter of a bank should restrict its business operations to the village in which it was located, what authority would the cashier have to do business incidentally elsewhere? The cashier of a bank in a village of New York having such a charter, discounted a note in the City of New York for the purpose of securing an obligation due to the bank. The restriction was regarded as applying to its customary transactions, and not to an isolated one like this. (*Potter* v. *Bank of Ithaca*, 5 Hill 490.)*

If a cashier should act by authority of the directors, though having no right to confer such authority on him, the bank would be bound by his acts. Says Woodward, J.: "As between the bank and those who contracted with it, the new enterprise would become a part of its usual and appropriate business, in the conduct of which it

* A bank had allowed the liabilities of its directors to amount to a sum beyond that allowed by law, and the cashier, in order to reduce their liabilities, procured notes to be made and indorsed for his accommodation, and with them discharged other notes of his held by the bank on which a director was his indorser. This transaction was declared to be legal, and the parties on the substituted notes were liable. (*Seneca County Bank* v. *Neass*, 5 Denio, 329.)

would be liable for the acts of its agents." (*Hagerstown Bank* v. *Loudon Savings Fund Society*, 3 Grant (Pa.) 135.) But if he should depart from his authority and attempt to involve the bank in other unlawful pursuits without the express sanction of the directors or stockholders, he would create no liability. (*Id.*)

Though a cashier has authority to apply the assets of the bank to pay its indebtedness, does this include authority to guarantee their collection or availability? This question has been raised by Judge Cooley, but not decided. (*Peninsular Bank* v. *Hanmer*, 14 Mich. 208, p. 215.) But it has often been decided that whenever he had authority to discount notes and bills, he had authority to indorse them. (*Merchants' Bank* v. *Central Bank*, 1 Kelly, Ga., p. 431; *Mechanics' Bank* v. *Bank*, 5 Wheat. 326; Story on Agency, § 59.) If, therefore, he has authority to indorse notes, why should not his authority extend to the guaranteeing of them? Authority to indorse has been regarded as a needful accompaniment of the authority to discount. To deny it would render his authority to discount less effective. The same reasoning applies with equal force to his authority to guarantee the obligations of the bank which must be transferred to pay its indebtedness.

When is a cashier required to issue a new certificate of shares to a purchaser? If bank shares are sold for taxes, and there is nothing on the face of the proceedings to indicate any error or lack of authority, the cashier is authorized to issue a new certificate to the purchaser, who will be entitled to the accruing dividends, whether the tax for which the shares were sold was rightly assessed or not. (*Smith* v. *Northampton Bank*, 4 Cush. 1.)

Turning to the limitations of his authority, we remark that he cannot transfer the notes of the bank in payment of a deposit. Moreover, a depositor who should receive them would be liable for the amount realized thereon. As remarked by the court, "we do not think that bank depositors are usually paid in that manner." (*Schneilman* v. *Noble*, 39 N. W. 224.)

A director pretended to sell his stock to B., an irresponsible person. The purchaser, with the connivance of this director and the cashier, who was his son, pledged the same as security for a note of much larger amount than the stock was worth. In a suit against the director and cashier, the court declared that "whether the transaction be treated as a willful violation of the duty which [they] owed to the bank, growing out of their official relation to it, or whether it be treated as a direct conspiracy to cripple and defraud the bank, it would seem that, upon the most obvious principles of elementary law, the defendants should be held liable for the damages which the bank has sustained." (*The Ilion Bank* v. *Carver*, 31 Barb. 230.)

In one case a cashier was empowered "to make loans with or

without security." He made loans without reporting them to the board or entering them on the books of the bank. He treated them as cash in his reports to the directors, thus deceiving them. He was held liable for the loss sustained by the bank, nor did the negligence of the directors in performing their duty excuse him. (*San Joaquin Valley Bank* v. *Bours*, 65 Cal. 247.)

A cashier cannot part with the property of the bank without authority. Nor, indeed, could the directors do this. Thus, B. obtained from a cashier a dishonored draft, drawn in his favor as cashier by another bank, and gave therefor his own note, on the back of which was written an agreement to the effect that it should be good only for the amount that he should realize on the draft, and that the excess should belong to the bank. It was held that the cashier had no authority to transfer the draft "on any terms or conditions other than the note of B." (*Shryock* v. *Basekor*, 82 Pa. 159.)

If a cashier should violate his authority and instructions, his conduct would not cause a forfeiture of the bank's charter. "Through the cashier," says Sharkey, C. J., "the directors may doubtless violate the charter unless they can show that he departed from his duties, as prescribed by them. But it is believed to be a clear and indisputable principle that the cashier cannot cause a forfeiture of the charter by a direct and palpable violation of his authority or instructions. We repeat that the scope of his duty is limited by the regulations of the directors. They may confer on him, or permit him to exercise, the powers which are usually exercised by cashiers, and then his acts will be binding, but they may limit his powers if they think proper. If they cannot do so, his authority is superior to theirs, and the franchise is placed entirely at his mercy." (*State* v. *Commercial Bank*, 6 Sm. & Marsh. 218, p. 237.

If a cashier should give a fraudulent and worthless check for a security, this would not effect a transfer of the security. Thus, the cashier of a bank which gave a certificate of deposit to a person when making a deposit, afterward gave a worthless check for the certificate to a bank which had become the owner. Said the court: "The rights of the parties are not at all changed by the fraudulent trick of the cashier . . . in giving to plaintiff a check known to be worthless and receiving back the certificate. This was a shameless fraud, and effected no retransfer of the certificate." (*International Bank* v. *German Bank*, 3 Mo. App. 362, p. 371.)

If the cashier of a national bank should take goods under a chattel mortgage and sell them, he could not keep the surplus, if there should happen to be one, after satisfying the bank's claim. "It would be a very strange proposition of law for the bank to receive

property upon a chattel mortgage or an agreement to secure its own claim, and not be compelled to account for any balance remaining after its own claim was satisfied." (*Cooper* v. *First National Bank*, 18 Pacific Rep. 937, Kansas, July, 1888.)

The want of diligence on the part of directors is no excuse for the cashier's neglect of duty. Should a loss happen, for example, through the wrong of a bookkeeper, the cashier would be liable therefor if negligent in supervising his work, although the directors might have discovered the wrong by exercising reasonable diligence. (*Batchelor* v. *Planters' National Bank*, 78 Ky., 435, 443.)

If a cashier should make a draft on another bank contrary to the statute, and for the purpose of concealing an embezzlement, his bank would be liable therefor. Said the court in such a case: "There can be no doubt that the defendants are responsible for the acts of their cashier, it being within the scope of his authority to make their drafts, and if he defrauded them, they must bear the loss." (*Faneuil Hall Bank* v. *Bank of Brighton*, 16 Gray 534.)

If a cashier should abstract the funds of his bank and invest them in a bond and mortgage, for example, in his own name, a court of equity would not protect the bank by laying hold of the bond and mortgage, or by restraining the mortgagor or mortgagee by injunction. (*Pascoag Bank* v. *Hunt*, 3 Edw. Ch. 583.)

We will now consider the authority of a cashier to indorse the negotiable paper of his bank. "The usage is universal," says Judge Hall, "for the presidents and cashiers of incorporated companies, acting as the executive officers and agents of such companies, to make, in their behalf, indorsements and transfers of negotiable paper, by simply indorsing their names, with the additions of their titles of office. I cannot doubt that such an indorsement is sufficient to charge the corporation under whose authority the indorsement is made, and to transfer the note to the indorsee, so that the latter can maintain an action in his own name." (*Chillicothe Branch of State Bank of Ohio* v. *Fox*, 3 Blatchf. 431, citing *Folger* v. *Chase*, 18 Pick. 63; *Brockway* v. *Allen*, 17 Wend. 40; *Watervliet Bank* v. *White*, 1 Denio 608; *Babcock* v. *Beman*, 1 Kernan 200.)

In the earlier days of banking, when the authority of corporate agents was more limited, a cashier could not, without special authority, transfer a negotiable note belonging to the bank to a third party. (*Hallowell & Augusta Bank* v. *Hamlin*, 14 Mass. 180; *Hartford Bank* v. *Barry*, 17 Mass. 97.*) But his powers have been enlarged. In a well considered case (*Smith* v. *Lawson*, 18 W. Va. 212, p. 227) Judge Green has remarked that "it may be now

* But the courts have never questioned that a cashier had authority to do whatever was needful to recover a note. (*Hartford Bank* v. *Barry*, 17 Mass. 97; *Elliot* v. *Abbot*, 12 N. H. 549.)

regarded as settled that the cashier of a bank has *prima facie* authority, by virtue of his office, to transfer negotiable promissory notes belonging to the bank in the transaction of the usual business of the bank, and his transfer of such a note to a party, who received it in good faith, confers a valid title to the note on the transferee." (Citing *Wild* v. *The Bank of Passamaquoddy*, 3 Mason 505; *The Bank of the State* v. *Wheeler*, 21 Ind. 90; *City Bank* v. *Perkins*, 29 N. Y. 554; *Cooper* v. *Curtis*, 30 Me. 488; *Kimball* v. *Cleveland*, 4 Mich. 606; *Crockett* v. *Young*, 1 Sm. & Marsh. 241; *Everett* v. *United States* 6 Porter 166; *Bridenbecker* v. *Lowell*, 32 Barb. 9; *Fleckner* v. *United States Bank*, 8 Wheat. 357; *Robb* v. *Ross County Bank*, 41 Barb. 586; *Harper* v. *Calhoun*, 7 How. (Miss.) 203; *Lafayette Bank* v. *State Bank*, 4 McLean 208; *Ringling* v. *Kohn*, 6 Mo. App., p. 337.)

Judge Perkins has remarked: "It would certainly greatly embarrass monetary and mercantile transactions if every man who bought and sold gold and silver and commercial paper, at the counter of the bank, of or to the cashier, was compelled to call for the records of the bank to see that the cashier had the powers he assumed, they being within the general scope of the authority of such officer. The directors of banks are not usually in perpetual session, while the business of banks is occurring every day, and must, of necessity, be transacted by the officers in charge, or not at all. The public interest requires that the banks should be bound by the acts of their officers in their ordinary business. (*Bank of the State* v. *Wheeler*, 21 Ind. 90, p. 92.) For other cases see *Smith* v. *Stevenson*, 18 Ind. 327; *United States* v. *City Bank*, 21 How. 356; *Haynes* v. *Succession of Beckman*, 6 La. Ann. 224; *West St. Louis Savings Bank* v. *Shawnee County Bank*, 95 U. S. 557; *Holt* v. *Bacon*, 25 Miss. 567; *Corser* v. *Paul*, 41 N. H. 24; *Bank* v. *Haskell*, 51 *Id.* 116; *Preston* v. *Cutter*, 13 At. Rep. 874.*

The rule has been well stated by Welker, J., in the case of *Blair* v. *First National Bank* (2 Flippin 111, p. 117): "An outside party dealing with the cashier of a bank, in good faith and without notice of an irregularity [for example, in his indorsement of a note], holds the bank as if the transaction had been unobjectionable throughout. For it is the inherent power of the cashier, which he exercises simply by virtue of his office, to make the transfer, and no person can be required, in a case where no circumstances of suspicion put him upon the inquiry, to go behind this authority. If nothing appears upon the face of the paper, or in the circumstances connected with the assignment to throw suspicion upon it, the purchaser, before maturity, is not bound or required to make inquiry."

* The cashier of a bank is held out to the world as its executive officer, intrusted with its notes and bills, and the collection and transfer of them in the ordinary course of its business. (Slidell, J., *Haynes* v. *Succession of Beckman*, 6 La. Ann. 224.)

From this review of the decisions, the cashier's authority to indorse the negotiable paper of his bank in the usual course of business, cannot be questioned. If, however, the transfer is not made in the usual course of business, though for a good consideration, it is not valid. (*Smith* v. *Lawson*, 18 W. Va. 212; *Everett* v. *United States*, 6 Porter 181; *Bank* v. *Wheeler*, 21 Ind. 90; *City Bank* v. *Perkins*, 29 N. Y. 554.) Thus the cashier of a branch bank cannot transfer its property to redeem bills issued by the mother bank, and which on their face are redeemable only by it. (*Smith* v. *Lawson*, 18 W. Va., 212.) Nor can a cashier indorse accommodation paper which does not pass through his bank in the usual course of business. (*Blair* v. *First National Bank*, 2 Flippin 111.) And if a note is made payable to a bank and is discounted and taken by a third person, the cashier cannot make a valid indorsement thereon without authority from the directors. (*Elliot* v. *Abbot*, 12 N. H. 548.)

"The cashier of a bank has no implied authority to indorse officially his individual note, thus by his own act making the bank an accommodation indorser for his own benefit." (Dillon, J., in *Savings Bank* v. *Parmelee*, 3 Dill. 403; aff'd 95 U. S. 557.) In this case, Parmelee, the cashier of the Shawnee County Bank, made his individual note payable to the order of the St. Louis Savings Bank, and indorsed it as cashier, and gave it to the St. Louis bank. The directors of his bank never knew of the indorsement, and never received the proceeds. Consequently, there was no ground of recovery against the Shawnee bank.

If a cashier indorses a note simply for collection, he does not thereby render his bank liable as an indorser. (*Bank of State of New York* v. *Farmers' Branch of State Bank of Ohio*, 36 Barb. 332.) Nor does such an indorsement affect a recovery thereon, for it may be stricken out. (*Manhattan Company* v. *Reynolds*, 2 Hill 140.)

A cashier who indorses paper discounted by his bank, though simply to transmit it to an agent for collection, is a party to the paper within the New York act of 1833 (Sess. Laws, 1833, p. 395 § 8) relating to notarial certificates as evidence. (*Bank of United States* v. *Davis*, 2 Hill 451.) Consequently, in an action on a bill of exchange which, after several indorsements, was discounted by a bank and then transmitted to the place where it was payable for collection, having been previously indorsed by the cashier for that purpose solely, it was held that a notarial certificate of presentment and non-payment, stating that on the next day after presentment notices of protest addressed to the drawer and indorsers were enclosed in a wrapper and sent by mail to the cashier, was evidence of protest to all parties, and of notice to the cashier. (*Id.*)

If a cashier indorse a note belonging to the bank, made by, and payable to, himself, he passes the legal title until avoided by the

bank. (*Preston* v. *Cutter*, 13 At. Rep. 874; *Remick* v. *Butterfield*, 31 N. H. 70; *Railroad Co.* v. *Credit Mobilier*, 135 Mass. 367.)

If a note is indorsed to the cashier, this is regarded as an indorsement to the bank itself, and it may sue thereon in its own name. (*Lacey* v. *Central National Bank*, 4 Neb. 177; *Watervliet Bank* v. *White*, 1 Denio, 608; *Babcock* v. *Beman*, 1 N. Y. 200; *Wright* v. *Boyd*, 3 Barb. 523.) Indeed, notes transmitted from bank to bank by indorsements, by and to their respective cashiers, have always been regarded as bank, and not individual, paper. (*Stamford Bank* v. *Ferris*, 17 Conn., p. 271.)

An indorser of a note held by a bank transferred its stock as security to "E. Hill, cashier." Assignments and transfers of stock to the bank as security for debts were invariably made in this manner. The title was declared to be vested in the bank and not in Hill, Church, J., saying: "We think that Hill, after receiving this stock, in his capacity of cashier of the Stamford Bank, would not be permitted to claim it as his own, against the bank. In the case of *Bickerton* v. *Burrell* (5 Maule & Sel. 383) it is said by Lord Ellenborough that "where a man assigns to himself the character of agent to another whom he names, I am not aware that the law will permit him to shift his situation, and to declare himself the principal, and the other to be a mere creature of straw. That, I believe, has never yet been attempted." (*Stamford Bank* v. *Ferris*, 17 Conn. 259, p. 270; citing as illustrations, *Johnson* v. *Blackman*, 11 Conn. 342; *Mechanics' Bank* v. *Bank of Columbia*, 5 Wheat. 326; *Bayley* v. *Onondaga Insurance Co.*, 6 Hill 476; *Commercial Bank* v. *French*, 21 Pick. 486.)

The authority of a cashier to indorse the bank's paper does not enlarge the scope of his authority in dealing with other indorsers. He cannot release them. (*Bank* v. *Dunn*, 6 Pet. 51; *United States* v. *City Bank*, 21 How. 356, p. 364; *Bank* v. *Jones*, 8 Pet. 12.) In some cases he has attempted to do this orally, then another principle has been applied to defeat his action, that the terms of a written contract cannot be changed between the payee and indorser by parol. (*Thompson* v. *McKee*, 37 N. W. Rep. 367; *Davis* v. *Randall*, 115 Mass. 547.)

The authority of a cashier to transfer the bank's paper in payment of its debts has been considered on several occasions. Among the early cases acknowledging his authority to do this was *Everett* v. *United States* (6 Port. 166). And it was also held that the indorsement need not appear, the law presuming that the transfer was proper. Indeed, the courts have never challenged his authority to appropriate the bank's resources for this purpose. (*Kimball* v. *Cleveland*, 4 Mich. 606. See remarks of Story, J., in *Fleckner* v. *United States Bank*, 8 Wheat. 338.) And he could do this by a clerk acting under his direction as well as by himself. (*Kimball*

v. *Cleveland*, 4 Mich. 606.) But he cannot appropriate for this purpose other property, a safe, for example, and execute a bill of sale therefor. (*Asher* v. *Sutton*, 31 Kan. 286.)

[TO BE CONTINUED.]

HISTORY OF THE MASSACHUSETTS SAVINGS BANKS.

[CONTINUED.]

THE CRISIS OF 1873.

The panic of 1873, coming unannounced, as do all such crises, found the banks poorly prepared to weather the impending storm. The investments in real estate mortgages were not only large, but it was soon found they had been based too generally on excessive valuations of the property involved. Hence, when the depression came, real estate values fell to a point alarmingly near, and too often below, the amount of the mortgages. The attempt to force the sale of such property resulted in a further decline. Besides, the demands by depositors became continuous and unusually large. Individual necessity compelled many to resort to their bank accumulations to meet their expenses. Reduced incomes, incident to hard times, was the aggravating cause of this necessity. The savings banks were expected to respond promptly to such demands. But the chief difficulty was not found in dealing with these small depositors, whose withdrawals, though considerable in the aggregate, were individually limited. The situation became trying, and at length alarming, when large depositors, those who had used the banks as a convenient means of investment, began to withdraw their deposits from fear lest the banks might succumb to the trying ordeal through which they were passing. Not only was it found that large numbers had accounts reaching the full lawful limit, but, in numerous instances, resort had been had to ingenious devices, whereby a person, by opening several accounts, "in trust," for example, for as many imaginary individuals, had credit on the books for several times the amount permitted by law. When the crisis came such accounts were the first to be closed.

Taking into the account all these contingencies which seemed to operate with peculiar force just at this juncture, and also considering the other fact, that the financial and commercial depression was of unusual duration, it is not, perhaps, so surprising, that the period from 1873 to 1880 was one of unexampled severity in the history of the Massachusetts savings banks. Whether regarded from the point of view of the number of institutions involved, or of the aggregate losses, the record is equally without a parallel.

Stay Law of 1878.

The "stay law," so called, of March 21st, 1878, was the immediate outcome of this distressing situation. It was intended, not, as has been very generally supposed, as a measure to shield the banks, but as the best available method to protect the interests of depositors. This view of the matter—and it is the true and only reasonable one—was but little regarded at the time, and much unjust and harsh criticism of the law and its authors was indulged in by those whose immediate interests were the most protected thereby.

The law simply provided that the Bank Commissioners should be empowered to limit the time and the amount of the payments to depositors whenever, in their judgment, the welfare of the depositors so demanded. The right of appeal to the court was reserved to the depositor in case of any dissatisfaction; the decision of that tribunal was to be final. The May following, a law, supplemental of the foregoing, was passed, giving debtors of a bank the right to set off a deposit against a claim, where both were vested in the same individual, provided said deposit was not made over from another person subsequent to the commencement of a suit. This amendment, however, being pronounced unconstitutional by virtue of its implied favoritism toward certain debtors, the Attorney-General advised the banks not to act under it, at least for a time.

The first bank to take advantage of the stay law was the Brighton Five Cents, which made application for the same on the very day the law passed the Legislature. In this case, the Bank Commissioners directed that, during the period from March 21st to September 21st, 1878, not more than 10 per cent. of the total amount due should be paid to each depositor; 10 per cent. additional was to be paid during the period from September 21st to March 21st, 1879. No further sums were to be paid except by order of the commissioners.

Between the passage of the stay law in March, 1878, and November 1st, 1879, twenty-four banks availed themselves of its protection, all but six of which resumed at the expiration of the prescribed limit of time, where the order had not been previously revoked. Of these six, all but one were ultimately restored to full corporate functions, the Ashburnham alone going into voluntary liquidation.

The real magnitude of the crisis can be justly estimated when it is known that out of the 180 savings banks in operation in October, 1875, no less than forty-six were forced either to suspend payment entirely, or to seek refuge under the "stay law." Twenty-four out of the above forty-six were stopped by injunction of the Supreme Court, and twelve of these were obliged ultimately to close their affairs, two only paying in full.

Regarding the amount of liabilities involved in this disaster, we quote from an article on the subject by Dudley P. Bailey. He says: "The amount involved was one-fifth of the largest sum ever held on deposit by the savings banks." The liabilities of the banks placed under injunction amounted, at the date of the proceedings against them, excluding duplications, to $24,439,218. The liabilities of the restricted banks, not including those enjoined, amounted, at the date of restriction, as nearly as can be ascertained, to $27,873,414, giving a total of $52,312,633, out of a maximum of deposits, in 1877, of $244,596,614. When it is remembered that this large sum for a considerable portion of two years paid no dividends, and that in many of the banks there will be a considerable loss of principal as well as interest, the magnitude of the disaster to the material and moral interests of the State can be in some measure appreciated." The same authority also states that, while the net losses of all the savings banks of the State for the fifty years preceding 1866 were only two-thirds of 1 per cent. of the average deposit for the period, the losses for the thirteen years, from 1867–79, were 2.2 per cent. of the average deposit for the latter period. "While the average deposit increased only about fifteen times, the losses increased thirty-eight and one-half times." Placing the average liabilities of the banks for two years at $20,000,000, and estimating the losses at not less than two years' dividends at 4 per cent., the total loss from this source would reach $1,600,000. From whatever point, then, we view the situation, the calamity appears sufficiently appalling. Annexed will be found a table showing the details of the operation of the stay law on the twenty-four banks to which alone the law has ever been applied.

Board of Commissioners.

With the increase of the number of savings banks, and the consequent demand for their thorough and frequent supervision, the duties of the commissioner, appointed in 1866, were fast getting beyond control. Accordingly, to supplement his labors, an additional commissioner was appointed in 1876, the two to be known as the Board of Commissioners of Savings Banks. The original members of this board were J. Gatchell and C. Curry. They made their first report to the Legislature, January 3rd, 1877, it being the eleventh in the series since the appointment of the first commissioner.

The duties of the Receiver, during and for some time subsequent to the year 1878, when so many banks were forced into liquidation, were important and responsible. It was desirable that their doings should be properly inspected and audited. Accordingly, in May, 1878, an act was passed placing the matter in the hands of the commissioners. It was provided that said commis-

sioners should examine and report upon the returns of such receivers when so required by the court. They were also required to examine, once each year, the accounts and the doings of the

TABLE SHOWING OPERATION OF THE BANKS UNDER THE STAY LAW.

Name.	Date of Order.	Deposits.	Per Cent. in 1878.	Per Cent. Paid in 1879.	Period of Continuance of Order.
Brighton, 5 cents	March 23, 1878	$345,594 59	20	20	For one year, not renewed.
Great Barrington	" 30, 1878	417,416 34	20	—	Renewed, April 7, 1880.
Lawrence	April 4, 1878	458,967 61	20	40	For one year, not renewed.
Wellfleet	" 8, 1878	421,522 19	20	25	Do. do.
Charlestown, 5 cents	" 18, 1878	3,135,490 59	20	25	Do. do.
Cape Cod, 5 cents	" 15, 1878	396,454 24	20	40	Do. do.
South Boston	" 9, 1878	1,565,790 41	20	25	Revoked March 2, 1880.
East Boston	" 18, 1878	1,957,916 83	20	25	For one year, not renewed.
Seamen's (Provincetown)	" 19, 1878	597,604 04	40	30	Do. do.
Foxborough	" 30, 1878	188,152 95	20	20	Extended to March 21, 1881.
Bristol Co. (Taunton)	May 6, 1878	2,904,404 00	30	40	Revoked April 17, 1880.
North End (Boston)	" 10, 1878	541,089 94	30	30	Do. April 29, 1880.
Franklin (Boston)	" 14, 1878	3,678,164 71	40	—	Do. March 1, 1879.
Union (Fall River)	" 16, 1878	624,657 79	20	25	Renewed May 16, 1879.
Bass River (So. Yarmouth)	" 16, 1878	220,228 72	30	30	Revoked Feb. 25, 1880.
Fall River, 5 cents	June 10, 1878	1,240,354 86	20	30	Do. March 1, 1880.
Citizens' (Fall River)	" 11, 1878	1,733,022 00	20	—	For one year, not renewed.
Hyde Park	" 14, 1878	46,330 00	20	20	Renewed June 14, 1879.
Fall River	" 28, 1878	5,598,937 04	20	25	Revoked April 3, 1880.
Fairhaven	Oct. 28, 1878	978,160 67	20	25	Do. Aug. 17, 1880.
Nantucket	Dec. 10, 1878	561,628 97	20	20	Renewed Dec. 10, 1879.
Weymouth	May 20, 1879	760,601 70	—	20	Revoked Nov. 20, 1880.
Ashburnham	June 20, 1879	18,340 90	—	30	Do. Nov. 1, 1879, and closed.
Taunton	Nov. 1, 1879	1,319,771 39	—	10	Do. April 17, 1880.
Total, 24 banks	.....	$29,610,602 48			

receivers, and to embody the results of such examination in their annual report. The commissioners were to have free access to all books, and were required to report all violations of duty to the

Supreme Judicial Court. They were also empowered to examine officers of banks, if desired, in the prosecution of these duties.

The commissioners having brought to the attention of the Legislature the fact that they had found methods of bookkeeping employed in certain savings banks radically defective, by an act passed in April, 1879, the authority to prescribe such methods as were considered satisfactory was given the board. This authority covered, also, the matter of auditing.

In March, 1880, it was made the duty of the commissioners to hold in their custody a copy of the bonds given by the treasurers of savings banks, and to request new bonds whenever they seemed to be demanded.

By an act of March 16, 1882, all books and papers of insolvent banks are to be deposited with the Commissioners of Savings Banks, by the receivers of such institutions, within one year after the final settlement of their affairs.

In February, 1888, the law of 1876, requiring the commissioners to visit and examine the savings banks once each year, and oftener if necessary, was amended, so as to provide that in cases where an institution is connected with a national bank, arrangements shall be made whereby said commissioner shall make his visits in connection with the national bank examiner.

Taxation.

From first to last, the matter of the taxation of savings banks has attracted not a little attention from legislators and others. As we have already seen, the proper course to be pursued in this particular, in connection with the deposits, was for a long time an unsettled problem, resulting, finally, in a direct tax. It is probably true that the savings banks of Massachusetts have gained immeasurably, in comparison with those of other States, by favorable legislation in this matter of taxation.

In March, 1879, the law of 1876 was amended, exempting from taxation such real estate as was held by the banks under foreclosure, by virtue of the provisions of the law of 1868, and for the period there specified. This provision afforded great relief at a time when the banks were forced to carry an unprecedented amount of such assets.

An act of May, 1881, provided for the exemption from the State tax such deposits as were invested in real estate mortgages, or in real estate used for banking purposes. This was a modification of the acts of 1862 and 1868, and was one of the early steps in the direction of the removal of taxes twice imposed.

By the law of 1868 the tax on deposits was reduced from three-fourths to one-half of one per cent. In May, 1881, it was again

restored to three-fourths per cent., to take effect after January 1st, 1882.

The law of 1876 provided that real estate, held under foreclosure, could remain a legal asset for five years from the date of foreclosure, at the expiration of which time the property must be sold. To such an extent had the savings banks been forced to assume such property, during the period of depression from 1873 to 1880, that compliance with the law at this juncture threatened serious losses to these institutions. The conditions of the market did not warrant the indiscriminate forcing of real estate sales. Accordingly, the original law was set aside by the Legislature from time to time, for certain specified periods, to meet this situation. It was extended thus in 1882, 1883, 1884, and 1886, by several special acts of the general court. In 1886, the limit was established at July 1st, 1888, with the provision that further time be allowed, at the request of the trustees of any institution, by the Bank Commissioners.

RECEIVERS.

In March, 1881, the general court passed an act providing for the final disposition of such funds as remained in the hands of receivers, after the affairs of an institution for savings had been formally and legally closed. It was as follows: "Receivers of insolvent savings banks and institutions for savings having unclaimed moneys or dividends belonging to the estate of any such corporation remaining in their hands for one year after the final settlement ordered by the court, shall deposit the amount so remaining uncalled for with the treasurer of the Commonwealth, with a schedule of the names and residences, so far as known, of the parties entitled thereto, and said treasurer shall receive and hold the same in trust for such parties and their representatives; and said treasurer shall pay over the same to the parties entitled thereto, upon proper demand made therefor, upon being furnished with evidence satisfactory to him of the identity of the claimant and the justice of the claim."

In June, 1883, an additional provision was enacted, requiring receivers to make annual returns to the court of the names, amounts due, and the residences, when known, of such persons as have not claimed the amount due them from any insolvent institution. The court has to require notices served on such persons, in due form. After one year from the date of such notice, the receivers are required to report again, after which all remaining moneys are to be turned over to the treasurer of the Commonwealth as before provided. All books and papers are to be deposited in like manner.

WILLIAM WOODWARD.

[TO BE CONCLUDED IN THE NEXT NUMBER.]

TRUST SPECULATION.

The newspapers are now devoting much attention to speculation in trusts. The number of certificates sold within sixty days in these unique, semi-existing concerns is a striking illustration of the wonderful faith of mankind in each other. For example, sugar certificates are among the favorites, yet when a person buys one of them, what is he really buying? Read the following:

This is to certify that —— is entitled to —— shares of The Sugar Refineries Company. This certificate is issued under and subject to the provisions of a deed dated the 16th of August, 1887. The shares represented by this certificate are transferable by the holder and his personal representatives in person or by attorney upon the books of the board and not otherwise, and only upon surrender of this certificate. They entitle the holder to the rights and are subject to the provisions mentioned in the deed. The interest of the holder is in the proportion of the number of shares represented by this certificate to the entire number of shares outstanding. The total amount represented by outstanding certificates and the terms of the deed may be changed from time to time by a majority in interest as therein provided. In witness whereof, etc.

It is very difficult to tell from the above certificate what the purchaser really buys, or whether he buys anything; notwithstanding these certificates have been flying around in a wonderful manner. The quantity of lead trust certificates on the market is still larger. The *Engineering and Mining Journal*, a highly trustworthy source of information, throws much light on the value of the properties that have been converted into a trust.

In order that the trust methods and the value of "trust securities" may be properly appreciated, we will give what investors will find to be very valuable information; namely, the approximate, though liberally estimated, cash valuation of the works which have been included in the lead trust.

	Approximate cash Valuation.
Atlantic White Lead Company, New York	$2,500,000
Collier White Lead Company, St. Louis	2,500,000
Southern " " "	2,500,000
Eckstein " " Cincinnati	1,250,000
John T. Lewis & Bro., Philadelphia	1,250,000
St. Louis S. & R. Company, St. Louis	700,000
Union White Lead Manufacturing Company, New York	200 000
Ulster White Lead Company, "	300,000
Jewett White Lead Company, "	500,000
Brooklyn White Lead Company, New York } Bradley " " Brooklyn }	1,250,000
	$12.950,000

Harrison Bros. & Co., Philadelphia; Billings' Rio Grande Works (smelters), Socorro, N. M., Maryland W. L. Co., Baltimore, and possibly a few other small concerns, figures not obtained.

These comprise, we believe, all the works of any importance in the

combination, and adding $2,050,000 for all the works in the trust whose values are not given above, it would make the liberally estimated cash valuation of the trust works as $15,000,000. The above figures given in detail are based on such authority that we believe their accuracy will not be questioned.

It may not be generally understood by the investing public that though the white lead industry in the past has not been very profitable, —the productive capacity of the works considerably exceeding the consumptive demand, and prices having been correspondingly depressed—yet in entering the lead trust the nominal valuation placed upon each works was four times its cash value, or assuming this to have amounted to $15,000,000, the certificates issued would not have exceeded $60,000,000.

It should, however, be stated that sixty per cent. of the business is to be derived from sheet and other manufactures of lead.

It would be interesting to know what the remaining $23,000,000 of certificates represent. Are they promoters' profits? As the certificates issued for the works are three-fourths "water," what might be a fair value for the 830,188 certificates on the market? The cash value of the works would certainly not make it more than $18 a share, while last week the quotation on the exchange varied between the limits of $32⅞ and $29¼, and this week are still from $25 to $23.

The National Lead Trust is one of those intangible concerns that, not being incorporated under any law, leaves the certificate holder not only without legal protection, but makes him an unlimited partner, so that, should misfortune befall the trust, any certificate holder could be held liable to an unlimited extent for damages or judgments obtained against it. This is certainly not a cheerful outlook for investors in a concern that may any day be brought up short by legislation against combinations like that recently passed in Michigan.

During last month those who were controlling these trusts were asked by the New York Stock Board for the number of certificates issued, and to this request they promptly responded.

It was reported at the time that they did so reluctantly; but in the light of later events it is quite probable that, after all, this request was only a part of their game to make even more money from their operations. For, if they had sold most of their certificates and then went short of the market, as is now believed by many, the quick and easy method of obtaining a new supply at lower figures was, of course, to make the cold and unwelcome revelation above given. At all events, their gains must have been enormous by their first sales. It is said that this lead trust has been engineered by the Standard Oil Company, the father and Solon of trusts, and if so, this last venture shows that it has grown more and more daring with age as well as richer. To sell $15,000,000 of property in a few months for $80,000,000, and then to make another large profit therefrom by partly destroying it is a feat not often done.

But the question may be asked, who engages in such kind of business? Has a single certificate been bought for permanent investment? We hope not, for certainly we cannot imagine any-

thing very permanent in property that is managed in this fashion. The probability is that every man bought with only one thought in mind, namely, that he could sell at a very considerable advance and pocket the difference for use on a summer excursion. This has been the leading motive in the entire movement. But little question or thought was taken of the worth of the property, and the nature of the certificates, or of the kind issued; but simply what would they bring? If, therefore, they will not bring as much as was paid for them, but in the aggregate many millions less, those who bought will be wiser than they were before, and if poorer, no one should regret their misfortune in the least, when remembering the cause of it. Such operations should arouse the sympathy of no one, as they are harmful to individuals and the public alike in the highest degree.

LEGALITY OF CERTIFYING WITHOUT A DEPOSIT.

COURT OF APPEALS OF NEW YORK.

Thompson v. *St. Nicholas National Bank.*

1. Where the holder of bonds payable to bearer transfers them to stockbrokers, to hold as margins on his individual stock transactions, and the brokers pledge them to a bank in the regular course of business, as security for current indebtedness, the bank acquires a valid title to them, and the owner cannot recover them, except by paying the amount for which they are pledged.

2. Certain bonds were deposited by brokers with a bank, on the credit of which the bank, on the same day, certified and paid the brokers' check for a large amount. The brokers made cash deposits with the bank on the same day. On the morning of that day the brokers were indebted to the bank on a running account, which also the bonds were pledged to secure, but the securities were at all times insufficient to cover the entire indebtedness. *Held* that, in the absence of any express application of the cash deposits by the parties, the law applies them to the earliest items of the account, in preference to the indebtedness incurred by payment of the certified checks.

3. The promise of a national bank to honor a depositor's checks has no contractual connection with the simultaneous act of the bank in certifying such checks for the benefit of anticipated holders; hence the validity of the debt created by paying the checks is not affected by Rev. St. U. S. §5,208, declaring it unlawful for national banks to certify any check unless the drawer have the amount thereof on deposit.

RUGER, C. J.—The uncontroverted proof on the trial established the following facts, viz.: That on the 18th day of April, 1874, Capron & Merriam, stock brokers in New York, deposited with the defendant, a national bank, 93 coupon railroad bonds, payable to bearer, of the par value of $1,000 each, as security for any indebtedness which they then were or might become liable for to such bank, with authority to sell such securities, either at public or private sale, without advertisement or notice, and apply the proceeds in payment of such indebtedness. Upon the same day, and upon the faith of such deposit, the defendant promised to pay Capron & Merriam's checks in favor of third parties, to the amount of upwards of $236,000, and simultaneously certified checks to that amount, which were presented by and paid to the holders thereof

during the same day. On Monday, the 20th of April, 1874, Capron & Merriam failed, owing to the defendant a balance of account of about $72,000, arising out of the transactions of the 18th day of April, 1874. This sum was made up by charging Capron & Merriam with the amount of the checks certified and paid on the 18th of April, certain other checks, paid through the Clearing House on the morning of that day, and a balance of account remaining unpaid upon the transactions of the preceding day, and deducting therefrom the amount of their deposits, being about $211,000, made on April 18th. On the 5th day of May, 1874, the plaintiffs' testator served a written notice upon the defendant to the effect that the bonds in question were his property, and forbidding them from parting with the same, except by his order, and demanding an account showing what lien the defendant claimed to have on the bonds.

Upon the trial the plaintiffs proved that their testator, previous to April 18, 1874, owned such bonds, and on that day, and the day previous, transferred them to Capron & Merriam, to be held as margins on his individual stock transactions. No payment upon the indebtedness of Capron & Merriam to the defendant was ever made, except some small sums received by way of interest, and the receipts from sales of the bonds in question and others held as security for it. Such receipts never amounted to the sum of the indebtedness. No offer to pay such indebtedness was ever made by the plaintiffs' testator, or request to redeem the bonds in suit, or admission of any right in the bonds by the defendant. The defendant never, in terms, refused to render an account of its transactions with Capron & Merriam to the plaintiffs' testator, but it did omit to send a written statement thereof in response to his notice requiring the same. The defendant subsequently sold all of the securities held by it, either at public or private sale, using its best efforts to obtain as large a price as possible for them, and realized less than the amount of the debt due to it from Capron & Merriam. The plaintiffs' testator in October, 1879, claiming to be the owner of the bonds, demanded of the defendant their unconditional delivery to him; and in April, 1880, brought this action to recover their possession. Each party, on the close of the evidence, requested the direction by the court of a verdict, and the court granted the request of the defendant, and ordered a verdict for it. To this direction the plaintiffs excepted.

The plaintiffs also asked to go to the jury, in case the court should refuse to direct a verdict for them upon certain grounds stated, upon the fact whether the defendant was not liable for the full value of 48 certain bonds "which they sold without notice to plaintiffs' intestate, and he is entitled to have applied on the bank's account the highest market price which they would realize in extinguishment of the bank's claim, leaving the rest of the securities free and clear." This was refused, and the plaintiffs excepted. The court ordered the exceptions to be heard in the first instance at the general term.

There were some exceptions to the admission or rejection of evidence by the court taken by the plaintiffs during the trial, but none are referred to in the appellants' brief on the argument before us, and they were all unimportant. Neither has the exception to the refusal of the court to permit the plaintiffs to go to the jury on the alleged question of fact been argued or presented on the appeal. The refusal of the court was so obviously proper, that it is unnecessary to spend time in discussing it.

It thus appears that the only exception in the case is to the direction of the court requiring the jury to find for the defendant. This exception presents the question whether, upon all of the facts of the case, the plaintiffs had established a right to demand the surrender of such bonds,

or any part thereof, by the defendant to them. We think there was no error in the disposition made of the case by the trial court. The complaint alleges the ownership of the bonds by the plaintiff; that on or about the 18th day of April, 1874, the defendant became wrongfully and illegally possessed of the same; that upon demand it had refused to deliver them up to plaintiff; and a demand of judgment for the return of the bonds, and, in case that could not be had, a judgment for their value. The answer denied all of the allegations of the complaint except its own incorporation, and a demand of the bonds by the plaintiff, and for a second defense alleged the transfer of said bonds to it by Capron & Merriam as security for certain loans and demands made to and for said Capron & Merriam, the non-payment of the debt for which they were pledged, and a sale of such securities pursuant to the agreement under which they were pledged.

The issue in the case was thus a plain one. The plaintiff claimed to be the absolute owner of the bonds, unaffected by any right which the defendant might assert in respect to them; and to maintain the action he was bound to show that no title passed to the defendant by their transfer, or that at some time prior to the commencement of the action he had become entitled to the possession of such bonds, or some part thereof. (*Duncan* v. *Brennan*, 83 N. Y. 487; *Clements* v. *Yturria*, 81 N. Y. 285; *Redman* v. *Hendricks*, 1 Sandf. 32; *Ingraham* v. *Hammond*, 1 Hill 353; *Pattison* v. *Adams*, 7 Hill 126.)

Assuming the validity of the transaction by which the defendant became possessed of the bonds, this could be effected only by proof that the debt for which they were pledged had been wholly paid or the tender of a sufficient sum to discharge such debt. (*Lewis* v. *Mott*, 36 N. Y. 395; *Bakeman* v. *Pooler*, 15 Wend. 637; *Talty* v. *Trust Co.*, 93 U. S. 321.)

This, confessedly, the plaintiff did not show. Various alleged equitable claims have been presented by the appellants as affecting the determination of this appeal; but, admitting their existence, the form of the action does not permit their consideration here. The action was replevin *in cepit*, and predicated upon the alleged wrongful taking by the defendant of the bonds in question from Capron & Merriam. The application of the deposits of the 18th day of April to the extinguishment of the unpaid balance of account existing against Capron & Merriam on the morning of that day, instead of the indebtedness created by the payment of the certified checks, was properly made, and could not be questioned by the plaintiff. The demand upon which they were applied was a running account, composed of a number of items accruing at different times, all equally secured by the collaterals held by the defendant, but which were always insufficient to discharge the whole debt. Under such circumstances, in the absence of any express application of payments by the parties, the law applies them to the earliest items of the account. (*Truscott* v. *King*, 6 N. Y. 147; *Harding* v. *Tifft*, 75 N. Y. 461; *Webb* v. *Dickinson*, 11 Wend. 62; *U. S.* v. *Kirkpatrick*, 9 Wheat. 720; Munger, Paym. 102.)

The main contention of the appellants is that the transaction by which the defendant certified checks for Capron & Merriam, without having an equivalent amount of money on deposit to meet them, was a violation of section 5,208 of the United States Revised Statutes, and that no valid debt against Capron & Merriam was created thereby; or, in other words, that the defendant did not become a *bona fide* holder of such bonds by reason of payments made in pursuance of such alleged illegal and prohibited arrangement. The statute is as follows: "It shall be unlawful for any officer, clerk, or agent of any national banking association to

certify any check drawn upon the association unless the person or company drawing the check has on deposit with the association, at the time such check is certified, an amount of money equal to the amount specified in such check. Any check so certified by duly authorized officers shall be a good and valid obligation against the association, but the act of any officer, clerk, or agent of any association in violation of this section shall subject such bank to the liabilities and proceedings on the part of the comptroller, as provided for in section fifty-two hundred and thirty-four."

It will be seen that the statute affirms the legality of the contract of certification, and expressly prescribes the consequences which shall follow its violation. It therefore appears that, so far from making the contract of certification void and illegal, its validity is expressly affirmed, and the consequences which follow a violation are specially defined, and impliedly limit the penalty incurred to a forfeiture of the bank's charter and the winding up of its affairs. There is a clear implication from this provision that no other consequences are intended to follow a violation of the statute. It would, indeed, defeat the very policy of an act intended to promote the security and strength of the national banking system if its provision should be so construed as to inflict a loss upon them, and a consequent impairment of their financial responsibility.

The decisions of the Supreme Court of the United States are uniform in giving this construction to the provisions of the national banking act. (*Bank* v. *Stewart*, 107 U. S. 676, 2 Sup. Ct. Rep. 778; *Bank* v. *Matthews*, 98 U. S. 621; *Bank* v. *Whitney*, 103 U. S. 99.) The principle decided in *Bank* v. *Stewart* seems to be in point. There the bank made a loan upon the security of shares of its own stock, which loan was prohibited by section 5,201 of the United States Statutes. After the debt became due the bank sold the shares and applied their proceeds to the payment of the debt. The administrators of the debtor sued to recover the proceeds of the sale, and it was held that they could not recover, as the contract had been executed.

In *Bank* v. *Matthews* the court held that a mortgage on real estate taken to secure an existing indebtedness, and for future advances, was a valid security in the hands of the bank, although by sections 5,136 and 5,137 of the Revised Statutes of the United States it was impliedly prohibited from taking such securities. It was held that the Government alone was entitled to prosecute for the offense committed by the bank in taking a prohibited security, Justice Swayne saying: "The impending danger of a judgment of ouster and dissolution was, we think, the check, and none other, contemplated by Congress." The same principle was held by this court in *Bank* v. *Savery*, 82 N. Y. 291.

But we are further of the opinion that the section has no application to the question here, which concerns the relations between Capron & Merriam and the defendant alone. By the deposit in question Capron & Merriam secured the promise of the bank to protect their checks of a certain day for a specified amount. The certification of these checks was entirely aside from this agreement. That was a contract between the bank and the anticipated holders of the checks. Capron & Merriam had received the consideration for their pledge when the bank agreed with them to honor their checks. This would have been equally effectual between these parties without any certification. That act was simply a promise to such persons as might receive the checks, that they should be paid on presentation to the bank, in accordance with a previous agreement with Capron & Merriam. The legal effect of the agreement was that the bank should loan a certain amount to Capron & Merriam, and would pay it out on their checks to the persons holding them. It

was entirely lawful for the bank to contract to pay Capron & Merriam's checks, and it did not affect the legality of that transaction that they also represented to third parties that they had made such an agreement and would pay such checks. Capron & Merriam cannot dispute their liability for the amount paid out in pursuance of such an agreement, and neither can any other party standing in the shoes of the bank depositor. The fact that the bank, in connection with an agreement to pay such checks, had also promised third parties to pay them, could not invalidate the liability previously incurred, or impair the security which had previously been given to it upon a valid consideration. The fact of the certification was entirely immaterial in respect to the liability incurred by Capron & Merriam to the bank.

We have been unable to discover any evidence in the case impairing the title to the bonds acquired by the bank through their transfer by Capron & Merriam to it. The purpose for which they were transferred by Thompson contemplated their possible and probable transfer and sale by Capron & Merriam, and the bank acquired a valid title to them by such transfer. The evidence showed that the transaction between Capron & Merriam and the bank was in the ordinary course of business pursued by the bank, and that it received the bonds in good faith for a valuable consideration. Within all the authorities, this gave it good title to such securities. (*Welch* v. *Sage*, 47 N. Y. 143; *Murray* v. *Lardner*, 2 Wall. 110; *Machine Co.* v. *Best*, 105 N. Y. 59, 11 N. E. Rep. 146.)

The bank, having acquired a valid title to the bonds, was authorized to deal with them for the purpose of effecting the object for which they were transferred by Capron & Merriam. (*Talty* v. *Trust Co.*, 93 U. S. 321.) Its right to hold the bonds continued so long as any part of the debt against Capron & Merriam remained unpaid. The plaintiffs' intestate could undoubtedly at any time have established his equitable right to a return of the bonds, and procured their surrender, by paying the amount for which they were pledged; but this he not only refrained from doing, but impliedly denied any right in the defendant, by demanding the unconditional surrender of the bonds. This he never became entitled to, and, of course, is not authorized to recover their possession in this action.

The judgment should be affirmed, with costs.

All concur.

RIGHT TO WITHDRAW DEPOSIT MADE TO PAY CREDITOR.

SUPREME COURT OF KANSAS.

Brockmeyer v. *Washington Nat. Bank.*

Where a bank delivers to another bank money and securities to pay a creditor, and the account is kept in the name of the depositing bank or its owner absolutely, and not as trustee for the creditor, the bank making the deposit may withdraw it at any time before the creditor has notice of the transaction.

PER CURIAM.—The opinion heretofore filed in this case is seriously disputed. (40 Kan. ——, 19 Pac. Rep. 855.) It is again claimed that although Brockmeyer had no knowledge or notice of the deposit of moneys, drafts, etc., in the Washington National Bank to pay the liabilities of the German Savings Bank, that Knowles, who was in fact the German Savings Bank, had no authority to withdraw the deposit, or revoke the order given to the Washington National Bank to pay the claims of the German Savings Bank. Notwithstanding the cases cited

and referred to, we think the views expressed in our former opinion do not require modification or change. In the former opinion a portion of section 1,045, 2 Story, Eq. Jur., was quoted, and section 1,046 reads as follows: "It is true that in every case where a consignment or remittance is made, with orders to pay over the proceeds to a third person, the appropriation is not absolute; for it amounts to no more than a mandate from a principal to his agent, which can give no right or interest to a third person in the subject of the mandate. It may be revoked at any time before it is executed, or at least before any engagement is entered into by the mandatary with the third person to execute it for his benefit, and it will be revoked by any prior disposition of the property inconsistent with such execution; but if no revocation is made, and the mandate continues in full force, the trust of such continues for the benefit of such third person, who, after his assent thereto notified to the mandatary, may avail himself of it in equity without any reference to the assent or dissent of the mandatary upon such notice, for his receipt of the property binds him to follow the orders of his principal." We find in volume 3 of Pomeroy's Equity Jurisprudence the rule to be declared as follows: "Although, whenever a debtor, in the manner above described, makes to his creditor an equitable assignment of a specific fund or debt in the hands of or owing by a third person, the assent of such third person is not requisite to the effect of the transfer in equity; yet the assignment, appropriation, direction, or order is not absolute, but may be revoked by the debtor-assignor at any time before the creditor-assignee has been notified of it, and has expressly or impliedly assented thereto. In such a case, notice to and assent by the creditor-assignee are essential to an absolute assignment." (Section 1,281.) "In all cases, even when the assignee was not a creditor of the assignor, the order must be delivered to the intended payee, or he must be notified of it by the drawer's procurement, in order that it may operate as an equitable assignment, A mere letter, communication, or other mandate to the agent, depositary, or debtor, directing him to pay the fund to a designated person, will not of itself operate as an assignment; but it may be withdrawn or revoked at any time before the arrangement is completed, by information given to the intended payee by or on behalf of the drawer. What shall amount to the present appropriation which constitutes an equitable assignment is a question of intention to be gathered from all the language, construed in the light of the surrounding circumstances. For example, while it is not essential to the existence of an equitable assignment of a fund that the debtor, agent, or depositary should be expressly directed to pay over the money to the assignee, the absence of such a direction may tend to show an intention not to transfer a present interest in the fund, but that the arrangement is wholly executory and prospective." (Section 1,282.)

In support of the rehearing, several cases are cited that an irrevocable trust may be created for the benefit of a third person, without his knowledge at the time, but most of the cases are conveyances of real estate, in which the consent of the grantee or beneficiary is presumed until he expresses his dissent or refusal. (See *Skipwith* v. *Cunningham*, 8 Leigh, 271; *Field* v. *Arrowsmith*, 3 Humph. 442; and *Shepherd* v. *McEvers*, 4 Johns. Ch. 136.) In all of these cases the deed passed the legal title of the estate to the trustee, and it was decided that the law presumes every estate given by will or otherwise is beneficial to the party to whom it is given until he releases it; that therefore the assent of the grantee is implied in all conveyances—*First*, because of the supposed benefits; *secondly*, because it is incongruous and absurd that when a conveyance is completely executed on the grantor's part the estate

should continue in him; and, *thirdly*, to prevent the uncertainty of the freehold. In the other cases referred to the debtor-assignor had parted with all control of the specific fund, money, or property assigned or transferred. If we should approve all of these decisions, it would not necessarily follow that Brockmeyer was entitled, after the revocation of the order to the Washington National Bank, to recover of that bank any part of the deposit which had been withdrawn. The petition shows that Knowles kept two accounts with the Washington National Bank: "One in the name of E. C. Knowles, and one in the name of the German Savings Bank; that amounts of $2,450.15 and $4,073.35 were placed to the credit of the account kept in the name of the German Savings Bank; that on the 17th day of June, 1884, the account of the German Savings Bank with the Washington National Bank showed a balance in favor of the German Savings Bank of $6,126.82, which was $1,951.93 more than was necessary to pay the claims against that bank; and that on the 17th day of June, 1884, the Washington National Bank transferred the balance due the German Savings Bank to the account kept in the name of E. C. Knowles." It is conceded that E. C. Knowles was the owner of the German Savings Bank, and therefore as the money, drafts, notes, etc., of the German Savings Bank were deposited in the Washington National Bank in the name of the German Savings Bank, Knowles never placed himself in such a position that he could not revoke his order to the national bank to pay the claims of the German Savings Bank, if the revocation was made before Brockmeyer was notified of the deposit; hence, we think this case is very different from the cases referred to in the decisions concerning real estate, where the legal title became vested in a trustee, and from that moment the title was beyond the power of the grantor. If the deposit or transfer by the German Savings Bank to the Washington National Bank had been intended to be absolute, the account would have been kept, in the name of the Washington National Bank, as trustee for the creditors of the German Savings Bank, or the deposit would have been placed in the name of the creditors. We think, as we stated in the former opinion, that the German Savings Bank, or its owner, Knowles, had the authority to revoke his arrangement with the national bank about paying the creditors of the German Savings Bank at any time before they had knowledge or notice thereof. The motion for rehearing will be overruled.

SET-OFF OF DEPOSIT AGAINST DEPOSITOR'S NOTE.

COURT OF CHANCERY OF NEW JERSEY.

Camden National Bank v. *Green.*

The bank discounted a note of $1,500 for A. G., the husband of G., the defendant. A. G. gave checks on this fund until it was reduced to $846.06, when he died, leaving a will in which he made the defendant his sole legatee and executrix. She procured this $846.06 and other moneys to be transferred to her individual credit in the same bank. When the $1,500 note fell due there was to the credit of the defendant more than the amount of it; nor had the amount of her credit been reduced below the $846.06 at any time. The bank charged the note to her account. The defendant brought an action at law, and recovered judgment for the entire sum due on the account prior to said charge. This bill is filed to restrain the collection of the judgment, except so much as is in excess of the $846.06. It appearing that the estate of A. G. has been declared to be insolvent, it is *held* that the bank is entitled to the relief prayed for.

BIRD, V. C.—Albert Green, in his lifetime, procured this bank to

discount a note for him in the sum of $1,500. Before it came due Green died, leaving $846.06 of the proceeds of said note to his credit on the books of the bank. He left also a last will, by which he gave all his estate to his wife, the defendant, and made her his sole executrix and legatee. She proved the will, and qualified as executrix, and then sent her agent to the bank, with a check covering the $846.06, and had that sum passed to her own individual credit. She had also drawn several checks on other banks for the balance of deposits to the credit of her husband at the time of his death, which the said agent had placed to the credit of Mrs. Green in the bank of complainant. The whole amount of the said deposit exceeded the sum of $1,500. Before the said note became due several checks had been drawn against the said deposit by Mrs. Green, and several additional sums had been deposited in favor thereof. But, notwithstanding the drafts made on said fund, at no time was it reduced below the sum of $846.06, the balance of the proceeds of the note so discounted at the time of the testator's death; and when the said note fell due it was charged up to the account of Mrs. Green, there being at that time $1,500 to her credit. Nevertheless Mrs. Green drew her check for the whole amount which was due to her prior to the charge of the note so discounted, and, payment being refused, she brought her action at law, and recovered a judgment for the whole amount of the credit. The bank offered to show that it was entitled to retain the balance of the proceeds of this note by virtue of an agreement between the bank and said agent, but, failing in that, it was without relief in a court of law. Hence the complainant seeks the aid of a court of equity in the hope of sustaining a defense to such claim to the extent of the $846.06. Four points have been pressed upon my attention by the complainant. (1) That the $846.06 which was transferred at the request of Mrs. Green from the account of her deceased husband were the proceeds of the note which had been discounted for his benefit; (2) that the account of Mrs. Green was never reduced below the amount of $846.06; (3) that the bank has not filed any claim with the executrix within the time required by law; (4) that the executrix has taken proceedings to declare the estate of the said decedent insolvent.

1. It was thought not to be of slight importance in this effort to sustain equitable set-off, which cannot be recognized at law, to show that the controversies between the parties grew out of the same pecuniary transaction, or pertain to the same matter or thing, so that the natural equity spoken of in the books enables the court to protect the one party against injustice from the other. Story, in his Commentaries on Equity Jurisprudence, § 1434, says: "But if there is a connection between the demands, equity acts upon it and allows a set-off under particular circumstances." (See, also, *Id.* § 1437; *Jordan* v. *Bank*, 74 N. Y. 473; *Bathgate* v. *Haskin*, 59 N. Y. 537, 538; *Lindsay* v. *Jackson*, 2 Paige, 581.) Nor can there be the slightest doubt but that had this $846.06 remained in the bank to the credit of the deceased testator when the note fell due, the bank would have had the right to apply it to the payment of the note *pro tanto*. (*Jordan* v. *Bank*, 74 N. Y. 473; 1 Morse, Banks, §§ 328–330; 1 Jones, Liens, §§ 241, 242 *et seq.*)

2. It is of consequence in such cases to be able to trace and identify the same fund, subject-matter, or thing which represents the transaction, or concerning which the parties contracted. It is this which gives rise to the lien or equitable claim which is recognized as distinguishable from set-offs allowed at law. And this idea is expressed with not a little force and clearness by Lord Mansfield in *Dale* v. *Sollet*, 4 Burrows, 2133. Though the action was at law, the language of his lordship can never be quoted amiss in the discussion of any such issue. The question was

whether a broker was entitled to £40 out of £2,000 for his services in the sale of lands for which he received £2,000, without pleading it by way of set-off. The court said: "This is an action for money had and received to the plaintiff's use. The plaintiff can recover no more than he is in conscience and equity entitled to, which can be no more than what remains after deducting all just allowances which the defendant has a right to retain out of the very sum demanded. This is not in the nature of a cross-demand or mutual debt; it is a charge which makes the sum of money received for the plaintiff's use so much less." It is said that in the case in hand the bank never parted with the $846.06 parcel of the proceeds of the discounted $1,500 note up to the time that that became due. It is true that the $846.06 was transferred to the account of Mrs. Green; but it is insisted that that can make no difference in the application of legal principles, since she is simply the representative, and stands in the place, of the deceased testator. I am quite clear that the fact of her having the deposit made in her individual name is in no wise a prevention of the application of equitable principles, and this is especially so since she is the sole legatee; and, if she alone were interested, and not creditors, I think there would be no difficulty in pronouncing a decree for complainant.

3. The only importance to be attached to the fact that the bank has not filed its demand or claim with the executrix is that, since the estate is insolvent, it will lose its entire demand, unless there is such equity in this behalf as is claimed. And, yet if this equity does exist, then the claim of the bank is superior to this extent to that of any other creditor. The neglect of the creditor in such case does not move the court, but the equitable right, if one is ascertained. And this may be affirmed of every such case, as we shall now see.

4. In such questions, insolvency has always been regarded as of great consequence. In this case the executrix filed her petition declaring the estate of the testator insolvent, and asking the aid of the court in the premises. It will be found that, so far as the courts of this country have had this question under consideration, the insolvency of one dealer greatly advances the interests of the other when the latter still has the means in hand with which to discharge the claim made against him either by the insolvent or by his representative, in whole or in part. (*Receivers* v. *Gas-Light Co.*, 23 N. J. Law, 283-299; *Bathgate* v. *Haskin*, supra; *Jordon* v. *Bank*, supra; *Lindslay* v. *Jackson*, supra; *Gay* v. *Gay*, 10 Paige, 376; *Simson* v. *Hart*, 14 Johns. 63; *Ford* v. *Thornton*, 3 Leigh, 698.) In this last case that which I find frequently affirmed is stated—that is, that equitable set-offs or discounts existed prior to the statute—citing Ex parte Stephens, 11 Ves. 24; Ex parte Blagden, 19 Ves. 466; and Ex parte Flint, 1 Swanst. 30, 34; and adds that the doctrine of stoppage *in transitu* has always been extended further than that of set-off, even under the English statute respecting mutual credits. In this case Gregory, who was indebted to the bank on a note payable in 60 days, died before its maturity, having a deposit in bank larger than the amount of the note. His estate was insolvent. It was held that the bank had the right to deduct the whole amount of the note from the sum on deposit, even though there were claims against the estate, of a superior dignity to the debt due to the bank. The court said: "Had Gregory in his lifetime sued the bank for deposit, though it could not set off at law, because his note was not due, yet, upon showing in a court of equity that Gregory and his indorsers were insolvent, there could be no question of its right there, to stop the amount in his own hands." It was thought that the transfer of the account to the individual name of Mrs. Green constituted a successful defense, but, as intimated, I cannot per-

ceive that this makes any material difference, since the rights of no others have intervened; for until the estate was finally settled she could only hold these moneys in trust, just as they were held at the instant of her husband's death, in trust by the bank. She might thwart the forms of mere legal procedure, but not equitable. The real character of the transaction, or the true owner of a fund, or of an account, or of a deposit, may be shown. (Wat. Set-Off, §§ 217-219; *Chandler* v. *Drew*, 6 N. H. 469; *Andrews* v. *Varrell*, 46 N. H. 17; *Doyley* v. *Doyley*, 2 McCord, 186; *Hendricks* v. *Toole*, 29 Mich. 340; *Stair* v. *Bank*, 55 Pa. St. 364; *Viets* v. *Bank*, 101 N. Y. 563, 568, 573, 5 N. E. Rep. 467; *Van Alen* v. *Bank*, 52 N. Y. 1, 6; *Frazier* v. *Bank*, 8 Watts & S. 18; *Armstrong* v. *City of Lancaster*, 5 Watts, 68.) I think it is well settled that when an estate passes into the hands of an assignee, receiver, or administrator, the other party may come into equity, if there be no relief at law. (*Receivers* v. *Gas-Light Co.*, 23 N. J. Law, 283, 294; *McLaren* v. *Pennington*, 1 Paige, 102, 112; *Miller* v. *Receiver*, *Id.* 444.) The executrix and legatee having, in a formal manner, declared the estate insolvent, gave to the complainant a right to equitable relief. The injunction should be made perpetual against recovering any more of the judgment at law than that which is in excess of $846.06, without costs.

LIABILITY OF INDORSER ON NOTE FRAUDULENTLY ALTERED.

COURT OF APPEALS OF MARYLAND.

Burrows v. *Klunk.*

K. endorsed certain notes which were afterwards raised by the maker from $50 each to $550 each, by inserting the words "five hundred and" before the word "fifty" and the figure 5 before the figures 50. At the time of the endorsement by the defendant there were blank spaces left in the body of the note which could easily be filled up in the manner stated. In an action by a *bona fide* holder for value, before maturity, against K. to recover the amount of the notes as altered, it is *held*, that the plaintiff cannot recover, as the defendant is not to be held negligent in signing and leaving them as he did.

The principle that where one of two innocent parties must suffer, that one should suffer whose negligence has enabled the third party to commit the wrong, does not apply to a case like the present. *Young* v. *Grote* 4 Bing. 253, doubted and distinguished.

MILLER, J.—John Burrows sued Francis Klunk as joint maker or indorser of two promissory notes, each purporting to be for $550, signed by Charles F. Klunk, dated February 7th, 1887, and payable to the order of Burrows, one on the first of June and the other on the first of July following. The defense is that these notes had been fraudulently raised from $50 to $550 each. At the trial two exceptions were taken by the plaintiff, which need not be stated at length. On some points there is a conflict of testimony, but as to the following material facts there appears to be no contradiction.

Charles F. Klunk is the son of the defendant, Francis A. Klunk. The son had become indebted to the plaintiff, Burrows, in about the sum of $4,000, and the plaintiff visited his house on the 5th of February and told him to get notes indorsed by his father to the amount of $1,100, and that his (the son's) father-in-law would settle the balance. On the

same day the son called upon his father with five promissory notes in favor of Burrows drawn up by the son and signed by him as maker for $50 each, and asked his father to indorse them, which the latter positively refused to do. On the next day, February 6th, the plaintiff and the son visited the father at his house, but the plaintiff testifies there was nothing then said about indorsing notes in the presence of the father, and that he went there simply for the purpose of being introduced as the gentleman who was furnishing the son with goods. On the following Tuesday, February 8th, the son again called upon his father at his shop, again importuned him to indorse these five notes, and after a good deal of persuasion he agreed to indorse two of them, which matured respectively on the 1st of June and the 1st of July, 1887. Before doing so he took them to his office, read them over carefully, saw they were for $50 each, that they were dated the 7th of February, and were payable to the order of the plaintiff. He then wrote his name on the back of each, and delivered them to his son. The latter has gone away, and when the notes were produced at the trial, it appears the words "Five hundred and" had been inserted before the word "Fifty" in the body, and the figure "5" before the figures "50" in the left hand upper corner of each of them.

This statement is taken mainly from the testimony of the defendant, which in these particulars is uncontradicted. The notes themselves have been submitted to us for inspection. This inspection shows that, if they were thus altered, the alterations must have been made by the son after his father wrote his name upon them, and before they were delivered to the plaintiff, and that they must have been in such condition when signed by the defendant, as to admit of the alterations being so made as to readily deceive innocent third parties. There must have been a space between the "$" and the figures "50" sufficient for the insertion of the figure "5," and a blank before the word "Fifty" sufficient to let in the words "Five Hundred and." As they now appear, they are throughout in the handwriting of the son, who signed them as maker, written with the same ink, and with no discoverable trace of erasure.

It was left to the jury, by the granting of the plaintiff's and defendant's first prayers, to find whether the alterations had been made, and the verdict shows that they found this issue of fact in the affirmative. But the plaintiff has testified that he had no knowledge of these alterations when he received the notes, and the question is, can he recover upon them against the defendant, even if he had no such knowledge? It is manifest that if the defendant is made liable for the full amount of these altered notes he will suffer a wrong and sustain a loss, by means of a crime not less serious than the forgery of his signature. If his signature had been forged, or if the notes had been raised by obliteration of the writing by any chemical process, or by any other device of an ingenious forger, it is conceded he would not be liable. But because these small spaces were in the notes when he wrote his name upon them, it is contended that he was negligent in signing and leaving them in that condition, and that the doctrine that where one of two innocent parties must suffer that one should suffer whose negligence has enabled the third party to commit the wrong, is invoked against him. There are some cases in which this doctrine has been applied to negotiable instruments in order to protect innocent holders for value, but we think the weight of authority in this country is against its application to a case like the present. In support of this position we refer to the able judgment of the Supreme Court of Michigan delivered by Judge Christiancy in *Holmes* v. *Trumper* 22 Mich. 427, and the equally able and elaborate opinion of the Supreme Judicial Court of Massachusetts, delivered by

Ch. J. Gray in *Savings Bank* v. *Stowell*, 123 Mass. 196; also to the cases of *Godman* v. *Eastman*, 4 N. H. 455; *McGrath* v. *Clark*, 56 N. Y. 34; *National Bank* v. *Clark*, 51 Iowa, 264, and *Worrall* v. *Green*, 39 Pa. St. Rep. 388. Such also seems to be the effect of the decisions of the Supreme Court in *Wood* v. *Steele* 6 Wallace 80, and *Angle* v. *Mutual Life Ins. Co.* 92 U. S. 330.

The case of *Tome* v. *Parkersburg R. R. Co.*, 39 Md. 36, is quite different from this. The main question involved in that case was the extent of the liability of private corporations for the acts of their agents done within the scope of their employment, expressed or implied. The party who committed the fraud was the treasurer and stock transfer agent of the company, intrusted with its seal, with books of stock certificates signed in blank by the president, and was put in sole charge of the company's office in Baltimore. He was thus furnished by the company with every facility for making a fraudulent issue of stock. But here no such relation existed between the defendant and his son. The latter was neither the agent nor even the employe of the former. The notes were simply delivered to him after they had been signed, for the purpose of being carried to the plaintiff.

Nor is it a case where one signs a note in blank as to amount, and delivers it to another for use with intention that the blank should be filled. In such case the instrument carries on its face an implied authority to fill the blank, and the signer makes the person to whom it is thus delivered his agent for that purpose, and is responsible to an innocent holder for value for whatever sum may be inserted. But here each note was complete on its face when it left the hands of the defendant. A sum payable was actually written in it, and the date, time of payment, and the name of the payee were all inserted. In such case there can be no inference that the defendant authorized anyone to increase this amount simply because blank spaces were left in which there was room to insert a larger sum. It may have been carelessness in the defendant to sign the notes without drawing lines through these spaces, but he was evidently not a business man accustomed to sign notes, and it was not his carelessness, but the crime committed by another, that was the proximate cause that misled the plaintiff.

Appellant's counsel have placed great reliance upon the English case of *Young* v. *Grote*, 4 Bing. 253. In that case a husband, having occasion to leave home for several days, signed checks upon his banker in blank, left them with his wife with directions to have them filled up with such sums as the purposes of his business might require during his absence. The wife, in order to pay wages to persons employed by her husband, directed a clerk, who was also employed by him, to fill up one of these checks for a certain sum. The clerk did so, showed it to her, and she directed him to draw the money from the banker. When drawn up by the clerk the check was in substantially the same form as to blank spaces, as these notes, and before he presented it the clerk had in the same manner raised it to a much larger sum. The banker paid the raised check in good faith, and was protected in so doing against the claim of his customer, the husband. The difference as to facts, between that case and this, is that there the check was signed in blank by the husband who constituted his wife his agent to fill it up, and the raising or forgery was committed by a clerk in his employment. It was also a case between banker and customer and in *Savings Bank* v. *Stowell*, *supra*, the position is taken that "the maker of a promissory note holds no such relation to the indorsees thereof as a customer does to his banker: the relation between banker and customer is created by their own contract, by which the banker is bound to honor his custom-

er's drafts, and if the negligence of the customer affords opportunity to a clerk or other person in his employ to add to the terms of a draft, and thereby mislead the banker, the customer may be well held liable to the banker." There is force in this position; but the case of *Young* v. *Grote*, though it has not, so far as we can ascertain, been directly overruled, has been seriously questioned, not so much as to its result, but as to the reasoning on which it is founded. Subsequent comments of the English judges go far to limit the doctrine there laid down to the peculiar circumstances of that case. All the decisions containing the comment, made up to that time, are referred to in *Savings Bank* v. *Stowell*. To these we may add the more recent case of *Baxendale* v. *Bennett* in the Court of Appeals Law Rep. 3 Queen's Bench Div. 5,251, in which Brett, L. J., said: "I think the observations made by the Lords in the case of *Bank of Ireland* v. *Evans Charity*, trustees, 5 H. L. C. 389, have shaken *Young* v. *Grote* and *Coles* v. *Bank of England* (10 A. & E. 438) as authorities." The case is discredited, if not overruled as authority, and we have found no English decision in which the maker of a promissory note has been held liable under circumstances similar to those which exist in the present case.

We approve and adopt the following reasoning in *Holmes* v. *Trumper* (*supra*). "The negligence, if such it can be called, is of the same kind as might be claimed if any man in signing a contract were to place his name far enough below the instrument to permit another line to be written above it in apparent harmony with the rest of the instrument; or as if an instrument were written with ink the material of which would admit of easy and complete obliteration or fading out by some chemical application which would not affect the face of the paper; or by failuring to fill any blanks at the end of any line which might happen to end far enough from the side of the page to admit the insertion of a word."

"Whenever a party in good faith signs a complete promissory note, however awkwardly drawn, he should, we think, be equally protected from its alteration by forgery in whatever mode it may be accomplished, and unless perhaps when it has been committed by some one in whom he has authorized others to place confidence as acting for him, he has quite as good a right to rest upon the presumption that it will not be criminally altered, as any person has to take the paper on the presumption that it has not been, and the parties taking such paper must be considered as taking it upon their own risk, so far as the question of forgery is concerned, and as trusting to the character and credit of those from whom they receive it and of the intermediate holders."

"If promissory notes were only given by first class business men who are skillful in drawing them up in the best possible manner to prevent forgery, it might be well to adopt the high standard of accuracy and perfection which the argument in the behalf of the appellant would require. But for the great mass of the people who are not thus skillful nor in the habit of frequently drawing or executing such paper, such a standard would be altogether too high, and would place the great majority of men of even fair education and competency for business at the mercy of knaves, and tend to encourage forgery by the protection it would give to forged paper."

We are all of the opinion that the defendant is not liable for the amount of these raised notes. In some of the cases, especially in *Pennsylvania* and *Mississippi*, recovery has been allowed for the amount of the note before it was thus altered. This, however, seems to ignore the principle said to be of universal application, that any material alteration of a written instrument avoids it *in toto* as to any party to it who has

not assented to such alteration. But that question does not arise on this appeal. The verdict and judgment were in favor of the plaintiff for the original amount of notes with interest, and the defendant has not appealed.

In thus disposing of the case we have assumed, and must not be understood as having decided, that the plaintiff is a holder for value. It follows from what we have said that the court below was right in admitting the testimony objected to in the first exception, and that there is no error prejudicial to the appellant in the rulings upon the prayers. The judgment is therefore affirmed. Judgment affirmed.

LEGAL MISCELLANY.

BANKS AND BANKING—DEPOSITOR.—A depositor of a certain bank instructed it to charge to his accounts a note upon which he was surety, and which was payable to the bank. The note was not so charged, but it was agreed that the bank should at any time thereafter have the right to make such entry, and that the note should be held by the bank to be collected for the benefit of the depositor: *Held*, that such agreement gave to the bank a right which it would not otherwise have had, and that the depositor became the owner of the note. [*Harrison* v. *Harrison*, Ind.]

NEGOTIABLE INSTRUMENTS.—A complaint in an action on a note, which alleges that the note has been accidentally destroyed by fire, and sets out a copy of it, need not allege that the destruction of the note occurred without plaintiff's fault. [*Cunningham* v. *Hoff*, Ind.]

NEGOTIABLE INSTRUMENTS—INDORSEMENT.—One who obtains possession of a note after indorsing it is restored to his original position, and cannot, nor can subsequent purchasers from him with notice of the fact, hold intermediate indorsers, who could look to him again. [*Adrain* v. *McKaskill*, N. Car.]

NEGOTIABLE INSTRUMENTS—VALIDITY.—Under Gen. St. Ky. ch. 22, § 13, where a note signed by defendant and one M. was made payable to the order of M. and the latter signed his name on the back of the note, and delivered it to the plaintiff, that the defendant became liable to the plaintiff. [*Jenkins* v. *Bass*, Ky.]

NEGOTIABLE INSTRUMENT.—In an action on a note given by the defendant to the plaintiff, a canal company, for some of its stock, alleged misrepresentations made by the plaintiff are not available to the defendant, where he has not elected to rescind the contract for the sale of stock, and has not set up any counter-claim for damages on account of such misrepresentations. [*Upper San Joaquin Canal Co.* v. *Roach*, Cal.]

NEGOTIABLE INSTRUMENT.—In an action on notes given for the purchase price of an engine and saw-mill, a plea of breach of warranty and failure of consideration does not vary or contradict the written contract between the parties, and may be made without alleging fraud, accident, or mistake. [*Aultman* v. *Mason*, Ga.]

NEGOTIABLE INSTRUMENT.—Under code Ga. § 3,471, defendant, in an

action on a note, after pleading the general issue, may amend so as to allege as a defense that the note was given in part payment for land; that plaintiff represented that he had a complete title to the land, and agreed to deliver a perfect title, but that in fact he failed to give him title, whereby the consideration of the note wholly failed. [*Hall* v. *McAuthur*, Ga.]

NEGOTIABLE INSTRUMENT.—An accommodation note has no validity until it has passed into the hands of a third party for value. [*Second Nat. Bank* v. *Howe*, Minn.]

NEGOTIABLE INSTRUMENTS—CONTRACT OF GUARANTY.—A written instrument, in the ordinary form of a promissory note, with the exception of a clause stating that the note is given to secure the payment of a certain debt, does not become a contract of guaranty by the addition of such clause. [*Clanin* v. *Esterly Machine Co.*, Ind.]

BANKS AND BANKING—COLLECTIONS.—Plaintiff sent to defendant's bank paper indorsed "For collection and immediate return" to plaintiff, and the paper was collected, and the proceeds mingled with other moneys of the bank, instead of forwarded to plaintiff: *Held* that, if the mingling of the funds was a breach of trust, it was a conversion; and plaintiff became a simple contract creditor, with no preference at law. [*Philadelphia Nat. Bank* v. *Dowd* (U. S. C. C.) N. Car.]

NEGOTIABLE INSTRUMENTS—GUARANTY.—Defendants signed on each of certain notes a guaranty to the payee thereof for "the punctual payment of the interest on the above note, and in default of such payment by the promisor we hereby promise to pay the same on demand:" *Held*, that the guarantors were liable for interest accruing after as well as before maturity of the note, and that separate actions might be maintained against them therefor without including the interest on the principal debt. [*King* v. *Bates*, Mass.]

NEGOTIABLE INSTRUMENTS.—A note taken in payment of a patent-right, in violation of a statute which makes it a misdemeanor for any person to sell a patent-right without first filing copies of the letters patent, and which does not contain the words "given for a patent-right," as required by statute, is good in the hands of one who purchases it in good faith, without notice, before maturity. [*Tescher* v. *Merea*, Ind.]

NOTARY PUBLIC—BONDS.—False certificate of a notary to note and mortgage which proved to be forgeries: *Held*, to be the proximate cause of the loss, and surety on notary's bond was liable. [*People* v. *Butler*, Mich.]

BANKING IN TEXAS.

The following account of banking in Texas is taken from a paper read by Mr. J. E. McAshan, of Houston, before the last convention of the State Bankers' Association of Texas, at Dallas.

"The history of banking in Texas is an epitomized history of hostility to the institution. Of the five State constitutions we have had, the only two which were conceived in soberness, and are the honest exponents of our people's maturest and soberest judgment, those of 1845 and 1876, the latter being still the organic law of the State, contained prohibitory clauses to the chartering of banks. The constitution of 1861 being the secession constitution, and that of 1866 being the reconstruction constitution, and each being very short lived, and being created for the purposes which their names designated, and also the constitution of 1870, which also had a brief existence, contained no prohibitions to corporate banking. It was under the last named that our present State banks were chartered and organized. The act of the Legislature of April 7, 1846, prohibited the issue of money by any firm, and was aimed at and applied to individuals who attempted to create a circulating medium. The declaratory act of March 20, 1848, was based on the general provisions of the constitution of 1845, contained in section thirty, and was intended to suppress banking entirely, and applied to corporations, companies and associations. These things sufficiently evince the animus of our people to our profession. It is not so much these statutes and laws which we condemn and deplore. It is the hostility and crudity of the public opinion which gives them birth, that causes the banking fraternity and the world at large to regard them with amazement. Other States of the Union have not found them necessary, and in Texas they impede the roll of the car of progress. The people at large should understand that only those things can live, grow and expand in the face of bitter hostility and opposition, which serve high and useful purposes and are based upon the actual needs of mankind in their commercial relations.

"The growth of banking in Texas demonstrates fully and completely the absurdity and unreasonable nature of the opposition to proper, honest and legitimate banking. The earliest banking that was done in Texas was in the nature of special deposits. Bags, boxes and other receptacles for money were deposited for safe keeping in the safes of the merchants, and were always reclaimable, never forming a part of the business of the trustee, never appearing on his books. The first regular banking business that was done in the State was transacted by the Commercial and Agricultural Bank of Texas, or, as it was called in the decree creating it, the 'Banco de Commercia y Agricultura.' The charter for this bank was granted by the Congress of Coahuila and Texas to S. M. Williams and associates. S. M. Williams in the charter was designated as the empressario. It was granted in 1835. It was not organized until after the constitutional convention of 1845. This convention, while denouncing and prohibiting banking, through the efforts of Mr. Williams recognized its vested rights, which were acquired before the independence of Texas. Mr. George Ball, of Galveston, was one of its owners. In 1836 an act was passed for the relief of Mr. Williams, which adopted the decree creating the bank, which was No. 308, of Coahuila and Texas. This fact was brought to light in the trial of the case against Mr. Williams and associates for

illegal banking at the Tyler term of the Supreme Court of Texas, in 1852. The authorized capital of the bank was $1,000,000, the paid in capital $100,000. This was the only bank put in operation in Texas under charter until after the war, and it was operated under a charter granted before Texas was a State.

"The State of Texas chartered no banks until after the adoption of the constitution of 1870, and the number of important financial institutions chartered during the six years in which this constitution was in force shows most conclusively the practical value of this concession to the commercial interests of the State. The Commercial and Agricultural Bank of Texas was a bank of issue. One of its notes, the only one known to be in existence, presented to me by Mr. B. A. Shepherd, is made a part of this paper, and can be seen by any who are curiously inclined. It is in fact a curiosity of our past history, a relic of the early trials and struggles of those who have so successively labored to build up and bequeath to us, their posterity, this noble State. It is a note which antedates the present paper currency system of the United States, a note which, in State corporate banking, spans the entire history of twenty-five years from 1845 to 1870—a note which was current before the scream of the locomotive awoke the echoes of unbroken solitudes of that feeble community which as Texas is the young giant of to-day. The first officers of this bank were S. M. Williams, president, and J. W. McMillan, cashier. From the beginning great opposition was manifested toward it and banking generally. Corporate State banking became an issue in politics. One of the most exciting and expensive political campaigns ever made in Texas took place in 1841, in the race for Congress between Archibald Wynns, anti-bank candidate, and Mosely Baker, bank candidate. The anti-bank candidate triumphed. Governor F. R. Lubbock, present State treasurer, even at that early day, was sufficiently alive to the needs of the people to espouse the cause of the banks. Various impediments were thrown in the way of the Commercial and Agricultural Bank. Many efforts were made to break it down, and it was finally destroyed by having its charter annulled by a decision of the Supreme Court about 1858, which has sometimes been designated as a very iniquitous decision. About this time its president, S. M. Williams, died, and its affairs were wound up by Mr. B. A. Shepherd, of Houston, who was one of its largest stockholders. About 1850, and for some time afterward, R. & G. D. Mills, of Galveston, did a mixed factorage and banking business. They used notes of the Northern bank of Mississippi as a circulating medium, indorsing them to give them security and currency. These had brief existence, owing to lack of public confidence. Mr. B. A. Shepherd, of Houston, was the first man in Texas to engage exclusively in banking. He began exclusive banking in 1854 and has been engaged in it with rare and short intermissions exclusively ever since. T. H. McMahon and Gilbert, and Ball, Hutchings & Co., of Galveston, opened a mixed factorage and banking business about 1857. The latter firm is still among the most prominent, famous and influential of the State. Prior to 1854 Mr. T. W. House, who first established his business in Houston in 1838, and who has recently celebrated his semi-centennial, and whose house is, so far as known, the oldest business house in Texas, did a mixed banking and factorage business in Houston, as did also Mr. B. A. Shepherd and Mr. W. J. Hutchins. Mr. Shepherd came to Texas in 1839. Substantially all the banking business of our great and growing State before the late unpleasantness was done in Houston and Galveston. We believe that these two cities, twin sisters of the South, were the mothers of Texas

railroads, of Texas banking, Texas commerce, and in sowing the seed of business life were the mothers of civilization in Texas.

"Of all the agencies to civilize and subdue the untamed wilderness, none are so powerful as commerce. Until after the close of the war there were no regular banking firms in the interior of Texas, a few merchants in Austin, San Antonio, Waco and possibly Dallas, and other points did an exchange business, but it was very fragmentary in its character. Noting this fact, and comparing it with the fact that there are only fourteen States in the Union which have more banks than Texas, viz.: Dakota, Illinois, Indiana, Iowa, Kansas, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, New York, Ohio and Pennsylvania; that it has more banks than any other Southern State; that it has one-third as many as the entire dominion of Canada, and about one-thirtieth of all those in the United States; that it has a total incorporated banking capital of $14,260,000, with a surplus of $2,250,000, making a total incorporated capital and surplus of $16,500,000; that this is distributed among 110 incorporated banks, National and State; that in addition to this there are 145 private banks, some of which are conceded to do a larger business than any bank corporation of the State; seeing that all this has been done and accomplished since the barons of North Texas laid deep and wide the foundations of the queenly city of Dallas—I mean in twenty-five years, comparing the facts then and now—and we can show the world with what magnificent and unparalleled strides our grand old State has entered the march of progress, of material development and wealth. Among the first, if not the very first bank in Texas to be organized under the National banking act, was the First National Bank of Galveston No. 1566. It was followed very shortly by the First National Bank of Texas No. 1642, the First National Bank of Houston No. 1644 and the San Antonio National Bank No. 1657, and the National Bank of Jefferson No. 1777. In those early days after the war the national bank examiner had only a few places in Texas to visit, and made short and easy trips. Now he must needs visit scores of places and scattered over a domain more imperial than those of Old World monarchies. The first cashier of the First National Bank in Texas was Mr. J. B. Root, father of my friend, Mr. A. P. Root, present cashier of the First National Bank of Houston. All of those old banking firms of Texas, whose conceptions of their duties and responsibilities never rose any higher than to secure and spend their deposits, have long since gone to their reward. Those only have survived who founded their houses upon the impregnable rock of commercial honor and integrity. In this we have a most excellent illustration of Darwin's theory of the 'survival of the fittest.' We have now over two hundred and fifty banks in the face of hostility and opposition, where we had none when General Rusk carried the treasury of the Republic of Texas in his saddle bags at the battle of San Jacinto. To every fire that burns in every furnace, to every wheel that moves in mill or factory, or turns, bearing our product over the railroad bonds of interstate matrimony; to every clip of wool that leaves the shorn flocks of the prairies; to every pound of beef gathered from the cattle herds upon a thousand hills; to every ounce of cotton, every lump of coal and foot of lumber; to the corn upon the mountains and cereals of the valley; to every product of our grand State; to every merchant, every farmer, every mechanic, we stand allied in the strongest bonds that can bind man to man—the ties of mutual dependence. It is the duty of the hour for the bankers of Texas, as they march shoulder to shoulder and breast to breast, with every other element of material prosperity in Texas, the noblest domain of the Union, to so assert their

true and proper position in the public economy, that not only will antagonism to banking be merely a matter of history, but we shall be granted that support and sympathy from the people which alone can give us strength."

PROTECTION FROM CRIMINALS.*

The National Board of Fire Underwriters was organized in 1866 at a convention of delegates representing seventy-five fire insurance companies. One of the objects of this association was "to repress incendiarism and arson by combining in suitable measures for the apprehension, conviction and punishment of criminals guilty of such crimes." From the address of D. A. Heald (President of Home Insurance Co., of N. Y. C.,) President of the National Board of Underwriters, on the occasion in 1886 of the twentieth anniversary of its organization, the following in reference to the Incendiarism and Arson Reward Fund is taken. "The crime of incendiarism has received the earnest attention of the board from its organization until the present time. The constitution adopted twenty years ago contained and still retains this clause as indicating one of the purposes of the board: To repress incendiarism and arson by combining in suitable measures for the apprehension, conviction and punishment of criminals guilty of the crime."

At the first meeting of the executive committee, held August 9, 1866, the committee to whom the matter had been referred recommended the issue of a circular announcing the intention of the board to prosecute cases of arson, but leaving the details to the supervision of local boards, the expense to be borne by the companies represented therein. The recommendation was adopted, and, although not officially promulgated, several local boards acted on it, and some misunderstanding was the result, as the powers of the local boards and the course of action to be followed was not sufficiently defined. In June, 1868, the executive committee authorized the committee on incendiarism and arson to offer rewards not exceeding five hundred dollars, the payment, in case of conviction, to be made by means of a pro-rata assessment on the business of the companies in the locality where the reward was offered. Few cases of conviction, however, were had, and the need of more definite rules and systematic action was felt, as may be seen from the conditions set forth in the foregoing resolution.

Resolved: "That any reward so allowed by said committee shall be paid by pro-rata assessment on the subscriptions so obtained and collected, and disbursed under the direction of said committee."

Resolved: "That the executive committee be authorized to determine the proper disposition of the reward to such parties as may be proved to be entitled thereto."

The executive committee on the 14th of May following adopted the form of subscription under the above resolutions, and fixed the basis for the same at $35 for each $100,000 of premium receipts of companies. The original subscription list amounted to $110,400. The subscriptions were renewed January 1, 1876, and there are now (1886) one hundred and eighteen subscribing companies, whose united subscriptions amount to $152,460. Assessments average less than 2 per cent. per annum on

* The origin of this article is stated in the Financial Facts and Opinions.

subscriptions, since the fund was established. The number of rewards offered from 1873 to the first of May, 1886, was 1839, amounting to $679,300. Upon the reorganization of the board in 1872, attention was again given to the subject, and at the annual meeting, held April 23rd and 24th, 1873, the following resolutions were unanimously adopted.

Resolved: "That in view of the great increase in fires which we have reason to believe are of incendiary origin, the executive committee is hereby authorized and directed to open a subscription for the purpose of raising a fund, not less than $100,000, for the detection, conviction and punishment of parties engaged in this nefarious business, and that said committee be and is hereby authorized to offer specific rewards, not exceeding $1,000, for criminals guilty of the crime of arson, such rewards to be paid only on due proof being furnished said committee of the conviction and actual punishment of such criminals."

Resolved: "That on such subscription being completed, the executive committee be and is hereby authorized to investigate cases presented to them, and to offer a reward, not exceeding $1,000, in such cases as they may deem proper."

The following table shows the convictions secured and the cost of same, from 1873 to May, 1886:

YEARS.	No of Rewards paid.	Total Sum paid in Rewards.	Expense, Advertising, etc.	Life Sentences.	Total Convictions.	Aggregate Sentences. Years.	Aggregate Sentences. Months.
1873 to April 1, 1876.....	13	$4,575.00	$1,260.47	—	21	105	—
April 1, 1876 to April 1, 1877...	12	3,400.00	363.47	2	21	107	4
April 1, 1877 to April 1, 1878...	13	3,600.00	232.26	6	30	251	3
April 1, 1878 to April 1, 1879...	12	4,400.00	341.18	1	15	43	11
April 1, 1879 to April 1, 1880...	7	1,950.00	415.45	—	7	57	6
April 1, 1880 to May 1, 1881....	8	1,800.00	241.40	—	14	31	3
May 1, 1881 to May 1, 1882.....	13	3,700.00	432.63	1	15	40	—
May 1, 1882 to May 1, 1883.....	10	2,700.00	538.00	—	14	90	—
May 1, 1883 to May 1, 1884.....	9	1,900.00	108.30	—	10	50	10
May 1, 1884 to May 1, 1885.....	7	1,700.00	308.52	—	7	45	—
May 1, 1885 to May 1, 1886.....	7	2,500.00	452.03	—	15	113	6
	111	$32,225.00	$4,693.71	10	169	935	7

It appears from the report of the committee on incendiarism and arson, dated May 17, 1888, that during the year ending at that date, there were offered one hundred and twenty-eight rewards, amounting to $43,300. The number offered since the fund was established was 2,137, aggregating in amount $773,650.

Nine rewards were paid during the year, aggregating $3,750, and eleven convictions were secured.

As has been explained, the subscriptions are called in as required; the usual assessment is two per cent. on the amount of the subscription. When the sum thus obtained is exhausted, another assessment is made if necessary. In 1888, there were one hundred and eight subscribing companies, with united subscriptions of $148,954, or an average of $1,379. The total amount of rewards actually paid in fifteen years was $39,075, representing an average assessment of about 2 per cent. per annum on subscriptions and amounting to about $27.58, for each company, large and small. It is plain from this that if this system of rewards were adopted by the protective committee of the American

Bankers' Association, that, with the 1,750 members of the association, the average assessment required would not exceed two dollars per annum. The rewards offered by the National Board of Underwriters varied in amount from $50 to the maximum limit of $1,000, and the committee on incendiarism and arson, in May, 1888, gives the following table, comparing the number and amount of rewards offered with those paid:

REWARDS OFFERED.			*REWARDS PAID.*		
103	of $1,000	$103,000	1	of $1,000	$1,000
23	" 750	17,250	31	" 500	15,500
1	" 700	700	4	" 400	1,600
2	" 600	1,200	1	" 350	350
647	" 500	323,500	5	" 300	1,500
12	" 400	4,800	61	" 250	15,250
26	" 350	9,100	5	" 200	1,000
92	" 300	27,600	1	" 175	175
979	" 250	244,750	9	" 150	1,350
120	" 200	24,000	12	" 100	1,200
1	" 175	175	2	" 50	100
91	" 150	13,650		To oppose appeal	50
1	" 125	125			
37	" 100	3,700	132		$39,075
2	" 50	100			
2137		$773,650			

The rewards paid amount to but .05 5-100 per cent. of the sums offered.
Percentage of number of rewards paid to those offered, .06 13-100.
Percentage of amount of rewards paid to amount offered, .05 5-100.

The obvious deduction from this table is that the rewards offered need not necessarily be very large—out of 103 rewards of $1,000, only one was earned and paid—or less than one per cent. Out of 647 rewards of $500, thirty-one were earned, or about 4.8 per cent. Out of 979 rewards of $250, 61 were earned, or about 6.2 per cent. The average of 2,137 rewards offered was $362.03, and the average rewards earned and paid was 29.7. The larger amounts were probably offered in the more difficult cases, and this degree of difficulty must be taken into account in judging the percentage of rewards earned, as compared with the amounts offered, but it is plain that in the majority of cases a moderate offer is sufficient.

In the discussion which took place at the seventh annual meeting of the board in 1873, on the adoption of the resolution to raise the fund, a speaker expressed the fear that the existence of such a fund might be used by the unscrupulous to induce the crime it was intended to suppress. It was said that there were nefarious men who could be induced to set fire to premises for a small consideration, and those who induced them to do so would obtain the reward by giving the information. Or it was suggested that false swearing for the sake of the reward might make the innocent bear the punishment of the guilty. The chance of any such result was, however, rendered highly improbable by the precautions adopted and strictly adhered to by the committee in the administration of the fund. First, standing offers of rewards are forbidden, so that a sum cannot be paid unless first specially offered in the particular case in which it is claimed. Secondly, offers are only made in instances in which subscribers to the fund are interested in the loss, which enables the committee to avail itself of the knowledge and recommendation of the party directly concerned, and who could have

no reason for requesting the offer unless satisfied that there was good cause to believe the fire to be of incendiary origin. Thirdly, the amounts of the rewards offered are never excessive, and in all cases are carefully determined upon by a committee, with a due regard to the amount of insurance at stake, the extent of the loss, and all other circumstances surrounding the case. Fourthly, in the matter of payments, every possible precaution is observed, so that to believe that any innocent person can be made to suffer, or injustice be done by the system under the safeguards which are now thrown about it, would be to believe that a deception could be successfully practiced not only upon the company asking for the offer, and the committee granting it, but also upon the court, the jury, and the council which tried the case. But the best answer that can be made to remove any doubts, if any still exist upon the subject, is the statement which can now be made without any qualification, and after the fund has been in operation during an entire decade, that in all that time, during which offers to the amount of $524,150 have been made, not only has no instance of unjust prosecution or conviction been shown, but the slightest intimation has not reached any one of the committee of even a suspicion of wrong having been done as a result of the reward system, while on the contrary its benefits have been great, not only to underwriters, whether subscribers to the fund or not, but also to the country at large, the property and even the lives of whose citizens are so often put in jeopardy by the torch of the incendiary.

A method of raising the money necessary to pay rewards when earned, can be devised for the banks as has been so satisfactorily arranged by the insurance companies. As banks are more numerous than insurance companies, so are the members of the American Bankers' Association than those of the National Board of Fire Underwriters. The amount to be actually paid by each bank would be correspondingly smaller, and, as has been already estimated, would not probably exceed an average of $2 per year in addition to the regular membership dues. In fact, the subscription system should permit the amount paid to be graded according to capital or deposits as might be thought best. Another consideration is that the effect of such a system is to prevent a great deal of theft and fraud that might otherwise be perpetrated.

In applying this system to members of the American Bankers' Association, it must be noted that the members of the Association are much more numerous than those of the Board of Underwriters, and that their average capital and surplus is also less. The amount of subscription of each bank to raise a given fund would be less than in the case of each insurance company. On the other hand it is probable that cases of fraud on and robberies of banks are more numerous than cases of incendiarism, and that rewards may have to be offered more frequently for the punishment of the former class of crimes than for the latter. Considered as a yearly subscription, that made by the insurance companies, as shown by experience, was larger than necessary. A fund of $10,000, to be renewed annually, would have answered all the possible requirements, and an assessment of 25 per cent. on this reduced fund would have paid all the earned rewards. It is probable that a subscription fund of $10,000, to be renewed when all was paid and exhausted, would be ample for the protective purposes of the American Bankers' Association. There are now about 1,682 members in the Association; of these 1,120 have a capital and surplus of $250,000 or less; 250 a capital and surplus not exceeding $500,000 but more than $250,000; 160 a capital and surplus not exceeding $1,000,000 but more than $500,000;

110 a capital and surplus not exceeding $2,000,000 but more than $1,000,000; 20 a capital and surplus not exceeding $3,000,000 but over $2,000,000; 5 a capital and surplus not exceeding $4,000,000 but more than $3,000,000; 6 a capital and surplus not exceeding $5,000,000 but more than $4,000,000; 5 a capital and surplus not exceeding $6,000,000 but more than $5,000,000, and 6 a capital and surplus not exceeding $7,000,000 but more than $6,000,000. Regarding the maximum amount in each of the foregoing classes as the basis of subscription, and fixing the subscription at 1-100ths of one per cent., would give the following result:

1,120	banks,	$250,000	and	under	@ $2.50,	$2,800.
250	"	500,000	"	"	" 5.00,	1,250.
160	"	1,000,000	"	"	" 10.00,	1,600.
110	"	2,000,000	"	"	" 20.00,	2,200.
20	"	3,000,000	"	"	" 30.00,	600.
5	"	4,000,000	"	"	" 40.00,	200.
6	"	5,000,000	"	"	" 50.00,	300.
5	"	6,000,000	"	"	" 60.00,	300.
6	"	7,000,000	"	"	" 70.00,	420.
1,682	banks.					$9,670.

This will give a total annual subscription fund, liable to assessment as rewards were earned, of $9,670, which will, according to the experience of the insurance companies, be amply sufficient to pay all rewards earned and claimed. The assessments on this fund will not amount to more than about 25 per cent. annually, if the cases for which rewards are offered are not more numerous than has been shown by the experience of insurance companies.

These experiences of the National Board of Fire Underwriters occupying, with relation to the insurance business of the country, a position similar to that occupied by the American Bankers' Association with regard to banks, clearly prove how useful an analogous system of offering rewards for crimes against banks would be to the banks of the country and the public generally. Not only would it tend to the repression of crimes committed by rogues outside the banks, but it would secure in a great degree the detection and punishment of criminal bank clerks and officers. If it be earnestly desired by the American Bankers' Association that the protection from criminals authorized by its constitution be made efficient and practical, certainly it can be done in no better way than that so successfully adopted by the National Board of Fire Underwriters. The resolution of Mr. Van Allen, offered at Cincinnati, will be reported upon by the executive council at the next convention, and if the plan embodied therein is recommended by them and adopted by the members at the next convention it will no doubt increase the usefulness of the American Bankers' Association to its members.

THE BANK OF CALIFORNIA.

The San Francisco *Evening Bulletin* has improved the occasion of the quarter centennial of the Bank of California to give an account of this famous banking institution.

The Bank of California is probably one of the best and widest known banks of the State, because it is one of the oldest and largest. The moving spirit in its organization was the late William C. Ralston. The capital of the corporation was fixed at $2,000,000, with the privilege of increasing to $5,000,000. The $2,000,000 capital was promptly taken in 32 allotments, varying from 2,000 shares down to 50 shares. There were really only 29 stockholders, as three gentlemen made two subscriptions. The names of those present at the first meeting of the board are as follows: William C. Ralston, Louis McLane, William Norris, I. Whitney, Jr., Thomas Bell, Herman Michels, John O. Earl and O. F. Giffin. It was stipulated and agreed at the above meeting that D. O. Mills should be the president of the bank and William C. Ralston should be cashier for five years at a salary of $1,000 per month. Thus organized and officered, the bank threw open its doors for business on the 5th July, 1864, in the building on the southwest corner of Battery and Washington streets.

The first annual meeting of stockholders was held October 4, 1864, when 15,300 shares of the 20,000 shares of capital stock were represented. At that meeting it was stated that the bank opened for business three months previously with 506 deposit accounts, aggregating $1,641,605.83; bills receivable, $1,362,451.05; cash and bullion, $1,339,061.86; due from correspondents, $482,618.84.

The earnings for the first three months of the bank's existence were as follows:

Gross profits	$159,766 32
Expenses	47,410 48
Net earnings	$112,355 84

The statement for October 1, 1864, embraced the following items:

Loans and overdrafts	$2,457,648 56
Due from correspondents	442,928 63
Cash and bullion	694,863 07
Total	$3,595,440 25

The amount due depositors on the same date was $1,543,922.55.

The first dividend was declared October 10, 1865, at the rate of 3 per cent. for the quarter ending September 30th. This dividend was paid October 25th and amounted to $60,000. The loans out at that time were drawing 1½ to 2 per cent. per month. The second dividend of the same amount was declared January 11, 1866.

Before the next annual meeting a special meeting of stockholders was called for the purpose of increasing the capital to $5,000,000. This meeting was held June 30, 1866. The bank had been prosperous, and a considerable reserve had accumulated. After a full examination of affairs it was voted to increase the capital to $5,000,000, in this way: There had been $2,000,000 paid in, and there was a clear surplus, after excluding all bad and doubtful accounts, of $800,000. This was to be capitalized to the extent of $500,000, and the other $300,000 to be car-

ried to reserve, and 20,000 shares of new stock were to be sold at par and 25 per cent. premium. This netted $2,500,000, and made the paid-up capital $5,000,000, with an unexceptionable reserve of $300,000. The old accounts set apart because unsatisfactory to the new stockholders were subsequently realized upon to some extent, and the proceeds paid to the original stockholders as per agreement at the time the capital was increased. The number of stockholders under the increased capital was 162.

At the first annual meeting after the increase of capital to $5,000,000, held October 3, 1866, there were 38,780 shares represented out of the 50,000 shares issued. The amount due depositors October 1, 1866, was $3,570,269, and the amount of cash on hand was $1,650,308. The average amount of loans for the first three months after the increase of capital was $7,428,167.

Dividends under the increased capital were paid at the rate of 1 per cent. per month, the first being given to the stockholders in August, 1866, out of the earnings of the previous July. These monthly dividends were maintained until and including January, 1875, when it was voted to pay the dividends semi-annually, but only one of that nature was declared. This was 6 per cent. for the first six months of 1875, amounting to $300,000, and made payable in July, 1875.

The bank enjoyed a large business from the start and its growth was rapid. There was a corresponding degree of prosperity. Stockholders received more than they put in for capital stock in the way of dividends during the first decade. The amount actually paid in was $4,500,000, and the other $500,000 was taken from earnings in the first two years and given in the form of a stock dividend in July, 1866. The cash dividends from the start up to and including July, 1875, were as follows:

	No.	*Amount.*
1865, for quarter September 30	1	$ 60,000
1865, for quarter December 31	1	60,000
1866, five months	5	250,000
1867	12	600,000
1868	12	600,000
1869	12	600,000
1870	12	600,000
1871	12	600,000
1872	12	600,000
1873	12	600,000
1874	12	600,000
1875	2	350,000
Total	105	$5,520,000

As is well-known, misfortune overtook the bank in 1875. The statement for July 1, 1875, showed a surplus of over $1,000,000 to the credit of the stockholders, and yet on the 26th August following, the great iron doors of the bank were closed half an hour before the usual time, and a crowd of several hundred soon gathered round the building. The failure of the bank produced a profound sensation in the community, and was followed by other failures, much uneasiness, financial distress and general demoralization. The president is alleged to have said that the bank would never re-open. But other men of more heroic fiber declared that it should. D. O. Mills, the first president of the bank, was one of those who so resolved. Others rallied round him, and a syndicate was formed to put the bank again in operation on a better basis than ever.

We need not repeat the story of 1875, further than to say that the bank was re-opened by the syndicate formed for that purpose on Saturday, October 2, 1875. It was a day of great rejoicing. Cannon boomed

from Telegraph Hill, as the iron doors were again thrown open to the public after 35 days of barred entrance. Depositors found every dollar of their money or in interest bearing guarantee notes for the same, subsequently paid in full with interest as agreed upon. At the close of the first day's business it was found that the deposits considerably exceeded the withdrawals.

The bank was rehabilitated, but not without great sacrifice and the display of much personal courage. It was found that the surplus of $1,000,000 and upwards could not be relied upon, and that after writing off doubtful assets the capital was much impaired. There was but one thing to do, and that was to make the capital good. The first assessment was levied September 25, 1875, at the rate of 20 per cent. of the capital stock. This brought in $1,000,000. Six other assessments of 10 per cent. each were levied before the end was reached. In other words, $4,000,000 of new capital was paid in within 12 or 15 months. It was a great trial to the stockholders. Some were unable to meet the demand and surrendered their stock for less than $10 per share to others who had the means to put up.

There were no dividends from August 1, 1875, to December 31, 1877. In January, 1878, a dividend for the last quarter of 1877 was declared and paid at the rate of 7 per cent. per annum. A similar dividend was paid in the following April for the quarter ending March 31, 1878.

Business then became dull and less profitable. To lessen expenses in the line of taxes, the bank in 1879 reduced its capital from $5,000,000 to $3,000,000. The $2,000,000 taken out of the capital by this act was charged to profit and loss account. The reserve was increased somewhat by the change, but otherwise it was the second heavy shrinkage of capital heroically submitted to as incident to the business, some of it no doubt the result of a failure to collect old accounts, which at the time were deemed good.

Dividends were resumed in January, 1880, at the rate of 10 per cent. per annum on the reduced capital, payable quarterly. This rate was paid quarterly up to and including the dividend disbursed in October, 1887. In January, 1888, the dividends were increased to 12 per cent. per annum, payable quarterly. This rate has since been maintained.

The largest line of deposits was reported at the annual meeting in October, 1874. At that time the aggregate resources of the bank were $19,368,000. That was probably the best exhibit made up to that time. The resources October 5, 1875, three days after the re-opening, were $14,451,700, and a year later they were $16,187,388. A period of depression in business followed, and at the annual meeting in October, 1877, the resources were only $10,360,665. Four years later (October, 1883,) they were $13,034,123, but fell in October, 1884, to $11,398,189. Since then they have been steadily expanding, and are now reported at $15,639,995.

THE CONTRIBUTION OF CALIFORNIA TO THE WORLD'S STOCK OF GOLD AND SILVER, 1848–1888.

Nothing in the history of our epoch has exerted so potential an influence upon the course of other events during the last half of the present century, as the discovery of gold in Alta-California in 1848 and the large amount which was added to the world's stock of that metal, from that quarter, in the ten years thereafter; as the immediate consequence of such an increased supply of gold, an unparalleled period of human prosperity dawned upon the world, lifting mankind as it were out of a very slough of extreme industrial depression and distress, coupled with a general state of political disturbance throughout Europe. Through this cause a period of low wages with scanty demand for labor was changed into one of abounding employment, with satisfactory compensation alike to the laborer and to the capitalist. While there is an enormous discrepancy to be seen in the various estimates of the annual product of the mines of California for the whole period in question, we are satisfied that the following figures, compiled from the most reliable sources, afford a close approximation to the gold product of California down to the close of 1888:

	1848-1875.
1848–1850	$ 100,000,000
1851–1855	295,000,000
1856–1860	255,000,000
1861–1865	159,800,000
1866–1870	120,000,000
1871–1875	94,400,000
Total	$1,024,200,000

	1848–1888.
1848–1875	$1,024,200,000
1876–1880	83,800,000
1881–1885	75,381,000
1886	14,716,500
1887	13,588,500
1888	14,150,000
1848–1888	$1,225,836,000

Thus we see that in the third quarter of the present century, California alone added no less than $924,200,000 to the world's stock of gold.

The silver product of the State has been comparatively small. Beginning with 1871, by half decades California may be credited with a silver output about as undergiven:

1871–1875	$ 6,100,000	
1876–1880	10,000,000	
1881–1885	9,965,500	
		$26,065,500
1886		1,610,625
1887		1,500,000
1888		1,400,000
Total Silver 1871–1888		$30,576,125

Therefore, the total product of the money metals by California down to January 31, 1888, was as understated:

Gold	$1,225,836,000
Silver	30,576,125
Total gold and silver 1848–1888	$1,256,412,125

—*The Financial and Mining Record.*

BANKING AND FAILURES AMONG BORROWERS.

The address of Mr. George Hague, the general manager of the Merchants' Bank of Canada, to the shareholders at their annual meeting, is always replete with information and suggestions. The following remarks, relating to the failures of customers, are worth knowing by other persons than those to whom they were especially addressed:

"The question of failures is always a vital one for banks doing business in Canada. It is by the number and character of the failures amongst a bank's customers that the quality of its business must be judged. How to prevent failures or keep them within narrow limit is therefore a very practical and sometimes a very pressing question both for bankers and merchants. The great drawback of our modern trading system is the loss by bad debts. The proportion is unreasonably large in Canada. Men seldom lose much by the mere buying and selling of imported or manufactured goods. But losses by bad debts often eat away the profit made by a whole year's trading. For one failure brings about another, and that another still. So the circle of mischief goes on widening until it has spent itself.

"A bad condition of general trade, caused by bad crops or bad markets abroad, or a low range of prices, ought not to bring about as many failures as it does. If all men had capital requisite for the business done, and exercised due caution in carrying it on, they could go through the most difficult times without calling their creditors together.

"Men should be cautious enough always to insure, and certainly every man is bound in common honesty to insure who is in debt for insurable property. He would not fail in that case if his premises were burned down. Fire is no good reason for failing; with such facilities for insurance as exist in Canada no man who owes money has a right to leave his property uninsured. If the cost is heavy, as it is in certain branches of manufacture, the cost should be added to the price of the goods he produces. For it is a part of the cost, and the neglect to count it such only leads to the goods being sold at less than they are worth.

"It may seem like child's play to say that every man ought to be prudent and cautious in conducting his business. There is, however, so much said in these days about enterprise and push, as if these alone were the virtues of a trader, that it is time for bankers to point out that enterprise and push, without prudence and caution, are very likely to lead a man to ruin. Mere prudence and caution without enterprise, of course, result in stagnation. There is not much of this, however, in such a pushing, growing country as Canada is. It is not so much the whip and spur that we need, as the strong hand on the bridle to keep us from getting into trouble. It was lately said to me by a well-informed person that the country merchants in a certain district would credit 'anybody' to 'any amount.' The end of that kind of trading is easy enough to foresee. The point of the foregoing remarks about failures is this: When times are hard and crops are bad, the position can be met by a curtailment of trade, a curtailment of credit, and, above all, by decreased personal expenditure. I emphasize the last. Prudence and economy will carry a man through the worst of times, but if men go on spending as much in bad times as in good, there can be no wonder that their names will figure in the bankruptcy sheet.

"There are, probably, not as many men in Canada now as formerly who engage in a line of business of which they are ignorant. But we still have too many. Business must, of course, be carried on in a happy-go-lucky style. Can any one wonder that they fail? And is it not foolishness, to go back a step, for wholesale houses to give such people credit, and for bankers to lend them money?

"But another reason for failure, I think, is quite as common, namely, for traders to be tempted into outside speculations. There are always abundance of things of this kind for a man who is willing to be tempted. Many a man thinks if he cannot make money out of his own business, he can make money out of the business of some one else. But all experience tends in one direction, viz., that such outside ventures are follies. Whether it is in real estate, stocks or grain, for one man that makes money, eventually there are twenty that lose, and the one man that makes money, if he continues, will be infallibly caught in the reverse of the tide. One of the worst of all excuses for failure is that the trader went outside his own line of business.

"Of the losses made by the banks during the last five years, this, I think, has been the most prominent cause. Parties who engage in outside operations generally conceal them from their bankers, acting on the reverse of the good rule previously laid down about taking counsel with them. This kind of secretiveness brings its own punishment. Failures are not accidents. There are always causes leading up to them. In a majority of cases these are preventable causes. Failure comes about, as it is certain to come, from a certain course of conduct. It therefore follows that the greater part of the failures that occur ought not to have occurred, and that some one was to blame. Sometimes a large trade is done on a very slender capital. Is not a man to blame for this? Sometimes there is a want of caution, amounting to folly, in not insuring. Can this not be prevented? Often a business is entered on for which a man has no training or experience. Sometimes credit is given to everybody that asks for it, and along with this no pains are taken to collect debts in. And finally comes speculation. Is a man not his own master in all these?

"The average of our failures is too high altogether. It reflects discredit upon us as a commercial community. The effect is bad both commercially and morally. What with men thrown out of employment and misery in homes and families, what with a demoralized standard of probity and honor, and what with the introduction of an element of uncertainty into all trade operations, the effect of frequent failures is bad. All institutions and firms that have the dispensing of credit in their hands, and especially banks, wholesale houses and large manufacturers, are bound in honor and common sense to reduce this bane of business to the smallest proportions."

ECONOMIC NOTES.

HORSE TAX OF THE LAST CENTURY.

The proposal of the Chancellor of the Exchequer to put a tax of £1 per head on pleasure horses is, it may be interesting to know, the renewal of a scheme recommended by a famous writer a century ago. In his "Rural Economy of the West of England" (Vol. II., p. 220,) Marshall, in 1794, strongly recommended a tax of a guinea a year on all horses. He said: "In these days of famine and taxation what political blindness must that be which suffers the produce of the country to be consumed by animals that make no return to the magazine of human food, nor make any adequate recompense to the community for the expense they are hourly creating—animals that are preying on the sustenance which is wanted to suppress the cravings of the species, animals for whose support the country may be said to be now paying sums incalculable. And surely they ought to be made accountable for an adequate part of the debt they are lavishly incurring. A tax of one guinea a year (on every horse, whether used in husbandry or otherwise) for the first three years, with an additional tax of one guinea a year, every third year, so long as sound policy shall see right (thus allowing time for the rearing of cattle), will raise an immense revenue, will lessen essentially the consumption of grain, and throw into the markets an abundant increase of animal food."—*London Times.*

RAILROADS IN EUROPE.

The French Government has recently published the following statistics showing the length in kilometers of the railroads in Europe at the close of the year 1887 and the new construction during that year:

LENGTH OF THE RAILROADS IN EUROPE.

Country.	*Railroads end of 1887.* *Kilometers.*	*Additions to roads in 1887.* *Kilometers.*	*Per cent.*
Germany	39,570	1,221	3.18
Austria-Hungary	24,708	1,308	5.59
Belgium	4,702	168	3.71
Denmark	1,969	4	0.20
Spain	9,492	183	1.97
France	34,234	891	2.67
Great Britain	31,698	323	1.03
Greece	605	90	17.48
Italy	11,616	438	3.92
Netherlands and Luxembourg	2,952	94	3.29
Portugal	1,829	300	19.62
Roumania	2,351	412	21.25
Russia	28,518	820	2.96
Servia	517	73	16.44
Sweden and Norway	8,950	111	1.26
Turkey, Bulgaria and Roumania	1,394	....	....
Malta	11	....	....
Totals	207,939	6,471	3.21

This is equal to 129,210 miles, or far less than the railroad mileage of the United States.

RUSSIAN FORESTRY POLICY.

Russia is more progressive than the United States regarding forest preservation. By a recent law a commission is created, which is to have oversight of all woodlands—whether belonging to governments, com-

munes, or private owners. The protected timber may be classified as follows: (*a*) Growing in shifting sand, and preventing it from encroaching on seacoasts, navigable rivers, channels, and artificial watercourses. (*b*) Those which shelter towns, villages, settlements, railways, roads, or cultivated land, and also those whose removal would be likely to occasion the formation of shifting sands. (*c*) Those protecting coasts, channels, and watercourses from landslips, overflows, and damage from floating ice as well as the formation of avalanches and torrents. The commission is charged with the formation of plans not only for the preservation and improvement (by thinning, etc.,) of existing forests, but for planting them when they are needed. The consent and co-operation of private owners to the application to their property of the measures devised by the commission is to be secured whenever it can be done, but, if necessary, the State will appraise and buy the property and execute the improvements. The owners have the right, within a certain time, to buy their property back by adding to the price paid them the past cost of the work and six per cent. interest. Timber stealing, which is carried on throughout the country on a large scale, is to be vigorously repressed.

Sterling exchange has ranged during July at from 4.86¾ @ 4.88½ for bankers' sight, and 4.84¾ @ 4.86½ for 60 days. Paris—Francs, 5.16¼ @ 5.15 for sight, and 5.18¾ @ 5.16⅞ for 60 days. The closing rates for the month were as follows: Bankers' sterling, 60 days, 4.85 @ 4.85¼; bankers' sterling, sight, 4.87 @ 4.87¼. Cable transfers, 4.87¼ @ 4.87¾. Paris—Bankers', 60 days, 5.18¾ @ 5.18⅛; sight, 5.16¼ @ 5.15⅝. Antwerp—Commercial, 60 days, 5.21¼ @ 5.20⅝. Reichmarks (4) — bankers', 60 days, 94⅞ @ 95; sight, 95⅜ @ 95⅛. Guilders—bankers', 60 days, $40\frac{3}{16}$ @ 40¼; sight, 40⅜ @ $40\frac{7}{16}$.

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money have been as follows:

Quotations:	July 1.	July 8.	July 15.	July 22.	July 29.
Discounts	4¼ @ 5¼	5 @ 6½	5 @ 6½	5½ @ 6½	5½ @ 6½
Call Loans	5 @ 4	3½ @ 2	3½ @ 3	3 @ 2	2½ @ 2
Treasury balances, coin	$154,026,198	$153,933,469	$154,191,021	$154,514,701	$154,700,811
Do. do. currency	19,987,691	20,148,102	20,127,196	20,417,275	20,960,784

The reports of the New York Clearing-house returns compare as follows:

1889.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*	*Surplus.*
July 6	$423,405,000	$73,155,300	$43,312,100	$445,797,500	$3,953,500	$5,018,625
" 13	420,889,700	74,241,300	43,376,100	443,949,200	3,933,600	6,630,100
" 20	419,356,400	74,357,200	43,552,700	442,620,300	3,927,400	7,254,825
" 27	416,761,300	72,239,200	44,175,300	437,301,700	3,940,600	7,089,075

The Boston bank statement is as follows:

1889.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*
July 6	$158,211,900	$10,481,000	$4,377,100	$140,178,200	$2,540,800
" 13	156,675,200	11,304,400	4,961,900	140,685,600	2,541,900
" 20	156,919,300	10,710,500	5,185,500	140,522,500	2,540,300
" 27	158,439,700	10,116,700	4,821,600	138,376,100	2,539,300

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1889.	*Loans.*	*Reserves.*	*Deposits.*	*Circulation.*
July 6	$101,731,000	$26,941,000	$102,861,000	$2,083,000
" 13	101,759,000	27,759,900	103,097,000	2,084,000
" 20	101,871,000	26,583,000	102,129,000	2,133,000
" 27	101,695,000	26,641,000	101,451,000	2,135,000

BANKING AND FINANCIAL ITEMS.

BANK SURPLUS.—Occasionally, after an edition of the *Almanac* has appeared, a subscriber writes that an error has been made in giving his bank too small a surplus. For example, the amount claimed by The First National Bank, of Duluth, is $100,000, with a capital of $1,000,000. The explanation of the difference between these figures and those which are published in the *Almanac* is very simple. We publish the official figures, and state so as plainly as possible in the book. If we published other figures furnished to us by the banks, while having no doubt of their accuracy, they would not be official. If other publications are willing to publish unofficial figures as official we have nothing to say, but we must not be asked to adopt such misleading information. We take every possible means to get the latest and the most accurate information; and while recognizing the situation of a bank like that above mentioned, yet, unless our rule was violated, we do not see how any other figures could have been used, as there was no later official statement than the one of May 13th, which was used by us. With respect to The First National Bank, it is the successor of The Duluth Union, and The Merchants' National Bank, and the healthy increase of its surplus is a sure indication of prosperity.

A RELIGIOUS BANK CLOCK.—The Omaha National Bank has a time clock on its cash vault which is so adjusted as to keep the Sabbath. That is, it remains closed every seventh day. On the first Sunday in June it was changed so that the vault could be opened. Subsequently it was not restored to its original position, and the next seventh day fell upon Saturday, when the lock, true to its mission, refused to open up for business. The result was a lockout, and the Omaha National people were compelled to call upon their neighbors for currency with which to transact the day's business.—*The Omaha Financial Journal.*

VIRGINIA.—Judge Pond, of the United States Circuit Court, has decided in the case of Lewis O. Shaner, of Lynchburg, Va., who, on being arrested for assault, and fined $200 and costs, tendered coupons in payment, which the magistrate refused to accept, that the tender was a legal one.

NEW YORK CITY.—Duncan Archibald Mactavish, the agent in this city of the Bank of British North America died at his home, at the Park Avenue Hotel, early in July. He was in his seventy-second year and was born in Scotland. While his life was comparatively uneventful, he was well known on the Produce Exchange and in Wall street, and he had many friends and won much respect for the integrity of his character. He came to this country over thirty years ago and his first business engagements were in the cotton and grain exporting trade. He became connected with the firm of Weatherspoon, Kingsford & Co., then prominent in that line of business, and when John J. Kingsford went to London for the Bank of British North America, the Produce Exchange house became Weatherspoon & Co., with Mr. Mactavish as a partner. Thirteen years ago Mr. Mactavish became the senior agent of the bank, and devoted himself entirely to its interests. He was a member of St. Andrew's Society but was not connected with any other prominent organizations or clubs. His business life was marked by success without sensation, and he leaves many friends won by simple merit.

NEW JERSEY.—The name of Theodore Macknet, one of the best known citzens of Newark, is on the bankers' death roll for July. Mr. Macknet was born in Newark, and was educated in the public schools. In 1872 he was elected to the Common Council and served two years, and he served two terms in the Legislature

in 1871-'72. In 1879 he was the Republican and Law and Order candidate for Mayor, but was defeated by the German Republican vote. In 1878 Mr. Macknet's father died, and he succeeded him as president of the National State Bank. He was also interested in various other financial institutions. After the failure of the Mechanics' National Bank through the defalcation for $2,500,000 of Oscar Baldwin, the cashier, it was found that the Mutual Benefit Life Insurance Company had a considerable deposit in the bank, and this and other circumstances led to the retirement of Lewis C. Grover, the president. Mr. Macknet thereupon took charge of the institution as treasurer, and only resigned it a year ago, when failing health compelled his retirement from active business. Some years ago Mr. Macknet reorganized the Young Men's Christian Association, which had fallen into decay, procured the funds for building a handsome hall, and placed the association upon a permanent basis of prosperity. He served as president for a number of years. He was also an elder in the First Presbyterian Church, and was connected with local charities, to which he was a constant contributor. Not long before he was taken sick he gave $10,000 to a charitable institution, on condition that his name should be withheld. He leaves a wife and daughter.

WHEN Frank Hoyt, teller of the First National Bank of Hoboken, arrived at the bank from his home in Orange on the 5th of July he was called into the directors' room, where President Syms and several of the directors were seated, and accused of having embezzled $18,000 of the bank's funds. After a moment's hesitation he admitted that the charge was true. He earnestly besought the directors to permit him to make a compromise, saying that he had $7,000 of his own which he would turn over to the bank, and that he could raise the balance in a few days if he had the opportunity. When asked why he had taken the money Hoyt said that he had been speculating in Wall street. He began by taking small sums and gradually increasing them, in the hope of redeeming his losses and restoring the amount he had stolen. The directors refused to make any compromise. Police Sergeant Marnell was summoned from headquarters and took Hoyt into custody.

TORONTO, CANADA.—The Canadian Bank of Commerce will occupy their handsome new bank building on King street, during the autumn of the present year.

WASHINGTON.—Treasurer Huston has ordered that in the future the redemption of legal tender notes by the Treasury Department shall be made on the basis of the three-fifths rule in vogue in the redemption of national bank notes. Heretofore the former were redeemed on the basis of the tenth—that is, a mutilated note was redeemed at a value proportionate to the part presented, counting in tenths. Under the three-fifths rule if that part of a note is presented it is redeemed at its full face value, but if less than three-fifths is handed in, nothing is paid unless an affidavit is filed, together with evidence to support veracity, that the missing portion of the note has been destroyed. Thus, under this rule, the person presenting the note gets all or nothing, instead of a proportionate number of tenths of the full value.

SAVINGS BANKS IN THE SOUTH.—A most hopeful sign of the times is the growth of the savings bank system in the South. Until 1886 Maryland was the only Southern State which had a bank that was exclusively a savings institution. In 1887 North Carolina, Georgia and Louisiana, these four States reporting over 23,000 depositors and nearly $6,000,000 in deposits. Each year adds new States to the list, and it will not be long before the people will look back with amazement upon the time when the institution was unknown throughout that portion of the country. Both as a sign of the development of thrift, and as a promoter of the habit, the rise of the savings bank system in the South is heartily to be welcomed.—*N. Y. Evening Post.*

"ENGLISH MORTGAGES" IN NEW YORK City.—The New York correspondent of the Boston *Advertiser* says: "One interesting fact which concerns the great body of moderately well-to-do people is the remarkable tendency towards lower mortgage rates which has characterized the local money market. We are quite English here, you know, and it begins to look as if we should adopt London standards in mortgages as well as in carts and coachmen. Among the mortgages for the past fortnight have been three at 3 per cent. and 25 or 30 at 4 per cent.

Four and a half per cent. mortgages are easily procurable on small properties up to the 'gilt-edged' line."

MEXICO.—The *Mexican Financier* says that on the first of July, "the Mexican branch of the London Bank of Mexico and South America, which had been in successful operation there for 24 years, began business under the new designation of 'El Banco de Lóndres en México' (The Bank of London in Mexico), with a paid-in capital of $1,500,000. The bank has been reorganized, and will no longer be connected with the parent institution in London, having become a purely Mexican corporation, the London people, however, taking $1 000,000 of the capital, and Mexican stockholders $500,000. Thus the new bank, while retaining the strong financial connection which the holding of so large a portion of its stock in London necessarily gives it, gains in the acquirement of local influence here."

NEW YORK.—The Superintendent of the Bank Department is determined that the act of 1885, which prohibits a person or persons not subject to the supervision of the Bank Department from using a business sign or letter heading that indicates that his or their place of business is the place of business of a bank shall be observed, and is in communication with several district attorneys touching the prosecution for the $1,000 penalty for its violation. It is also being urged that the latter part of the law of 1885, which exempts persons doing a banking business at the time of its passage from the above penalty, is unconstitutional, and that it affects all private bankers. This question is now under consideration.

NEW YORK CITY.—The returns of the condition of the forty-five national banks in New York city at the close of business on the 12th of July have just been compiled by the Comptroller of the Currency. The total resources of the banks are $553,565,900, against a total on June 30, 1888, of $500,228,565. The loans and discounts this year foot up $309.442,460, against $276,419.026 last year The United States bonds deposited to secure circulation are only $5,065,000, against $9,420,000 a year ago, and the bonds to secure deposits have fallen to $6,290,000, against $10,070,001 in 1888. Other stocks, bonds and mortgages are now reported at $21,096,367, against $18.125,273 a year ago. The real estate, furniture and fixtures of the banks is now worth $10,587,363. The exchanges for the Clearing House foot up $66,758,889. The gold coin now held amounts to $7,093 167; the gold Treasury certificates to $50,449,360; the silver dollars to $210,109, and the silver Treasury certificates to $3,741,874. The gold coin held a year ago amounted to $7.780,075; the gold certificates to $54,687,250; Clearing House certificates to $7,999,000, the silver dollars to $407,631, and the silver certificates to $2.271,187. The legal tender notes are $26,328,036, against $23,444,696 in 1888. The column of liabilities discloses a paid-in capital stock of $48,850,000, against $49,100,000 in 1888; a surplus fund of $33,052,906, against $31,636,319; undivided profits of $11,967,798, against $9,442,100, and outstanding bank notes amounting to $4,043,640, against $7,767,480. Individual deposits are $261,460,362, against $240,473,298 in 1888. The reserve fund held is this year twenty-seven and eight-hundredths per cent., against thirty and thirty-four hundredths per cent. a year ago.

CINCINNATI, OHIO.—Mr. George W. Forbes, whose death is published elsewhere, was born in Tracy, New York, July 1st, 1841; and in 1858 was appointed teller of the Bank of Lansingburgh in that State. In October, 1860, he went to the Ohio Valley Bank in Cincinnati, and four years afterward was elected cashier of the Ohio National Bank of that city. In January, 1866, he was elected assistant cashier of the First National Bank, of Cincinnati, where he remained until October, 1880, when he assisted in organizing the Citizens' National Bank, and was elected its cashier, and filled this position till his death. Mr. Forbes was a gentleman by nature, affable, courteous, true to every trust, without enemies and having many friends. G.

THE SEVENTY-TWO MILLIONAIRES.—The New York *World* says that while there are hundreds of millionaires in New York city alone, there are in the United States, according to a statement now being extensively copied and commented on, and which has excited grave fears for the future of this country in the bosom of the *Saturday Review*, seventy-two men "whose combined wealth equals the national

debt." As an example of the current exaggeration about millionaires, this list has been shown by the writer to one of the best known, most conservative and wide-awake operators in Wall street—a man who knows personally most of the persons referred to, and who has for years made a study of every great financial operation in this country. This is the way he cuts away the popular estimate of the wealth of most of these seventy-two richest men in the country:

Names.	*Popular Estimate.*		*Probably Accurate.*
E. B. Coxe	$20,000,000		$9,000,000
L. Z. Leiter	10,000,000		Less than 5,000,000
L. P. Morton	10,000,000		Less than 2,000,000
A. J. Drexel	20,000,000		Probably correct
Claus Spreckles	20,000,000		Probably correct
Philip Armour	25,000,000		Probably correct
John I. Blair	40,000,000		15,000,000
Robert Bonner	6,000,000		3,000,000
J. J. Astor	100,000,000		75,000,000
W. Astor	100,000,000		75,000,000
C. P. Huntington	40,000,000		30,000,000
Mont. Sears	12,000,000		5,000,000
Geo. M. Pullman	5,000,000		Probably correct
B. P. Hutchinson	8,000,000		Probably correct
George Ehret	5,000,000		Probably correct
Russell A. Alger	5,000,000		Probably correct
John P. Jones	15,000,000		Less than 1,000,000
Marshall Field	15,000,000		Probably correct
John D. Rockefeller	60,000,000		40,000,000
H. Flagler	15,000,000		12,000,000
John J. Jennings	5,000,000		.....
Cornelius Vanderbilt	110,000,000		50,000,000
Wm. K. Vanderbilt	85,000,000		45,000,000
F. W. Vanderbilt	16,000,000		12,000,000
G. W. Vanderbilt	15,000,000		12,000,000
Jay Gould	75,000,000		60,000,000
P. T. Barnum	5,000,000		2,000,000
W. H. English	5,000,000		2,000,000
Andrew Carnegie	40,000,000		10,000,000
D. W. Bishop	15,000,000		1,500,000
Geo. W. Westinghouse	20,000,000		8,000,000
Geo. S. Crocker	12,000,000	Estate of Chas. Crocker.	25,000,000
Anson P. Stokes	8,000,000	Mrs. Anson P. Stokes.	5,000,000
J. W. Mackay	30,000,000		15,000,000
James G. Fair	20,000,000		15,000,000
Leland Stamford	40,000,000		30,000,000
Charles Pratt	6,000,000		10,000,000
George W. Childs	15,000,000		5,000,000
John Wanamaker	15,000,000		3,000,000
Warner Miller	5,000,000		Less than 1,000,000
W. H. Windom	5,000,000		Less than 1,000,000
Sidney Dillon	15,000,000		4,000,000

NOTICE.

The NATIONAL BANK OF LEBANON, located at Lebanon, in the State of Kentucky, is closing up its affairs. All note-holders and others, creditors of the association, are therefore hereby notified to present the notes and other claims against the association for payment.

R. E. KIRK, Cashier.

LEBANON, KY., May 18, 1889.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from July No., page 76.)

State.	Place and Capital.	Bank or Banker.	Cashier and N. Y. Correspondent.
N. Y.	CITY.....	Manhattan Trading Co..	.....
	$20,000	(W. W. Carner & Co.)	.....
ALA....	Fort Payne....	First National Bank.....	Chase National Bank.
	$50,000	W. P. Rice, *P.*	G. E. Lathrop, *Cas.*
"	.. Huntsville.	First National Bank.....	.....
	$125,000	James R. Stevens, *P.*	Joseph Martin, *Cas.*
		W. H. Echols, *V. P.*	
"	.. Sheffield.....	Bank of Commerce.....	Importers & Traders Nat. Bank.
	$150,000	Wm. L. Chambers, *P.*	John M. Hamilton, *Cas.*
		A. H. Keller, *V. P.*	C. A. Abbott, *Ass't Cas.*
ARK....	Arkadelphia....	Citizens Savings Bank. .	Fourth National Bank.
	$50,000	Robt. W. Hine, *P.*	Chas. E. Neeley, *Cas.*
		John R. Dale, *V. P.*	
"	.. Batesville.....	Bank of Batesville.....	Bank of America.
	$25,000	J. S. Handford, *P.*	Henry H. Hinckle, *Cas.*
		D. C. Ewing, *V. P.*	Jno. Q. Wolf, *Ass't Cas.*
"	.. Camden.	Camden National Bank.	Chemical National Bank.
	$50,000	Chas. N. Rix, *P.*	Chas. K. Sithen, *Cas.*
		W. E. McRae, *V. P.*	
"	.. Malvern.....	Bank of Malvern.....	.....
	$25,000	Wm. H. Cooper, *P.*	Francis M. Smith, *Cas.*
		Henry A. Butler, *V. P.*	
"	.. Paragould.	Bank of Paragould.....	Hanover National Bank.
	$15,000	Calvin Wall, *P.*	E. S. Bray, *Cas.*
		W. H. Jones, *V. P.*	
CAL....	Los Gatos.....	Commercial Bank.....	National Bank of Commerce.
	$60,000	Chas. F. Wilcox, *P.*	Jos. R. Ryland, *Cas.*
		F. H. McCullagh, *V. P.*	
GA.....	Atlanta..	Atlanta Tr. & B'k'g Co..	.....
	$105,000	Wm. A. Hemphill, *P.*	Alonzo Richardson, *Cas.*
		A. D. Adair, *V. P.*	
		Chas. B. Wilkinson, *V.P.*	
"	.. Cedartown.....	First National Bank.....	Chemical National Bank.
	$50,000	C. L. Hardwick, *P.*	
		W. T. Gibson, *V. P.*	J. O. Hardwick, *Cas.*
"	. Griffin.....	Merchants & Planters B.	Importers & Traders Nat. Bank.
	$40,000	Joseph D. Boyd, *P.*	David D. Peden, *Cas.*
		S. Grantland, *V. P.*	J. C. Brooks, *Ass't Cas.*
ILL.....	Englewood.....	First National Bank.....	.....
	$100,000	A. S. Green, *P.*	Frank Leland, *Cas.*
"	.. Ladd.....	Farmers & Miners Bank.	Atlantic Trust Co.
	$25,000	Glenn W. Traer, *P.*	Frank Roberts, *Cas.*
		John W. Blee, *V. P.*	
IN. T...	Guthrie.....	B. of Indian Territory.	.....
	$50,000	Norman C. Raff, *P.*	Vincent Wallace, *Cas.*
IOWA ..	Kalona... ...	Wm. H. Palmer.....	.....
"	.. Newell.....	Miller & Chaney.	.....
	$15,000		
KAN....	Alma.....	Alma State Bank.....	Hanover National Bank.
	$17,500	Chas. Ross, *P.*	Louis Palenski, *Cas.*
		Fred. Lutz, *V. P.*	
"	.. Burns.....	Citizens Bank.....	.....
	$10,600	(I. W. Daggett.)	.....
"	.. Courtland.....	Exchange Bank.....	.....
	$50,000	F. Everest, *P.*	C. Everest, *Cas.*
		E. G. Armsby, *V. P.*	S. Everest, *Ass't Cas.*
"	.. Halstead.....	Halstead Bank.....	Chase National Bank.
	$50,000	Martin S. Ingills, *P.*	John H. McNair, *Cas.*
		Jacob Linn, *V. P.*	

State.	*Place and Capital.*	*Bank or Banker.*	*Cashier and N. Y. Correspondent.*
KY.....	New Haven....	Sylvester Rapier & Co...	.....
" ..	Vanceburg.	Deposit Bank.....	Fourth National Bank.
	$25,000	S. Ruyless, *P.*	A. H. Parker, *Cas.*
LA.....	Monroe.....	Monroe National Bank..	Mechanics National Bank.
	$60,000	L. D. McLain, *P.*	J. A. Conway, *Cas.*
		H. Meyer, *V. P.*	
MASS...	Chelsea.....	Winnisimmet Nat. Bank.	.....
	$100,000	Alfred S. Foster, *P.*	Edward H. Lowell, *Cas.*
MINN...	Granite Falls...	Granite Falls Bank.....	Fourth National Bank.
	$50,000	John A. Willard, *P.*	John G. Dodsworth, *Cas.*
		John S. Johnson, *V. P.*	P. O. Lieberg, *Ass't Cas.*
" ..	Sandstone.....	Bank of Sandstone.....	National Bank of the Republic.
	$5,000	Wm. H. Grant, Jr., *P.*	J. S. Johnson, *Cas.*
" ..	Two Harbors..	Sellwood, Burke & Co...	National Park Bank.
			D. A. Burke, *Cas.*
" ..	Windom.....	Cottonwood Co. Bank...	Ninth National Bank.
	$40,000	Geo. M. Laing, *P.*	Wm. A. Smith, *Cas.*
		Thos. C. Collins, *V. P.*	
MISS....	Vicksburg.....	Peoples Savings Bank...	.....
	$12,500	C. O. Willis, *P.*	W. H. Fitz Hugh, *Sec. & Treas.*
		A. J. Lewis, *V. P.*	
MO.....	Brunswick.	First National Bank.....	Hanover National Bank.
	$50,000	Joseph M. Perry, *P.*	Alonzo M. Dumay, *Cas.*
		John F. Cunningham *V. P.*	
" ..	Carrollton.	First National Bank.....	National Park Bank.
	$100,000	J. R. Clinkscales, *P.*	W. E. Hudson, *Cas.*
		W. D. Shanklin, *V. P.*	
" ..	Perryville..	Phillips & Tucker.....	Chase National Bank.
	$7,000		Thos. L. Phillips, *Cas.*
" ..	Republic.	Bank of Republic.....	Fourth National Bank.
	$10,000	Geo. W. O'Neal, *P.*	Will W. Coover, *Cas.*
		Wm. E. Hood, *V. P.*	
" ..	St. Joseph. ...	Central Savings Bank.	Hanover National Bank.
	$100,000	Louis Hax, *P.*	Manfred M. Riggs, *Cas.*
		Wm. G. Fairleigh, *V. P.*	
		Geo. W. Clawson, *V. P.*	
NEB....	Aurora..... ..	Aurora State Bank.....	Chemical National Bank.
	$38,600	D. E. Thompson, *P.*	A. G. Peterson, *Cas.*
" ..	Crawford.....	State Bank.....	Chemical National Bank.
	$25,000	John R. Clark, *P.*	Chas. J. Grabill, *Cas.*
		Francis C. Grabill, *V. P.*	Arthur F. Callihan, *Ass't Cas.*
" ..	Liberty.....	First National Bank.....	.....
	$50,000	E. E. Harden, *P.*	H. A. Harden, *Cas.*
" ..	Pawnee City...	Farmers National Bank..	Hanover National Bank.
	$60,000	Chas. T. Edee, *P.*	Chas. E. Casey, *Cas.*
			W. D. Hartwell, *Ass't Cas.*
" ..	Randolph.	Security State Bank.....	Chase National Bank.
	$25,000	R. L. Oxford, *P.*	E. F. Walden, *Cas.*
" ..	Sidney.....	American Bank.....	Chase National Bank.
		A. S. Raymond, *P.*	Geo. E. Taylor. *Cas.*
		J. J. McIntosh, *V. P.*	J. M. Betts, *Ass't Cas.*
N. J....	Keyport.....	Keyport Banking Co....	Importers & Traders Nat. Bank.
	$50,000	Michael Taylor, *P.*	Garrett S. Jones, *Cas.*
		Thos. S. R. Brown, *V. P.*	
" ..	Paterson.....	Paterson National Bank.	National Bank of the Republic.
	$200,000	Wm. Strange, *P.*	Henry C. Knox, *Cas.*
		H. B. Parke, *V. P.*	
" ..	Tuckerton.	Tuckerton Bank.....	.....
	$50,000	Francis French, *P.*	Frank R. Austin, *Cas.*
		Geo. W. Mathis, *V. P.*	
N. Y. ..	Brooklyn.....	Seventeenth Ward Bank.	Fifth National Bank.
	$100,000	Thos. C. Smith, *P.*	Wm. H. Webster, *Cas.*
		E. A. Walker, *V. P.*	
" ..	Le Roy.....	Bank of Le Roy.....	Importers & Traders Nat. Bank.
		Wm. Lampson, *P.*	Butler Ward, *Cas.*
		M. P. Lampson, *V. P.*	W. C. Donnan, *Ass't Cas.*
" .	Port Jefferson..	Bank of Port Jefferson...	Chase National Bank.
	$25,000	H. M. Randall, *P.*	E. M. Davis, *Cas.*
		Jas. E. Bayles, *V. P.*	

State, Place and Capital.	*Bank or Banker.*	*Cashier and N. Y. Correspondent.*
PENN... Hyndman.....	Nat. B. of South Penn .	.....
$50,000	John K. White, *P.*	T. J. Wilson, *Cas.*
" .. York.....	Smyser, Bott & Co.....	.....
S. C.... Charleston.....	Miners & Merch. Bank...	Mercantile National Bank.
$100,000	Theo. D. Jervey, *P.*	Arthur Lynah, *Cas.*
	Caspar A. Chisholm, *V. P.*	
" .. Lancaster.....	Bank of Lancaster.....	Hanover National Bank.
$50,000	Leroy Springs, *P.*	Waddy C. Thompson, *Cas.*
	D. A. Williams, *V. P.*	
" . St. Matthews...	St. Matthews Sav. Bank.	.....
	W. T. C. Bates, *P.*	John. W. Zimmerman, *Cas.*
	Phillip Rich, *V. P.*	
TEXAS.. Brady.....	McCulloch County Bank.	Chemical National Bank.
	E. M. Longcope, *P.*	Mike L. Woods, *Cas*.....
	E. J. Marshall, *V. P.*	
" .. Bryan.....	Merch. & Planters N. B.	Hanover National Bank.
$100,000	J. N. Cole, *P.*	J. P. Burrough, *Cas.*
	H. R. Hearne, *V. P.*	A. D. McConnice, *Ass't Cas.*
" .. Henrietta.....	Farmers National Bank.	.....
$50,000	John G. James, *P.*	F. B. Wyatt, *Cas.*
	A. K. Swan, *V. P.*	Commercial National Bank.
" . Longview.....	First National Bank.....	
$50,000	J. R. Clemmons, *P.*	T. E. Clemmons, *Cas.*
" .. McGregor.....	First National Bank.....	.....
$50,000	A. J. Sewell, *P.*	Chas. F. Smith, *Cas.*
" .. Stephenville....	Erath Co. Nat. Bank....	.....
$50,000	M. S. Crow, *P.*	G. W. Gentry, *Cas.*
UTAH .. Salt Lake City.	Deseret Savings Bank...	.....
$100,000	John Sharp, *P.*	Elias A. Smith, *Cas.*
	Moses Thatcher, *V. P.*	
" .. Salt Lake City.	Utah Com. & Sav. Bank.	Chase National Bank.
$200,000	Francis Armstrong, *P.*	Melvin E. Cummings, *Cas.*
	P. W. Madsen, *V. P.*	C. E. Pomeroy, *Ass't Cas.*
WASH. Tacoma.....	Citizens National Bank.	... .
$100,000	O. B. Hayden, *P.*	L. J. Pentecost, *Cas.*
QUEBEC Montreal...	Bank of Montreal.....	Bank of N. Y. N. B. A.
	(*West End Branch.*)	D. B. Macpherson, *Sub Agent.*

CHANGES OF PRESIDENT AND CASHIER.

(*Monthly List, continued from July No., page 78.*)

Bank and Place.	*Elected.*	*In place of.*
ARIZ.... Consolidated B. of Tucson Tucson	L. M. Jacobs, *Cas*.....	D. Henderson.
ARK.... Merchants Bank, Fort Smith...	C. S. Smart, *Cas*.....	John S. Park.
CAL.... Consolidated N. B., San Diego.	J. H. Barbour, *Act'g Cas.*	.....
COL.... Boulder Nat. Bank, Boulder...	I. L. Bond, *Cas*	Chas. L. Spencer.
CONN... Guilford Sav. Bank, Guilford..	Harvey W. Spencer, *T*..	Chas. Griswold.
" .. First Nat. Bank, New Haven..	Pierce N. Welch, *P*.. ...	.....
" .. Willimantic Savings Bank, Willimantic.	Silas F. Loomer, *P*.....	Edwin A. Buck.
	Noah D. Webster, *Treas.*	F. F. Webb.
DAK.... Dakota Loan & Tr. Co., Canton.	T. J. Fosdick, *P*.....	J. S. Meyers.
DEL.... Delaware City N. B., Del. City.	Henry Cleaver, *P*.....	Chas. G. Ash.*
ILL..... Drovers Nat. Bank, Chicago...	Edward Tilden, *Ass't C.*	.....
" .. National Live Stock Bank, Chicago.	Levi B. Doud, *P*.....	Elmer Washburn.
	Geo. T. Williams, *V. P.*	Sam'l. M. Nickerson
" .. Second Nat. Bank, Danville...	A. R. Samuels, *Cas*.....	Thos. S. Parks.
" .. Tremont Bank, Tremont.....	A. D. Davis, *Cas*.....	.....

* Deceased.

	Bank and Place.	*Elected.*	*In place of*
Iowa...	First National Bank, Creston.	F. W. Clarke, *Cas*.....	E. J. Bush.
		M. D. Smith, *Ass't Cas*..	F. W. Clarke.
" ..	Dubuque County B., Dubuque.	Jas. J. Murray, *Cas*.....	.....
Kan....	First National Bank, Coldwater.	Wm. D. Weiler, *Cas*....	John P. Jones.
" ..	First National Bank, Garden City.	Chas. B. Wilkinson, *P*..	.....
		B. P. Shawhan, *V. P*....	.....
		J. A. Patton, *Cas*.....	.....
" ..	Harper Nat. Bank, Harper....	B. J. Wrightsman, *A. C*.	A. M. Dumay.
" ..	First National Bank, Herington.	James M. Naspy, *V. P*..	.....
		Geo. A. McMillan, *A. Cas*.	.....
" ..	First Nat. Bank, Junction City.	Thos. B. Kennedy, *A. C*.	Jas. W. Barney.
" ..	First National Bank, Mankato.	Geo. S. Bishop, *P*.....	Geo. H. Case.
		C. Angevine, *V. P*.....	Geo. S. Bishop.
Ky.....	Farm. & Trad. N.B., Covington.	J. H. Merriman, *P*.....	James S. Wayne.
" ..	First National Bank, Hopkinsville.	Geo. C. Long, *P*.....	S. R. Crumbaugh.
		Thos. W. Long, *Cas*....	Palmer Graves.
Me.....	Nat. Village B., Bowdoinham..	S. W. Randall, *P*.....	Jno. Coombs.
Mass..	Fitchburg Nat. B., Fitchburg..	Wm. J. Stearns, *Cas*....	H. G. Townsend.
" ..	Cape Ann Nat. B., Gloucester.	Henry Center, *Act'g C*...	.....
" ..	Nat. Exchange Bank, Salem...	S. G. Symons, *Ass't Cas*.	.....
Minn..	Metropolitan Bank, Minneapolis.	E. J. Edwards, *P*.....	S. P. Channell.
		J. T. Wyman, *V. P*.....	E. J. Edwards.
" ..	First National Bank, Morris...	F. L. Pierce, *V. P*.....	Albert DeKay.
Mo.....	Peoples Savings Bank, Chillicothe.	R. Hawkins, *V. P*.....	.....
		Wm. B. Leach, *Cas*.....	R. Hawkins.
" ..	Merchants Nat. B., Kansas City.	J. W. Barney, *Cas*.....	G. W. McKnight.
" ..	Nat. Bank of Rolla, Rolla.....	A. S. Long, *V. P*.	Joseph Campbell.
" ..	First National Bank, St. Charles.	Henry Angert, *P*.....	W.W. Kirkpatrick.
		B. F. Becker, *V. P*.....	Henry Angert.
		W. W. Kirkpatrick, *Cas*.	J. E. Stonebraker.
" ..	Saxton Nat. Bank, St. Joseph..	S. C. Woodson, *P*.....	A. M. Saxton*
Mont ..	Stock Growers N.B., Miles City.	C. L. Merrill, *Ass't Cas*..	E. C. Batchelor.
Neb....	State Bank, Beaver Crossing..	M. W. Warner, *Cas*.....	T. E. Sanders.
" ..	State Bank, Curtis.....	T. M. Wimberley, *Cas*...	Jno. B. Cruzen.
" ..	Bank of Grafton, Grafton.	O. M. Carter, *P*.....	J. W. Price.
		G. S. Montgomery, *V.P*.	.....
		J. T. Hinkley, *Cas*.....	R. C. Price.
" ..	First National Bank, Hastings.	Geo. H. Pratt, *V. P*. . .	.....
		James N. Clarke, *Cas* ..	Geo. H. Pratt.
" ..	Farmers & Merchants Bank, Hayes Centre.	A. A. Hatch, *P*.	. .....
		R. B. Likes, *Cas*.....	.....
		I. R. Likes, *Ass't Cas*...	.....
" ..	First Nat. Bank, Holdrege.....	S. E. McNaul, *Cas*.....	James N. Clarke.
" ..	First National Bank, Lincoln.	Jno. R. Clark, *P*.....	John Fitzgerald.
		D. D. Muir, *Cas*.....	John R. Clark.
		C. S. Lippincott, *Ass't C*.	.....
" ..	Nehawka Bank, Nehawka.....	David C. West, *Cas*.....	Chas. C. Parmele.
" ..	Platte County B., Platte Centre.	H. H. Bulkeley, *Cas*...	Geo. H. Stevenson.
" ..	Bank of Commerce, Sterling...	J. E. Barrett, *P*.....	T. P. Renshaw.
" ..	Bank of Russell & Holmes, Tecumseh.	James D. Russell, *P*....	.....
		Chas. A. Holmes, *V. P*..	.....
		Warren H. Holmes, *Cas*.	.....
		G. D. Bennett, *Ass't Cas*.	.....
N. J....	Peoples Bank, Sea Isle City....	Lewis M. Cresse, *Cas*....	Carl Vollker.
N. Y...	Nat. Union Bank, Kinderhook	James Bain, *P*.....	S. H. Wendover.*
" ..	First Nat. Bank, Port Henry...	F. S. Witherbee, *V. P*...	S. H. Witherbee.
" .	Peoples Bank, Potsdam	F. D. Barry, *Cas*.	Will L. Pert.
" ..	First Nat. Bank, Poughkeepsie.	F. E. Whipple, *Cas*.....	Zebulon Rudd.
Ohio...	Citizens Bank, Beverly.....	Oliver Tucker, *P*.....	E. S. McIntosh.*
" ..	Citizens Nat. Bank, Cincinnati..	Geo. Peck, *Act'g Cas*....	Geo. W. Forbes.*
" ..	Teutonia National Bank, Dayton.	Fred. Reibold, *V. P*.....	.....
		J. Schumacker, *Ass't C*..	.....
" ..	First National Bank, Plymouth.	W. B. Cuykendall, *P*....	J. Brinkerhoff.
" .	First Nat. B., Upper Sandusky.	Chas. F. Plumb, *Cas*....	J. A. Maxwell.
Ore....	La Grande National Bank, La Grande.	H. Anson, *P*.....	M. Baker.
		R. J. Rogers, *V. P*.....	H. Anson.
		F. S. Slater, *Ass't Cas*...	.....

* Deceased.

	Bank and Place	*Elected.*	*In place of.*
PENN...	Delaware Co. Tr., S. Dep. & Title Ins. Co., Chester.	J. A. G. Campbell, *Treas*	Thos. Lees.
" ..	First Nat. Bank, Johnstown...	J. E. Sedlmeyer, *Act'g C.*	.....
" ..	Kensington Nat. Bank, Phila..	E. A. Landell, *P.*.....	Theo. M. Delany.
" ..	Tradesmens National Bank, Philadelphia.	Frank G. Rogers, *Cas...* J. A. McKee, *Ass't Cas..*	John Castner. Frank G. Rogers.
TENN ..	Third Nat. Bank, Chattanooga.	Edgar McKenney, *A. C.*	C. R. Gaskill.
TEXAS..	First National Bank, Lampasas.	E. M. Longcope, *P.*..... E. J. Marshall, *Cas*.....	J. M. Malone. E. M. Longcope.
" ..	First Nat. Bank, Marshall.....	E. J. Fry, *V. P.*.....	.....
" ..	First National Bank, Montague.	F. M. Kinsey, *P.*..... D. C. Jordan, *V. P.*....	C. C. White. F. M. Kinsey.
" ..	First National Bank, Waxahachie.	C. W. Gibson, *P.*..... R. G. Phillips, *Cas*..... R. M. White, *Ass't Cas..*	M. T. Patrick. C. W. Gibson. J. P. Burrough.
" ..	Wolfe City N. B., Wolfe City..	C. E. Craycroft, *Cas*....	Geo. W. Eastwood.
UTAH ..	First Nat. Bank, Provo.....	Thos. R. Cutter, *V. P...*	John Sharp.
VA... ..	Front Royal National Bank, Front Royal.	D. C. Cone, *Cas...*.... Jas. A. Sommerville, *A.C.*	James H. French. .....
ONT...	Imperial B. of Canada, Fergus	C. H. Wethey, *Act'g M.*	E. Hay.
" .	Mer. B. of Canada, Kincardine.	H. Irwin, *M'g'r*.....	Geo. C. Tyre.
N. B...	Merchants B. of Halifax, Bathurst.	G. A. Dudley, *Agent*....	W. R. Racey.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Monthly List, continued from July No., page 78.)

No	*Name and Place.*	*President.*	*Cashier.*	*Capital.*
4063	National Bank of South Pa.... Hyndman, Pa.	John K. White,	T. J. Wilson,	$50,000
4064	First National Bank..... Fort Payne, Ala.	W. P. Rice,	G. E. Lathrop,	50,000
4065	Vernon National Bank..... Vernon, Texas.	Alfred M. Britton,	S. W. Lomax,	100,000
4066	Camden National Bank ..... Camden, Ark.	Chas. N. Rix,	Chas. K. Sithen,	50,000
4067	First National Bank..... Huntsville, Ala.	James R. Stevens,	Joseph Martin,	125,000
4068	Farmers National Bank..... Henrietta, Texas.	John G. James,	F. B. Wyatt,	50,000
4069	Citizens National Bank..... Tacoma, Wash.	O. B. Hayden,	L. J. Pentecost,	100,000
4070	Merch. & Planters Nat. Bank.. Bryan, Texas.	J. N. Cole,	J. P. Burrough,	100,000
4071	Pulaski National Bank..... Pulaski, Va.	J. H. Caddall,	W. F. Nicholson,	50,000
4072	Paterson National Bank..... Paterson, N. J.	Wm. Strange,	Henry C. Knox,	200,000
4073	First National Bank..... Englewood, Ill.	A. S. Green,	Frank Leland,	100,000
4074	Winnisimmet National Bank.. Chelsea, Mass.	Alfred S. Foster,	Edward H. Lowell,	100,000
4075	First National Bank..... Cedartown, Ga.	C. L. Hardwick,	J. O. Hardwick,	50,000

No.	*Name and Place.*	*President.*	*Cashier.*	*Capital.*
4076	First National Bank ..... McGregor, Texas.	A. J. Sewell,	Chas. F. Smith,	50,000
4077	First National Bank..... Longview, Texas.	J. R. Clemmons,	T. E. Clemmons,	50,000
4078	Farmers National Bank..... Pawnee City, Neb.	Chas. T. Edee,	Chas. E. Casey,	60,000
4079	First National Bank..... Carrollton, Mo.	J. R. Clinkscales,	W. E. Hudson,	100,000
4080	First National Bank..... Liberty, Neb.	E. E. Harden,	H. A. Harden,	50,000
4081	Erath County National Bank.. Stephenville, Texas.	M. S. Crow,	G. W. Gentry,	50,000
4082	Monroe National Bank..... Monroe, La.	L. D. McLain,	J. A. Conway,	60,000

CHANGES, DISSOLUTIONS, ETC.

(Continued from July No., page 79.)

ALA.... Huntsville. .... National Bank of Huntsville, now First National Bank, same officers.

ARK ... Batesville..... Hinkle & Wolf succeeded by Bank of Batesville.

" .. Camden..... Bank of Camden succeeded by Camden National Bank, same officers.

GA..... Atlanta..... Georgia Security Investment Co. has been succeeded by the Atlanta Trust & Banking Co.

" .. Cedartown..... Hardwick & Co., now First National Bank, same correspondents.

ILL..... Jacksonville.... Hockenhull, King & Elliott, now Hockenhull & Elliott.

" .. Tremont..... Tremont Bank (A. J. Davis), now A. J. & A. D. Davis, proprietors.

IOWA... Newell.... .... Miller & Gordon has been succeeded by Miller & Chaney, same correspondents.

" .. Tabor..... Tabor Bank (F. C. Johnson), now Gregory & Johnson, proprietors.

KAN.. . Alma..... L. Palenski & Co., now Alma State Bank, same correspondents.

" . Edmond..... Bank of Edmond (Lobsitz & Pfaff), now C. R. Miller & Son, proprietors.

" .. Halstead.. .... Halstead National Bank has gone into voluntary liquidation, and succeeded by the Halstead, same officers.

" .. Junction City... Kennedy & Kennedy have retired from business.

" .. Meade..... Citizens Bank has gone into voluntary liquidation.

" .. Meriden..... Bank of Meriden has paid all liabilities and retired from business.

" .. Newton..... German National Bank has gone into voluntary liquidation.

MICH... Ironwood..... Miners & Merchants Bank (Perry & Bingham) have closed out; no successors.

MINN.. Granite Falls... Granite Falls Bank (J. A. Willard & Co.), now Granite Falls Bank, incorporated.

" .. Windom..... Farmers Bank succeeded by Cottonwood County Bank.

MO..... Perryville..... Furth & Wilson, succeeded by Phillips & Tucker.

NEB....	Aurora.....	Aurora Exchange Bank, succeeded by Aurora State Bank.
" ..	Aurora.....	Hamilton County Bank has been incorporated, same officers and correspondents.
" ..	Beaver City....	Commercial Banking Co. has been incorporated.
" ..	Creighton.....	Bank of Creighton (Robt. M. Peyton), now State Bank of Creighton, same correspondents.
" ..	Lincoln.....	German Banking Co., now German-American Investment Co., same officers.
" ..	Tecumseh.....	Russell & Holmes, now Bank of Russell & Holmes, incorporated.
N. J....	Barnegat Park.	Bruen & Farrow, succeeded by William Livingston Bruen.
N. Y...	Adams.....	Adams National Bank has gone into voluntary liquidation, and succeeded by the Farmers National Bank.
" ..	Le Roy.....	National Bank of Le Roy, succeeded by the Bank of Le Roy, same officers.
PENN...	Chester.....	Chester Bank & Saving Fund has merged into the Delaware County Trust, Safe Deposit & Title Insurance Co.
VA.	Radford	Francis, Conway & Hubbert has been succeeded by Burton, Hubbert & Co.
WASH..	Tacoma.	Citizens Bank, now Citizens National Bank, same officers and correspondents.

DEATHS.

ANDERSON.—On July 3, aged sixty-three years, L. G. ANDERSON, President of First National Bank, Franklin, Ohio.

ASH.—On July 15, aged forty-nine years, CHARLES G. ASH, President of Delaware City National Bank, Delaware City, Del.

FORBES.—On June 22, aged forty-seven years, GEORGE W. FORBES, Cashier Citizens National Bank, Cincinnati, Ohio.

JOHNSON.—On July 13, aged seventy-five years, SILVESTER JOHNSON, New Haven, Ky.

LEACH.—On July 30, aged fifty-one years, GEORGE C. LEACH, President of the Peoples National Bank of Roxbury, Boston, and Treasurer of the Eliot Five Cent Savings Bank, Boston, Mass.

MACTAVISH.—On July 8, aged seventy-two years, D. A. MACTAVISH, agent of Bank of British North America, New York City.

SAXTON.—On June 27, aged sixty-eight years, A. M. SAXTON, President of Saxton National Bank, St. Joseph, Mo.

WEBB.—On July 8, aged fifty-eight years, JOSEPH C. WEBB, Cashier of National Exchange Bank, Salem, Mass.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, JULY, 1889.

Opening, Highest, Lowest and Closing Prices of Stocks and Bonds in July.

GOVERNMENTS.	Interest Periods.	Opening.	Highest.	Lowest.	Closing.
4½s, 1891.... reg.	Quarterly — Mar.	106¼	107⅞	105⅝	105⅝
4s, 1891.....coup.		106¼	106⅞	106¼	106¼
4s, 1907.....reg.	Jan	128⅛	128⅜	128⅛	128⅛
4s, 1907 .....coup.		128⅜	128⅝	128⅛	128⅜
	Feb.				
6s, cur'cy, 1895, reg		118	118	118	118
6s, cur'cy, 1896, reg.	Jan.	121	121	121	121
6s, cur'cy, 1897, reg.	&	124	124	124	124
6s, cur'cy, 1898, reg.	July	128	128	127	127
6s, cur'cy, 1899, reg.		130	130	130	130

RAILROAD STOCKS.	Opening.	Highest.	Lowest.	Closing.
Atlantic & Pacific	—	7	6⅛	—
Buff. R. & Pitts	—	22	22	—
Canadian Pacific	—	57	55	—
Canada Southern	53½	54¼	51⅝	52
Central of N. J.	109⅞	114⅛	109	110½
Central Pacific	34¼	34¼	33½	—
Ches. & Ohio.	20¼	23¼	20	23¼
Do 1st pref.	—	66½	55¼	66¼
Chic. & Alton	—	128	125	—
Do pref.	—	—	—	—
Chic., B. & Q	101¼	101¾	97¾	101½
Chic., M. & St. P.	71⅜	71⅝	66¼	71
Do pref.	111½	111	105	110⅜
Chic. & N. W.	109⅜	109⅛	104¼	108⅝
Do pref.	—	140	140	—
Chic., R. I. & P.	95¼	95¾	91⅝	95⅝
Chic., St. L. & P.	—	—	—	—
Do pref.	—	37	34½	—
Chic., St. P., M. & O.	34⅛	34⅛	30⅜	33½
Do pref.	—	95	92	95
C., C., C & I.	—	80	70	80
Col. Coal & Iron	30¼	31	27½	—

RAILROAD STOCKS.	Opening.	Highest.	Lowest.	Closing.
Col., H. Valley & Tol.	15½	15½	11	13¾
Col. & H. C. & I.	—	17	15	—
Del. & Hudson	147⅛	147⅛	142½	144¼
Del., Lack. & W.	148⅛	148⅛	142⅝	144
Den. & Rio Grande	—	16¼	16¼	—
Do. pref.	47¼	47¼	45	—
East Tenn. V & G.	—	10⅞	9½	9⅝
Do 1st pref.	—	73¼	70	—
Do 2d pref.	24¼	24¼	21½	22
Houston & Texas C	—	8¼	8½	—
Illinois Central	—	114	111½	—
Indiana, Bloom. & Western	—	—	—	—
Lake Erie and Western	—	18	16	—
Do pref.	—	59½	56⅝	—
Lake Shore	104½	104½	100½	102⅛
Long Island	—	93⅜	92⅛	—
Louisville and Nashville	69¼	70	67½	69⅝
Louisville, N. Alb & Chic.	—	42	39⅞	—
Manhattan Consol.	—	97½	90	—
Marq. H. & O.	—	—	—	—
Do pref.	—	—	—	—
Memphis & Charleston	—	55	55	55
Michigan Central	—	90	85½	87
Mil., L. S. & W	—	91⅜	91	—
Do pref.	114	114½	111½	—
Minn. & St. Louis	—	4¼	3⅞	—
Do pref.	9⅞	9⅞	8	—
Mo., Kan. & Texas	—	11	10⅛	—
Missouri Pacific	73¼	73¼	65¾	68⅛
Nash., C. & St. L.	—	96	96	—
N. Y. C. & Hudson	—	106½	104⅞	—
N. Y., C. & St. L.	—	16⅞	15½	16
Do pref.	—	69	68	—
N. Y., L. E. & W.	27¼	27¼	25⅜	26⅝
Do pref.	67	67	63¼	64½
N. Y. & New Eng.	52¼	52¼	47⅛	49½
N. Y., Ont. & W.	17⅝	17⅞	16½	16¼
N. Y., Sus. & W.	8⅛	8¼	7¾	8⅜
Do pref.	—	33½	31¼	32⅜

MISCELLANEOUS.	Opening.	Highest.	Lowest.	Closing.
Norfolk & Western	—	15⅝	15	—
Do pref.	—	51⅞	49¼	—
Northern Pacific	28⅛	28¼	25⅞	28⅜
Do pref.	66¼	66¾	61½	64¼
Ohio & Mississippi	—	22⅜	21⅛	22⅝
Ohio Southern	17	17½	16	—
Oregon Impt.	—	55½	53	—
Oregon R. & N.	—	96¼	94	94¼
Oregon Short Line.	—	4¼½	45	—
Oregon & Trans-Con.	34	34	28¼	31¾
Pacific Mail	33¼	34	31¼	—
Peoria, Decatur & Evansville	—	22	20	—
Philadelphia & Reading	48½	48⅝	42¼	44¼
Pullman Palace Car Co.	—	186	180	182½
Rich & W. P. Term.	24½	24⅛	19½	22¼
Rome, W. & Ogd.	—	103¼	102	—
St. Louis, A. & T. H.	—	47¼	44½	—
Do pref.	—	105	105	—
St. Louis & San Francisco	—	27½	26	26⅜
Do pref.	58½	58½	55	57
Do 1st pref.	—	113	111	—
St. Paul & Duluth	—	32½	30	—
Do pref.	—	82	82	—
St. Paul, M & M.	—	101	97	98
Southern Pacific Co.	30¼	32⅛	28⅝	30⅜
Tenn Coal & Iron	39⅞	40⅜	39	—
Texas & Pacific	—	20¼	18	—
Union Pacific	60⅞	60⅞	56½	59⅞
Virginia Midland	—	—	—	—
Wabash, St. Louis & Pacific.	16½	16½	14½	15
Do. pref.	29⅞	29⅞	27⅜	28¼
MISCELLANEOUS—				
Express—Adams	—	151	148	—
American	116	118	115	—
United States	91½	92¼	90¼	—
Wells-Fargo	—	141	136	140
Western Union	85⅝	86⅛	83½	84¼
Silver Bullion Cert.	—	—	—	—

THE

BANKER'S MAGAZINE

AND

Statistical Register.

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SOUTH AMERICAN TRADE AND BANKING.

For several years the opinion has been growing that the people of the United States should engage more largely in trade with South America. This opinion has been heard most loudly in times when trade was stagnant at home and prices were declining. It was said that if the South American markets were fairly opened to American producers, the surplus in this country could be sent there, and thus better prices be obtained for the portion consumed in our own country. On the other hand, it has been maintained by American producers that the home market was worth far more than the foreign, and that the point to keep steadily in sight was the securing of the home market firmly and for all time. Our country has become so great, and is growing so rapidly, that it forms a sufficient market to employ the energies and the capital of all producers and exchangers. Consequently, the thought of conquering the South American market, as a reservoir for our surplus product, has not been very strongly entertained by those who are the most largely engaged in production and exchange. In truth, the opinion or sentiment that such an extension should be made, has often been the expression of newspapers and of persons who are less directly concerned in production. If this were not so, if the producer had felt very deeply that the foreign market was essential to his permanent success, he would long ago have found one somewhere. The fact that he has taken so little interest in securing markets, either in South America or in other countries,

is the strongest proof that, until the present time, he has not thought very seriously of trusting to this mode of relief whenever a surplus has existed at home, or prices have been declining.

While this will not be questioned, it is also true that his conditions have, within a few years, in many regards, changed, and the question may now be asked whether the fullness of time has not come in which he should seriously complete such arrangements as are needful to extend his trade to other countries, and particularly to South America. One objection at the threshold may be put out of the way. The free trader has affirmed that if free trade only existed in this country, foreign markets would be open to the American manufacturer and exchanger at all times, and, therefore, when a plethora of products existed at home they could be sold abroad. Hence he argued that free trade is everything for the manufacturer, because it secures to him wider markets than those he now possesses. At present a high wall exists around him. He cannot compete with foreign nations if he would, and, therefore, in times of depression he must suffer from the system under which he is living. But the reply to this, it seems to us, is quite conclusive. If free trade existed in this country, doubtless the cost of manufacturing would be lessened, labor would receive a lower reward, every producer would get less for the raw material which enters into the manufactured product, and thus, so far as the cost of production is concerned, the manufacturer would be in a better condition to compete with the producer of foreign nations; but it must also be remembered that foreign nations are jealous of every market they possess, and if the American producer could produce his goods at a lower price, and should begin to export them, foreign producers would immediately begin to lessen the price of those sold by them to foreign customers. In other words, if the American producer should attempt to export to South America, he might not be able to sell at the prices now existing there, and, in fact, would not probably be able to sell them at such prices, for those now having control of the markets would be very unwilling to abandon them, and would doubtless make a long and severe fight to maintain their supremacy. Consequently, we are by no means certain that if free trade were adopted in this country, and the cost of production was thereby lessened, that the American producer would find it such an easy matter to introduce his goods into the South American markets in any considerable quantity.

Putting this question aside, there are other difficulties in the way which have been somewhat considered by those who have looked toward that field as an outlet for our surplus production. In the first place, the wants of the South American people must be studied, and such goods manufactured as will suit their varying tastes. The foreign manufacturer in Great Britain, Germany and

other countries, who makes for the South American market, well understands these things. He has his agents in the field who send advice with respect to the kind of goods to be made, and all other information needful for the producer. If the manufacturers in this country were to undertake seriously to make and sell goods in South America, this would be one of the initiatory steps in the procedure. But it is by no means a very serious one. Men can be had, and capital, faith, pluck and intelligence are the only ingredients necessary to undertake this work with success. There are, however, other elements far more serious, and they will now be considered. Three are especially worthy of consideration.

First. Treaties should be made with the South American countries, of a reciprocal nature. This would be no easy thing with some countries. But in the end, doubtless, treaty regulations could be effected that would be satisfactory to the exchanging and producing parties of both countries.

Second. Another difficulty, and a more serious one, is the establishing of proper means of communication. At present, a considerable portion of the little commerce we have reaches South America in foreign steamers instead of our own. A great deal has been said on this subject of establishing lines to South America, and of granting subsidies for their maintenance, and we shall not at the present time go over this well-beaten ground. The Argentine Republic once offered a subsidy of $200,000 to any one who would establish such a line between the principal port of that country and New York. Had our country been willing to give as much, doubtless a line would have been established long ago. Notwithstanding the enormous surplus which has been so troublesome to manage, Congress has been unwilling to grant even a small subsidy for maintaining a single line with a South American State. Other countries maintain lines by granting subsidies. Our country is willing to go almost any length in granting protection to those at home; but when a subsidy is asked for a line of steamers to link us more firmly to some other country, and through which the American people may be greatly benefited, Congress hesitates, and finally says no. This policy must be reversed if we are to have a commerce with South America, and to establish such cordial relations as shall be beneficial to those countries as well as our own.

Another thing that must be done is to perfect our banking arrangements, whereby those who would sell to South American customers may be able to do so. One of the peculiarities of the South American trade is that the buyers require a very long credit—from six months to a year—before paying for their purchases, in many cases. Abroad, this difficulty is easily overcome through the aid of special banking facilities. One can readily

understand that if sellers were to give such long credit a large amount of capital would be required to transact much business. But in England, for example, the business is easily managed. Even small firms, with not more than $100,000 or $150,000 capital, are enabled to do a business of a million dollars a year or more with the assistance granted by banks who deal especially in South American paper. Of course, the risk is enhanced in buying paper that has so long a time to run. Nevertheless, these foreign banks which are engaged in dealing in South American paper for a long time have made exceedingly good profits. The usual rate of interest in South America is from ten to twelve per cent., and this is sufficiently great to yield a large return on the capital invested, if the credits are properly bestowed. South American purchasers, as foreign experience has shown, are by no means thriftless and disregardful. But long credit is necessary. Notwithstanding the increase in railroads, the goods which they purchase move slowly, and often thirty, forty, or fifty days pass after they have reached the seaport on their way to their destination, before they finally are in the hands of the persons to whom they are consigned. Then two or three months more must pass before they can be sold. Thus one can readily perceive the need of granting long time in the disposition of goods to such customers. Banks, therefore, are as essential to South American trade as are the ships or the treaties, or any other factor in the problem.

Before concluding, a few words may be said concerning the extent of this South American trade. What is the volume of business done yearly? This question has recently been answered by the *South American Journal*, and we cannot do better than state the facts in its own words:

"Of the South American countries, the Empire of Brazil comes first, with a trade reaching to a total of £11,500,000, of which £5,500,000 are exports from the United Kingdom, and £6,000,000 imports. Brazil ranks fourth on the list of raw cotton supplying countries to Great Britain, the value of the imports being £1,000,000. It sends caoutchouc, £1,250,000; wet raw hides, £100,000 coffee, £500,000, and cane and other sugars, £400,000; the latter items, however, have considerably fallen off since 1882, when they stood for £1,500,000. Brazil receives of manufactured cotton, £3,000,000; woolens, nearly £250,000; machinery and metals, £1,000,000; coal, £250,000; hardware and cutlery, £130,000; agricultural implements, £45,000; boots and shoes, £160,000; and rice, £50,000.

"Next to Brazil comes the Argentine Republic, with a total trade of £8,500,000, of which £6,500,000 are exports of thither. From this republic is sent fresh mutton, £370,000; undressed sheep skins, £125,000, and wet raw hides, £100,000. Manufactured cotton is exported from Great Britain to the amount of £1,500,000; woolens,

£750,000; metals and machinery, £1,250,000; railway carriages, £150,000; coal, £125,000; hardware and cutlery, £120,000; manufactured jute, £150,000; cement, £65,000; and felt hats, £50,000.

"Chili has the third place; its trade amounts to £4,400,000, £2,100,000 being exports thither. From thence is sent of copper, £1,000,000; silver ore, £150,000; and corn, £750,000; while manufactured cotton, £750,000; woolens, £250,000, and metals, £250,000, are exported to that State.

"After Chili comes Peru, with a total trade of £2,500,000, of which £850,000 represents exports from Great Britain. Peru contributes cubic nitre, £500,000; sugar, £350,000; cotton and wool (raw), nearly £250,000 each; guano, £200,000. Manufactured cotton is sent there to the amount of £500,000; woolens, £150,000; metals about £70,000, and £50,000 worth of the opium which is received by Great Britain from Turkey.

"Central America has a total trade of £2,350,000, of which £1,000,000 is export. Costa Rica supplies £800,000 coffee, and Guatemala sends indigo, £200,000. Manufactured cotton is exported from the United Kingdom to the amount of £500,000.

"Uruguay is next, with £2,000,000, £1,800,000 being export thither. Wet raw hides are received thence, value from £370,000 to £125,000; unsalted meat, £60,000; and tallow and other fat, £250,000; while manufactured cottons and woolens, £250,000 each, and iron, £50,000 are exported thither.

"The United States of Colombia has a trade of £1,500,000, of which £1,250,000 is export from Great Britain. Hence is received coffee, £60,000, and Peruvian bark, from which quinine is obtained, to the value of £50,000, though this is much less than in 1882, when it valued £750,000. The chief import thither is manufactured cotton, £500,000.

"Mexico has a total trade of £1,700,000, of which above £1,125,000 is export. This province furnishes over half the mahogany sent to the United Kingdom, or rather more than £500,000. It sends also tobacco—principally cigars—£100,000. Of exports thither, manufactured cotton values £500,000; woolen, £125,000, and machinery, £100,000.

"Venezuela comes after Mexico, with a trade of £1,000,000—£750,000 being exports. From thence is received copper, £100,000: whilst the only notable export is manufactured cotton, £500,000.

"The trade of Ecuador only amounts to £600,000 (exports, £400,000), but it is second in supplying cocoa to Great Britain, the value of which is £200,000. The principal export is manufactured cotton, £150,000.

"The smallest trading State is Boliva, the total trade of which is only £250,000—£90,000 being export. Cubic nitre is sent thence valued at £100,000."

A word or two more may be added on this same subject. Mr. William E. Curtis, in a recent letter, has affirmed that the countries lying south of the Gulf of Mexico and the Rio Grande have sold to the United States, since 1861, raw products amounting to nearly $2,000,000,000, while the manufactured merchandise sent there from the United States has amounted to only $600,000,000. The difference between these two sums, of $1,400,000,000, has been paid by the United States in cash or in bills on London. This is a huge difference, and we trust the time will soon come when the account will more nearly balance. These figures should awaken every one to the necessity of so changing our trade relations that the people of this country may be able to obtain more of the trade of these countries from which it has during the last thirty-five years purchased so much.

Foreign Investments in the United States.—The *Iron Age*, remarking on this subject, says: "The abundance of foreign money seeking investment in the United States is not readily accounted for. The representative of a large firm of solicitors in London, who was in Washington a few days since, being questioned on this subject, replied that 'Investments were not being made with British capital alone, but that the entire Continent of Europe was sending money to London to be invested in the United States. The money goes to London because that city is naturally the great financial center of the world; but France, Germany, Italy, and in fact the entire Continent, was interested in the negotiations now pending in various parts of the country for the purchase of industrial concerns.' He went on to explain that Great Britain and the rest of Continental Europe believed that it is only a question of time before all Europe would be involved in the greatest war the world has ever seen, and to provide for the proverbial rainy day, money had been withdrawn from home investments, so that it could be invested in this country. The marvelous recuperation shown by this country since the civil war and the way it had weathered domestic troubles had convinced the leading financiers of Europe of the stability of the American form of government and American institutions, and they felt convinced that money invested in this country would yield a handsome return and the capital would be perfectly safe."

A REVIEW OF FINANCE AND BUSINESS.

A YEAR OF PLENTY, ACTIVITY, AND LOW PRICES.

The promise of July has been fulfilled during August, and we have now practically secured the largest, the finest, and the earliest crops ever raised in this country, taken all together. The fruit and the hay crops are about the only ones that have suffered, both having been damaged and shortened by the protracted wet weather during the growth of the former and the harvest of the latter. Not only this, but the July prospects of a shortage in other countries and in the world's supply of its chief food cereal—wheat—have been more than fulfilled, and the deficit that will have to be made up by increased exports from the United States, is greater than was expected a month ago. Hence, with the largest crops ever raised, we have in sight the largest export demand we have had since America lost her supremacy in the importing wheat markets of Europe. The wheat crop will be one of, if not the largest, and best ever grown. The oat crop is larger than ever before, and, within the past month, there have been exported nearly a half of a million bushels; and for the first time in the history of the trade, barring a few scattered shipments, to eke out the short corn crop of 1881. The corn crop, barring only unusually early frosts, will be as large or larger than the enormous crop of last year even, which cannot be gotten to the seaboard as fast as Europe wants it.

THE LARGEST CROPS AND GREATEST EXPORTS ON RECORD.

We have, therefore, the best of prospects for the largest crops and biggest exports on record. The cotton crop is already estimated at 500,000 to 1,000,000 bales more than ever raised before, or, at least, a crop of 7,500,000 bales, with 2,000,000,000 bushels of corn, 700,000,000 of oats, and 520,000,000 of wheat. Added to this is the largest production of dairy products on record, as a result of the early spring and flush pasturage, resulting from the unusually wet season all over the country. The supply of hog and beef products will be equal to, or in excess of, the period when American provisions supplied the European markets, which was much greater than of late years, as a result of the two largest corn crops ever raised in succession, which insures the maximum live stock production.

Our flour is also again taking its old place on the other side, since the fine new crop of wheat is available for grinding, for which the winter is actually worth five cents per bushel more than the poor crop of last year, and the spring wheat ten cents per

bushel more. With such crops as these, of all food and feed supplies and of cotton, we have the prospect of the largest exports for the coming year in the history of the country. Prices, however, are very low, and hardly sufficient to return the farmers much if any profit over their labor, rent of land, seed, and hauling to market. Yet the last item is the only one greater on a large than a small crop, such as they have had of late years in wheat at least, and hence the result to producers of this crop will be to put more ready money in their hands, and into active circulation, than for years. Should prices advance, however, as the crop goes into consumption, which is likely, from the unusually low level of values at which we begin the year for all these staples, a profit would no doubt be secured by the farmer for the last half of his crops, which would enable him to liquidate his obligations more fully than for the past seven years.

THE BRIGHT AND THE DARK SIDE.

This is the bright side of the picture of the coming year of plenty and of good demand, which insures the transportation interests, by sea and land, good business, and plenty of it, at steady and paying rates, unless their managers are foolish enough to throw away their great opportunity, by continuing the chronic war of rates, that has disturbed our great railway systems for the past year. Those industries allied with the railroads, especially the iron, can scarcely fail to be materially stimulated by a better traffic, requiring new rolling stock and motive power, as well as new plant and renewal of the old, which always comes when the roads are financially easy from good earnings. An improvement in the iron trade would help the coal trade also; and, with these two great industries in a better shape, the improvement ought to extend to general trade, which is sadly in need of stimulus from somewhere. Here, and in the manufacturing interests generally, we find the dark side of our business prospects for the coming year, as revealed by the greatly increased number of failures in both woolen, cotton, and even in iron manufactures during the past month. As said in our last issue, these failures were a great surprise to everyone, and really are the result of an unhealthy condition of these interests, especially the woolen, that had been unknown outside of the trade.

HEAVY AND INCREASING FAILURES AND THEIR CAUSES.

Yet those interested, to allay the feeling of distrust of the manufacturing interests and of the dry goods trade, have insisted that these failures were nearly all traceable, directly or indirectly, to the stoppage of the two great houses in that trade in Philadelphia during July, and in Boston during August, namely, Lewis Brothers & Co., and Brown, Steese & Clark, the latter of which had out-

standing, of its own and its customers' accommodation paper, the enormous amount of nearly $3,000,000, so far as discovered, and mostly held by banks that had discounted it. Two bad failures, for such amounts as this, are enough to shake up solvent firms, it is true, yet this does not explain why manufacturers of fancy woolen goods, whose fashions change with every season, have been compelled to force sales at a loss, for a year back, as is now admitted, to save carrying over large accumulations of unsalable stock. Nor why the manufacturers of staple woolens have been piling up their surplus and carrying it for a better market, until the large increase in the loans of the banks, that has so long puzzled financiers, has been in part traced to this cause. Such conditions are not healthy, and do not show a sound state of these trades. It is more true of woolen than of cotton goods; yet the latter are accumulating to an extent that the New England manufacturers are crying out against their Southern brethren because they are able to undersell them in the markets of the South and West, especially on coarse and heavy goods. This may be only the indication of a change of the center of manufacture to the base of supply of raw material, and a local revolution in this industry, similar to that in the iron trade, which is passing to some extent from Pennsylvania to the South. But if there was not an over-production all through the country, there would be no cause for these complaints, and hence no accumulations of stocks. The truth no doubt is, both in cotton and woolen manufactures, that the productive capacity of the country is greater than its consumption, in which case there are only two remedies, either to force an export market or reduce production, unless they are able to lower prices enough to stimulate home demand. Yet it has been often demonstrated that after prices have reached a reasonably low level, further reductions do not increase home demand, unless the price of the article has been held relatively higher than allied products, which have been substituted therefor. What the outcome of these failures will be, time must show. But there are many who think the worst is over; and that those unable to stand the pressure of tight money, of the banks calling loans, and their refusal to buy one name paper, have mostly gone to the wall already, unless some other big failure should drag down more, and cause still greater distrust of and in the trade. Why iron manufacturers should stop, however, does not appear so plain, when that industry has been reported more active of late and prices improving.

THE MONEY AND BOND MARKETS.

The apprehensions of a tight money market were, however, removed by the renewal of large bond purchases by the Government in the last week of the month. The easier condition of

the money market and the lower rates for loans have already checked the movement of foreign capital to this market as indicated by the advance in sterling exchange, there being now less inducement to bankers to sell their bills on London at low figures for the sake of the money. During the last few days of August, the United States Treasury released nearly $15,000,000 of money, while semi-official announcements have been made to the effect that the administration will not permit any stringency in the money market if it can be prevented by the use of the Treasury surplus. The price of 128 is calling out free offerings of the 4s. How much, if any effect, the advance of the Bank of England rate of discount to four per cent. at the close of the month will have, remains to be seen, though it did temporarily affect the stock market. But in addition to increased bond purchases, our exports of domestic produce are increasing so rapidly (as indicated in our last), that there will, no doubt, be a further movement of foreign capital this way, should the rates advance to the point from which they have lately receded.

The exports of domestic produce from this port for the last week in August, amounted to $7,250,568, against $5,232,212 for the corresponding week of 1888. The following table shows the exports (exclusive of specie) from the port of New York for the week ending August 27, 1889, compared with the statement of the two previous years:

	1889.	1888.	1887.
For the week	$7,250,568	$5,232,212	$6,598,965
Previously reported	215,480,774	183,248,886	202,067,461
Since January 1	$222,731,342	$188,481,098	$208,666,456

As so much has been said of late about the amount of money in the Treasury, we give the following statement and comparison of the cash in the Treasury and the certificates outstanding at the dates named:

	August 28.	August 27.
Gold coin and bullion in Treasury	$302,690,953	$302,450,010
Silver dollars and bullion in Treasury	287,843,512	287,868,616
Legal tenders and bullion in Treasury	49,074,604	49,027,234
Gold certificates in circulation	112,882,862	112,969,202
Silver certificates in circulation	266,141,306	265,881,094
Currency certificates	16,505,000	16,595,000

THE RETURNS OF RAILROADS FOR 1888.

Poor's Railroad Manual for 1888 gives some very interesting statistics of the result of last year's operation of the railroads of this country, classified according to their several systems. In the department of freight traffic, the following is shown: "The railroads, as a whole, carried 14 per cent. more tons one mile than in 1887, but earned only $3,000,000 more in the gross, while losing $33,000,000 of net, the expenses having increased $53,000,000. The principal item affected by this reduction of net earnings was

the amount paid in dividends in 1888, which shrank $11,000,000. The fixed charges increased $4,500,000, and the remainder of the loss reduced the surplus earnings from $59,000,000 to $15,000,000. In looking over the different groups, we see where those losses accrued. The New England roads make the best showing. In this group the tons and ton-mileage increased, and train-mileage with them, so that each freight train increased its earnings in spite of a fractional decline in average rate. A more than usually large expense account, owing to the snow blockades of January, February and March, 1888, left these roads even, after paying average dividends of 4.56 per cent., as compared with 4.51 per cent. in 1887. The Middle States also make a good exhibit. Tons and ton-mileage increased, and so did the average haul per ton. A fractional loss of seven mills per mile about balanced the increase, so that net earnings show about as last year, with a decrease of fixed charges, owing to refunding of debts at lower interest, and increase in amount of dividends paid, though the percentage fell from 2.68 to 2.52 per cent., owing to the increase of $25,000,000 in capital stock. In the Ohio group the tons show an increase, but as the distance each ton was carried fell off from 140 to 131 miles, the result was not so profitable. The increase in actual tons and the decrease in length of haul means that this group lost a share of the through traffic, but partly made it up by the prosperity of their local industries. This loss of through traffic as compared with the gain upon their connections on the trunk lines, is largely the result of lake and Canadian competition. The figures indicate the increasing importance of the lakes as well as lake ports. In this group fixed charges increased $5,000,000 and dividends paid fell off $4,000,000, leaving a small deficiency. Contrary to the general impression, the Northwestern group shows better than expected. The number of tons moved is less than in 1887, but the average haul increased from 161 to 180 miles, so that, the average rate being about the same, the total gross earnings increased slightly, and the net decreased equally. Interest on bonds was the same, but dividends were $1,500,000 less than last year. The Kansas or Southwestern group shows an increase in tons moved, but a decrease in length of haul, with a fractional loss in average rate, the result being very unfavorable. The increased train-mileage was accompanied by a falling off in earnings per train and per mile of road, the net earnings being $2,000,000 less than in 1887, although the mileage increased over a thousand miles. Interest increased $4,000,000, while dividends decreased $6,000,000, apparently paid from capital, as the group shows a deficiency of $10,000,000. The Southern roads show an increase in number of tons and a decrease in length of haul, which, with

a small falling off in average rate, leave the roads generally with the same net earnings as in 1887. The Mississippi roads saved $2,000,000 in fixed charges and paid it in dividends."

THE READING AND DEPRESSION IN THE COAL TRADE.

The depression in the coal trade, which still continues, is reflected in the statement of the two Reading Companies, which the management has just given out after having announced that no more statements would be published. Certainly this change of purpose was not due to the favorable showing it was unable to make. Why, therefore, this change of base, is one of those secrets of corporate management that do not inspire the public nor investors with unbounded confidence in their servants, who have assumed to be their masters. According to these statements the net earnings of the railroad for eight months are $4,563,368, and if the net earnings of the next four months are as good as in the same time in 1888, say $4,018,795, it would make $8,582,163 for the year. Last year the company had other incomes from canals, steam colliers, etc., etc., of $1,293,790, though this item can scarcely exceed $1,000,000 this year, making a total of, say $9,582,163. From this is to be deducted the deficit of the Reading Coal and Iron Co. for the year, which can scarcely be less than $800,000, as the deficit below operating expenses in the four months to March 31 was officially given at $819,650, and the company has certainly not more than made its operating expenses since March 31. Over $500,000 was also lost by the floods, so that there is about $1,300,000 to be deducted from the $9,582,163 of the railroad earnings, leaving net, about $8,282,163. The fixed charges of the Reading Railroad and Coal and Iron Company, exclusive of the interest on the income bonds, are about $8,300,000, so that it appears likely there will be nothing left for interest on any of the $58,000,000 of income bonds, to say nothing about "dividends on stock" of which the silly talk from insiders is heard no more since the old stockholders paid their assessments to save their stock, which is as far from a dividend apparently, as before the late reorganization, which was a good thing chiefly for the syndicate who completed it, and the bankers who refunded the debt with fat commissions. The failure of the sales agents to agree upon a reduced output of coal in September, in order to put up the price, disclosed the true condition of the trade, and was followed at the close of the month by a decline in the coal stocks, led as usual by the Reading. This, too, in face of reports of improvement in the iron trade, which are hard to reconcile with the iron failures, which seem to be due to special rather than general causes.

THE STOCK MARKET

has at times been active, but for the most part dull, the past month, though as a rule, stronger and higher on the improved crop prospects, yet these have been in part counteracted by the unsettled relations of the Western and Southwestern roads, which are still like a man in a chronic state of indigestion, which is likely at any moment to become acute. One would suppose, however, with unusually good crops and good export demand, that they would all have enough to do, after the close of navigation, at least, without cutting rates to get the business. Outside of these influences, there does not seem to be much in stocks yet, though, with continued increase in earnings, it is more than possible that the public may come in later and buy stocks. Outside of freight traffic there is also a prospect of better passenger earnings as well as better west-bound traffic in payment of these big crops and east-bound business. Bonds are already beginning to be more active on investment demand, that is often the prelude to Bull speculation, which all but the public temper would seem to favor, before long.

THE PRODUCE MARKETS.

The position of these markets was pretty fully indicated in the beginning of this article, in our remarks upon the abundant crops, the increasing export demand and low prices, all of which are most favorable to activity in the actual staples, which is the sure and safe basis of increased speculation, that is more than likely to develop and extend to all the speculative articles of commerce, as well as in stocks. There is not much room for lower prices than now, as the result of discounting enormous crops at home and abroad. Returns from other exporting countries, and the recent estimate of the Vienna Congress, by European Grain Merchants, of 180 to 200 million bushels shortage in this year's wheat supply for the whole world, have checked the Bear feeling which has predominated so long here and abroad, and these markets all respond much more easily and sharply to Bull than to Bear news, and go up in a few minutes on the former, more than they go off in days on the latter. The fact is that there is an undercurrent of strength in all these products, as well as in stocks, that unmistakably indicates Bull markets. But speculation is dead, and hence there is not enough demand for anything to put prices up and hold them. For these markets are all too small and narrow as yet for any important movement; all they need, however, is to educate the Bear crowd of traders to the Bull side, and the public will be likely to follow them that way, but not on the Bear side at present low prices. General business has not yet felt the effect of an early fall trade, as the failures alluded to have scared off buy-

ers, and hence delayed the usual distribution of goods. Beside, dealers have pretty large stocks of goods in second as well as first hands; and, while collections are as slow as now, there is not much to induce the forcing of sales either at auction or privately. Yet it cannot be denied that the good crops and demand for them afford the same basis for improvement in general trade as in the special branches named and in speculation. But we may not see it till after the movement of these crops. We ought to have a good fall trade, and the month of September is likely to see a material improvement.

The corner in September and October pork in Chicago show the oversold condition of all these markets after months of successful Bear raiding, and the panic of the shorts in pork is liable to extend to breadstuffs before long.

FINANCIAL FACTS AND OPINIONS.

Bond Purchases.—Within a few weeks the Secretary of the Treasury has been able to make large purchases of bonds at his own figures. It has been maintained by not a few that any endeavor to buy a considerable amount of bonds would result in greatly enhancing their price, and that the Government, therefore, would be at the mercy of the bond owners. This policy has taken root so deeply in the minds of a few, at least, that they have made large purchases—nearly twenty millions, it is reported—of bonds, expecting to sell them to the Treasury at several per cent. advance, and thus make a handsome thing by the operation. It has been known all along that the syndicate was making purchases, expecting, when the autumn approached and money became scarcer, to sell them to the Government at a very considerable advance. This body of men, under the plea that the merchants must be favored, and that it was the duty of the Government, above all things, to get the money into circulation, has been urging that the needful, and perhaps only way of accomplishing this end, was, to buy bonds; in other words, to buy their bonds and thus secure to them a handsome profit by the operation. This plea, however, has deceived nobody, for all have known what were the aims of these men, and that they really had no thought of the merchants, but simply of making a handsome gain on their purchases, if they could scare the Secretary of the Treasury into buying at their figures. Last year, and previously, he did advance, from time to time, the price which he was willing to give for them, and doubtless the owners have been hoping, at least, that the present Secretary would adopt the same policy, and especially

as soon as the cry of tight money market had become sufficiently strong. It is now seen that he clearly understands the situation, and that these cries do not in the least move him; that he is more inclined to put the money of the Government into the banks for circulation than to buy at excessive prices. The steady maintenance of this policy will doubtless have the desired effect of leading these holders of bonds to part with them at lower figures; anyhow, the events of the last few days clearly show that plenty of bonds can be had at a price which will save a very considerable sum over the interest which must be paid if the bonds run to maturity, and thus all are assured that the present policy of buying bonds with the surplus of the public money is feasible, and that there is no danger of any excessive accumulations of money in the Treasury. As soon as money becomes worth 5 or 6 per cent., immediately the holders of Government bonds are very willing to part with them; and when they are assured that no more can be obtained than the present prices, we have no doubt that the offerings will largely increase.

The Decline in the Rate of Interest.—All over the world prices have been declining for years, and, furthermore, this decline has happened in all the leading commodities. The decline has been more rapid in some things than in others. For example, the decline has been very marked in crude oil since the introduction of pipe-lines for its conveyance to the seaboard. The introduction of tank steamships operates in like manner to affect the prices of oil in foreign markets. So of grain. The actual cost of transferring cereals from the Northwest to the Atlantic ports has tended lower year by year, as shown by the careful comparison of statistics collected for various periods. The cost of beef cattle, hogs and other products of agriculture, all come under the same rule and are in like manner affected. Coal, iron and coke cost the consumers less from the operation of natural causes, not merely from increasing competition in production and transportation, but from constant improvements in processes and facilities and the enlargement of sources of supply. Notably in this last respect, reference might be made to the new developments in Alabama, and to the opening of new railroad and water routes between points of shipment. The use of improved machinery is a factor long recognized as an element affecting cost, and the limit of depression can have no definite bounds so long as the inventive faculty continues to be exercised. The consumer may confidently congratulate himself that the drift of events is steadily and permanently in his favor, but with larger temporary demands for the product must come various fluctuations, often transient in their character. The price for money has also declined. There are two sets of causes at

work, one set affecting the temporary rate, and the other the permanent. Chief among the causes affecting the permanent rate are competition and the invention of machinery whereby products can be produced at less cost than formerly. The important fact to note is that decline runs through almost all things—transportation, general production, and labor. This decline in prices is attended with many effects, some of which, notwithstanding the frequent discussion of the subject, are forgotten by those who ought not to forget them—the borrowers of money. It has been thought good policy, both in this country and in others, especially if one's credit was good, to borrow for a long period because of the lower rate of interest obtainable. During the war, one of the cardinal points in Mr. Chase's financial policy was to issue the Government bonds for only short periods. On this point he took issue with the bankers, who were strenuous for issuing long-time bonds, insisting that the money could be obtained at a much lower rate, but he maintained, and wisely, too, that our country was exceptional, compared with others; that it possessed great resources; that the bonds could be readily paid; that, at all events, it would be unpopular to issue a bond non-redeemable for many years; and so he rigorously insisted on making them payable within a short time. And this was one of the wisest features in Mr. Chase's system; our country would have been the gainer if it had been maintained. The issuing of the fours, payable in 1907, was a great mistake, as nearly all now admit. What most persons fail to see in issuing long-time bonds is, while a lower rate of interest is doubtless obtained, yet as the prices of the things sold for which money is obtained to be applied in payment decline, the burden of paying is thereby increased. Take a railroad company for illustration. Suppose it issues a bond payable twenty years hence at 4 per cent., which it could not borrow money for less than 5 per cent., and if the bonds were made payable in five years. Nevertheless, if the rates of transportation during the five years decline more than 20 per cent., it will be readily seen that a 5 per cent. bond can be more easily discharged than can the 4 per cent. one payable in the longer time. Now, this is precisely the state of things prevailing. The prices of things have been declining rapidly within the last fifteen or twenty years, especially those of transportation, farm products, and most manufactured products. Those who borrow money at low rates, supposing they are doing a good thing are, after all, bearing a severer burden than they would bear if issuing bonds running for a shorter period. It would be an interesting and profitable inquiry to show to what extent the burden of the borrower had been increased by the decline in the prices of his debt-paying commodities. Enough has been said to show the great risk, at least, in issuing long-time bonds by rail-

road companies, or by the States or municipalities. Our country is such an exceptional one in many regards, and prices are declining so rapidly, as well as the rates for money, that it must be regarded as an unwise policy to issue bonds running for a long period, however low may be the rate of interest.

Redemption of Mutilated Currency.—United States Treasurer Huston has adopted new regulations for the redemption of notes. He declares that the system which has been in operation for several years has wrongfully taken money from poor people for the benefit of the Government. The old system provided that if a note presented for redemption measured one-tenth less than the full length, a proportionate amount should be deducted from the sum given in return. The result was that many notes presented by poor people for deposit in savings banks were refused at their par value, and only taken at the discount fixed by the Government. The new system authorizes the redemption at the full value of notes which are three-fifths intact, and the payment of proportions for smaller parts of a note where evidence is presented of its destruction. Mr. Huston is considering a further provision, which, if adopted, will make the Treasury practice conform even more closely to the old practice of the banks. They have a proportional scale by which they pay a part of the par value of a note between two-fifths and three-fifths intact, without requiring evidence of its destruction. Half a note is redeemed for half its value. This change will be embodied in a new circular giving the regulations covering the issue and redemption of the currency and coins of the United States. The object of redeeming parts of old notes at only a proportion of their par value is, of course, to protect the Government against redeeming the same note twice. Treasury officials believe that the new system is perfectly secure in this regard. It has been in use by the banks for many years without loss. Now and then some cute schemer will try to cut up and put together several parts of notes so as to get a new one out of them, but the fraud is readily detected, and can be just as carefully guarded against, it is argued, under the new system as under the old. Some of these composite notes made for swindling purposes are kept at the Treasury Department, and some of them are very queer productions. Every visitor to the Treasurer's office has seen the $500 legal tender note made up of sixteen narrow strips cut from as many separate notes and sent to the Treasury for redemption by a New York bank clerk in 1873. The notes from which these strips were cut were of course put together again with only a slight shortage, and were doubtless redeemed when presented; but the composite note, with its grotesque num-

bering and palpable patch-work, was refused redemption, and kept as an illustration of an ingenious attempt at deception.

Savings Banks.—In New York and the New England States especially these institutions are more numerous than elsewhere, and their growth is interesting from many points of view. A glance at the deposits in the New York savings banks for the last ten years discloses the striking fact that the number of depositors has increased every year in somewhat greater ratio than the population of the State, from 912,863 in 1880, to 1,389,907 in 1889, or 42 per cent. within a period of nine years. The average rate of interest credited on deposits was about 1½ per cent. for each half-year, or 3 per cent. yearly, this addition alone amounting to $8,974,684 for the first half of 1889, while the excess of deposits over withdrawals was only $3,759,052. In approximately the same ratio the interest addition has exceeded the net deposits ever since 1881, when the excess of deposits over withdrawals during the first half of the year was $10,130,978, and doubtless the increase of deposits in other States has in like manner been mainly due to the addition of interest. In the following table, the amount of deposits exclusive of interest credited, and the amount of withdrawals, are given for the first half of each year since January, 1880, with the resulting excess of deposits in every year except 1884, and the excess of withdrawals in that half year:

July 1.	*Deposits, six months.*	*Withdrawals.*	*Increase.*
1880	$65,864,123	$56,358,312	$9,505,811
1881	70,946,232	60,815,254	10,130,978
1882	80,370,373	74,432,796	5,937,577
1883	80,776,781	79,148,054	1,628,727
1884	82,482,025	84,862,564	*2,380,539
1885	80,357,527	79,182,242	1,175,285
1886	87,891,113	83,009,765	4,881,348
1887	94,064,545	88,477,602	5,586,943
1888	91,982,864	91,138,956	844,908
1889	98,682,530	94,923,478	3,759,052

* Excess of withdrawals.

In the next table the surprising fact is brought out that the deposits averaged nearly $12 per month for every depositor, and are so remarkably steady that in no half year do they fall below $11.33 per month, nor rise above $12.56 per month:

		For each Depositor	
	Depositors.	*Deposits.*	*Withdrawals.*
1880	912,863	72.15	61.74
1881	995,742	71.25	61.07
1882	1,066,518	75.36	69.79
1883	1,119,512	72.16	70.69
1884	1,156,634	71.31	73.37
1885	1,182,298	67.97	66.97
1886	1,234,241	71.21	67.25
1887	1,298,046	72.47	68.16
1888	1,343,479	68.45	67.84
1889	1,389,907	71.00	63.98

The withdrawals vary far more than the deposits, it will be observed, from $10.18 per month to $12.23 per month, according to the condition and need of labor, the opportunities for investment, or the occasion for changing business or residence. But the deposits are so remarkably steady as to leave little room for doubt that they are almost wholly the savings of persons who live on their earnings, for the deposits of capitalists or persons living on investments would vary far more widely.

Amount of Lost Currency.—As the Government is the gainer by the notes which are lost and can never be presented for redemption, the inquiry is not without interest, what has been the public saving by the loss of notes? It is impossible to determine the amount of paper money actually destroyed, although the Treasury officials are inclined to think that it is less than many believe. Secretary Fairchild submitted a report on this subject to the House of Representatives last year. The only data for estimating the destruction of legal tenders is the record of the amount of outstanding old issues, and the deduction made by the Treasury in the payment of mutilated notes received for redemption. When the outstanding circulation of legal tenders was fixed by law at $346,681,016, the discount for missing parts of notes amounted to $129,981.50, of which sum $101,866.50 had been covered into the Treasury on May 11th, 1875, leaving a balance of $28,115. The discount had accumulated when Treasurer Hyatt made his report, February 20, 1888, to the amount of $91,958, and the nominal amount of legal tender currency outstanding, is of course diminished to that extent. The closest data for comparing the amounts still outstanding, and deducing therefrom an estimate of the probable loss, is furnished by the issue of April 2, 1862, known as the "new issue," which ceased August 16, 1870. Taking the one-dollar bills for illustration, there were outstanding at that time $5,550,859, of which $2,518,278 were redeemed in the fiscal year 1872, and $1,130,569 were redeemed in 1873. From that date the redemptions decreased pretty uniformly, until on June 30, 1888, there remained outstanding only $779,992. The amount presented for redemption in the fiscal year 1888 was $3,612, or .065 per cent. of the total amount outstanding the first year. Redemptions will probably continue to be made for many years to come; but even if they amounted to as much as during 1888, instead of diminishing from year to year, it would take more than 200 years to extinguish the amount outstanding, although more than 85 per cent. of the amount outstanding in 1871 has been redeemed in seventeen years. It would probably be safe to say that nearly $500,000 of these one-dollar bills will

never be presented to the Treasury for redemption. Mr. Hyatt estimated that of the notes of all denominations belonging to this "new issue," the percentage redeemed was 98.688 per cent. This he regarded as indicating that actual losses by destruction of notes are small. It should be borne in mind also that the notes of this early issue were largely used in the payment of troops, and that much money may have been lost by them.

State and Municipal Credit.—The difference between two per cent. and seven or eight or even ten per cent., which States and cities formerly paid for money, marks an enormous advance in their credit-power. Recently, the State of Maine has negotiated a loan at the rate of two per cent., while New York City has negotiated several loans at less than three per cent., as the bonds bearing that rate of interest have been taken at a premium of two per cent. and over. This high state of credit is exceedingly gratifying, but, as we have elsewhere remarked, long-time bonds are accompanied with the objection that even lower rates will probably be obtained in the future. It may be questioned whether bonds having eighteen years to run, as have those last issued by the City of New York, are not objectionable for many reasons. A ten-year bond ought to be the maximum period. We think that the argument against long-time bonds applies to public obligations with more force even than to private ones; the policy, as well as the moral principle, of putting millstones by the present generation around the necks of a future one cannot, in ordinary cases, be justified. Only the strongest necessity, in our judgment, will justify public borrowing; like the recent civil war or other calamity of a like nature. To issue bonds for city improvements, as they are called, many of which are not improvements, to be paid by another generation, is a proceeding of a very questionable nature. In the first place, the improvement, if really so to-day, may not be in a few years. Suppose it is for the lighting of a city, for example, by gas; it may be that, in a short time, it will be needful to substitute electricity for gas, and then the expenditure will go for little or nothing. Suppose the improvement be for laying a particular kind of pavement—Belgian blocks, for example—it may be that these will prove to be inferior to asphalt. Professor Newbury, one of the best authorities living on such a subject, has recently declared that the results of the best foreign experience is that an asphalt pavement, properly laid, is superior to any other; and, if so, as our cities acquire more intelligence, and the desire arises for improvement, it may be that the whole system now in vogue, of Belgian block pavement, will fall into disuse. Other arguments of like nature might be given against

the policy of incurring obligations for others to pay; suffice it to say that, in view of the diminishing rates of interest, and of the nature of many of the present improvements, the entire policy of municipal borrowing should come to an end, or, if continued at all, the bond should be fixed for a very short period. The States and cities, and the nation itself, have all been mistaken in borrowing for too long periods. This is clearly evident in view of the marked changes in values of all things. In the light of this experience, cities and railroads and all other borrowers should be slow to continue their old policy of issuing long-time obligations.

Operations of American Railroads in 1888.—From "Poor's Manual of the Railroads in the United States for 1888"—one of the most valuable of all the annual statistical publications—many facts of great interest are presented relating to railroads. The total number of miles of railroad in the United States at the close of last year was 156,082, a gain of 7,028 miles, or 4.7 per cent. on the mileage existing at the end of 1887. The share capital of completed mileage advanced at the rate of about 5.9 per cent. to almost $4,439,000,000, the funded debts increased by over $437,000,000, or nearly 9.5 per cent; and other forms of indebtedness likewise augmented, so that the liabilities of all the roads making returns were 8 per cent. greater than at the end of December in the preceding year. The grand total of indebtedness was more than $9,369,000,000. Among the facts which most strongly arrest attention are those relating to the diminished profits of the companies. While the capital was increased to the extent of $696,211,738, represented by an increase of $246,849,313 in share capital, an increase of $437,091,907 in funded debt, and an increase of $12,270,518 in other forms of indebtedness, and while there was an increase of 7,028.15 in railway mileage, an increase in passenger movement equal to 620,306,969 persons carried one mile, and an increase in freight movement equal to 8,861,935,992 tons moved one mile, there was a decrease in the net earnings of all lines equaling $33,358,068, or about 10 per cent. As indebtedness increased about 8 per cent., passenger service increased nearly 6 per cent., and freight service increased about 14.4 per cent., there is an approximate uniformity between the additions to capital and service performed and the diminutions in profits. The direct cause of the notable decline in railway profits was a diminution in the average freight rates from 1.034 cents per ton per mile in 1887 to 0.907 cent in 1888, and a decrease in average passenger rates from 2.276 cents per passenger per mile in 1887 to 2.246 cents in 1888. In describing the causes of the decline it is remarked that "in the early days of railroads in this country their profits

reached very respectable proportions. In some instances, where the lines were especially favored in respect to location and physical surroundings, these returns were so large as to excite the cupidity of capital to such an extent that, at several periods of the country's history, the eagerness displayed by railroad constructors in pushing their lines beyond the requirements of the territory resulted in plunging the country into financial crises having far-reaching effects. But the days of large profits appear to have passed. A railroad which in the future can pay regular dividends of 5 per cent. per annum will be regarded in much the same light as those which formerly paid 8 and 10 per cent. for years without intermission."

Legality of Trade Combinations.—Much has been said of late concerning trusts, and some of the States have enacted laws on the subject. Michigan, in particular, has enacted a severe law, which it is reported, was framed by Judge Cooley. It is regarded as a strong piece of legislation. A decision is now pending concerning the legality of trusts in New York, and doubtless the question will be tried in other States. A short time since a decision was rendered by the English Court of Appeals. The question concerned the legality of a combination between a number of shipowners and transportation companies, which, with a view of securing exclusive control of the tea-carrying trade from Hankow and Shanghai to London, allowed a rebate of 5 per cent. on the freight to firms which shipped exclusively by the vessels of the combination, and denied this rebate to firms which shipped by other than combination vessels. One company, which had been for some time admitted to the combination or conference, was afterward excluded therefrom, the China merchants being warned by a circular that anyone shipping in the vessels of the company would lose the rebate. The company sought to gain a portion of the trade by cutting rates, but the combination also lowered its rates, and the excluded company lost its freights. It brought suit against the members of the combination, on the ground that the combination amounted to an unlawful conspiracy to deprive it of its share of the trade. The case was first tried before Lord Chief Justice Coleridge, who held that the combination among the defendants came within the bounds of legitimate trade competition. The defendants had, he said, the right to offer inducements to customers to deal exclusively with them by giving them notice that only exclusive customers would have these exceptional advantages. He saw in the circumstances of the case nothing upon which to base a charge of coercion or bribery, and nothing to show that the combination was one in restraint of trade in the

legal sense. This decision of Lord Chief Justice Coleridge has just been affirmed by a majority of the Court of Appeal, who hold in substance that the combination of the defendants, being simply in order to promote their own gain, there was nothing illegal in it, provided the members did not circulate false rumors or resort to intimidation or fraud in order to destroy the competition of the plaintiff. The Master of the Rolls dissented from the opinion of his colleagues. It is probable that the question involved will be brought before the House of Lords, for final review.

HISTORY OF THE MASSACHUSETTS SAVINGS BANKS.

[CONCLUDED.]

INVESTMENTS.

There is no part of the law governing savings banks that has been subjected to more numerous changes and amendments, from first to last, than that relating to the matter of investments. With the growth in number and in available resources, the banks have been brought face to face with the practical difficulty of loaning their funds within the limits prescribed by law. In the exercise of their duties of supervision over the affairs of these institutions, the Bank Commissioners have been led, from time to time, to suggest and recommend such increased facilities for making loans as, in their judgment, seemed within the bounds of safety. Very many of these suggestions have been incorporated into the laws regulating investments.

The law of 1876 limited investments in county and town notes, to such as were issued by counties and towns in Massachusetts, under prescribed conditions. In 1880, this privilege was extended to include the States of Maine, New Hampshire, Vermont, Rhode Island and Connecticut where the indebtedness did not exceed 3 per cent. (changed to 5 per cent. in 1881) of the valuation.

In April, 1881, provision was made for widening the scope of previous enactments, by adding investments in first mortgage bonds of railroad companies incorporated under the laws of any of the New England States, and located wholly or in part therein, and which have earned and paid regular dividends for two years next preceding. Also, the same privilege was granted in respect to the bonds of roads which were guaranteed by the above companies. Also, investments were allowed in the bonds or notes of any Massachusetts railroad unincumbered by mortgage, and having paid a dividend of not less than 5 per cent. for two years; and in the notes of individuals secured by such railroad bonds or notes. In

1887, the above was again amended so as to include the notes of citizens of this Commonwealth, with collateral consisting of the capital stock of any railroad of the New England States, whose road is wholly or in part in the same, and which has paid a dividend of not less than 5 per cent. on all stock for the five years preceding. Loans on such stock are not to exceed 75 per cent. of the market value, and the notes are not to run more than one year without renewal.

In May, 1882, investments in any form in the capital stock of any national bank were limited to 3 per cent. of the deposits. By another act of the same month, investments were permitted in the bonds of the States of Pennsylvania, Ohio, Michigan, Indiana, Illinois, Wisconsin, Iowa, and the District of Columbia, or in the bonds issued, for municipal purposes, of any city of the above States and of New York State, having more than 50,000 (changed to 30,000 in April, 1885,) inhabitants, and whose net indebtedness does not exceed 5 per cent. of the valuation of taxable property; and in the notes of the citizens of this Commonwealth with the above securities as collateral, such loans not to exceed 80 per cent. of the value of the collateral security. This law was repealed in March, 1887, and another substituted which was in no essential different from the foregoing, except that it specified what census should be used in determining the population of cities, and also changed the amount to be loaned on such collateral from "80 per cent. of the value" to "an amount not exceeding the par value."

It has happened from time to time within the past decade, that many of our best roads, having acquired by purchase, lease, or otherwise, the possession of certain lines or branches, the property of which being subject to some form of incumbrance, has had the effect to invalidate the obligations of the parent road as a legal investment for savings banks. To remedy this practical difficulty, where the credit of the main road was in no way impaired by such acquisition, special acts of the Legislature have been had to cover the individual cases as they have appeared. Such special legislation will be briefly referred to.

1. Act of April, 1883. Investments allowed in bonds or notes o Old Colony Railroad, notwithstanding the mortgage on that part of the road formerly belonging to the Boston, Clinton & Fitchburg Railroad.

2. Act of June, 1885. Investments allowed in bonds and notes of the Fitchburg Railroad, notwithstanding the mortgage on the Boston, Barre & Gardner Railroad.

3. Act of March, 1886. Investments allowed in the bonds of the Worcester, Nashua & Rochester Railroad, notwithstanding the lease to the Boston & Maine Railroad.

4. Act of March, 1887. Investments permitted in bonds or notes of the Fitchburg Railroad issued according to law.

5. Act of February, 1888. Investments allowed in the bonds or notes of the Boston & Lowell Railroad Company, notwithstanding the mortgages on those portions belonging to the Salem & Lowell, and the Lowell & Lawrence Railroad companies.

6. Act of April, 1888. Investments permitted in the bonds and notes of the Boston & Maine Railroad Company, notwithstanding the mortgages on those portions belonging to the Eastern Railroad in Massachusetts and New Hampshire, and to the Portsmouth, Great Falls & Conway Railroad.

7. Act of May, 1888. Investments allowed in first mortgage bonds of New York & New England Railroad issued on their terminal facilities in Boston, said mortgage not exceeding 60 per cent. of the value of the property mortgaged.

Among the general acts of legislation affecting savings bank investments, subsequent to the year 1882, may be mentioned the following:

In April, 1884, clause 6 of section 20, chapter 116, of the Public Statutes, was amended, limiting investments by savings banks and institutions for savings in bonds and other personal securities. The amendment provides "that the total liabilities to any such (bank) corporation, of any person, or of any partnership, company or corporation, for money borrowed upon personal security, including in the liabilities of a partnership or company not incorporated the liabilities of the several members thereof, shall at no time exceed 5 per cent. of the deposits and income."

In February, 1879, a law was enacted permitting loans upon the notes of depositors to the amount of one-half the deposit in each case, the book and deposit to be held as collateral.

In 1885, it was provided that investments could be made in the bonds and notes of such incorporated districts in Massachusetts as have a net indebtedness not exceeding 5 per cent. of the last valuation of its property.

In March, 1886, the amount permitted to be deposited in national banks and trust companies was limited to the maximum of 5 per cent. of the deposits, and in no case to exceed 25 per cent. of the capital stock and surplus of said deposit banks.

General Legislation.

In May, 1885, a quite important act was passed, providing for the payment of deposits of deceased persons upon orders or drafts given previous to such decease, provided demand for payment is made within thirty days thereafter, or before notice of such decease has been received by the bank.

In March, 1886, a law was passed relating to the bonds required of savings bank treasurers. It had reference to continuing them

in force, by requiring a renewal of the same as often, at least, as once in five years.

By a special act of February, 1886, the Suffolk Bank of Boston was allowed to exceed the prescribed limit in its holding of real estate, the amount being fixed at $250,000 in addition to that previously authorized.

In February, 1888, an act was passed demanding that during the year 1889, and every third year thereafter, savings banks shall call in the books of depositors for verification, in such manner as the trustees may direct. One of the chief obstacles to a complete and satisfactory examination and verification of the accounts of a savings bank lies in the fact that a large percentage of the depositors seldom present their books for comparison with the bank accounts, having no intelligent idea of the need or desirability of so doing. This law was proposed and enacted for the purpose of meeting in some measure this situation. Many of the institutions employ, temporarily, a special accountant to attend to such examination. In this way the regular officials of the bank are exempt from possible criticism regarding the exactness with which the law is complied with.

In March, 1888, an amendment to the law of 1876, regarding the duties of trustees, was enacted. It covered a point which had for some time been looked upon with apprehension by the commissioners, namely, the want of regularity with which, in some cases, these advisory officers attended to their duties. It was accordingly provided that, "if a trustee fails to attend the regular meetings of the board, or to perform any of the duties devolved upon him as such trustee, for six consecutive months, his office shall thereupon become vacant."

In March, 1888, the forty and forty-first sections of chapter one hundred and sixteen of the public statutes, previously quoted in this history, was slightly amended. The time for making the annual report was changed from fifteen to twenty days following the last business day of October; the returns are to contain a statement of the amount of each extra as well as of each semi-annual dividend; the report is to be signed by the president, as well as by "five or more trustees," and the date on which the law requiring a statement of the number of deposits of each specified amount is to take effect, was fixed at "the year ending with the last business day of October, 1889."

Conclusion.

After all, the true test of the value or practical utility of any system is the discriminating analysis of time. If there exist elements of weakness, nothing can prevent their exposure; and, on the other hand, any resources of strength and stability will inevitably find a deserved recognition. Time may, indeed, be a stern arbiter, and yet she is usually a just one.

These reflections force themselves into prominence when viewing in the retrospect the savings bank system of this country, and especially of Massachusetts. Starting in this State, as we have seen, while the idea, in a practical sense, was yet new to the world, it has enjoyed a career of continuous prosperity and advancement. Strange to say, it has met with but few reverses, and these have been brief and generally restricted in their influence; so that the system remains, after more than seventy years of practical operation, as strong and helpful in its maturity as could have been hoped for by its warmest advocates and supporters during its incipiency.

We have by no means, however, reason to flatter ourselves that the system has arrived at a condition of perfection, for there may yet be found many suggestions for its improvement. And yet it may be confidently accepted as true, that in no other State of the Union, nor in any country of the old world, has there been a more marked advance, or more permanent and satisfactory results attained, in the practical endeavor to provide for and to stimulate habits of prudence and thrift among the common people than in the State of Massachusetts. The wisdom of her foremost lawmakers, not less than the sound practical sense and business insight of her best citizens, have been invited to the task. The results have been commensurate with the effort put forth; and it is therefore with a just pride that we behold the fruition of their endeavors.

Since the early days of the savings bank system in Massachusetts, as we have seen, most, if not all, legislation in its behalf has been in three distinct, and yet, really analogous directions. First and primarily, the endeavor has been to make the system so simple and practical that every possible means of helpfulness to the common people, for whose benefit these banks are intended, may be afforded. To this end the necessary business details attending the opening of accounts, the deposit and withdrawal of money, the privileges of minors and of dependent persons and the like, have been reduced to the simplest and most apparent methods. Also, in the matter of expense attending the management of the affairs of these institutions, as, also, in the regulation of taxation, a just and proper spirit of discrimination favorable to their pecuniary interests has always prevailed.

Secondly, in the regulation of the very vital interests of these institutions as connected with the investments prescribed and allowed, the policy has always been to give the largest freedom practicable, within the limits of safety. From year to year these limits have been wisely extended, so that they have come to include many of the more substantial classes of securities out of the State, and, in some instances, outside of New England. Originally, the investments were required to be made almost entirely within the limits of Massachusetts, but the widespread development of State

and municipal credit elsewhere, served to dictate a more liberal policy. A strict conservatism, however, has always obtained in all legislation affecting this important interest. There is one class of securities which has never met with special favor among legislators in this State, namely, Western mortgages. Other States have admitted them to their legalized catalogue of investments. It remains to be seen whether these securities will prove safe and reliable during a series of years.

The third point which has engaged the attention of our law-makers quite constantly, and which has had the effect to create a widespread confidence in our savings bank system, is the strict supervision of the affairs of the individual institutions demanded, and the constant publicity given to the same. The sworn returns, required annually of the officers, have been enlarged and elaborated in their details, until they now cover every department and feature of the system, the special knowledge of which can be of any possible value in revealing the internal condition of the banks.

Thus it has been seen that, during the past fifty years, little has been omitted, so far as our present wisdom and experience can dictate, the accomplishment of which would, in any great degree, have given greater strength or increased popular favor to a class of institutions in the State upon the existence of which has depended, in no small degree, the moral as well as the material prosperity of the common people.

Annexed will be found tables showing the growth of the savings bank system from its inception in 1816 to 1887, the year of the latest available returns, which indicate, more succinctly and clearly than could be done in any other form, the various changes that have taken place, and the surprising advance that has been made in the several departments of the system.

TABLE SHOWING THE PROGRESS OF THE MASSACHUSETTS SAVINGS BANKS FROM 1816 TO 1887.

Years.	*No. of Charters Granted.*	*No. in Existence at Close of Each Year.*	*Years.*	*No. of Charters Granted.*	*No. in Existence at Close of Each Year.*
1816.....	1	1	1827.....	2	8
1817.....	0	1	1828.....	5	13
1818.....	1	2	1829.....	2	15
1819.....	0	2	1830.....	0	15
1820.....	1	3	1831.....	4	19
1821-4.....	0	3	1832.....	1	20
1825.....	2	5	1833.....	2	22
1826.....	1	6			

TABLE SHOWING THE PROGRESS OF THE MASSACHUSETTS SAVINGS BANKS FROM 1816 TO 1887—CONTINUED.

Years.	No. of Charters Granted.	No. of Banks in Operation.	Amount of Deposits.	Annual Increase Per Cent.	No. of Depositors.	Average to Each Account.	Dividends Reported.	Average Rate of Dividend.
1834....	8	22	$3,407,773	—	24,256	$140.09	$138,576	—
1835....	3	27	3,921,370	15	27,232	143.99	135,853	—
1836....	1	28	4,374,578	11½	29,786	146.19	166,422	—
1837....	2	30	4,781,426	9⅓	32,564	146.51	295,225	—
1838....	0	30	4,869,393	2	33,063	147.27	248,039	—
1839....	0	30	5,608,159	15¼	36,686	152.86	216,957	—
1840....	0	31	5,819,554	3¾	37,470	157.98	262,001	—
1841....	0	30	6,714,182	15½	41,423	162.08	246,868	—
1842....	1	30	6,900,451	2¾	42,587	162.03	282,231	—
1843....	0	31	6,935,547	½	43,217	160.40	319,339	—
1844....	0	31	8,261,345	19	49,699	160.23	311,421	—
1845....	4	33	9,813,288	18⅔	58,178	168.66	407,403	—
1846....	5	38	10,680,933	8 5-6	62,893	169.82	345,443	$4 67
1847....	2	39	11,780,813	10	68,312	172.45	742,462	6 50
1848....	4	41	11,970,448	1¼	69,894	171.26	461,774	—
1849....	1	43	12,111,554	1¾	71,629	169.08	384,843	4 50
1850....	2	45	13,660,024	13	78,823	174.57	470,646	4 64
1851....	8	45	15,554,089	14	86,537	179.73	543,470	4 78
1852....	2	53	18,401,308	12	97,353	189.01	1,033,236	4 69
1853....	6	60	23,370,102	27	117,404	199.05	845,688	4 78
1854....	16	73	25,936,858	11	136,654	189.88	999,877	4 04
1855....	10	80	27,296,217	4⅔	148,263	184.10	1,049,435	4 97
1856....	0	81	30,373,447	10¾	165,484	184.15	1,123,038	4 19
1857....	1	86	33,015,757	8⅔	177,375	186.13	1,242,383	5 05
1858....	0	86	33,914,972	2⅔	182,655	185.67	1,363,993	5 06
1859....	1	86	39,424,419	16	205,409	191.93	1,450,024	5 01
1860....	4	89	45,054,236	14⅓	230,068	195.83	1,663,407	5 05
1861....	5	93	44,785,439	*3-5	225,058	198.99	1,943,532	4 50
1862....	0	93	50,403,674	12½	248,900	202.50	1,977,463	4 13
1863....	2	95	56,883,828	12 4-5	272,219	208.92	2,087,115	4 90
1864....	5	97	62,557,604	10	291,616	214.52	2,258,495	4 14
1865....	3	102	59,936,482	*4 1-5	291,488	205.62	2,738,531	4 75
1866....	1	102	67,732,264	13	316,853	213.76	2,908,235	5 26
1867....	6	108	80,431,583	18⅔	348,593	230.73	3,514,715	5 42
1868....	8	115	94,838,336	18	383,094	247.55	4,481,264	5 80
1869....	20	130	112,119,016	18 1-5	341,769	259.67	5,444,719	6 00
1870....	10	139	135,745,097	21	488,797	277.71	6,725,428	6 11
1871....	18	160	163,704,077	20½	561,201	291.52	8,103,004	6 09
1872....	13	172	184,797,313	12⅞	630,246	293.21	9,622,775	6 07
1873....	2	175	202,195,343	8½	666,229	303.49	10,807,906	6 15
1874....	4	179	217,452,120	7½	702,099	309.71	11,782,914	6 17
1875....	2	180	237,848,963	9 2-5	720,639	330.05	12,816,579	6 15
1876....	0	180	243,340,642	2¼	739,289	329.15	12,403,074	5 67
1877....	0	179	244,596,614	½	739,757	330.64	11,193,765	5 00
1878....	0	168	209,860,631	*14 1-5	674,251	311.25	8,174,568	4 00
1879....	0	166	206,378,709	*1⅔	675,555	305.50	7,272,822	3 68
1880....	1	164	218,047,922	5⅓	706,395	308.68	7,957,887	3 93
1881....	0	165	230,444,479	5⅔	738,951	311.85	8,293,774	4 00
1882....	1	167	241,311,362	4 7-10	772,518	312.37	8,530,385	3 97
1883....	1	168	252,607,593	4.68	806,010	313.40	9,535,391	4 09
1884....	1	168	262,720,146	4	826,008	318.06	9,877,713	4 15
1885....	5	171	274,998,412	4⅔	848,787	323.99	10,284,661	4 14
1886....	0	172	291,197,900	5.89	906,039	321.40	10,504,861	4 06
1887....	0	173	302,948,624	4.04	944,778	320.66	11,155,440	4 06

* Decrease.

TABLE SHOWING INVESTMENTS OF MASSACHUSETTS SAVINGS BANKS AT DIFFERENT PERIODS FROM 1834 TO 1887, THREE RIGHT-HAND FIGURES BEING OMITTED IN EVERY CASE.

	1834.	1838.	1847.	1852.	1857.	1863.
Public funds	2	70	2,130	1,176	855	18,343
Loans on public funds	—	10	14	7	20	591
Bank stock	1,192	1,426	1,978	3,555	6,189	9,887
Loans on bank stock	557	563	143	550	1,049	371
Railroad bonds	—	—	—	—	—	—
Loans on railroad bonds	—	—	—	—	—	—
Loans on railroad stock	—	—	300	261	106	80
Railroad notes	—	—	—	—	—	—
Real estate (for banking purposes)	—	—	92	102	170	348
Real estate (by foreclosure)	—	—	—	—	—	—
Loans on real estate	387	1,121	4,132	5,615	11,099	16,685
Loans on personal security	283	672	2,053	5,023	8,885	4,514
Loans to counties, cities, and towns (notes)	269	465	947	2,012	3,370	4,970
Deposits in banks on interest	520	568	140	288	1,288	742
Deposits in banks not on interest	—	—	—	—	—	—
Loans to Massachusetts	—	—	—	—	—	—
Loans on depositors' books	—	—	—	—	—	—
Sundry assets*	—	—	44	145	214	—
Cash on hand	24	144	210	388	296	936

	1867.	1872.	1877.	1882.	1887.
Public funds	29,960	21,998	33,229	36,152	40,304
Loans on public funds	1,218	1,680	1,259	716	903
Bank stock	10,921	16,972	26,154	25,300	26,850
Loans on bank stock	441	1,521	1,224	1,117	1,431
Railroad bonds	733	4,602	9,076	9,016	21,185
Loans on railroad bonds	—	—	133	—	171
Loans on railroad stock	278	545	—	—	232
Railroad notes	—	—	—	—	3,080
Real estate (for banking purposes)	576	1,968	2,840	2,540	2,390
Real estate (by foreclosure)	—	—	5,091	7,201	2,512
Loans on real estate	21,259	89,684	116,241	86,129	119,792
Loans on personal security	9,636	33,329	34,124	56,928	78,518
Loans to counties, cities, and towns (notes)	6,577	12,464	10,170	9,293	8,791
Deposits in banks on interest	1,524	1,729	6,950	12,907	7,717
Deposits in banks not on interest	—	—	—	—	528
Loans to Massachusetts	—	—	—	—	950
Loans on depositors' books	—	—	—	—	215
Sundry assets*	—	—	2,135	2,280	909
Cash on hand	1,141	1,657	1,521	1,060	611

* This item includes railroad stock, accrued interest, premium and expense accounts, and such other assets as are not classified.

THE AUTHORITY AND LIABILITY OF BANK OFFICERS.*

[CASHIER—CONTINUED.]

In a previous number of the MAGAZINE the authority of a cashier to discount notes was considered. We may add here, with respect to re-discounting, that the United States Supreme Court, speaking through Waite, C. J., have said that, "in the absence of restrictions, if he has procured a *bona fide* re-discount of the paper of the bank, his acts will be binding, because of his implied power to transact such business." (*West St. Louis Savings Bank* v. *Shawnee County Bank*, 95 U. S. 557.)

A cashier's authority to accept bills of exchange has already been considered. We may add, however, that his authority to accept them, like that of discounting and indorsing notes, is a question of law. (*Farmers and Mechanics' Bank* v. *Troy City Bank*, 1 Doug. Mich. 457.) The Supreme Court of Michigan has questioned his authority to accept them in all cases. Says Judge Whipple: "That power is, and must be, limited to the drawing and accepting of bills in the usual and ordinary course of the business of the bank —in other words, in the legitimate exercise of the powers conferred upon the bank by its charter. It is very true that the cashier may abuse his trust, by accepting bills, and that the bank may be made liable by such acceptances; but the person who seeks to recover on such acceptances must be an innocent *bona fide* holder, not affected by notice, actual or constructive, that in accepting the bill the cashier exceeded his powers. To establish a contrary doctrine would be destructive, as well of the rights of the bank as of the public, and cannot be justified upon principles of either policy or justice." (*Farmers & Mechanics' Bank* v. *Troy City Bank*, 1 Doug. Mich. 457, p. 475.) The same court have declared that he cannot accept accommodation bills. (*Id.*)

As previously remarked, a note that is drawn payable to a cashier is payable to the bank. (*Blair* v. *First National Bank*, 2 Flippini 111.) And when the intent is not clear in a parol contract whether the cashier is acting for the bank or some other principal, the defect can be supplied by parol testimony. A party cannot be discharged who is apparently liable on the contract, but a new one may be introduced by parol. (*Merchants' Bank* v. *Central Bank*, 1 Kelly, Ga. 418, the court citing *Mechanics' Bank* v. *Bank*, 5 Wheat. 326; 1 Cow. 536; 12 Mass. 240; 1 Cranch 345; 6 Adolph. & Ellis 486; 8 Mees. & Wels. 440; Story on Agency, § 490.)

In certifying if the holder of a check knows that the drawer is without funds, he cannot hold the bank on its certificate. Says Allen, J., in one of the most frequently cited cases on this subject: "One who deals with an agent has no right to confide in the representation of the agent as to the extent of his powers. If, therefore, a person knowing that the bank has no funds of the drawer, should take a certified check, upon the representation of the cashier or other officer, by whom the certificate was made, that he was authorized to certify without funds, the bank would not be liable." (*Farmers and Merchants' Bank* v. *Butchers and Drovers' Bank*, 16 N. Y. 125, p. ; *Clarke National Bank* v. *Bank of Albion*, 52 Barb. 592.)

Formerly the payment of an overdraft was always regarded as wrong, and the courts not infrequently applied severe language to the offenders. (*Eichelberger* v. *Finley*, 7 Harr. & Johns. 381, p. 387; *Lancaster Bank* v. *Woodward*, 18 Pa. 357, p. 362; *Bank* v. *Colder*, 3 Strobh. S. Car. 403, p. 408; *Minor* v. *Mechanics' Bank*, 1 Pet. 46.) In New Jersey, the overdrawing by a cashier, director or other officer, of his account for his own benefit, is a statutory offense, though done without the intention of defrauding the bank. (*State* v. *Stimson*, 24 N. J. Law 478.) But in more recent days the law has been modified. If a depositor is permitted to overdraw his account, this permission may be justified. If the depositor is in good financial and moral standing, the transaction may be wholly free from objection. (*Commercial Bank* v. *Ten Eyck*, 48 N. Y. 305, p. 310.) "The transaction is then a loan simply, which is not obnoxious to any law." (Hallet, Cir. J., *Union Mining Co.* v. *Rocky Mountain National Bank*, 2 Col. 248, p. 255, affd. 96 U. S. 640 s. c. 1 Col. 531 and 2 *Id.* 227, 248, 565.) Nor can the cashier's authority to permit an overdraft be questioned in an action by the bank to recover the money. (*Union Mining Co.* v. *Rocky Mountain National Bank*, 2 Col. 248.)

Cashiers often act for other persons, and some of the most difficult questions in this department of the law have sprung from these transactions. On one occasion a woman contracted to lend money to the cashier of a bank for his use, on his representation of owning stock therein, and agreement to transfer the same to her as security. He afterward produced a certificate of stock, on the faith of which she made a loan. It was, however, fraudulently issued. It was held that, as she knew that the cashier was acting for himself as well as for the bank in issuing the certificate, she ought to have inquired concerning his authority to issue it, and not having done so, the bank was not liable therefor. (*Moores* v. *Citizens' National Bank*, 111 U. S. 156, affg. 15 Fed. Rep. 141.)

The case of the *First National Bank* v. *Town of New Milford* (36 Conn. 93) is worth describing. The cashier was also a town

treasurer. He was the principal manager of the bank, and was accustomed to make loans without consulting the directors. He took money from the bank for his own use, and executed a note as town treasurer for the amount, for which he had no authority. The loan was to cover a fraud. The bank sued the town on the note. It failed, however, to recover, the court holding that the cashier had full knowledge of the fraud, and if the bank ratified the contract, "must accept his knowledge and be bound by it, precisely as if the loan had been made and the knowledge had by the board of directors."

When a cashier is thus acting as agent for a person, he cannot introduce an account rendered to his principal of the deposit and withdrawal of money against the record kept by the bank itself of these matters. (*Loring* v. *Brodie*, 134 Mass. 453.)

Though having no authority to do many things, the bank may become bound for his conduct by ratification. The question in such cases is, what action on the part of the directors shall be regarded as an adoption or approval of their cashier's conduct. No principle, perhaps, is more often asserted than this: if the bank receives and retains the benefit of the cashier's act, it is responsible therefor. (*Merchants' Bank* v. *Central Bank*, 1 Kelly, Ga. 418; 8 Cow. 25; 7 Cranch 299; 19 Johns. 60; 5 Wheat. 334; Story on Agency, § 162.)

In *Elliot* v. *Abbot* (12 N. H. 548) it was held that the directors could not ratify the act of the cashier unless at a meeting. The question arose in this case over the validity of an indorsement to a note. Parker, C. J., speaking for the court, said: "There seems to be no sufficient evidence on which to sustain an indorsement through the acts of the directors. A majority of them assented, it is said; but this was at no regularly ratified meeting, nor, in fact, at a meeting of those who did assent, although that would not have been sufficient to have given it the character of an act of the board. There should have been either the act of all (and it is not settled whether that would be sufficient, unless they met together), or there should have been a stated or regularly ratified meeting, at which all might have been present, in which case the act of a majority of a quorum might have been good." (*Elliot* v. *Abbot*, 12 N. H. 549, p. 556, citing *Despatch Line of Packets* v. *Bellamy Manufacturing Co.*, *Id.* 205, p. 224.)

But in Pennsylvania the ratification need not be formal at a meeting of the board. Said the court, in a case in which the cashier had offered a reward for the detection of bank robbers, "it is not necessary, in order to bind the bank by their acquiescence, that notice should have been given to the directors when sitting in their official capacity as a board. If they were personally cognizant of the offer made by the cashier, it was their duty to call a meet-

ing of the board and disavow the act, if they were unwilling that the bank should be bound by it." (*Kelsey* v. *National Bank*, 69 Pa. 426, p. 430.)

The cashier of a bank loaned a portion of the money deposited there by the subscribers of stock to a bridge and banking company, payable on demand, and sent a statement of the loans to the cashier of that company, and requested to be informed whether they were satisfactory. To this an affirmative reply was made, nor did the managers at a meeting afterward held by them take any action. Their silence was regarded as an acquiescence, and a release of the bank from liability in making these loans. (*New Hope and Delaware Bridge Co.*, 3 N. Y. 156.)

This doctrine of ratification is applied differently to the acts of cashiers or other officers touching the internal affairs of a bank than to acts affecting third parties. The doctrine primarily exists for the protection of third parties who deal with a bank on the one hand, and the protection of the bank officers from personal liability to the bank on the other. For example, if a cashier should raise his salary, and the change should be entered on the books and be thus charged and paid for a long period, the bank could collect the excess unless it was shown in the clearest manner that the directors knew of the increase and that he had drawn the money. And if the cashier should happen to be a director his knowledge could not be imputed to them, for his interest would be opposed to theirs and that of the bank. Nothing less than actual knowledge by them would be regarded as knowledge and acquiescence. (*First National Bank* v. *Drake*, 29 Kan. 311. See *Harrisburg Bank* v. *Foster*, 8 Watts 12.)

A bank may contract with its cashier that he shall select and pay from his salary the clerks required in conducting the business of a bank. And if he should do so, and a special deposit is lost, negligence cannot be imputed to the bank for making such a contract. (*Smith* v. *First National Bank*, 99 Mass. 605.)

Concerning his own compensation, "where no salary is prescribed, one appointed to an executive office, like that of a cashier, is entitled to reasonable compensation for his services, and the directors have power to fix the salary after the expiration of the term of office, and this though such appointee is also a director and continues to be such while holding the independent office." (Brewer, J., *First National Bank* v. *Drake*, 29 Kansas 311, p. 330. See also *Loan Association* v. *Stonemetz*, 29 Pa. 534; *Citizens' National Bank* v. *Elliott*, 55 Iowa 105, and cases in 29 Kansas 311.)

When no express agreement is made concerning an increase, what acts may be regarded as establishing his right to receive more? In one case a cashier was paid at first $200 per month. Subsequently, he drew $300 a month, and the amounts were charged to

him and reported to the board. This practice was continued for seven years. These facts were regarded as establishing an implied agreement to increase his salary to the higher amount. (*San Joaquin Valley Bank* v. *Bours*, 65 Col. 247.)

It need hardly be added that when a bank becomes insolvent the cashier has no lien on the money therein for his deposits or salary. (*Bruyn* v. *Receiver of Middle District Bank*, 1 Paige 584.)

Another important topic relates to the knowledge of the cashier, when can it be imputed to the bank? The general principle is well known that his knowledge is also that of his bank. (*Branch Bank* v. *Steele*, 10 Ala. 915; *Bank of St. Mary's* v. *Monford*, 6 Ga. 44; *Lessee of Veasey* v. *Graham*, 17 Ga. 99.) Says Judge Lake: "The rule has been long and firmly established that where one by his words or conduct willfully causes another to believe in a certain state of things, and induces him to act on that belief so as to alter his own previous position, the former is concluded from averring against the latter a different state of things as existing at the same time." (*Grant* v. *Cropsey*, 8 Neb., p. 208, citing *Pickard* v. *Sears*, 33 Eng. Com. Law 257; *Davis* v. *Handy*, 37 N. H. 65; *Merchants' Bank* v. *Rudolf*, 5 Neb. 527.)

Some applications of the principle will be given. C. & Co., who were private bankers, gave a certificate of deposit to B. They were succeeded by a savings bank, the business of which was conducted in the same place and by the members of C. & Co., one acting as president, another as treasurer, and a third as cashier. B. presented his certificate at the bank, and the cashier issued a new one of the bank in lieu of it, and charged the amount on the books of the bank to C. & Co., who had an unauthorized credit, without the knowledge of the trustees. This certificate was renewed from time to time, and so were others in like manner. B. finally sued the bank on his certificate and recovered. (*Citizens' Savings Bank* v. *Blakesley*, 42 Ohio St. 645.)

In *Lime Rock Bank* v. *Macomber* (29 Me. 564) the bank was sued on a note which was never discounted or accepted by it, but the president, cashier and general attorney knew that it had been brought. It was held that the jury were justified in regarding the bank as having consented to the maintenance of the suit.

But a person who inquired of an officer of a bank whether he could safely lend money on pledge of its stock, and receiving an affirmative answer, took it as a pledge that he could hold the same against the bank, which afterward claimed that it was forfeited for dues. "After thus inducing the plaintiff to part with his money, it would be a fraud on him to suffer the defendant to forfeit the stock for alleged dues. Whether the admission thus made by the agent of the company was true or false is not open for inquiry; as the plaintiff acted on it in good faith, it must stand

as an estoppel, which determines the rights of these parties." (*Moore* v. *Bank of Commerce*, 52 Mo. 377; see *Taylor* v. *Zepp*, 14 *Id.* 482.)

If a cashier receives trust securities on a loan knowing they are of this nature, the bank is affected with his knowledge, and should inquire into the authority of the trustee to pledge them. (*Loring* v. *Brodie*, 134 Mass. 453.*) And if the loan continues, though new notes have been given, and another cashier has been employed, the bank has no less knowledge than before. (*Id.*) In *Loring v. Brodie* (13 Mass. 453) the securities pledged by the trustee "showed distinctly, by the certificates or the transfers, that they were the property" of a trust estate. "Whether the cashier," said the court, "read them or not, the bank must have imputed to it the knowledge which they bore on their face. It was known, therefore, that they constituted trust property pledged for a note of the trustee." The bank, consequently, was held responsible for the value of the securities.

Sometimes the knowledge or admissions imparted to indorsers on notes held by the bank are imputed to it. Thus, if he should declare to an indorser on a note, indorsed also by himself, that it had been paid, though it had not been, and a loss was sustained, the bank would be bound. But, of course, it could hold the cashier as an indorser. (*Grant* v. *Cropsey*, 8 Neb. 205.) In *Grant* v. *Cropsey* (8 Neb. 205), which was a case of this character, Judge Lake said: "We fail to see any good reason for relieving the bank from the loss, if any loss has been caused by the falsehood of its cashier. The bank directors knew, or were bound to know, of the discounting of this note, and who were the makers. They permitted the cashier to stand in the double attitude of joint debtor and agent for the collection of the debt. The knowledge of the directors as to his attitude and interest was at least equal to that of Grant, and having this knowledge, if they continued him in a service whereby he could and did falsely make the statements imputed to him, occasioning a loss, there is certainly no good reason for saying that Grant, rather than the bank, shall bear it."

On another occasion, a second indorser of a note went to the bank where it was discounted, and told the cashier, who was the first indorser, that the maker was sending his personal property away, and requested the cashier to have an execution issued on the judgment which the bank had obtained against the drawer. The cashier refused to do this, saying that he would discharge him from his indorsement and look to the maker. This was held to be a good discharge in a suit afterward brought by the bank against him. (*Bank* v. *Klingensmith*, 7 Watts 523.)

* His declarations that stock pledged with the bank was in trust may be introduced to show that it was thus pledged. (*Harrisburg Bank* v. *Tyler*, 3 Watts & Serg. 373.)

But the imputation of an officer's knowledge of the bank's business to the bank has limitations. Knowledge of it lying beyond an officer's sphere of duty cannot be imputed to the bank. Thus, the knowledge of a bookkeeper who had nothing to do with collections, and who knew of the residence of indorsers of a note held by the bank, could not be imputed to it. Says Judge Clayton: "Where a bank has several agents, to whom separate and independent duties are intrusted, notice to one of them, in regard to a matter not pertaining to his duties, cannot affect the bank. It is the duty of the cashier or of the teller to superintend the collection of paper deposited in the bank for payment. It is the duty of the same officers to give information as to the residence of the indorsers. If the bank may be justly chargeable with notice to either of these officers, as to such residence, it cannot be so chargeable by the knowledge of, or the notice to, one of its clerks not intrusted with the duty of superintending such collections. The principle is a general one, that the conduct of the agent only binds his employer when he acts within the limits of the power granted to him, and with reference to the subject-matter of the agency." (*Goodloe* v. *Godley*, 13 Sm. & Marsh. 233, p. 238, citing *Fortner* v. *Parham*, 2 Sm. & Marsh. 164; *Commercial Bank* v. *Wilkins*, 6 How. 220; *Wilcox* v. *Routh*, 9 Sm. & Marsh. 476.)

The cashier's knowledge of the insolvency of a bank cannot be imputed to the directors. In one case a cashier continued to receive deposits long after the insolvency of his bank, but the directors supposed it was solvent. A customer deposited a check for collection, but before it was collected the bank failed. It was contended that the cashier committed a fraud in receiving the check when the bank was in an insolvent condition, and that it belonged to the depositor. But the court remarked that no knowledge by any of the officers of the bank of its insolvency was sufficient to annul the transaction, unless the evidence clearly showed that the directors had such knowledge. (*Balbach* v. *Frelinghuysen*, 15 Fed. Rep. 675.)

The imputation of the cashier's knowledge to his bank of transactions in which he is acting as agent for another, and also those in which he is acting individually for himself, should be carefully distinguished. Whenever he is acting as agent his knowledge is imputed to the bank, and this rule has been inflexibly maintained for the protection of third persons. Two of the more noteworthy cases on this point are *Holden* v. *New York and Erie Bank* (72 N. Y. 286) and *Mechanics' Bank* v. *Schaumburg* (38 Mo. 228), which will be reviewed in another place. But when a cashier is acting for himself his knowledge is imputed to the bank in those transactions affecting it in which he has also acted for its interest; and is not imputed when he has acted contrary thereto. Thus, if

a cashier should fraudulently procure a note as an accommodation, and should sell the same and receive in payment a draft which he should indorse to his bank, it would not be chargeable with notice of the fraud. The general rule that the principal is bound by the knowledge of his agent concerning the subject of negotiation, which it is his duty to communicate to the principal, does not apply to such a case. It is one of the exceptions which arises "when the circumstances are such as to render it certain that the agent did not communicate his knowledge or information to his principal." . . . "Ordinarily," says Reed, J., "the circumstances are such as to beget a presumption that the communication was in fact made. But when they are of such character that, according to all human experience and observation, the probability is just the reverse, it would be absurd to indulge that presumption." (*Hummell* v. *Bank of Monroe*, 37 N. W. Rep. 954, Iowa Sup. Ct., 1888; see *Kennedy* v. *Green*, 3 Mylne & Keen 699; *First National Bank* v. *Drake*, 29 Kan. 311.)

On the other hand, a cashier, who was insolvent and heavily indebted to a bank of which he was cashier, transferred securities to it for the purpose of preferring it over other creditors. His knowledge of his insolvency was declared to affect the bank of which he was cashier, and to invalidate the transfer. "The bank must be affected," said the court, "by the knowledge which the only one acting for it about this transaction had." (*Witters* v. *Sowles*, 32 Fed. Rep. 762.)

If a cashier happens to be a director in another company, it does not follow that he has a knowledge of its affairs, and which, through him, is also known by his bank. Thus, if a company should make an imperfect note, the law would not presume that the cashier had knowledge of it, and through him, also, his bank. (*Manufacturers' National Bank* v. *Newell*, 37 N. W. Rep. 420, the court citing *President, etc.*, v. *Cornen*, 37 N. Y. 320; *Bank* v. *Savery*, 82 N. Y. 291; *Mann* v. *Bank*, 34 Kansas 746.)

[TO BE CONTINUED.]

AUTHORITY OF BANK PRESIDENT.

SUPREME COURT OF NEW YORK, GENERAL TERM.

Marine Bank of Buffalo v. *Butler Colliery Co.*

In an action against an indorser, where the notarial certificate of protest and notice appears in the case accompanying the note, and there is no request to find that the note was not duly protested, and no exception to the finding that when it became due it was duly presented, and payment was demanded and refused, and due notice thereof was given to defendant, it will be assumed that the certificate was regarded at the trial as having been put in evidence, and as establishing due notice.

Where the president of a corporation is permitted for several years to act and to represent himself as the general manager and director of its business, the corporation cannot set up its by-laws as countervailing the president's authority to represent that a certain person is the authorized agent of the corporation for the sale of its goods, and to take, indorse, and procure the discount of notes for goods sold.

The bank to which the representation of the agent's authority is addressed is entitled to rely on the agent's representations that notes offered for discount were taken for goods sold, and the principal is estopped to deny the truth of the representations.

Such bank is entitled to credit for all moneys drawn by the agent in the ordinary course of business, and apparently within his authority.

Notes in renewal of notes taken for goods sold are within the authority.

Indorsements by the agent in his name, followed by the word "agent," and the name of his principal, are within the intent of the authority, and are good, especially when that has been the course of dealing, to the principal's knowledge.

The bank is not affected by revocation of the agent's authority or change in the *personnel* of the principal until it has notice thereof.

A cause of action by the bank for an overdraft is established by proof of the drawing of a check for the amount by the agent to the order of the principal, and payment thereof on the indorsement of the president of the principal, there being no funds to the credit of the account.

DWIGHT, J.—The action was to recover the amount of 13 promissory notes discounted for the account, as is alleged, of the defendant, on the indorsement of the latter by an agent duly authorized thereto; also the amount of a small overdraft of the same account, made by the agent, and paid to the defendant. The plaintiff is a banking corporation under the laws of this State, and the defendant a mining corporation organized under the laws of Pennsylvania, having its principal financial and business office at Elmira, in this State. Eli S. Hubbell was, on the 12th day of July, 1881, the agent of the defendant at Buffalo. The agent and the business were introduced to the plaintiff on the day last named by a letter, of which the following is a copy.

"THE BUTLER COLLIERY COMPANY.

ELMIRA, N. Y., July 12, 1881.

"*S. M. Clement, Esq., President*—DEAR SIR: This is to inform you that E. S. Hubbell is the authorized agent of the Butler Colliery Company for the sale of its coal at Buffalo, N. Y. Any paper he may take for coal sold for said company he is authorized to indorse as the agent of said company, and get it discounted at your (the Marine) bank, and that any and all such papers so indorsed which you may discount for him the said company will see paid.

"Yours truly, F. C. DINNINNY, President."

The writer of the letter was the president of the defendant, elected in

1877, and continued in that office without re-election down to the time of the commencement of this action; there having been no election of officers since 1877, and no meeting of directors since 1879. He was during all that time the actual manager of the business of the defendant, and, with the nominal treasurer of the corporation, owned all its stock, except a few shares held by persons employed in the office of the defendant, sufficient to qualify them for directors, and thus to make and maintain a corporate organization. As president he drew the drafts, and indorsed the checks and other commercial paper of the defendant, and directed all the financial affairs of the corporation, with the knowledge of the other directors and stockholders. The business of the defendant at Buffalo was the sale of coal mined at Pennsylvania, for cash and on credit, at wholesale and retail; its sales at that place amounting annually to from 18,000 to 20,000 tons, and in value to about $100,000 a year. Hubbell continued in charge of the coal-yard and business at Buffalo, doing business in the name of the defendant, and with its knowledge, until about July 18, 1886, when for the first time the plaintiff received notice of the revocation of his authority as agent. There is evidence on the part of the defendant tending to show that some time in February, 1883, the defendant, by its president, directed Hubbell to have no more notes discounted on its indorsement, but to send all notes taken for coal to the Elmira office; also that about May of that year the sale of coal at Buffalo was in fact the business of Dinninny and Carson—the president and treasurer of the defendant—though still carried on in the name of the corporation; but no notice of such revocation of the authority of the agent or change in the proprietorship of the business at Buffalo was ever given to the plaintiff until after the last of the transactions which are the subject of this action. The business was during all that time carried on in the name of the defendant, and by Hubbell as agent, in the same manner, and with the same apparent authority, as before. The 13 notes in suit were all presented by him for discount, and discounted by the plaintiff in the usual course of business, in April, May, and June of 1886. Some of the notes in suit, like many others which had been discounted during the five years of the continuance of the business, were given in renewal of previous notes received in the sale of coal; and the consideration of all of them was coal sold at the yard in Buffalo, either at the dates of the notes or previously thereto. The notes were all duly protested for non-payment, and notice of dishonor was duly given to the defendant, as shown by the notarial certificates which are contained in the case. A question was raised for the first time on the argument here, whether those certificates were formally offered in evidence, but they are found in the case accompanying the notes to which they severally relate. There was no request to find that the notes in suit were not duly protested for non-payment, nor any exception to the finding of the referee "that when said notes respectively became due they were duly presented for payment, according to their terms, and payment was demanded and refused, and thereupon due notice thereof was given to the defendant." We must assume that the notarial certificates were regarded on the trial as having been put in evidence, and as establishing the fact of due notice of dishonor of the notes. The remaining cause of action for an overdraft of the account in the plaintiff bank was established by undisputed evidence, which showed that the check for that amount, drawn by E. S. Hubbell, agent, to the order of the defendant, was paid, on the indorsement of "F. C. Dinninny, President," etc., to the bank at Elmira, through which it was forwarded for collection, there being at that time no funds to the credit of the account against which it was drawn in the plaintiff bank.

Upon these facts, found upon undisputed evidence, we cannot doubt the correctness of the conclusion of the referee, which awards a recovery to the plaintiff. The notes were evidently discounted by the plaintiff, relying upon the apparent authority of Hubbell, the agent, to indorse them for the defendant. The letter of July, 1881, gave the plaintiff notice of Hubbell's authority, as agent of the defendant, to sell its coal at Buffalo, to take notes for coal sold, to indorse such notes for the defendant, and to procure their discount at the plaintiff's bank. The authority of Dinninny to write the letter, and to bind the defendant thereby, is clearly established by the undisputed evidence of the manner in which the business of the corporation was conducted. During all the years covered by the transactions in question the president of the corporation was permitted to be, and to hold himself out to the world as being, the general manger and director of its business. The act in question was within the scope of the authority thus practically accorded to him, and the defendant cannot set up its by-laws, never published to the world, and habitually disregarded by itself, as countervailing the authority thus publicly conferred. (See *Martin* v. *Manufacturing Co.*, 44 Hun. 132, 138; *Martin* v. *Webb*, 110 U. S. 7, 15, 3 Sup. Ct. Rep. 428.) That the notes were within the terms of the letter has been found by the referee on undisputed evidence. They were given for coal sold by the agent for the defendant. That some of them were taken in renewal of notes given when the coal was sold, does not change the character of the indebtedness, nor of the evidence of it. The consideration was still the same. Moreover, the plaintiff had a right to rely on the representation of the agent, not of the existence of his authority to procure discounts, but that the notes offered by him for discount were within the scope of that authority; and the defendant is estopped to deny that those representations were true. (*Bank* v. *Railroad Co.*, 106 N. Y. 195, 12 N. E. Rep. 433.) In that case the court says: "It is a settled doctrine of the law of agency in this State, that, where the principal has clothed his agent with power to do an act upon the existence of some extrinsic fact necessarily and peculiarly within the knowledge of the agent, and of the existence of which the fact of executing the power is itself a representation, a third person, dealing with such agent in entire good faith pursuant to the apparent power, may rely upon the representation, and the principal is estopped from denying its truth to his prejudice." In this case the extrinsic fact that the notes were given for coal, upon which the authority of the agent depended, and which was solely within his knowledge, was represented not only by the presentation of the notes for discount, but by the repeated assurances of the agent that he never did, and never should present notes of any other character. The fact that the indorsements were made in the name of E. S. Hubbell, agent of the Butler Colliery Company, and not in the name of the corporation by E. S. Hubbell, agent, though not strictly conformed to the language of the authority, was within its spirit and intent, and was ratified by a long course of dealing on the part of the defendant, with full knowledge of the manner in which the business was done, and with full enjoyment of the fruits of the transactions.

The same principles apply to support the disallowance by the referee of the counter-claim of the defendant for moneys received by the plaintiff from the defendant's agent, and afterwards drawn out, and, as is alleged, misappropriated by him. The authority of the agent to open and maintain the account with the plaintiff, and to draw against it for the purposes of his agency, being established by the letter of authority, and the course of dealing between the parties, the plaintiff, in the absence of notice to the contrary, or of facts to put it upon inquiry, had the

right to assume that the acts of the agent in this connection were what they purported to be, viz., in the execution of his power as agent. The plaintiff was therefore entitled to credit for all moneys drawn by the agent in the ordinary course of the business, and apparently within the scope of his authority as agent. It is unnecessary to employ any reasoning to maintain the proposition that no revocation of the authority of the agent nor change in the *personnel* of the principal could affect the dealings between the agent and plaintiff until notice of the change or revocation was brought home to the latter. In all those respects we must regard the findings of the referee as well supported by the evidence, and his conclusions of law as well grounded upon the facts so found.

There was an item of counter-claim of $150.10, for coal sold to the plaintiff, established by evidence, and not controverted by the plaintiff. It was apparently overlooked by the referee, and the plaintiff now concedes that the judgment should be modified by its allowance. That modification being made, the judgment as modified should be affirmed, with costs. All concur. Judgment modified by deducting therefrom the sum of $150.10, with interest thereon from the date of the report, and, as so modified, affirmed, with costs.

FORFEITURE OF NATIONAL BANK CHARTER.

CIRCUIT COURT, N. D. IOWA.

Trenholm, Comptroller, v. *Commercial National Bank.*

Rev. St. U. S., § 5,239, declares that, "if the directors of any national banking association shall knowingly violate or knowingly permit any of the officers, agents, or servants of the association to violate any of the provisions of this title, all the rights, privileges and franchises of the association shall be thereby forfeited." The title referred to is title 62, which embraces the subject of the organization, powers, duties and liabilities of national banks. *Held* that, as the section only refers to acts done by the directors, or by the executive officers with the knowledge of the directors, an information seeking a forfeiture, which charges that the association did the act, is insufficient.

In an information charging that "the banking association and the directors thereof did knowingly permit," etc., the allegation that the association, aside from the directors, permitted the doing of the alleged acts, tenders an immaterial issue, and should be stricken out on motion.

SHIRAS, J.—The information filed in this cause contains some 24 articles, in which are set forth the facts relied upon as grounds for forfeiting the charter of the bank. They present, however, only two general grounds for such action, to wit: That the bank had loaned amounts exceeding 10 per cent. of its capital to certain named parties or corporations, in violation of the provisions of section 5,200 of the Revised Statutes; and that in certain statements of the condition of the bank forwarded to the Comptroller of the Currency a false statement of the amounts of loans, discounts and overdrafts was included. In the articles, 19 in number, charging the loan of amounts in excess of 10 per cent. of the paid-in capital to the several parties named in the articles, it is averred that "the said banking association and the directors thereof did knowingly permit the officers of said association to permit the total liabilities of [each article naming a different person or corporation] for money borrowed to exceed the one-tenth part of the capital stock," etc. In the article charging the making the false state-

ment touching the resources of the bank it is averred that "the said banking association did knowingly violate the provisions of title 62 of the Revised Statutes," etc. This proceeding is based upon section 5,239 of the Revised Statutes, which declares that "if the directors of any national banking association shall knowingly violate, or knowingly permit any of the officers, agents, or servants of the association to violate, any of the provisions of this title, all the rights, privileges and franchises of the association shall be thereby forfeited." Title 62 embraces the subject of the organization, powers, duties and liabilities of national banks. The declaration, therefore, that a violation of any of its provisions causes a forfeiture of the rights and franchise of the bank might seem, at first blush, to subject the life of the association to many hazards. But a more careful reading of the section shows that there is a limitation upon the acts which shall have the effect of forfeiting the franchise of the bank. A corporation ordinarily has two classes of officers in charge of its affairs—the one being the directors or managers, who constitute the governing body, having the general superintendence of the concerns of the corporation; and the other constituting what may be called the "executive force" of the corporation. Thus, in case of a bank organized under the Act of Congress, there is found the managing board, composed of the directors, and the executive or operating force, composed of a cashier, teller, and other subordinate officers. The cashier is the chief executive officer, by whom, or under whose immediate direction, much the larger part of the daily transactions of the bank are carried on, and his acts, within the scope of his powers, are the acts of the corporation. Therefore there are many acts done in carrying on the business of the bank which are strictly corporate acts, and binding upon the association, which, nevertheless, were not directed nor caused to be done by the directors. Herein lies the limitation upon the violations of title 62, which defines or points out those which shall be deemed to be grounds for declaring a forfeiture of the charter. Acts done in connection with the corporate business by the cashier or other executive officers or agents of the bank may be violations of some of the provisions of title 62, but it does not follow that by reason thereof the charter can be forfeited. Being acts done by the executive officers within the general scope of their powers as such, they are corporate acts, and, in strict legal phraseology, may be declared to be acts done by the association, yet they would not constitute ground for forfeiting the franchise. Thus, if an information should charge that a given banking association had, through its cashier, violated the provisions of title 62 by loaning to a person named a sum in excess of one-tenth of its capital stock, it certainly could not be claimed that such an allegation was sufficient. The cashier, having general control over the matter of loans and discounts, in making such a loan would represent and bind the corporation, although such loan might be in excess of the statutory limitation, and hence the act of making the loan could be declared to be the act of the association, but that would not meet the requirements of section 5,239 of the Revised Statutes. Under that section nothing short of the action of the directors by either knowingly violating, or knowingly permitting the officers of the bank to violate, the provisions of the statute, will justify the forfeiture of the charter.

Violations of the statute on part of the executive officers or agents of the bank are not of themselves declared to be fatal to the continued existence of the corporation. The violation of the statute must have been committed by the directors, or have been knowingly permitted by the directors, before it is deemed to be of that grave character demand-

ing a forfeiture of the charter as the punishment thereof. It is not, therefore, a sufficient averment in an information seeking a forfeiture of a bank charter to charge that the association committed a certain act, for that averment could be sustained by simply showing that the cashier or other officer of the bank had done the act complained of; and the act, being within the general scope of his powers, would be a corporate act. The averment in the information must charge either that the act was done by the directors, or that they knowingly permitted some one or more of the officers, agents or servants of the association to do the act relied on as a violation of the statute. In the articles of the information now before the court, charging the making false statements in the reports of the condition of the bank forwarded to the Comptroller, it is averred that the said banking association did knowingly violate the provisions of the statute, and that the association did make and transmit certain statements alleged to be false. There is no averment therein charging that the furnishing of such false statement was the act of the directors, or that they knowingly permitted such false statement to be made and forwarded by the cashier or other officer of the bank; and, lacking these essentials, these several articles do not show facts at all material to the subject of information, and the motion to strike the same from the information is sustained. In the remaining articles of the information the charge is that "the banking association and the directors thereof did knowingly permit," etc. If the directors knowingly permitted the officers of the bank to do acts in violation of the provisions of the statute, then it is immaterial whether the association also permitted the same. If it cannot be shown that the directors knowingly permitted the alleged violations of the statute, then it would be useless to prove that the association, through any of its other officers or agents, knowingly permitted the doing of the acts in question. Hence the allegation that the banking association, aside from the directors, knowingly permitted the doing of the named acts, is tendering an immaterial issue. Upon the argument it was said that the allegation that the banking association knowingly permitted the doing of the acts charged to be violations of the statute could be treated as mere surplusage, and be disregarded. If the case had progressed to a final hearing without the objection being previously raised, the court might so view the matter, but when the objection is taken *in limine*, and the defendant has the right to demand that the exact issue to be met should be made plain, it is the better practice to strike out of the pleading all allegations that are immaterial, but which may tend to confuse the issue to be tried. The statute itself makes plain what the information should charge as ground for a judgment forfeiting the charter. It must, by proper averment, show that in carrying on the business of the bank some act or transaction in violation of the provisions of title 62 of the Revised Statutes was done, and that the directors were either the doers thereof, or knowingly permitted it to be done by some officer, agent or servant of the bank. The motion is therefore sustained in this particular.

WHERE NATIONAL BANK MUST DO BUSINESS.

DISTRICT COURT, S. D. OHIO.

Armstrong v. *Second National Bank of Springfield.*

Under Rev. St. U. S., § 5,190, providing that "the usual business of each national banking association shall be transacted at an office or banking house located in the place specified in its organization certificate," a national bank cannot make a valid contract for the cashing of checks upon it, at a different place from that of its residence, through the agency of another bank.

Whatever the terms of such an arrangement, being made before the date of the drawee bank's certificate of authorization, it is invalid under Rev. St. U. S., § 5,136, providing that no banking association "shall transact any business except such as is incidental and necessarily preliminary to its organization, until it has been authorized by the Comptroller of the Currency to commence the business of *banking*."

SAGE, J.—Plaintiff sues to recover for money had and received by the defendant for his use, the sum of $3,841, being the proceeds of collections for account of the Fidelity National Bank with interest from June 21, 1887. The defense is that on the 20th of June, 1887, at its banking house at Springfield, Ohio, the defendant, without knowledge or notice of the insolvency, or impending insolvency of the Fidelity National Bank, cashed for the Champion Bar & Knife Company, of Springfield, Ohio, its check on the Fidelity National Bank for $1,995, and at the same time and place cashed for the Champion Malleable Iron Company, also of Springfield, its check on the Fidelity National Bank for $1,846; the aggregate of the two checks being the sum sued for in this action, the drawers being depositors in the Fidelity National Bank, and each then having to its credit as such, a sum at least equivalant to said check drawn by it in favor of the defendant. On the same day the defendant, in the usual course of business, indorsed said checks and forwarded them by mail to the Fidelity National Bank. They were received at the bank on the morning of the 21st of June, but the bank being insolvent, it had that morning, before the receipt of the said checks, closed its doors, and passed into the possession of United States officials, duly authorized, who refused to credit the defendant the amount of said checks, as the plaintiff has since refused and still refuses to do. It further appears in defense that on the 20th of June the defendant was indebted to the Fidelity National Bank on a collection account in a sum several thousand dollars in excess of the two checks above referred to, and that the defendant has paid over to the plaintiff the amount in its hands standing to the credit of the said Fidelity National Bank at the time it went into insolvency, that is to say, the entire amount of said collections, less the amount aforesaid of said two checks. The further statement of the defense, as it appears in the answer, is:

"That, for a considerable period of time, including the 20th day of June, 1887, there existed between the said two banks, by agreement, a mutual account, as will appear by the books of each. The defendant, in the usual course of business between the two banks, and as customary between such banks, and in pursuance of said agreement, made collections for and on account of the Fidelity National Bank, at its request, and from time to time, with its consent, placed the proceeds of such collections to the credit of the Fidelity National Bank on its books, and the defendant also, in the usual course of business between said two

banks, and in pursuance of said agreement, and as customary between such banks, charged on its books, to the Fidelity National Bank, with its consent and against any credits on its books, any and all checks received and cashed by defendant, drawn by said two corporations and other parties on said Fidelity National Bank, and the balances were settled between said national banks from time to time, interchangeably, whenever drawn on by the creditor bank, or by draft whenever the creditor bank so directed. And the defendant avers that the two checks aforesaid were received, cashed, and credited in pursuance of the arrangement, agreement, and business custom aforesaid between said two banks, and in the due course of business between them."

The averments of the answer as to the arrangement and usual course of business and custom between the two banks are put in issue by the reply. The certificate of authorization was issued to the Fidelity National Bank by the Comptroller of the Currency on the 27th of February, 1886, and the bank commenced business March 1, 1886. The directors and officers were elected February 9, 1886. Shortly after that date, and prior to the issuing of the certificate of authorization, Edward L. Harper, vice-president elect of the bank, made what is termed in the answer an agreement with the defendant bank by its president. It was a rather general arrangement and understanding to the effect that the defendant bank should keep an account with the Fidelity, that it should cash at its banking house at Springfield checks there presented by Fidelity depositors, resident at Springfield, and charge and have credit for them in account with the Fidelity, and that it should make collections for the Fidelity, and remit balances from time to time, substantially as set up in the answer. When the witness who testified to this arrangement was asked what was the stipulation or understanding with reference to any check cashed by the defendant, the drawer having either no balance to his credit in the Fidelity or a balance insufficient to meet the check, the answer was that no such case ever occurred; and so far as the testimony disclosed, no such case was provided for by the arrangement. After the Fidelity was authorized by the Comptroller of the Currency to commence the business of banking, no express arrangement was made, but the business was carried on between the two banks substantially in accordance with the understanding as testified to; that is to say, the defendant charged up checks to the Fidelity when it cashed them, and the Fidelity credited them when and as of the date it received them, no case arising which presented the question what should be done when a check had been cashed by the defendant for a depositor who had not funds in the Fidelity Bank sufficient to meet it.

The difficulties in the way of the defendant under its defense are to be found both in the facts and in the law. In the facts, inasmuch as upon the question which is vital to the defense, viz., Who should bear the loss if the defendant cashed a check for which there was not sufficient funds in the Fidelity? there is no stipulation or agreement. In the absence of a distinct understanding on this point, the charge against the Fidelity Bank and credit to itself by the defendant of the amount of the check cashed would be provisional merely, and subject to be corrected if the check was dishonored. The testimony relating to the custom between the banks was not sufficient to establish any rule or practice to the contrary. The difficulty in law is twofold. The last clause of section 5,136, Rev. St. U. S., which relates to the corporate powers of banking associations, provides that "no association shall transact any business except such as is incidental and necessarily preliminary to its organization, until it has been authorized by the Comptroller of the Currency to commence the business of banking."

From this provision it results that the arrangement, whatever it was, between Mr. Harper, as vice-president of the Fidelity Bank, and the defendant bank, made before the date of the certificate of authorization, has no force and cannot be taken into account.

If, now, we turn to section 5,190, of the United States Revised Statutes, we find it enacted that "the usual business of each national banking association shall be transacted at an office or banking house located in the place specified in its organization certificate." Under this section it certainly would not be competent for a national bank to provide for the cashing of checks upon it at any other place than at its office or banking house. Whatever risk there was in the defendant's business of cashing of checks upon the Fidelity, devolved, therefore, necessarily upon the defendant, and not upon the Fidelity. So far as the Fidelity was concerned, the checks were not cashed until they were presented and accepted at its banking house. They were not so presented until the morning of the 21st of June, after the bank had passed into the control of a government officer, and after insolvency of the bank had made it unlawful, under section 5,242, Rev. St., to either cash the checks on account of the defendant, or to give the defendant credit for them.

The questions which were argued with reference to the defendant's answer, treating it as a counter-claim, or regarding it in the nature of a counter-claim, are covered, in the opinion of the court, by *Armstrong* v. *Scott*, 36 Fed. Rep. 63.

The judgment will be for the plaintiff for the amount claimed, with interest.

PAYMENT OF SAVINGS BANK DEPOSIT.

NEW YORK COURT OF APPEALS.

Fowler v. *Bowery Savings Bank.*

W. deposited money with defendant savings bank, in trust for his wife E. The pass-book read, "In account with W. for E." Afterward both W. and E. died, and plaintiff, E.'s executor, demanded the deposit of defendant. He was told that the money would be paid to him when he presented the pass-book, which was then in possession of W.'s executor. W.'s executor afterwards presented the book, and received the deposit. *Held*, that plaintiff, by suing W.'s executor for the amount of the deposit, ratified the payment to him, and having then exercised his election, could not afterward maintain an action therefor against defendant.

EARL, J.—On the 15th day of November, 1871, John White, the husband of Elizabeth White, deposited with the defendant, in trust for his wife, the sum of $805.93, and the deposit was entered upon a pass-book, which was delivered to him, in this way: "Bowery Savings Bank in account with John White for Elizabeth White." This deposit remained in the bank during the lifetime of John White, who died November 13, 1882, leaving a will wherein he appointed John D. Flynn his executor. The will was admitted to probate, and letters testamentary were granted to Flynn on the 23d day of January, 1883. Elizabeth White died December 18, 1882, leaving a last will and testament in which the plaintiff was named as executor, which will was admitted to probate, and letters testamentary were issued to the plaintiff on the 11th day of January, 1883. On the 25th day of January the plaintiff, with his letters testamentary, called at the savings bank and notified it of his appointment as executor, and demanded payment of the deposit. He was

told by one of its officers that the money would be paid to him when he came with the pass-book, which was then in the possession of Flynn, the executor of John White. Thereafter, on the 29th day of January, Flynn, having in his possession the pass-book, presented the same to the defendant, together with proof that he had been appointed executor of John White, and demanded payment of the deposit, and the defendant thereupon paid the same to him, and the pass-book was surrendered to it. Thereafter, on the same day, the plaintiff called on the defendant again in reference to the deposit, and was informed that it had been paid to Flynn. This action was commenced in June, 1886, to recover the sum deposited with the defendant, and interest thereon.

It is clear that the plaintiff was legally entitled to receive payment of the deposit from the defendant, and that after the notice and demand by him it had no right whatever to pay the same to Flynn; and but for facts yet to be stated, the cases of *Martin* v. *Funk*, 75 N. Y. 134; *Willis* v. *Smyth*, 91 *id.* 297, and *Mabie* v. *Bailey*, 95 *id.* 209, would be ample authority for the maintenance of this action. After payment by the defendant to Flynn, the plaintiff, in the fall of 1883, commenced an action against him to recover, among other things, the money thus paid. Issue was joined, and the action was tried in the fall of 1884, and a verdict was rendered in favor of the plaintiff, and a judgment was thereon entered. The plaintiff was unable, however, to collect anything on the judgment, and he thereafter commenced this action. The relation between a savings bank and a depositor therein is that of debtor and creditor, and the defendant therefore became a debtor for the sum deposited with it by John White. (*People* v. *Institution*, 92 N. Y. 7.)

After his demand of the deposit, and the payment of the money to Flynn, there were two remedies open to the plaintiff. He could sue the defendant as a debtor for the deposit, and recover the amount thereof from it, or he could have brought an action for money had and received to and for his use against Flynn, and recover it from him. But he was not entitled to both remedies at the same time or in succession; and by electing the one he would lose the other. By electing to sue the bank he would repudiate its payment to Flynn, and his claim would be that the debt had not, in fact, been paid. By suing Flynn he would adopt and ratify the act of the bank in making payment to him, and his claim would be that the money due to him had, in fact, been paid to Flynn, and that Flynn had received it to and for his use. Such adoption and ratification of the payment would legalize the payment as between him and the bank, and thus discharge the bank. He could not occupy the position at the same time of claiming that the bank had paid his money to Flynn, and yet that the bank was still his debtor. His election in this case to sue Flynn, and thus to treat him as his debtor, was not harmless to the bank, but in law may be presumed to have injured the bank, unless it should now be held to be discharged by its payment to Flynn. After the plaintiff commenced his action against Flynn, and thus ratified and adopted the payment by the bank to him, the bank could not during the pendency of that action have sued Flynn to recover back the money on the ground that it had been paid by mistake, and received by him without authority, because it would have been a defense to such an action that the real owner of the fund had adopted and ratified the payment. But even if the mere commencement and pendency of the action by the plaintiff against Flynn would not have furnished such a defense, it is beyond doubt that, if the bank should now bring an action against Flynn to recover back the money, he could successfully defend on the ground that the plaintiff had ratified and adopted the payment, and thus discharged the bank by the recovery of a judgment against him

for the money paid as the real owner thereof. The two remedies—one against Flynn and the other against the bank—are not concurrent. If the two actions could not be prosecuted at the same time, they could not in succession. Nothing could be more inconsistent than an action against Flynn on the ground that money due to the plaintiff had been paid to him, and an action against the bank on the ground that it had not paid the deposit, and still remained debtor therefor. If the money had been absolutely the money of the plaintiff, left on special deposit with the bank, then he could have pursued the money wherever he could trace it without losing his remedy against the bank. In such a case the plaintiff would not be barred of his right of recovery against the bank until he had either recovered his money or the value of the same. All his remedies would be consistent, being based upon the theory of a wrongful disposition of his property. So, too, where a trustee, in breach of his trust, disposes of the trust property, the beneficiary of the trust may pursue it or its proceeds wherever he can trace them, so far as the law will permit him to do so without releasing the trustee. All his remedies in such a case are consistent, and based upon the same theory, to-wit, a breach of trust; but, if a trustee is bound to pay money to a beneficiary as a debt due from him to the beneficiary, then if he makes payment to another person, he has not paid the debt, and the money paid is not, in fact, the property of the beneficiary. In such case the beneficiary may ignore the payment, and sue the trustee as his debtor, or he may ratify and adopt the payment, and sue the person receiving the money as his debtor; but he cannot do both. There is, in such case, a breach of trust, or not, as he may elect, and his election once effectually made, is conclusive forever. Com. Dig. "Election," C 2. If one wrongfully takes and sells personal property not belonging to him, the owner has the election to sue him for the proceeds as money had and received to and for his use, and thus ratify the sale, or he may pursue the property and recover it or its value; but he cannot do both, and is bound by his election. Pom. Rem., § 567 *et seq.*

A few authorities may be cited to enforce these views. In *Priestly* v. *Fernie*, 3 Hurl. & C. 977, it was held that where the master of a ship signs a bill of lading in his own name, and is sued upon it, and judgment is obtained against him, an action will not lie against the owner of the ship upon the same bill of lading, although satisfaction has not been obtained on the judgment against the master. Baron Bramwell, writing the opinion, said: "If this were an ordinary case of principal and agent, where the agent, having made a contract in his own name, has been sued on it to judgment, there can be no doubt that no second action would be maintainable against the principal. The very expression that where a contract is so made the contractee has an election to sue agent or principal, supposes he can only sue one of them; that is to say, sue to judgment."

In *Scarf* v. *Jardine*, L. R. 7 App. Cas. 345, the facts were these: A firm of two partners dissolved. One retired, and the other carried on the business with a new partner, under the same style. A customer of the old firm sold and delivered goods to the new firm after the change, but without notice of it. After receiving notice, he sued the new firm for the price of the goods, and upon their bankruptcy proved against their estate, and afterward brought an action for the price against the late partner: and it was held that the liability of the late partner was a liability by estoppel only, and not jointly with the members of the new firm; that the customer might at his option have sued the late partner or the members of the new firm, but could not sue all three together; and that, having elected to sue the new firm, he could not

afterward sue the late partner. In that case Lord Blackburn said that the cases "are uniform in this respect, that where a man has an option to choose one or other of two inconsistent things, when once he has made his election, it cannot be retracted. It is final, and cannot be altered. . . . When once there has been an election to do one of the two things, you cannot retract it and do the other thing. The election once made is finally made." Lord Watson said: "The respondent had the undoubted right to select his debtor; to hold either the old firm or the new firm responsible to him for the fulfillment of the contract: but I know of no authority for the proposition that the respondent could hold his contract to have been made with both firms, or that, having chosen to proceed against one of these firms for recovery of his debt, he could thereafter treat the other firm as his debtor."

In *Kawson* v. *Turner*, 4 Johns. 469, it was held that, if a new sheriff receives a prisoner from his predecessor, he is answerable for his escape, though a voluntary escape may have existed in the time of his predecessor; but the plaintiff has his election either to consider the prisoner in execution, and so charge the new sheriff for the last escape, or as out of execution, and charge the old sheriff. If he has once made his election, and sued the old sheriff, and recovered judgment against him, it is conclusive, and a bar to any action against the new sheriff.

In *Sanger* v. *Wood*, 3 Johns. Ch. 416, Chancellor Kent said: "Any decisive act of the party, with knowledge of his rights and of the fact, determines his election in the case of conflicting and inconsistent remedies."

In *Morris* v. *Rexford*, 18 N. Y. 552, there was a bargain and sale of goods for cash, and the vendee took possession, but, failing to make payment, the vendor obtained a redelivery of his goods by writ of replevin; and it was held that this was a disaffirmance of the sale, and evidence in bar of a subsequent action for the purchase money, and that, the vendor having elected the one remedy, his right to pursue the other was extinguished. Comstock, J., writing the opinion said: "A vendor of goods, on a sale and delivery, upon cash terms, if he fails to get payment, may consider the delivery absolute, and rely on the responsibility of the vendee, or he may disaffirm and reclaim his property; but he cannot do both of these things. The remedies are not concurrent, and, the choice between them once being made, the right to follow the other is forever gone. The law tolerates no such absurdity as a seizure of goods by a person claiming that he has never sold them, and an action by the same person, founded on the sale and delivery of the same goods, for the recovery of the price. In peculiar circumstances a party may take either one of these courses, but, having rightfully made his choice, the right to follow the other is extinct and gone."

So here the law will not tolerate the absurdity of holding that the plaintiff could sue Flynn on the ground that he had received money from the bank belonging to him, and at the same time sue the bank on the ground that it still remained his debtor, and that the money paid to Flynn was not his money, and did not operate as payment.

In *Gardner* v. *Ogden*, 22 N. Y. 327, it was held that the clerk of a broker employed to sell land, having access to the correspondence between his principal and the vendor, stands in such a relation of confidence to the latter that, if he becomes the purchaser, he is chargeable as trustee for the vendor, and must reconvey or account for the value of the land; and, the vendor having brought suit against both the broker and his clerk, making a claim against the broker for having fraudulently sold the land, and against the clerk for a reconveyance or accounting,

the court said: "In the present case the plaintiff has elected to regard the purchaser as his trustee, and his complaint, as to him, ... proceeds on this basis. The plaintiff therefore elects to affirm the sale made to Smith. He cannot *uno flatu* affirm it as to him and disaffirm it as to the defendant Odgen. . . . The affirmance of the sale by the plaintiff is a complete answer to the claim for damages against the firm for fraud in making the sale."

In *Bank* v. *Beale*, 34, N. Y. 473, it was held that when a vendor who has been defrauded in the sale of his goods proceeds to judgment against the vendee upon the contract of sale, after he is apprised of the fraud, his election is determined, and he cannot afterward follow the goods, or the proceeds thereof, into the hands of a third person on the ground of fraud: that if a principal, with full knowledge of a fraud perpetrated by his agent, in the disposition of property purchased with his funds, prosecute the agent to judgment for the money so misappropriated, he thereby elects to treat the goods as the property of the agent, and cannot afterward claim their proceeds in the hands of a third party.

In *Rodermund* v. *Clark*, 46 N. Y. 354, W. and defendant were joint owners of a sloop. Defendant, ignoring W.'s rights, sold the whole vessel to M. W., after the sale, took and retained possession. M. thereupon libeled the vessel, as owner, in the United States District Court. She was seized by the marshal, and, M. having obtained judgment by default, she was delivered to him. W. assigned his interest, and also his claim against defendant, to the plaintiff, who sued for conversion, and it was held that W., having elected to assert his rights by retaining possession and refusing to recognize the sale, he and his assignee were precluded from maintaining an action for the conversion; that, where a party has an election between inconsistent remedies, he is confined to the remedy which he first chooses. Folger, J., writing the opinion, said: "W. had two courses, either of which he might pursue. He could sue the defendant for the conversion, or he could assert his right of possession, by keeping a permanent possession, or regaining possession, if it was interrupted. The effectually taking of either of these two courses precluded him from taking the other."

In *Bowen* v. *Mandeville*, 95 N. Y. 237, it was held that, where a party had been induced by fraud to enter into an executed contract for the purchase of property, he may either rescind and recover back the consideration paid, or affirm the contract and recover damages for the fraud. He cannot have both remedies, as they are inconsistent.

In *Cheeseman* v. *Sturges*, 9 Bosw. 246, S., one of the defendants, held real and personal property in trust, to be used for the joint benefit of himself and the plaintiff, and a third person, in specified proportions, as co-partners in a joint enterprise, and under an agreement that he was to make advances for carrying out the enterprise, and that all stocks or other securities than cash which should be received, should remain undivided until a final settlement, and that he would not dispose of the property (other than money) without the consent of the others. He accordingly made large advances, and subsequently sold and conveyed all the property without the consent of the plaintiff, and received therefor stock of an incorporated company; and it was held that the plaintiff, by bringing an action, with full knowledge of these facts, in which he demanded a transfer of his share of the stock, and obtained an injunction against any disposal of it, pending the action, must be deemed to have made his election of that remedy, and be treated as if he had consented to the sale.

In *Mattlage* v. *Poole*, 15 Hun. 556, it was held, in substance, that, where a vendor sells goods to the agent of an undisclosed principal, he

may elect whether he will sue the agent for the price of the goods or the principal, but that he cannot have a recovery against both, and that where he has prosecuted the one to judgment he can have no recovery against the other.

In *Riley* v. *Bank*, 36 Hun. 513, plaintiff's intestate, Mary Riley, had deposited with the defendant upward of $800. The money was paid to Flannigan during the life-time of Mary Riley, upon the production by him of the pass-book and Mary Riley's check. It was claimed that at the time of signing the check Mary Riley was of unsound mind, and incapable of executing the same. After Riley was appointed administrator, he presented a verified petition to the surrogate, under section 2,706 of the Code of Civil Procedure, charging Flannigan with having corruptly procured an order from Mrs. Riley, knowing her to be insane, and having drawn the money from the bank, and further averring that he then had the same in his possession, and praying that he be compelled to surrender the same to the petitioner. Flannigan appeared on the return of a citation, and admitted that he obtained the money from the bank, and that the same was in his possession, and a decree was entered directing him to deliver the same to the administrator. For his failure to comply therewith he was committed to the county jail, where he remained until discharged therefrom by the surrogate, because of his inability, from sickness, to bear longer confinement; and it was held that the administrator, by claiming in his petition and procuring a decree of the Surrogate's Court adjudging that the money in Flannigan's hands belonged to the estate of Mary Riley, ratified the act of Flannigan in drawing the money, and could no longer claim that the bank still owed to him the same money, or bring an action against it to recover the amount of the deposit; that the administrator had an election to treat Flannigan's act in drawing the money in two ways, viz., either to ratify or disavow it; that, having elected to ratify it, he could not thereafter disavow it. That case was appealed to this court, and the order of the General Term, reversing the judgment in favor of the plaintiff, was here affirmed. 103 N. Y. 669. The following authorities are to the same effect: *Curtis* v. *Williamson*, L. R., 10 Q. B. 57; *Clough* v. *Railroad Co.*, L. R., 7 Exch. 26; *Raymond* v. *Proprietors, etc.*, 2 Metc. 319; *Sears* v. *Carrier*, 4 Allen, 339; *Cobb* v. *Knapp*, 71 N. Y. 348; *Moller* v. *Tuska*, 87 *id.* 166.

This extended examination of the authorities has seemed necessary on account of some difference of opinion upon the question considered which at first existed among the members of this court. It is seen that they justify the conclusion that plaintiff's election to sue, and his recovery against Flynn, furnished a defense to this action. It is, however, objected on the part of the plaintiff that the defense that the bank had adopted and ratified the payment to Flynn is not set up in the answer; and such is the case. While the defendant alleges in its answer payment to Flynn, it does not allege that payment was made by the authority of the plaintiff, or that he ratified or adopted it. But there was no such objection upon the trial. All the facts pertaining to that defense were proved without objection. There was no dispute about the facts, and they were found by the court. Hence the objection that the answer is defective is unavailable here. We are therefore of opinion that the judgment should be reversed and a new trial ordered, costs to abide the event.

All concur, except Ruger, C. J.

Ruger, C. J. (dissenting): I am unable to concur in the opinion delivered in this case. I am of the opionion that the prosecution of Flynn by the plaintiff's intestate was not a ratification of the payment

by the bank to him. Flynn, in obtaining such payment, neither represented nor assumed to represent Mrs. White, and the bank did not pay the money to Flynn as the agent or representative of Mrs. White, but dealt with him as a claimant of the money in his own right. Under such circumstances there could be no ratification. Ratification is a branch of the law of agency, and cannot be held to have occurred unless there is a principal and an act assumed to have been done by some one in his name or on his behalf. (Story Ag. § 251; *Trust Co.* v. *Walworth*, 1 N. Y. 433.) There were consequently no concurrent remedies, and no occasion for an election by the plaintiff.

LEGAL MISCELLANY.

ALTERATION OF INSTRUMENTS—MATERIALITY OF ALTERATION.—*Held* that if the insertion of the rate of interest was unauthorized, the note, would bear interest at the legal rate; that the other insertions did not affect the meaning of the note; and, the insertions being innocently made, the note was avoided. [*First National Bank of Oakland* v. *Wolff*, Cal., 21 Pac. Rep. 551.]

BANKS AND BANKING.—J., as agent, but without disclosing his principal, placed certain securities with defendant on special deposit. Afterwards he asked defendant for a receipt, showing the special deposit, to send to plaintiff. Defendant executed the receipt in the name of J. as agent for plaintiff, and sent it to plaintiff by mail. Defendant afterwards applied the proceeds of part of the securities to a debt of W. to it, for which J. was surety, and delivered the balance of the securities to J., with the knowledge that he intended using them to raise money for W. The power of J. as agent was limited to investing plaintiff's money for her exclusive use and benefit: *Held*, that defendant was liable for the loss of such securities. [*Manhattan Bank* v. *Walker*, U. S. S. C. 9 S. C. Rep. 519.]

NEGOTIABLE INSTRUMENTS.—Words written across the face of a note, to the effect that it is the understanding that it will be renewed at maturity, render the obligation of the note uncertain, and destroy its negotiability. [*Citizens' National Bank* v. *Piollet*, Penn., 17 Atl. Rep. 603.]

NEGOTIABLE INSTRUMENTS—NEGOTIABILITY.—A stipulation in a promissory note, making the installments of interest, and, when due, the principal, payable at a given place, "with exchange on New York," renders the note non-negotiable under the law merchant, as it cannot be known until the times of payment arrive what the rates of exchange will be, and the amount necessary to discharge the note is, therefore, uncertain. [*Windsor Savings Bank* v. *McMahon* (U. S. C. C.) Iowa, 38 Fed. Rep. 283.]

NEGOTIABLE INSTRUMENTS.—A note reading "We promise to pay," and signed with the name of a corporation and the names of its president and secretary, with the additions of their respective official designations, binds the president and secretary personally; and extrinsic evidence is inadmissible to show that it was not so intended. [*McCandless* v. *Belle Plaine Canning Co.*, Iowa, 42 N. W. Rep. 635.]

NEGOTIABLE INSTRUMENTS.—Civil Code Cal. § 3,135, providing that "the apparent maturity of a promissory note payable at sight or on

demand is," six months after date, if it does not bear interest, etc., does not overturn the rule that as to the maker of a note payable on demand is due presently without any demand, but, as shown by the context, relates to the rights and obligations of indorsers, etc. [*Cousins* v. *Partridge*, Cal., 21 Pac. Rep. 745.]

PRINCIPAL AND AGENT.—One who undertakes to settle a debt for another cannot purchase it on his own account. [*Albertson* v. *Fellows*, N. J., 17 Atl. Rep. 816.]

GAMING—CHECKS.—The indorsee of a check given for money lost at a game of cards cannot recover upon it against the drawer, though a *bona fide* holder for value, without notice of the vice in the consideration. A check so drawn is within the provision of § 4,269, Rev. St., and "absolutely void, and of no effect." [*Lagonda National Bank* v. *Portner*, Ohio, 21 N. E. Rep. 634.]

NEGOTIABLE INSTRUMENTS.—Though the complaint in an action on a note does not state that there is due thereon from defendant to plaintiffs a specified sum, as required by Code Civil Proc. N. Y. § 534, but merely alleges that plaintiffs are the lawful owners and holders of the note, which is set out, the defects in the complaint are cured by an answer which admits the execution of the note by defendant, and does not allege payment. [*Cohu* v. *Husson*, N. Y., 21 N. E. Rep. 703.]

TRUSTS—TRUSTEES.—Trustees having general power to invest personalty and pay the income to their *cestui que trust* without directions as to the character of the securities in which the investment shall be made, may, after making an investment, sell the securities, and reinvest in others, if prudent to do so. [*National Bank* v. *Jefferson*, Ky., 11 S. W. Rep. 767.]

TRUSTEES—JOINT LIABILITY.—H., defendant's co-assignee in insolvency, collected in his own name certain of the trust funds, and deposited them in bank to the joint account of himself and defendant. Subsequently defendant united with H. in drawing the funds from the bank, and in transferring them to the individual control of H., who was a private banker; *Held*, that defendant was responsible for the proper application of such funds. [*Bruen* v. *Gillet*, N. Y., 21 N. E. Rep. 676.]

PARTNERSHIP—AUTHORITY OF PARTNER TO BIND FIRM.—Every member of an ordinary partnership is its general agent for the transaction of its business in the ordinary way, and a member of a firm has the right to borrow money in the name of the firm, and to give a promissory note for the payment of it. The right of one partner to sell the partnership property, or to pledge it for the debt of the firm, is well established. [*Harris* v. *City of Baltimore*, Ct. of Appeals of Md.]

ASSIGNMENT—WHEN VALID AS TO PARTNERSHIP PROPERTY.—A member of a partnership borrowed money from a bank, and gave an assignment of a claim held by his firm against a municipal corporation, as security. All the members of the firm then joined in an assignment to J. H., of their entire claim against the corporation. In an action by J. H., against the municipal corporation to recover the amount paid to the bank under the assignment executed by the individual partner, *Held*, That the individual partner had a right to make said assignment, and the municipality was legally authorized to pay the amount to the bank, and the suit brought by J. H. must fail. [*Harris* v. *City of Baltimore*, Ct. of Appeals of Md.]

NEGOTIABLE INSTRUMENT.—The subsequent holder of a promissory

note, executed by a mother in her individual capacity, cannot recover the same from the minor children of the maker on the ground that the money borrowed on such note was used for the support of said minors or further preservation of their properties. [*Union Nat. Bank* v. *Forstall*, La., 6 South. Rep. 32.]

NEGOTIABLE INSTRUMENT—SET-OFF.—In an action on a promissory note, a plea by defendant that plaintiff had collected fees due him as sheriff, which he had not paid, is a good plea of set-off. [*Hill* v. *Roberts*, Ala., 6 South Rep. 39.]

NEGOTIABLE INSTRUMENT—SET-OFF.—Where a note is made to a bank by W. and signed by H. as surety, but before signing such note H. makes inquiries of the bank as to the financial standing of W. and is informed by an officer thereof that the bank holds bank-stock belonging to W. in such bank, and that the bank will retain same as security for such note, and that in no event will H. be liable for more than the difference between the value of the bank stock and the amount of the note and interest, and under this agreement H. indorses the note: *Held*, that, as between H. and the bank, H. is only liable for the difference between the value of the bank stock and the amount of such note and interest. [*Packard* v. *Herington*, Kan., 21 Pac. Rep. 621.]

NEGOTIABLE INSTRUMENT—ALTERATION.—Where an interlineation or erasure is apparent upon the face of an instrument, the presumption of law is that it is a legitimate part of the instrument, and was made prior to its execution, and the burden is upon the maker to show that it was altered after delivery. [42 N. W. Rep. 467.]

NEGOTIABLE INSTRUMENTS.—Plaintiffs agreed to give their debtor further time to pay the debt, if he would give them a note with defendants' signature thereon. The debtor executed the note, payable to plaintiffs' order, and defendants signed their name on the back of the note, and returned it to the debtor to be delivered to plaintiffs: *Held*, that defendants were liable as sureties, and not as indorsers, and were not entitled to notice of protest. [*Eppens* v. *Forbes*, Ga., 9 S. E. Rep. 723.]

PAYMENT.—The payment under protest, of an unlawful demand, when such payment is necessary to avoid serious injury or risk in respect to property, is not to be deemed as voluntarily made, and the money may be recovered back. [*State* v. *Nelson*, Minn., 42 N. W. Rep. 548.]

PLEDGE—POWER OF SALE.—Where the pledgee is authorized to sell the pledge before maturity of the debt, at private sale, and without notice, the fact that a portion of the pledge consists of corporate stock, which the pledgee afterwards discovers to be worthless because not genuine, does not authorize him to sell the pledge before the debt is due. [*National Bank of Illinois* v. *Baker*, Ill., 21 N. E. Rep. 510.]

PAYMENT—BY DRAFT.—A debtor sent its creditor a check on bankers at M. The creditor on the same day sent the check to its bank at New York for collection. That bank on the day after its receipt sent it to the drawees at M. for collection and remittance, according to a common practice among banks. The usual form of remittance in such cases was by draft. The drawees sent a New York draft for the amount, but on the same day they failed, and made an assignment. The draft being presented without delay, payment was refused. *Held*, that the draft did not constitute payment of the debt. The case of *Roberts* v. *Fisher*, 43 N. Y. 159, was one in which the note of a third

person was delivered by a debtor to his creditor in payment for goods purchased, and which the latter received in payment and discharge of the debt. The maker of the note was insolvent when the transfer was made, though the fact was unknown to the contracting parties. The question raised was which of them should bear the loss? The court said: "Upon broad principles of justice it would seem that a man should not be allowed to pay a debt with worthless paper, though both parties supposed it to be good"; and added that the loss had already occurred when the note was received. The loss had actually fallen upon and happened to the vendee before the note was received by the vendor, and the vendee could not shift his own loss upon the vendor, both parties acting innocently, as payment for the goods bought. So here. Before the draft was received, and while it was on its way, the county of Westchester had lost its money on deposit with Masterton & Co. by the failure of that firm. Its check was unpaid, and its liability remained, and even if the collecting bank could be said to have accepted the draft, it did so under a mutual mistake of fact, if Masterton & Co. were innocent in sending it, and had not, as in *People* v. *Cromwell*, taken all risks of the paper by a new dealing put in the place of and intended to take the place of the money actually tendered. *People* v. *Cromwell*, 102 N. Y. 477, distinguished. June 4, 1889. [*Thomas* v. *Westchester Co.*, N. Y. Ct. of Appeals.]

PEOPLE'S BANKS.

The system of People's Banks which has now reached a remarkable development in Germany, Italy, Belgium, and other countries, owes its origin to a man in whom were united the qualities of a true philanthropist and a clear-sighted financier—Dr. Schulze-Delitzsch. He died too early to witness what he considered the crowning of his system, namely, the adoption by the Government of most of those clauses which he had framed for improved legislation regarding co-operative associations of which he had been so ardent an advocate. He will live in the memory of his countrymen as one of the most practical and successful benefactors of his race.

Never, perhaps, in the history of a nation was such a system of People's Banks, as he inaugurated, more needed than in Germany, in 1850. The revolution of 1848 had been crushed; and, with it, all hopes of improved economic conditions based on political reforms. There was but one escape from the terrors of poverty—hard and intelligent work, and to this the painstaking and plodding Germans settled down in real earnest. There was no lack of encouragement. The important stride towards a true economic system made by England through the adoption of free trade, gave a powerful impulse to British industry and commerce which re-acted all over the world, both directly and indirectly. Directly, because the fast increasing import and consumption in Great Britain and the corresponding trade in English goods created a prosperity which allowed of a considerable consumption of German goods in all parts of the world. Indirectly, because the rapid development in England stimulated other nations and their Governments to emulate English institutions and methods. A demand for railroads sprang up, and as even our national debt was regarded as a cause of prosperity, many States boldly launched out into State loans for railway purposes. As these huge loan transactions simply meant the

consumption in a few years of the earnings of future generations, the demand for goods for coin was intense, and the Germans had their share of the orders.

With plenty of orders and willing workers, the want of sufficient capital and the scarcity of mediums of exchange were keenly felt. There were large banks, but they were by no means as numerous as they are now, and as to private *banquiers* working on the French method—now so prominent a feature in German business centers—they hardly existed except in small numbers near the western frontier, whither this class of business had penetrated from France. The absence of bank accommodation meant an extensive use of cash, and it is well known that where no banks or *banquiers* exist to renew the capital of the producer, and where but a small proportion of the business is squared through banks and clearing houses, there the scramble is constant and intense, and the usurer reigns supreme.

While the peculiar circumstances which prevailed about 1850 naturally influenced Dr. Schulze-Delitzsch in the framing of his scheme, the general views on the economic theories of banking which he shared with his countrymen had much to do with the leading features of his system. It is only fair to remember that the more correct views on the real mission of banking, as now met with among English business men, are the result of the immense development of banking and highly perfected methods among the banks of London, and that these had not influenced opinion in Germany. While we should define banking as the great mechanism for exchanges—or, in other words, for the clearing of business—to the contemporaries of Schulze-Delitzsch it was identical with money lending. Without note-issuing banks, without checks, without the French *banquier* system, whereby each lot of produced goods has its representative in the mediums of exchange in the shape of a draft—without any of these facilities for exchanges and a consequent demand for coin, frequent cash loans were inevitable. Even the wealthier classes were obliged to have recourse to cash loans to pay their way, and as to small tradesmen, often unable to obtain cash from their customers, they may be said to have been in a chronic state of loan hunger; while by the established principles of etiquette the rich always accommodated the rich, the small industrials, whose business success often depended on a loan, had only the usurer to fall back upon. This meant sacrifice, uncertainty, no end of trouble; and it is easily conceivable that, in such a condition of things, they should hail with satisfaction a system that would free them from the clutches of the usurer, and that would place a small credit at their disposal on reasonable terms. The People's Bank in Germany, then, partook of the nature of money-lending institutions—a result which was thoroughly in keeping with the then prevailing ideas on banking.

All this should be borne in mind when, in considering the system of Schulze-Delitzsch, we meet with arbitrary rules and limitations which to an economist and a banker may seem irrational and unbusinesslike, or when we miss, in this system, any aim at the indirect advantages which a country may derive from improved banking methods, beyond those which follow directly from the improved condition of individuals who participate in the extended banking accommodation.

In face of the State socialistic tendencies in England at present, it is interesting to note that Schulze-Delitzsch was no State socialist. On the contrary, it is evident that he intended his system to serve as a counteracting influence to the socialistic tendencies which were already rife in Germany in 1850. He intended the new banks to demonstrate practically the superiority and efficacy of self-help over State-help and

charity. For self-help was the basis and leading idea in his system. In fact, the first bank he established fully proved how infinitely more practical and beneficial were his self-help methods as compared with anti-economic loan institutions. Such institutions had been started in many places in Germany, clearly implying a surrender to socialistic clamors. They were supported, some by local authorities, some by the wealthier classes, who either gave the necessary capital or lent it without security and without interest. Every one of these establishments—hybrids between banks and out-door relief offices—came to grief.

To say that Schulze-Delitzsch was anxious to keep his banks free from all State interference may not seem consistent with what I have said regarding his exertions for the passing of the new act to regulate co-operative associations. But the inconsistency is only apparent. It cannot be called State socialism to recommend such an act as that passed by the German Government of 1868, or the new act based on Schulze-Delitzsch's suggestions. Such legislation as, for example, our Companies' Act, has simply for its object the legalization of certain abnormal arrangements adopted purely on the ground of expediency, and the clear definition of the relations between companies, their members and the public. Enactments of this kind may not be necessary in a State enjoying perfect laws, but in countries whose statute books are teeming with useless and obsolete legislation, they are certainly useful and convenient. When I say that efforts were made to keep the banks free from State interference, I mean free from Government and police control, bureaucratic regulations, and red-tape entanglements.

Those who are acquainted with the pragmatical proclivities of the German police will not be surprised to hear that, as soon as the new People's Banks began to spread over the country, these meddlesome guardians did their best to get them under their complete control. There was of course no lack of pretexts. There was the law against public meetings. There was the law against public associations, and there were various other laws. But the People's Banks and other co-operative associations made a brave stand against these encroachments of the police. They brought their case before the tribunals, and when the police found that the verdicts generally went against them, the banks at last were left alone. It is an undoubted fact—and one that should interest our fervent advocates of State socialism—that, had the police prevailed, this beneficial movement had collapsed.

Four fundamental principles underlie the German system of People's Banks.

1st.—That those persons who borrow of the bank should at the same time be part proprietors of the banks, so as to have a real interest in the success of the business.

2nd.—That the interest charged to the borrowers and that paid to depositors should be regulated by the current interest of the neighborhood. That those officials who devote their time to the management of the business should be paid a fair remuneration, and that the whole establishment should be conducted on strict business principles.

3rd.—That the depositors in the bank, who are at the same time members of the association, should share the profit *pro rata*, and that the deposits should form the capital of the bank.

4th.—That the responsibility of the members of the association towards non-members, whose deposits have been attracted in order to increase the lending power of the bank, should be unlimited.

It will be easily conceived that to construct a scheme on the basis of these principles no small amount of ingenuity and a considerable freedom from skepticism were required, especially when we remember that

the paramount principle was that comparatively poor people should be benefited both as depositors and as borrowers. In other countries than Germany, banks have sometimes been established with the same philanthropic intentions—and these prominently put forward by the promoters in their prospectus—with the effect that a large number of small tradespeople have joined the bank, and risked their small savings in the new enterprise. But when the bank proved a success, this is what has generally happened: the dividend being good, the wealthier classes soon got all the shares into their hands, and the interest on deposits being high, the wealthy also became depositors. The manager, though perfectly willing to favor the small borrowers, has felt it his duty towards the shareholders and the depositors to favor such borrowers as give the least trouble and represent the smallest risk—namely, the wealthy; and after a short time all the philanthropy of the establishment was to be found only in some obsolete clauses in the association rules.

The difficulty, therefore, which Schulze-Delitzsch had to face was that while the interest of the poor borrowers demanded many wealthy shareholders and depositors, the interest of the poor shareholders and the poor depositors demanded many safe and wealthy borrowers, or, which is the same, a large and safe turn-over. If, consequently, the interests of the poor were not, by some special arrangement, protected, they ran the risk, in the natural order of things, of being excluded both as borrowers, shareholders and depositors.

We shall presently see how Schulze-Delitzsch overcame this difficulty without inflicting the taint of charity on his banks.

To initiate and establish one of these banks is, in Germany, left to those who are to benefit from them, and, by a kind of natural selection, the members of each bank generally belong to the same class of society, and as the rules are framed to suit the founders, it is natural that the bank should attract members holding the same position as the founders. This circumstance has largely contributed to harmonious development. The association is at liberty to register itself under the law of co-operative associations, and I may mention that all banks, formed after the law of 1868, have registered themselves under it. The banks stand in somewhat the same relation to this act as our own friendly loan societies stand to the Friends of Labor Loan Societies' Act. Compliance with the provisions of the act is not difficult; they are very liberal and often made optional by the reservation, "unless the deeds of association provide otherwise." The act regulates the formation, the management, and the winding up of the association, in keeping with Schulze-Delitzsch's scheme.

When the members have decided whether they will register themselves under the act or not, they frame the deed of association accordingly, and then elect a board of management. This board decides as to the admission and eligibility of members. As I have already pointed out, in associations of this kind, to admit wealthy members would be inimical to the objects in view, while, on the other hand, to admit the entirely destitute would mean no progress at all. It is for the board to see that the lines are not overstepped on either side, but there are many conditions in the Schulze-Delitzsch system which render it, in this respect, self-regulating. Thus every member has to subscribe a certain amount weekly, fortnightly, or monthly, according to the rules, and it is evident that no destitute persons could comply with such rules, and are therefore *de facto* excluded; while, on the other hand, for a poor man to continue his subscriptions regularly until that amount which qualifies him for a loan is reached, stamps him as a man of thrift, capable of success in business. A wealthy man would not be anxious for mem-

bership when the rules limit him to one single dividend-earning share of but a small amount, as is the case in this system.

As to the raising of funds for loan operations, this is done from five sources:

1.—Small entrance fee of members.
2.—Periodical subscriptions of members.
3.—Deposits of members or outsiders.
4.—Savings bank department.
5.—Re-discounting of bills.

The entrance fee, though small, tends, however, to exclude the destitute, and prevents members to some extent from withdrawing and rejoining. It can never be reclaimed, and is generally credited direct to the reserve fund. When this fund has risen and begins to produce interest, and as membership gives part ownership in the reserve fund, the entrance fee is gradually raised, so that, for example, where in a small bank it was 5*d*., six or seven years later it was 20*d*. Herein lies a danger to future poor candidates for membership, for if the reserve fund were allowed to reach a very high amount, the entrance fee would have to be raised to a prohibitory height.

The periodical subscriptions, generally monthly, vary according to the social stratum in which the bank is formed. These subscriptions are not voluntary, but must be paid regularly, and the amount stipulated is the minimum. They can be increased at the will of the member even to the extent of paying for a full share at once. To ultimately obtain a share is the object of all these subscriptions. The periodical contributions, as well as the amount of each share, have a tendency to increase in almost all the banks, the general meetings modifying the rules in this direction as the transactions grow in importance, and as the members become more prosperous. Thus, the shares in the Delitzsch Pioneer Bank gradually were raised from 30*s*. to 48*s*., 60*s*., 90*s*., 120*s*., and at the beginning of 1888 were fixed at 300*s*. In some banks the limit of the shares is far higher. For example, in the Vorschass-Verein (Credit Union) of Friedrichsberg, the shares range from 600 to 3,000 marks, or shillings; and in that of Brandenburg a/H from 600 to 6,000 marks, or shillings. As already mentioned, members can only hold one share each, and if they wish to intrust the bank with sums exceeding the sum of one share, they must do so as depositors. As these monthly payments constitute the actual capital of the bank, the whole business might be jeopardized if many members were to withdraw their money simultaneously. This is guarded against by prohibiting members from withdrawing any part of the installments towards shares—whether the amount be formed by gradual subscription or by the payment of larger sums—while they remain members. The only way in which the members can get their subscriptions back is by retiring from the association. This can done only after formal notice long enough to protect the bank from surprises, and under other various safeguards differing according to the rules of the bank. Such withdrawals, however, are scarce, because they involve the sacrifice of the entrance fee, the part ownership in the reserve fund, and the advantage of the dividends. Besides, the want of the invested money can only exceptionally form an inducement, because each member is always entitled to borrow from the bank at least the money paid by him towards a share, and as the interest charged to him would in most cases be less than the dividend he receives, he would gain by retaining his share and borrowing the money. In almost all the banks, all amounts paid towards a share, however small, participate, *pro rata* in the profits, with this difference, however, that, while the holders of fully paid up shares can claim their dividend in cash, under

the various formalities laid down by the rules, the holders of a non-completed share cannot touch their dividend, but this is credited to them as a payment towards their share, thus accelerating its completion. Against this arrangement less objection has been raised than might have been anticipated, as the borrowing power of the members grows with the amount paid in. It has, on the contrary, been found to act as a stimulant to thrift, as the members generally are anxious to obtain, by fully paid up shares, the benefit of a full dividend. Confiscation of such members' shares, or parts of shares, as may have failed in business, might prove embarrassing to the bank—especially in a crisis—but this has been provided against by the Act of Co-operative Associations, before referred to, which decides that the creditors of members have no right to their share capital, only to the dividends. But if a member cannot arrange with his creditors, and clear himself through the Bankruptcy Court, without having recourse to his share in the bank, then the creditors can apply to the Court to have him expelled from the bank, and thus in due course dispose of the amount of his share.

The deposits of members and outsiders, the third source of supply of capital, are an indispensable feature in the Schulze-Delitzsch system. The capital of the bank—that is, the reserve fund, and the installments toward shares—would manifestly be inadequate when the object is to hold out such inducements to members as liberal loans and good dividends, after an efficient staff has been paid. The banks, therefore, lay themselves out to attract capital on deposit both from their members and from outsiders. The former, in their character of depositors, being in the same position as outsiders, my remarks on depositors will apply to both. Two conditions are essential to attract deposits—good interest and good security. The good interest the People's Banks can easily afford; for they lend to customers who have not the privilege of being competed for by capitalists and ordinary banking institutions, and who, as far as rate of interest goes, have not been spoiled by the usurer. The difficulty of security Schulze-Delitzsch disposed of by a bold and effective stroke, namely, the unlimited liability—or to use a now generally accepted word, the solidarity—of all the members. For a bank based on the principle of money-lending, there was no other choice, because such a bank can deal only with credit based on intrusted capital, and has not the immense advantages of creating credit with that facility enjoyed by banks working on other systems, such as our English banks with their great number of accounts and with checks, as the old Scotch banks with unlimited note-issue, or as the French *banquiers* with drafts representing the bulk of all produced or imported capital. With our sad experience of unlimited liability applied to English deposit banks, there is amongst us a strong prejudice against this form of guarantee. But for such concerns as the German People's Banks, the dangers of unlimited liability are considerably reduced. All the debtors of the bank take their full share of the responsibility as members, and the solidarity thus simply amounts to the members' full responsibility for their own debts, and has only been the means by which the members have obtained a credit collectively which they could not command as individuals. Besides, the business is of slow development and controlled by self-acting as well as administrative checks. During the 39 years the system has been at work and has gained an immense extension, no disasters have arisen out of this unlimited liability. It is in regard to this part of the system that the act has conferred a great advantage on these societies. According to the same, no member can be sued for the debt of the bank indiscriminately, but only after the whole business has been wound up in the manner the act provides, and for a propor-

tional amount of what may remain unpaid after liquidation, all members being responsible for an equal amount, irrespective of what amount they may have paid on their share. Should a bank be obliged to liquidate in consequence of losses exceeding its paid up capital, its resources are drawn upon as follows: the reserve fund is first exhausted, afterwards all the payments on shares are taken, and, if debts still remain unpaid, members are called upon to pay in the balance in equal parts. The act further stipulates that the unlimited liability of any one who for any cause is severed from the association, ceases two years after his severance, instead of continuing for that protracted period laid down by German commercial law. Every new member who joins the association takes his full share of responsibility of the debts of the bank, however long they may have been contracted.

The savings bank department, attached to many of the banks, has not for its object so much the yielding of capital directly to the bank as the encouraging of thrift among the working classes, and their assistance to become full members. The methods of this department do not differ materially from those of other savings banks, except with regard to the rate of interest allowed, which is considerably higher. This circumstance could of course be taken advantage of by well-to-do people if the amounts thus received from each depositor were not strictly limited. The limit varies in the different banks and is generally very low, not seldom as low as £1 or £2. When the limit is reached the amount may be transferred to a deposit account, which is safer and more convenient for the bank, a rule not objected to by depositors, as they thus obtain a higher interest. The following may be taken as representing the comparative rates of interest in connection with most of the banks. While public savings banks pay 3½ per cent., the People's Banks in their savings bank department pay 4 per cent., and on deposit 4½ per cent.

On the fifth source of supply of capital, the re-discounting of bills and other securities, I need not dwell, as the methods are the same as in other banks. I will only mention that such transactions have no doubt been greatly facilitated by the general association which a great number of the registered banks have formed among themselves for the fulfillment of several objects, one of which is to establish one office in Berlin and one in Frankfort-on-the-Main, as connecting links with the great banking mechanism of the country.

I shall now try to show, briefly, the methods by which loans are granted to, and discounts accomplished for the members.

Loans for different terms, usually not exceeding three months, are by far the most general. They are payable, sometimes at a fixed due date, sometimes by installments at various dates. The discounting of drafts is generally encouraged by keeping the rate of discount lower than the rate of interest. It seems that the drafts are discounted as they are for the most part in England, *i. e.*, after they have been accepted, and not as in France, direct from the drawee before the formality of acceptance.

The granting of accounts-current is a growing, useful and most hopeful feature of the activity of these banks, though by no means adopted by all. These accounts are managed in the English way, and are capable of being worked with checks. Though these accounts are granted only to comparatively well-to-do customers—perhaps a grade above those for whose benefit People's Banks were first started—they confer the greatest benefit upon all classes, because they fulfill that vital function of all banking, namely the working of exchanges without the use of the value measurer, coin, the presence of which in every market, as we know, is so limited by immutable economic laws.

Some of the banks do a considerable business in mortgages on land and similar securities, but as the owners of such securities generally require a longer credit than suits this class of banks, in many this kind of business is entirely excluded, and seems to be confined to the banks in agricultural districts where many small land owners are members. Some of the Italian banks, framed on the Schulze-Delitzsch system, have successfully adopted a special branch for the benefit of farmers. They issue bonds for long periods, and the capital thus raised they lend to the farmers. This system has proved an advantage to Italian farmers, but only because they, in the absence of the facilities granted by the new banks, were compelled to supply themselves with cash from the usurer on most exorbitant terms. In itself the system of granting loans to the farmers on security of their land is a bad one. and would not be necessary in any country were the competition in the supply of capital to labor and the trades absolutely free.—*A. Egmont Hake. A paper read before the London Institute of Bankers and published in the Journal of the Institution.*

[TO BE CONTINUED.]

CANADIAN BANKING.

The following remarks on Canadian banking are by Mr. D. R. Wilkie, cashier of the Imperial Bank of Canada:

There are to-day in Canada 36 chartered banks, exclusive of those in liquidation, having branches numbering nearly 400, scattered from the Atlantic to the Pacific, and giving direct employment to over two thousand people. The amount of capital invested amounts to $59,000,000, to which is to be added the reserve funds, or ascertained undivided profits, amounting to $19,000,000; in all $78,000,000. To this capital again is to be added the amount of auxiliary capital in the shape of public and private deposits, and of notes in circulation. The deposits of the public in chartered banks now amount to about $120,000,000, as compared with $33,000,000 in 1868. The deposits of the Dominion and Provincial Governments with the banks are fluctuating in amount, and are composed of surplus or unused revenues, or the unused portions of loans made either through the Government savings banks or upon the London market. These deposits amount at present to $11,500,000. The circulation of bank notes now amounts to $32,000,000 as compared with $8,300,000 in 1868, so that there is to day an amount of over 240 millions of dollars of capital and auxiliary capital under the control of the banks, and requiring the exercise of constant vigilance and foresight on the part of directors and officials to insure its safe and profitable employment.

When vigilance, caution and foresight are not exercised, the effect is soon demonstrated by heavy losses; by a lock-up of capital in unconvertible securities and real estate, followed in course of time by the withdrawal of confidence of shareholders and depositors, and resulting in the transfer of deposits to other institutions, in reduced circulation of the notes of the bank, and by a drop in the market value of the shares of the institution, and finally, if there has been occasion for the uneasiness and want of confidence, by the liquidation of the bank itself. In Canada we have, thanks to our banking system, been exceedingly fortunate in our comparative freedom from bank disasters, and we are obliged to go back to the days of the Bank of Upper Canada in 1866 to find an institution of any importance that has not paid its creditors in

full, and the creditors of that institution would have been paid in full if the present bank act had been in force, or if the double liability of shareholders, which existed under the bank act of that day, had been enacted as rigidly as it has been against the shareholders of the Central Bank within the past year. This was not done, however, owing in part to legal difficulties, and to public policy, the failure of the bank having been occasioned in great measure through its intimate connection with the Governments of the provinces.

I spoke a few moments ago of the auxiliary capital of the banks in the shape of their deposits and circulation. The comparison with 1868 will be still more striking when it is noted that the loan companies that had on deposit in 1868, in their savings branches, an amount of one million of dollars, now have the sum of $18,000,000 on deposit; and that the savings bank deposits, including deposits in Government and Post Office savings banks, have risen from $4,200,000 to over $52,000,000. To the increase in the circulation of notes is to be added the increase in the circulation of Government notes from $3,800,000 to $16,000,000. The discounts given by Canadian banks within the same period have increased from 50 millions to 170 millions. I mention these figures to afford you some idea of the growth of the banking interests of the country within the last twenty years, indicative of the greater field that now exists within the Dominion for commercial pursuits. The increase in deposits in the chartered banks is—in the face of the competition of the Dominion Government, who have fostered the withdrawal of capital from the commercial industries of the country to the extent of 45 millions, by the payment of an abnormal and extravagant rate of interest to depositors in the Government and Post Office savings banks—resulting not only in the removal of that amount from the channels of legitimate trade, and in a loss to the country at large of no less than $450,000 annually, representing the excessive interest paid (an amount, by the way, sufficient to meet the interest on 14 million dollars of the public debt), but beyond all in keeping the standard rate for borrowers at from one to two per cent. above what is paid by borrowers in other countries with whom our producers compete. Many manufacturers could better afford a reduction of ten per cent. in the tariff that protects them than the payment of an extra one per cent. interest on their borrowings. It is unfortunate that a country that is anxious to foster the manufacturing and agricultural industries of its people should neutralize in part the good effects of such a policy by indirect exactions.

RUSSIAN ASIATIC RAILWAY.

The announcement that Russia's Central Asia railroad system is to be greatly extended was to be expected. At present it reaches to Samarkand, and already more than pays working expenses. Every branch or further extension of the main line will, of course, add materially to its traffic and its profits. It is now proposed to build a branch from the main line at Chardjui, on the Oxus, to Chamiab, and also to continue the main line onward from Samarkand to Tashkend. The latter would cross the Jaxartes; and thus the road would give direct communication with both the great rivers that flow into the Aral Sea, just at the head of navigation on them, and would connect the commerce of the Aral with that of the Caspian. Just beyond Tashkend begins a series of steppes adjoining those of Siberia, whither Russian colonists are flocking. The road thus promises to be of equal importance to commerce and to military strategy.

ECONOMIC NOTES

THE GROWTH OF GOLD AND SILVER MINING.

The discovery of gold in 1848 in California in quantity unparalleled compared with what had been previously experienced, came to the sober folks of the world at large like a dream. It seemed impossible to credit the stories told, and for a long time the existence of anything like gold-workings in California was doubted. But when at length it was realized, it woke up not only the people of the country east of the Rocky Mountains, but the whole world, and all trooped to California and the Pacific Coast, seeking gold. The great numbers and adventurous dispositions of the treasure seekers soon scattered them far and wide in search of other deposits, and there was in a few years no State or Territory, from the plains to the Pacific, that had not been visited and explored in greater or less degree. Oregon was soon visited, Montana was followed up and Alder Gulch, Deer Lodge and Confederate Gulch were soon known to fame. Nevada, famed as the land of silver, was early visited. It can well claim to be the land of gold as well as silver. In 1876 it yielded eighteen million dollars worth of the yellow metal, as well as its due share of the white. In 1858 Washoe first gave indications of fabulous wealth in gold and silver. In the placer mines of Gold and Six-mile Canyon, James Fenimore made the first important discovery. He took up a claim covering the location of the present Mexican and Ophir mines. The croppings extended far below the surface. At Silver City similar indications had been found. Fenimore's interest was purchased for a bob-tail pony and a bottle of whisky. Comstock, after whom the world-renowned ledge has been named, was the purchaser. A year after it brought in millions of dollars. Miners flocked in from all quarters of the earth, and in 1863 Washoe was in the zenith of its early fame. Companies by the score came into existence with almost fabulous celerity. A mining exchange was formed, and stock speculation out here in the West had its birth. Since then it has burned fiercely—at times with a wonderful brilliancy, again almost going out, but we believe destined to last as long as San Francisco itself shall have an existence.

THE BANK OF AMSTERDAM.

Far back in the Middle Ages, says Professor Thorold Rogers in "The Story of the Nations," Venice had established a bank which should receive the coins of all nations, and give warrants to those persons who deposited such coins, which warrants should circulate from hand to hand, just as bank notes do now. Three centuries after the Bank of Venice was founded, a similar institution was established at Genoa on a somewhat similar basis. In 1609, the year of the truce, the Bank of Amsterdam was founded, and before the end of the century was known to have metallic deposits with it to the amount of $190,000,000—a treasure more prodigious than any European financier at that time thought could be possibly accumulated. The notes issued by the bank were supposed to be, and in theory were, exactly equal in amount to the specie, or metallic money, deposited in the strong room of the bank. But the notes of the bank always bore á premium, due to the convenience and the absolutely guarded security which the holder of the note possessed. Then the bank charged a small sum on every account that was opened with it, a small sum for negotiating bills and transferring balances, beside a profit which they derived from their own subscribed capital and their cus-

tomers' money at call. The bank was under the management of the Amsterdam corporation, the chiefs of which examined the treasure annually, and made oath that it was of the full amount which the managers of the bank affirmed it to be. It was seen that the well-being of this great commercial center was so much the interest of the Amsterdam municipality that they could be more safely trusted with the control of the institution than any State official could be. When, nearly a century afterward, the project of starting a great central bank in England was entertained, it was thought, for a long time, that the system under which the Bank of Amsterdam was managed should be the model of a bank to be established in London. In the end, and fortunately so, other counsels prevailed; for in the seventeenth century London had not been so completely educated in the principles of commercial honor as to make the Amsterdam experiment a safe or convenient mode for English practice. It is remarkable that not a few of the first directors of the Bank of England were Flemish settlers in London, who, driven out for their religion, brought over with them the intelligence, sagacity and integrity of Netherland finance. The reputation of the bank of Amsterdam received a remarkable confirmation in 1672. In this year Louis XIV., having secured by heavy bribes the complicity and assistance of Charles II. of England, declared sudden war on the Dutch. It was perhaps the most infamous war ever waged, the most unprovoked, and the most unexpected. The king of France was at this time at the height of his power. The king of England had been in what was supposed to be firm alliance with Holland, whose stadtholder, afterwards William III. of England, was his nephew. The administration of Holland was in the hands of the brothers DeWitt, who were supposed to have been willfully negligent of affairs when the war broke out. The Dutch were panic-stricken at the calamity which came on them, and the political enemies of the DeWitts goaded the populace on into murdering the two statesmen—a crime to which it is to be feared William was privy, and by which he certainly profited. The Dutch saved themselves from permanent ruin by self-inflicted calamity. They cut the dykes, laid the country under water, and baffled the invader. They punished Charles, or rather his people, for the latter's perfidy. Now, in that crisis, there was a run on the Bank of Amsterdam. But the city magistrates took the alarmed depositors into the treasury of the bank and showed them its store untouched. Among the pieces of money which lay there were masses of coin which had been scorched and half melted in the great fire which many years before had occurred in the stadthouse. The panic was allayed, the merchants were satisfied, and the reputation of the bank became higher and higher.

Sterling exchange has ranged during August at from 4.86¼ @ 4.87¼ for bankers' sight, and 4.83¼ @ 4.85¼ for 60 days. Paris—Francs, 5.18¾ @ 5.15⅝ for sight, and 5.21¼ @ 5.18⅛ for 60 days. The closing rates for the month were as follows: Bankers' sterling, 60 days, 4.83¾ @ 4.84; bankers' sterling, sight, 4.87½ @ 4.87¾; Cable transfers, 4.88 @ 4.88¼. Paris—Bankers', 60 days, 5.21¼ @ 5.20⅝; sight, 5.18¾ @ 5.18⅛. Antwerp—Commercial, 60 days, 5.23¾ @ 5.23⅛. Reichmarks (4) — bankers', 60 days, 94⅝ @ 94¾; sight, 95⅛ @ 95¼. Guilders—bankers', 60 days, 40 1/16 @ 40⅛; sight, 40¼ @ 40 5/16.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

CHECK.—DAYS OF GRACE.

A. draws a check on July 1st and of that date, but makes it payable at a future date. Will this check have grace when due?

REPLY.—This question comes from Illinois. By statute of that State "no promissory note, check, draft, bill of exchange, order, or other negotiable or commercial instrument, payable at sight, or on demand, or on presentment, shall be entitled to days of grace, but shall be absolutely payable on presentment." (Rev. Stat. 1883, p. 773, sec. 15.) The check, therefore, is not entitled to days of grace.

Most of the States have statutes which determine the question. Before they were enacted contradictory decisions had been made by the State courts on the subject. These have been reviewed in *Banks and their Depositors*, §§ 53, 54.

FORGED INDORSEMENT.

A. executes a note to B., who indorses it to C. The indorsement of C. *is forged* to D., who indorses it, and procures the money upon it, believing C.'s indorsement to be genuine. At maturity, the note is paid by the maker, who subsequently finds the genuine indorsement of C. to be lacking. Which party must bear the loss? and also, in case A. claims the forgery, and refuses to pay, what remedy has D.? Does he not fall back on B?

REPLY.—If A., the maker, had not paid the note to D., he could not have recovered thereon, for the very obvious reason that he had no title. Says Parsons: "A holder who sues the maker or an early indorser must make out his title through the indorsements, and obviously if one of these be forged he has no title." (2 Parsons on Notes and Bills, p. 595.) On the other hand, if the maker has paid the note to D., he can recover from him on the ground of mistake of fact. (2. Parsons on Notes and Bills, p. 597; *Canal Bank* v. *Bank of Albany*, 1 Hill, 287.) The question has been most often decided in cases of bills of exchange, "but the same principles," says Judge Story, "will often apply to cases of promissory notes." The maker of the note does not by implication admit the genuineness of the signatures of the subsequent parties. (Story on Prom. Notes, § 387.)

This question has been squarely decided in *Carpenter and others* v. *Northborough National Bank* (123 Mass. 66.) A. obtained B.'s promissory note payable to the order of C., forged C.'s indorsement, and the bank discounted it for him. When the note matured, B. paid it to the bank. After discovering the forgery, B. sued the bank for the money and recovered. Said the court: "When the plaintiffs paid the note to the bank, they paid it under the mistaken belief that the bank was the legal owner of the note, and had the right to collect it. It was, however, immediately discovered that the bank had no such right, and notice was at once given to it that the money thus paid by mistake would be reclaimed. It is common learning that ordinarily money paid by mistake to a person not authorized to receive it may be recovered back by the person paying."

It is equally clear that the maker is required to pay to the true owner, C. (Story on Prom. Notes, § 379; *Dick* v. *Leverich*, 11 La. 573.)

Now what are the rights of D.? Of course, he can recover of the person whom he paid if he can find him. Otherwise the loss, we think, must fall on himself. When several successive indorsers have advanced money on a draft payable to order, and it appears that neither had a title, because the first indorsement was a forgery, each may recover from his immediate indorser. This was decided in the Canal Bank case, above mentioned, in 1841, and the rule has been often applied since that time. But how can D. recover anything of B.? He has no title to the note; it belongs to C. His immediate indorser is a forger, and he gets no title through him.

NOTICE.

It seems to be well settled that, generally speaking, the mailing of a notice of protest to an indorser who lives within the same postal delivery with yourself is not such a notice as will charge him as such indorser. The decisions to this effect seemed to be made on the ground that the indorser may not call for his mail for several days, and so fail to receive the notice.

Suppose, however, that the post-office in the case is in a city where there is a free carrier delivery several times each day, how would that affect the sufficiency of the notice? Are there any decisions on this point?

REPLY.—This question was decided by the Supreme Court of Pennsylvania in 1868. (*Shoemaker* v. *Mechanics' Bank*, 59 Pa., 79.) Story, in his work on Promissory Notes, in §523, relating to the giving of notice, adds: "There is an apparent exception to the general rule, which, however, is not in reality such, but falls within the general rule. It is that, where there is, as in large towns and cities, a letter carrier, or, as he is often called, a penny post, who carries letters daily from the post-office, and delivers them at the houses or places of business of the parties who are accustomed to receive their letters from him; there, if the notice be left at the post-office early enough in the day to go by such letter carrier or penny post, on the same day, to the party entitled to notice, it will be deemed sufficient, for, in such cases, the letter carrier or penny post is treated as an agent for the purpose, because it is a usual mode of conveyance." In this case the holder and indorser lived in the same place. The court, after quoting the above rule, then applied it to the case, saying: "Now, that free delivery of letters is established and regulated by law, so as to secure a certain delivery, according to its address, it seems proper that this rule should be adopted in this State, as called for by the improvements introduced into the post-offices by the General Government." The same rule has been established in Maryland. It was more elaborately declared by the highest court in that State that, as a general rule, where the indorser and the party required to give him notice reside in the same town or city, the notice must be given to him personally, or at his domicile or place of business, and notice through the post-office will not be sufficient, unless proved to have actually reached him in due time. But in a large commercial city, where the parties live within the limits of a penny post or letter carrier, whose duty it is to carry letters from the post-office daily, and the party entitled to notice is accustomed to receive his letters from the carrier, notice put into the post-office soon enough for the party to receive it in due time is sufficient. (*Walters* v. *Brown*, 15 Md. 285) See also Statutes of Mass., 1871, ch. 239 (Pub. Sts. ch. 77, §16), and *Morse* v. *Chamberlin*, 144 Mass., 406.

BANKING AND FINANCIAL ITEMS.

CINCINNATI.—The Chicago creditors of E. L. Harper, who believe that there were wealthy parties back of Harper in the Fidelity Bank deal, are making every effort to discover the identity of the supposed backers. Attorney Swift, who represents the American Exchange National Bank in the investigation, it is claimed, has received the full history of the deal. He is reported as saying that "the famous corner was not planned in Cincinnati, and J. V. Lewis was not a party to the original clique which organized the corner. Lewis and some others bought wheat independently after the operations of the cornerers were well under way. They bought about 3,000,000 bushels. I would not say that the men who organized the corner were not glad to see Lewis ruined. I am sure that they were. But the wheat corner was not organized with his ruin for a motive. Lewis was a dupe. Harper was both a dupe and a rascal. There is nothing in the whole affair which will show to Harper's credit. He organized the Fidelity Bank by fraud; he increased its stock by fraud, and he had ruined it before the wheat corner was run. As the case proceeds there will be but few new names connected with the swindle other than those at which public suspicion is now pointing. It will be proved that the corner was deliberately planned with the idea that part of those interested should be betrayed; that the money should be made when the crash came. It will be shown, too, that the condition of the Fidelity Bank was known, and it was deliberately planned to make the completion of the bank's ruin a part of the scheme."

NEW YORK.—The Superintendent of the Banking Department is determined that the act of 1885, which prohibits a person or persons not subject to the supervision of the Banking Department from using a business sign or letter-heading that indicates that his or their place of business is the place of business of a bank, shall be observed, and is in communication with several District Attorneys touching the prosecution for the $1,000 penalty for its violation. It is also being urged that the latter part of the law of 1885, which exempts persons doing a banking business at the time of its passage from the above penalty, is unconstitutional, and that it affects all private bankers. This question is now under consideration.

NEBRASKA.—The new banking law is so stringent in its requirements of private banking concerns that it has caused them much embarrassment. Some of them are finding an avenue of escape through the section which provides that the law shall not apply to National banks. Since April 1, charters have been taken out for seventeen new National banks in Nebraska. This number in four months means at the same rate fifty-one a year, which is one-third as many in a single State as the total number incorporated during the last fiscal year in the thirty-eight States of the Union. The number incorporated in Nebraska during the fiscal year ending June 30 last was twelve.

THE NEW NEBRASKA BANKING LAW was approved the latter part of March. It is designed of course, to protect the people of the State from unscrupulous sharpers and direct their investments in safe channels. It fixes the amount of property which a banking institution must hold, beginning with $5,000 in towns under one thousand inhabitants and graded up to $30,000 in towns with from five to ten thousand inhabitants. Detailed reports are required of the amount loaned upon bonds, mortgages and other investments, both the par value and the actual value, with each particular kind, and the amount loaned upon notes, bills of exchange, overdrafts and other personal securities. It is forbidden to include in the statement of assets paper six months due and not in process of collection. Each institution is required to keep a certain amount of reserve, equal to fifteen per cent. of deposits and immediate liabilities in most places, and to twenty per cent. in cities of 25,000 population or more. Examinations at frequent intervals are authorized, and no person can be appointed to examine the condition of the bank who is a stockholder in any banking institution in the State. It would be a curious outcome of the hostility to the National banks in certain sections of the

West if stringent State regulations were to force all the banking institutions to take out National charters.

DAKOTA.—The Bank of Devil's Lake, Dak., had in early days a vignette on checks and letter heads which was at once novel and startling. A sheaf of wheat stood upright with a ribbon a band, and on the band was inscribed: "No. 1 hard. *In hoc signo vinces.*" Above the sheaf was a silver dollar resting upon its edge, the reference being to the uniform price of $1 a bushel for wheat in those days. Upon the dollar was presented an outline of the lake. Above the dollar stood Beelzebub with tail revealed, holding scales in one hand and pointing with a spear in the other to the exact location of the city on the lake. The motto "Give the devil his due" completed this odd device. This was printed upon the bills of the bank. Soon after the issue was out there came a letter from a National bank in the Quaker City of Philadelphia, inclosing ten new crisp National bank notes and asking to have them exchanged for like bills of the Bank of Devil's Lake. Since the city has become so well supplied with churches and schools, and refined society has taken the place of the pioneering of six years ago, this artistic tribute to the patron of Devil's Lake has gone out of fashion.—*Kansas Financier.*

LAFAYETTE, IND.—Moses Fowler, president of the Fowler National Bank of Lafayette, and one of the wealthiest men in Indiana, died on the 20th of August. He was also a principal stockholder of the Continental National Bank of Chicago, and a large farmer, owning 25,000 acres of cultivated land in Benton County, Ind.

STENOGRAPHIC FRIEZE ON WALL OF BANK OF BUFFALO.—DESIGNED BY WILLIAM C. CORNWELL.

TRANSLATION.—"Favor and benevolence are not the attributes of good banking. Strict justice and the rigid performance of contracts are its proper foundation."

KANSAS.—Mr. John P. Jones, of the First National Bank of Coldwater, has retired from that institution, and his place has been filled by the election of Mr. Wm. D. Weiler. The change implies the sale of a controlling interest, and Mr. H. W. Lewis, of the Kansas National Bank of Wichita, is a large owner of the stock under the new management. The First National Bank of Coldwater was doing a good business and will lose none of the prestige which it holds among the financial institutions of the Southwest.

SOUTH BETHLEHEM, PA.—The directors of the South Bethlehem Nationa Bank have elected H. J. Meixell, cashier of the Iron National Bank of Pottstown, to the board, to fill the vacancy caused by the death of President Wm. Rothtrock. Joseph Fegely, of Pottstown, has been elected president, to fill the unexpired term of Mr. Rothtrock, and Adam Brinker has been elected vice-president. The new president is well known throughout the State as a sagacious business man. He is the president of the National Iron Bank, treasurer of the Warwick Iron Company, and president of the Security Trust Company, all of Pottstown. Mr. Brinker is also noted for his business capacity, and is one of the foremost citizens of South Bethlehem. He is now serving his fourth term as a member of the town council. The new bank officers have the full confidence of the stockholders and of the community.

OTTAWA, CANADA.—A Government return shows that the debt of the Dominion has reached $285,778,656, or $56 per head of population. As compared with 1879 the debt has been increased 55 per cent.; with 1869, 154 per cent. In 1869 Canada owed England $75,847,175; in 1879, $128,307,409, increasing in 1889 to $188,713,935. During the past year $12,112,160 has been added to the Dominion debt payable in London. This liability has mainly been contracted in the construction of the Canadian Pacific and Intercolonial Railways and Dominion deals. Last year there was a deficit of nearly half a million dollars in working the Intercolonial, while in the maintenance of the Dominion canals there is a large annual loss.

TRANSFER OF CURRENCY.—The following circular was issued by the United States Treasurer on the 7th of August:

"Subject to the convenience of the Treasury, the Assistant Treasurer United States at New York will receive deposits of gold coin or currency, or a draft payable to his order, collectible through the Clearing House, in amounts not less than $1,000, returns for which will be made in small denominations of new United States notes and silver certificates, as may be available when the deposits are made, the shipments to be made by the Treasurer United States on receipt of the original certificate of deposit of the New York office. Express charges will be deducted from such remittances at Government contract rates when the currency is forwarded. The above notice is intended to apply to all banks and bankers throughout the country who may see fit to avail themselves of its advantages."

Until within a short period, by provision of the Treasury Department, local banks could deposit any sum desired with the Sub-Treasury in New York, with a request for telegraphic transmission to an interior point where Treasury facilities would permit, the charge for the service (averaging about 75 cents per $1,000) being deducted from the amount before payment to the interior correspondent. This system has always been most extensively employed between New York and Southern points, via New Orleans, where the payments were made and distributed as desired by the banks' correspondents. San Francisco and several other points have enjoyed similar facilities. The new plan devised by Treasurer Huston extends the system somewhat, though the banks may in certain cases lose slightly in time to leading centers, compared with the old system. As the circular states, deposits are to be made in New York, as under the old plan. The Assistant Treasurer is then to telegraph to Washington, giving the amount and destination of the shipment ordered; and the same is to be forwarded from Washington, via the United States Express Company's lines, express charges being deducted by the Treasury Department.

The following are the details of the new contract between the United States Express Company and the Government, covering the carrying of all moneys and securities belonging to the United States and incomplete National bank notes shipped from the Department at Washington to the banks.

RATES.

(1) For shipments between any two points within the territorial limits of this contract, both of which are reached by the United States Express Company—per $1,000 or for any amount over $500, 15 cents; for $500 or less, 10 cents.

(2) Except in the case of the States of Arkansas and Texas, between two points where two express companies have to be employed (one being the United States Company)—per $1,000, 50 cents; per $500, 30 cents.

(3) Between two points, one of which is in the State of Arkansas or Texas and the other within any of the other States within the territorial limits of this contract —75 cents per $1,000, and 50 cents per $500.

(4) Between two points, both of which are in Arkansas and Texas, 50 cents per $1,000 and 30 cents per $500.

(5) Between two points in the territory of another express company, except in the States of Arkansas and Texas, 35 cents per $1,000 and 20 cents per $500.

The Government has no control over rates where charges are prepaid, or for transportation out of the territorial limits of this contract.

TERRITORIAL LIMITS.

The territorial limits of this contract include all points accessible through established express lines, reached by continuous railway communication, but do not in

any manner embrace sea or river transportation of any kind; and they do not extend westward beyond the Missouri River, except to include the States of Missouri, Arkansas and Texas.

LIABILITY, ETC.

The express company is liable for the face value of any moneys or incomplete National bank notes lost or destroyed while being transported. After possible destruction, in case any part of an incomplete National bank note is recovered, it shall entitle the express company to receive from the United States the face value of the note destroyed.

NEW COUNTERFEIT $2.00 SILVER CERTIFICATE. Act of August 4th, 1886, Department Series 1886, Check Letter "C," has just made its appearance in the West. The general appearance of the note is very bad. The vignette of General Hancock is exceptionally poor, and the background very scratchy. In the counter in upper right-hand corner of face, containing the figure "2," the geometric lathe-work is not discernible, while in the genuine it is very distinct. The check letter "C," next to the vignette of Hancock, is very indistinct, and it is omitted *altogether* on the right end of the note. The small letters in border of face are very indistinct. On the back of the note the lathe-work is so poor that a cursory glance would at once enable one to determine its false character: and the words, "Bureau Engraving and Printing," in small panel, lower center of back, can hardly be deciphered.

The reports of the New York Clearing-house returns compare as follows:

1889	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation*	*Surplus*
Aug. 3....	$413,024,600	$73,160,800	$43,678,200	$434,491,300	$3,912,000	$8,216,175
" 10....	414,545,800	72,588,300	42,330,600	432,503,100	3,915,200	6,793,125
" 17....	415,980,000	70,022,400	40,911,000	430,323,500	3,873,700	3,352,525
" 24....	412,488,900	67,605,500	40,159,000	422,794,000	3,870,200	2,066,000
" 31...	406,241,900	65,578,800	40,061,800	419,399,300	3,923,500	4,504,975

The Boston bank statement is as follows:

1889.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*
Aug. 3.....	$157,446,000	$ 9,854,700	$4,777,300	$136,246,600	$2,538,100
" 10 . . .	156,387,800	10,085,800	4,461,300	135,264,900	2,535,500
" 17.....	155,127,200	10,587,000	4,609,500	134,475,900	2,543,500
" 24.....154,994,100		10,783,000	4,728,100	132,609,000	2,530,500

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1889.	*Loans.*	*Reserves.*	*Deposits.*	*Circulation.*
Aug. 3.....$101,376,000		$26,241,000	$101,382,000	$2,132,000
" 10.....	100,930,000	25,645,000	99,658,000	2,132,000
" 17	100,243,000	24,763,000	98,063,000	2,129,000
" 24.....	99,975,000	25,160,000	98,106,000	2,130,000
" 31.....	99,532,000	25,645,000	98,256,000	2,132,000

DEATHS.

CARR.—On August 22, aged seventy-six years, SAMUEL CARR, Cashier of the Shoe and Leather National Bank, Boston, Mass.

DEY.—On August 5, aged sixty-nine years, ALEXANDER H. DEY, President of American Exchange National Bank, Detroit, Mich.

DICKINSON.—On July 13, aged sixty-seven years, ANSEL DICKINSON, President of Security Savings Bank, Winchester, N. H.

REIDHAR.—On July 8, aged eighty-two years, FRANCIS REIDHAR, President of German Insurance Bank, Louisville, Ky.

ROTHROCK.—Aged sixty two years, WILLIAM ROTHROCK, President of South Bethlehem National Bank, South Bethlehem, Pa.

SAUNDERS.— On July 19, aged eighty-one years, PRESELY SAUNDERS, President of First National Bank, Mt. Pleasant, Iowa.

VAN DORN.—On July 21, F. B. VAN DORN, President of Citizens State Bank, Wisner, Neb.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from August No., page 155.)

State.	Place and Capital.	Bank or Banker.	Cashier and N. Y. Correspondent.
ARIZ..	Tucson.....	Santa Cruz Valley Bank.	Hanover National Bank.
	$50,000	Samuel Hughes, *P.*	M. P. Freeman, *Cas.*
		Felix S. Haas, *V. P.*	
CAL....	Los Angeles....	City Bank.....	Hanover National Bank.
	$100,000	A. D. Childress, *P.*	John S. Park, *Cas.*
		W. T. Childress, *V. P.*	
"	.. Los Angeles....	Nat. Bank of California.	.....
	$250,000	John M. C. Marble, *P.*	W. G. Hughes, *Cas.*
COL....	Denver.....	Peoples National Bank..	Third National Bank.
	$300,000	M. J. Lawrence, *P.*	Chas. Y. McClure, *Cas.*
		Chas. A. Raymond, *V. P.*	F. C. Schrader, *Ass't Cas.*
"	.. Ouray.....	First National Bank.....	.....
	$50,000	Geo. A. Rice, *P.*	L. L. Bailey, *Cas.*
"	.. Pueblo.....	American National Bank.	.....
	$100,000	Oliver H. P. Baxter, *P.*	Robt. Gibson, *Cas.*
DAK....	Fargo.....	Nat. B. of North Dakota.	.....
		E. Ashley Mears, *P.*	
		D. N. Crouse, *V. P.*	
"	.. Lakota.....	First National Bank.....	.....
	$50,000	E. Ashley Mears, *P.*	
		Jesse Owen, *V. P.*	
"	.. Pierre.....	Pierre National Bank....	.....
	$50,000	Pattison F. McClure, *P.*	Edward H. Andrews, *Cas.*
"	.. Wahpeton.....	Nat. Bank of Wahpeton.	.....
	$50,000	Daniel Patterson, *P.*	Walter L. Carter, *Cas.*
D. C...	Washington....	National Capital Bank...	.....
	$200,000	John E. Herrell, *P.*	Wm. B. Baldwin, *Cas.*
FLA....	Monticello.....	Bank of Monticello.....	Merchants Exchange Nat. Bank.
"	.. Quincy.....	Quincy State Bank.....	National Park Bank.
		Elisha P. Dismukes, *P.*	Geo. D. Monroe, *Cas.*
		Mark W. Monroe, *V. P.*	
ILL.....	Chicago.....	Amer. Tr. & Sav. Bank.	National Bank of the Republic.
	$1,000,000	Gilbert B. Shaw, *P.*	James R. Chapman, *Ass't Cas.*
		Edson Keith, *V. P.*	
		Franklin H. Head, *V. P.*	
"	.. Chicago.....	The Northern Trust Co.	National Bank of Commerce.
	$1,000,000	Byron L. Smith, *P.*	Joseph T. Bowen, *Cas.*
		Chas. L. Hutchinson, *V. P.*	
"	.. Kirkland.....	Bank of Kirkland.....	.....
		(French & Lowry.)	W. B. Lowry, *Cas.*
"	.. Windsor.....	Commercial Bank	United States National Bank.
	$50,000	James M. Starbuck, *P.*	Arthur G. Lee, *Cas.*
		W. H. Bonner, *V. P.*	
IND.....	Hebron.....	Citizens Bank.....	.....
		Robt. S. Dwiggins, *P.*	Albert Jost, *Cas.*
		Jay Dwiggins, *V. P.*	
"	.. Princeton.....	Farmers Bank.....	Hanover National Bank.
	$25,800	Wm B. Downey, *P.*	Samuel Hargrove, *Cas.*
		R. N. Parrett, *V. P.*	
IOWA...	Durant.....	Durant Savings Bank....	Fourth National Bank.
	$30,000	M. Benthien, *P.*	D. Harvey Snoke, *Cas.*
		Wm. Bierkamp, *V. P.*	
"	.. Hawarden.....	Sioux County Bank.....	Western National Bank.
	$3,000	(Chas. W. Partridge & Co.)	F. R. Burlingame, *Cas.*
"	.. Mapleton.....	Monona Co. State Bank.	.....
	$25,000	Porter Hamilton, *P.*	L. H. Gorden, *Cas.*
		Stephen H. Carhart, *V. P.*	
"	.. Maxwell.....	Bank of Maxwell.....	.....
		Frank A. McLain, *P.*	Clark McLain, *Cas.*

State.	*Place and Capital.*	*Bank or Banker.*	*Cashier and N. Y. Correspondent*
Iowa ..	Mitchellville....	Citizens Bank...	Western National Bank.
	$10,000	(S. J. Oldfield & Co.)	S. J. Oldfield, *Cas.*
" ..	Ryan.....	J. A. Thomas Bank.....	Irving National Bank.
			Arthur I. Flint, *Cas.*
" ..	Wellman...	Wellman Savings Bank..	.....
	$10,000	C. O. Nichols, *P.*	H. G. Moore, *Cas.*
Kan ...	Freeport.....	Farmers Bank.....	.....
		James M. Fulton, *P.*	Jas. E. Hutchinson, *Cas.*
		Chas. A. Schmidt, *V. P.*	
" ..	Hanover.....	Hanover State Bank.....	Hanover National Bank.
	$10,000	August Jaedicke, *P.*	August Jaedicke, Jr., *Cas.*
		F. A. Meckel, *V. P.*	
" ..	Hutchinson	Jas. St. John & Co.....	Hanover National Bank.
	$30,000		
" ..	Ingalls.....	Merchants Bank.....	Fourth National Bank.
	$10,000	H. W. Dickinson, *P.*	J. H. Williams, *Cas.*
" ..	Kincaid.....	Bank of Kincaid.....	.....
	$50,000	John Wallace, *P.*	J. M. McCaslin, *Cas.*
		E. Kincaid, *V. P.*	
" ..	Severy.....	Greenwood County Bank.	Gilman, Son & Co.
	$50,000	Wm. S. Lambert, *P.*	Ben M. Thompson, *Cas.*
		Granville H. Haines, *V. P.*	C. P. Rock, *Ass's Cas.*
Ky.....	Frankfort..	Frankfort National Bank.	.....
	$100,000	J. S. McKendrick, *P.*	John W. Pruett, *Cas.*
		Edw. H. Taylor, Jr., *V. P.*	
" ..	Frankfort.....	State National Bank.....	.....
	$150,000	Fayette Hewitt, *P.*	Chas. E. Hoge, *Cas.*
" ..	Paducah.....	Paducah Banking Co....	Chase National Bank.
	$75,000	Thos. C. Leet, *P.*	Wm. Hughes, *Cas.*
Md.....	Cambridge.....	Dorchester Nat. Bank...	.....
	$50,000	Daniel M. Henry, Jr., *P.*	T. H. Medford, *Cas.*
		I. H. Houston, *V. P.*	
" ..	Princess Anne..	Sav. Bank of Somerset Co.	National Park Bank.
	$25,000	Levin Woolford, *P.*	Wm. J. Brittinghaw, *Cas.*
			Roger Woolford, *Ass't Cas.*
Mich...	Big Rapids.....	Mecosta Co. Sav. Bank..	Third National Bank.
	$50,000	Daniel F. Comstock, *P.*	Chas. W. Cunningham, *Cas.*
		N. H. Beebe, *V. P.*	
Miss. ..	Greenwood.....	Delta Bank.....	Fourth National Bank.
	$100,000	Joseph S. McDonald, *P.*	John K. Ottley, *Cas.*
		T. S. Marye, *V. P.*	
" ..	Vicksburg.....	Delta Tr. & Banking Co.	Chemical National Bank.
	$200,000	Lee Richardson, *P.*	Philip M. Harding, *Cas.*
		Chas. B. Wilkinson, *V. P.*	
Mo.....	Houston.....	Bank of Houston.....	.....
	$12,000	David W. Malcolm, *P.*	Isaac N. Vance, *Cas.*
		Virgil M. Hines, *V. P.*	
" ..	Ludlow.....	Farmers Bank...	.....
	$5,000	James M. Davis, *P.*	Fred. S. Hudson, *Cas.*
		Frank Copple, *V. P.*	
Neb....	Ainsworth.....	First National Bank.....	Hanover National Bank.
	$150,000	F. B. Tiffany, *P.*	C. G. Alton, *Cas.*
		J. B. Finney, *V. P.*	Frank Boyd, *Ass't Cas.*
" ..	Brock.....	Bank of Brock.	Kountze Bros.
	$12,000	Emile Berlet, *P.*	Elmer F. Good, *Cas.*
		Jacob Good, *V. P.*	C. E. Wood, *Ass't Cas.*
" ..	Broken Bow....	Bank of Commerce.....	American Exchange Nat. Bank.
	$30,000	F. M. Rublee, *P.*	F. B. Bartlett, *Cas.*
		C. J. Stevens, *V. P.*	
" ..	Lodge Pole....	Peoples Bank....	Kountze Bros
	$6,000	Robt. A. Heaton, *P.*	Fred. Lehmkuhl, *Cas.*
" ..	Neligh.....	First National Bank.....	.....
	$50,000	John J. Roche, *P.*	Wm. C. Estes, *Cas.*
" ..	Omaha.....	American National Bank.	.....
	$200,000	John L. McCague, *P.*	Thos. H. McCague, *Cas.*
			E. C. Brownlee, *Ass't Cas.*
" ..	Omaha.....	American Savings Bank.	.....
	$100,000	O. M. Carter, *P.*	Philip Potter, *Treas.*
		C. S. Montgomery, *V. P.*	A. C. Powell, *Cas.*
			C. A. McKinney, *Ass't Cas*

State. Place and Capital.	*Bank or Banker.*	*Cashier and N. Y. Correspondent.*
NEB.... Steele City.....	Steele City Bank.....	United States National Bank.
$10,000	Chas. B. Rice, *P.*	Vena Rice, *Cas.*
" .. West Point.....	Nebraska State Bank....	Kountze Bros.
		Ludwig Rosenthal, *Cas.*
N. J.... Hackensack.....	Hackensack Bank.....	National Park Bank.
$50,000	David A. Pell, *P.*	Howard D. Terhune, *Cas.*
	M. E. Clarendon, *V. P.*	
N. Y... Adams	Citizens National Bank..	.....
$50,000	Geo. Mather, *P.*	Wm. H. Hathway, *Cas.*
" .. Brooklyn.....	North Side Bank.....	.....
$100,000	William D. Chase, *P.*	Arnold R. Dodge, *Cas.*
	Walter Mathison, *V. P.*	
" .. Cohocton.....	W. J. Shults & Co.....	Chase National Bank.
		Wm. J. Shults, *Cas.*
" .. Elmira.....	Elmira National Bank.	Chase National Bank.
$200,000	Chas. E. Selover, *P.*	E. L. Wyckoff, *Act'g Cas.*
	Judson H. Clark, *V. P.*.	
N. C.... Asheville...	Nat. Bank of Asheville..	.....
$100,000	D. C. Waddell, *P.*	Lawrence Pulliam, *Cas.*
" .. Waynesville....	Bank of Waynesville....	National Park Bank.
$25,000	Alden Howell, *P.*	F. A. Barnes, *Cas.*
OHIO... Wilmington....	Peoples Banking Co.....	Continental National Bank.
$25,000	F. M. Moore, *P.*	J. C. Martin, *Cas.*
	D. J. Foland, *V. P.*	
ORE.... Albany....	Bank of Oregon.....	Importers & Traders Nat. Bank.
	H. Bryant, *P.*	H. F. Merrill, *Cas.*
	Jay W. Blain, *V. P.*	
PENN... Jeannette.....	First National Bank.....	.. ..
$50,000	H. S. McKee, *P.*	Chas. R. Smith, *Cas.*
" .. Scottdale.....	First National Bank.....	.....
$50,000	A. L. Keister, *P.*	
" .. Somerset..... ..	First National Bank.....	Chase National Bank.
$50,000	Edward Scull, *P.*	Andrew Parker, *Cas.*
	Valentine Hay, *V. P.*	
S. C.... Manning.....	Bank of Manning.....	.....
	A. Levi, *P.*	Joseph Sproll, Jr., *Cas.*
	J. P. Brock, *V. P.*	
" .. Marion.....	Merch. & Farm. Sav. B..	National Bank of Deposit.
$5,000	Wm. J. Montgomery, *P.*	Wm. H. Cross, *Cas.*
	Wm. M. Monroe, *V. P.*	
" .. Pendleton	Bank of Pendleton.....	National Park Bank.
	Miles M. Hunter, *P.*	Joseph J. Sitton, *Cas.*
TENN .. Brownsville	Haywood County Bank..	.....
$25,000	Richard L. Hotchkiss, *P.*	Robley H. Anderson, *Cas.*
	J. W. E. Moore, *V. P.*	W. W. Dodson, *Ass't Cas.*
" .. Gainesboro.....	Bank of Gainesboro.....	.....
$12,500	H. W. Williams, *P.*	J. A. Williams, *Cas.*
	R. V. Brooks, *V. P.*	J. T. Anderson, *Ass't Cas.*
" .. Knoxville.....	State National Bank....	.....
$100,000	Wm. D. Kenner, *P.*	A. H. Nave, *Cas.*
TEXAS.. Bastrop.....	First National Bank.....	Hanover National Bank.
$50,000	Jno. C. Buchanan, *P.*	S. Duncan, *Cas.*
	T. A. Hasler, *V. P.*	
" .. Cameron.....	First National Bank.....	Fourth National Bauk.
$50,000	Jno. M. Hefley, *P.*	Clarence P. Dodge, *Cas.*
	R. H. Sellers, *V. P.*	
" .. Coleman.....	McCord, Cameron & Co.	Latham, Alexander & Co.
	W.N.Cameron *Gen M'g'r.*	
" .. Gatesville..	First National Bank.....	....
$50,000	Samuel J. Mings, *P.*	Alfred R. Williams, *Cas.*
" .. Marshall	Marshall National Bank.	.....
$100,000	Wm. C. Pierce, *P.*	Josiah P. Alford, *Cas.*
WASH.. Whatcom.....	First National Bank....	.....
$50,000		C. M. Atkins, *Cas.*
W. VA.. Piedmont.....	Davis National Bank....	First National Bank
$50,000	H. G. Davis, *P.*	U. B. McCandlish, *Cas.*
	T. B. Davis, *V. P.*	
WIS.... Washburn.....	Bayfield County Bank..	.....
	Warren G. Maxcy, *P.*	Claus C. Clauson, *Cas.*

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from August No., page 157.)

Bank and Place.	Elected.	In place of.
N. Y. CITY. Manhattan Sav. Institution.	R. S. Hayward, *Sec.*....	C. F. Alvord.*
CAL.... CloverdaleB&ComCoCloverdl'e	C. B. Shaw, *Cas*.....	G. W. Frost.
" . California Bank, Los Angeles.	H. C. Witmer, *P*.....	H. G. Newhall.
	J. M. Witmer, *Ass't Cas.*	.....
" .. Jas. H. Goodman & Co. Bank, Napa City.	Geo. E. Goodman, *P*....	.....
	H. P. Goodman, *V. P*...	.....
	Edward S. Churchill, *Cas.*	.....
	J. C. Noyes, *Ass't Cas*...	.....
" .. Peoples Bank, Pomona.....	John H. Dole, *Cas*.....	Geo. H. Hopkins.
" .. Bank of Commerce, San Diego.	R. M. Powers, *Cas*.....	Geo. W. Davis.
" . Bank of San Miguel, San Miguel.	Edmund Austin, *P*.....	.....
	Oliver T. Harvey, *V. P*..	.....
	Willis B. Austin, *Cas*....	.....
COL.... German Nat. Bank, Denver....	Chas. M. Clinton, *Cas*...	J. I. Riethman *Act'g*
GA..... Ogelthorpe Nat. B., Brunswick.	John D. Wright, *Cas*....	J. L. N. Henman.
IOWA... First Nat. Bank, Mt. Pleasant..	Chas. Snider, *P*.....	Presley Saunders.*
" .. Guthrie Co. Nat. B., Panora...	Arthur Reynolds, *A. Cas.*	.....
KAN.... Sheridan County Bank, Hoxie.	T. M. Walker, *P*.....	.....
	Grover Walker, *Cas*.....	.....
" .. First National Bank, Marion.	E. M. Donaldson, *V. P*..	E. R. Trenner.
	Fred. L. Frazer, *Cas*....	E. M. Donaldson.
	J. R. Willson, *Ass't Cas.*	Fred. L. Frazer.
" .. First National Bank, Medicine Lodge.	P. D. Cunningham, *P*...	Jas. A. Blair.
	J. P. Hall, *V. P*.....	P. A. Simmons.
	P. A. Simmons, *2d V. P.*	.....
	Timothy C. Molloy, *Cas.*	O. C. Ewart.
KY.. .. Nat. B. of Lancaster, Lancaster.	Alex. R. Denny, *P*.....	John S. Gill.
" .. German Insurance Bank, Louisville.	J. J Fischer, *P*.....	Francis Reidhar.*
	Edmund Rapp, *Cas*.....	J. J. Fischer.
MASS.. Columbian Nat. Bank, Boston.	C. G. Davis, *Ass't Cas*...	.....
" .. Shoe & Leather Nat. B., Boston.	Jas. E. Patch, *Cas*.....	Sam'l Carr.*
" .. EastCambridgeFiveC'tSav.B. Cambridge.	Wm. E. Lloyd, *Treas*...	Mary L. Stone.
" .. Citizens Savings Bank, Fall River	John C. Milne, *P*.....	Joseph Healy.
	Henry H. Earle, *Sec*.....	.....
" .. Haverhill Nat. Bank, Haverhill.	Benj. I. Page, *Cas*.....	C. T. Paul.
" .. NewBedfordFive CentSav.B., New Bedford.	Wm. H. Pitman, *Treas.*	.....
" .. Agricultural Nat. B., Pittsfield.	Jas. L. Warriner, *P*.....	.....
" .. Berkshire Co. S. B., Pittsfield..	Joseph Tucker, *P*.....	Jas. R. Warriner.
" . Nat. Exchange Bank, Salem...	S. G. Symonds, *Cas*.....	.....
MICH... Sanilac Co. Bank, Crosswell...	C. W. Babcock, *Cas*.....	.....
" .. First Nat. Bank, Lake Linden..	John E. Jones, *Cas*.....	W. G. Hegardt.
" .. First Nat. Bank, Marquette ...	E. H. Towar, *V. P*.....	.....
MO..... First Nat. Bank, Harrisonville.	H. Clay Daniel, *P*.....	Wilmot Saeger.
" . Merch. Nat. B., Kansas City...	C. R. Rockwell, *Ass't C.*	.....
" .. First National Bank, Lamar.	N. E. McCutchan, *V. P.*.	.....
	Geo. F. Rodgers, *Cas*...	.....
" .. DeKalb Co. Bank, Maysville..	F. R. Dalrymple, *Cas*...	Eugene S. Low.
" .. Merch. Nat. Bank, St. Louis...	W. H. Lee, *V. P*.....	L. Levering.
" .. Third National Bank, St. Louis.	Geo. T. Cram, *P*.....	Thos. E. Tutt.
	N. O. Nelson, *V. P*.....	.....
MONT .. Western Bank, Missoula.....	G. C. Higgins, *Ass't Cas.*	.....
NEB.... First National Bank Beaver City.	Thos. M. Davis, *P*.....	C. G. George.
	A. B. Edee, *Cas*.....	Thos. M. Davis.
" .. First National Bank, Exeter.	H. G. Smith, *P*.....	J. A. Shaw.
	L. C. Gilbert, *Cas*.....	F. T. Dimmick.
	C. C. Smith, *Ass't Cas*..	.....

	Bank and Place.	*Elected.*	*In place of*
NEB....	Farmers & Merchants Bank, Leigh.	Nathan H. Brown, *P.*...	.....
		Geo. W. Sellers, *V. P.*...	.....
		James H. Hamilton, *Cas.*	.....
"	. Bank of Mason City, Mason City.	B. F. Hake, *P.*.....	F. M. Rublee.
		P. H. Marlay, *Cas.*.....	B. F. Hake.
"	.. First Nat. Bank, Nelson.....	Chas. P. Leigh, *P.*.....	Thos. Harbine.
"	.. Shelton Bank, Shelton.	Geo. Mortimer, *P.*.....	.....
		D. P. Junk, *V. P.*.....	.....
		Sidney H. Graves, *Cas.* .	.....
		P. H. Graves, *Ass't Cas.*	.....
"	.. Keya Paha Co. Bank, Springview.	F. W. Jones, *P.*.....	.....
		F. H. Jones, *Cas.*.....	.....
		W. G. Thomas, *Ass't Cas.*	.....
"	.. Citizens State Bank, Wisner.	Henry Leisy, *P.*.....	F. B. Van Dorn.*
		Sylvester Emley, *V. P.*..	Henry Leisy.
N. H....	Security Sav. Bank, Winchester.	Alonzo A. Ware, *P.*.....	Ansel Dickinson.*
N. Y...	Nat. B. of Cortland, Cortland..	F. J. Peck, *Cas.*.....	Chas. E. Selover.
"	.. Second National Bank, Elmira.	Seymour Dexter, *P.*.....	D. R. Pratt.
		P. P. Norman, *Ass't Cas.*	.....
"	.. John Hall & Co., Fort Ann...	John Hall, *P.*...	O. W. Sheldon.
N. C...	First Nat: Bank, Salisbury.....	Wm. C. Blackmer, *V. P.*	.....
OHIO....	Corner Bank, College Corner..	W. L. Pults, *Cas.*.....	O. M. Bake.
"	.. First Nat. Bank, Lorain.....	Thos. Gaun, *V. P.*.....	.....
"	.. Pomeroy National Bank, Pomeroy.	Geo. McQuigg, *P.*.....	H. S. Horton.
		D. H. Moore, *V. P.*.....	G. W. Moredock.
ORE....	First Nat. Bank, Prineville.....	Henry Hahn, *Ass't Cas.*..	.....
PENN...	County Nat. Bank, Clearfield..	H. B. Powell, *Cas.*.....	W. M. Shaw.
"	.. First National Bank, Conneautville.	E. L. Litchfield, *P.*.....	A. P. Foster.
		T. A. Hollembeak, *V. P.*	E. L. Litchfield.
"	.. First National Bank, Johnstown.	John D. Roberts, *Cas.*...	. .....
		J. E. Sedlmeyer, *Ass't C.*	.....
"	.. South Bethlehem Nat. Bank, South Bethlehem.	Jacob Fegely, *P.*.....	Wm. Rothrock.*
		Adam Brinker, *V. P.*....	.....
S. C....	Bank of Marion, Marion.....	P. Y. Bethea, *Cas.*.....	W. H. Cross.
TENN ..	First National Bank, Clarksville.	B. W. Macrae, *P.*.....	P. J. Y. Whitfield.
		R. D. Mosely, *Cas.*.....	B. W. Macrae.
"	.. First Nat. Bank, Johnson City.	Chas. D. Fine, *Cas.*.....	D. S. McIntyre.
"	.. Watauga Banking Co., Johnson City.	G. W. St. John, *V. P.*...	.....
		Will Harr, *Cas.*.....	John W. Boring.
		W. R. Rhea, *Ass't Cas.*..	.....
TEXAS..	State Nat. Bank, Denison.....	R. C. Shearman, *P.*.....	J. N. Johnson.
UTAH ..	First Nat. Bank, Ogden.....	James Pingree, *Cas.*.....	H. S. Young.
"	.. Deseret N. Bank, Salt Lake City.	H. S. Young, *Ass't Cas.*.	Elias Smith.
VT.	Howard Nat. B., Burlington...	F. E. Burgess, *Ass't Cas.*	F. M. Kendall.
VA.	Commercial Nat. B., Roanoke.	Wm. M. Barnitz, *Cas.*...	J. B. Levy.
WASH.	Citizens National Bank, Tacoma.	H. S. Huson, *V. P.*.....	.....
		A. V. Hayden, *Ass't Cas.*	.....
"	.. First Nat. Bank, Walla Walla.	A. R. Burford, *Cas.*.....	W. H. Stine.
WIS....	Kellogg Nat. Bank, Green Bay..	Fred. Hurlbut, *2d V. P.*..	.....

* Deceased.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(*Monthly List, continued from August No., page 158.*)

No.	*Name and Place.*	*President.*	*Cashier.*	*Capital.*
4083	First National Bank..... Brunswick, Mo.	J. M. Perry,	A. M. Dumay,	$50,000
4084	Peoples National Bank..... Denver, Col.	M. J. Lawrence,		300,000
4085	Dorchester National Bank..... Cambridge, Md.	Daniel M. Henry, Jr.,	T. H. Medford,	50,000

	Name and Place.	*President.*	*Cashier.*	*Capital.*
4086	First National Bank..... Cameron, Texas.	Jno. M. Hefley,	Clarence P. Dodge, *Cas.*,	50,000
4087	American National Bank..... Omaha, Neb.	John L. McCague,	Thos. H. McCague,	200,000
4088	Davis National Bank..... Piedmont, W. Va.	H. G. Davis,	U. B. McCandlish,	50,000
4089	First National Bank..... Ainsworth, Neb.	F. B. Tiffany,	C. G. Alton,	50,000
4090	State National Bank..... Frankfort, Ky.	Fayette Hewitt,	Chas. E. Hoge,	150,000
4091	Frankfort National Bank..... Frankfort, Ky.	J. S. McKendrick,	Jno. W. Pruett,	100,000
4092	First National Bank..... Jeannette, Pa.	H. S. McKee,	Chas. R. Smith,	50,000
4093	First National Bank..... Bastrop, Texas.	J. C. Buchanan,	S. Duncan,	50,000
4094	National Bank of Asheville.... Asheville, N. C.	D. C. Waddell,	Lawrence Pulliam,	100,000
4095	First National Bank..... Stephensville, Texas.	C. J. Shapard,	H. M. McKnight,	50,000
4096	National Bank of California... Los Angeles, Cal.	John M. C. Marble,	W. G. Hughes,	250,000
4097	First National Bank..... Gatesville, Texas.	Samuel J. Mings,	Alfred R. Williams,	50,000
4098	First National Bank..... Scottdale, Penn.	A. L. Keister,		50,000
4099	First National Bank..... Whatcom, Wash. Ter.		C. M. Atkins,	50,000
4100	First National Bank..... Somerset, Penn.	Edward Scull,	Andrew Parker,	50,000
4101	Marshall National Bank.. .... Marshall, Texas.	W. C. Pierce,	J. P. Alford,	100,000
4102	State National Bank..... Knoxville, Tenn.	Wm. D. Kenner,	A. H. Nave,	100,000
4103	Citizens National Bank..... Adams, N. Y.	Geo. Mather,	Wm. H. Hathway,	50,000
4104	Pierre National Bank..... .. Pierre, Dak.	Pattison F. McClure,	Edw. H. Andrews,	50,000
4105	Elmira National Bank..... Elmira, N, Y.	C. E. Selover,	E. L. Wyckoff, *Act'g Cas.*,	200,000
4106	National Bank of Wahpeton... Wahpeton, Dak.	Daniel Patterson,	Walter L. Carter,	50,000
4107	National Capital Bank..... Washington, D. C.	John E. Herrill,	Wm. B. Baldwin,	200,000
4108	American National Bank..... Pueblo, Col.	Oliver H. P. Baxter,	Robt. Gibson,	100,000
4109	First National Bank..... Ouray, Col.	Geo. A. Rice,	L. L. Bailey,	50,000
4110	First National Bank..... Neligh, Neb.	John J. Roche,	Wm. C. Estes,	50,000

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money have been as follows:

QUOTATIONS:	August 5.	August 12.	August 19.	August 26.
Discounts.....	5½ @ 6½	5½ @ 6½	6 @ 7	6½ @ 7½
Call Loans.....	4 @ 2	4½ @ 3	4½ @ 2	6 @ 2
Treasury balances, coin.	$154,431,673	$154,223,642	$154,533,226	$154,691,652
Do. do. currency.....	20,906,024	21,096,408	20,809,118	20,935,064

CHANGES, DISSOLUTIONS, ETC.

(*Continued from August No., page 159.*)

ARIZ.... Tombstone..... Cochise County Bank has discontinued its business.
CAL.... Los Angeles.... The Childress Safe Deposit Bank (W. T. & A. D. Childress), now the City Bank, same correspondents.
" . Napa City..... Jas. H. Goodman & Co. has been incorporated as the Jas. H. Goodman & Co. Bank, same correspondents.
" .. San Miguel.... Bank of E. Austin, now Bank of San Miguel; incorporated, same correspondents.
COL.... Denver ..... Peoples Savings & Deposit Bank, now Peoples National Bank, same correspondents.
DAK.... Miller..... .... Farmers & Merchants Bank, Fred. S. Morrill, sole proprietor.
IOWA... Axtell..... Bank of Axtell (Stewart Bros. & Sewell) has been incorporated.
" .. Herndon..... Herndon Bank has moved to Mitchellville and has become the Citizens Bank.
" .. Maxwell..... Bank of Maxwell has changed hands.
" .. Prairie City.... Citizens Bank, reported suspended.
" .. Wellman..... Wellman Bank has been succeeded by the Wellman Savings Bank.
KAN.... Hutchinson.... Jas. F. Redhead & Co. has been succeeded by James St. John & Co., same correspondents.
" Irving..... The Armstrong Bank (J. & W. W. Armstrong), now W. W. Armstrong, sole proprietor.
" .. Manchester .... Bank of Manchester (Sawyer, Clark & Co.), now Sawyer & Wurtz, proprietors, same correspondents.
MO..... St. Louis..... Samuel A. Gaylord & Co., now Gaylord, Blessing & Co.
NEB.... Ainsworth..... Farmers & Merchants Bank is now the First National Bank, same correspondents.
" .. Clay Center.... First National Bank has gone into voluntary liquidation.
" .. Leigh ..... Farmers & Merchants Bank (J. H. Hamilton & Co.) has been incorporated, same correspondents.
" .. Liberty..... Bank of Liberty, now First National Bank, same correspondents.
" .. Nelson..... .... Nucholls County Bank has consolidated with the First National Bank.
" .. Oakland..... Oakland Bank (Griffin & Son), now A. Beckman & Co., proprietors, same correspondents.
" .. Omaha..... McCague Bros. Bank has been succeeded by the American National Bank.
" .. Pawnee City... C. T. Edee & Co. has been succeeded by the First National Bank.
" .. Shelton.. ..... Shelton Bank has been incorporated.
" .. Springview .... Keya Paha County Bank has been incorporated.
" .. West Point.... Cuming County Bank (R. F. Kloke & Co.) has been succeeded by the Nebraska State Bank.
OHIO... Mt. Gilead..... First National Bank is reported closed.
ORE.... Albany..... Henry F. Merrill has been succeeded by the Bank of Oregon.
TEXAS.. Bastrop..... .. Bastrop County Bank has been succeeded by the First National Bank, same correspondents.
" .. Longview..... A. E. Clemmons & Sons, now the First National Bank.
" . McGregor..... A. J. Sewell & Co., now the First National Bank.
" .. Vernon... .... Vernon National Bank has gone into voluntary liquidation.
W. VA.. Piedmont..... Bank of Piedmont, now Davis National Bank, same officers and correspondents.
WASH.. La Camas..... Stearns Syndicate Bank has been discontinued, no successors.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, AUGUST, 1889.

Opening, Highest, Lowest and Closing Prices of Stocks and Bonds in August.

GOVERNMENTS.	Interest Periods.	Opening.	Highest.	Lowest.	Closing.
4½s, 1891 ... reg.	Quarterly—Mar.	105⅝	105¾	105⅝	105¾
4s, 1891 ..... coup.		106¾	106⅞	106¾	106⅞
4s, 1907 ..... reg.	Jan.	128½	128⅝	127	127
4s, 1907 ..... coup.		128½	128⅝	127¾	128
6s, cur'cy, 1895, reg	Feb.	118	118	118	118
6s, cur'cy, 1896, reg	Jan.	121	121	121	121
6s, cur'cy, 1897, reg	&	124	124	124	124
6s, cur'cy, 1898, reg.	July.	127	127	127	127
6s, cur'cy, 1899, reg		130	130	130	130

RAILROAD STOCKS.	Opening.	Highest.	Lowest.	Closing.
Atlantic & Pacific	—	6½	5⅝	—
Buff. R. & Pitts	—	—	—	—
Canadian Pacific	57	63⅝	57	63⅝
Canada Southern	—	53⅞	51¾	53⅞
Central of N. J.	—	116⅜	110¼	116
Central Pacific	—	35½	33½	—
Ches. & Ohio.	23	26¾	22⅞	24½
Do 1st pref.	65¾	69½	63	—
Chic. & Alton	—	—	—	—
Do pref.	—	—	—	—
Chic., B. & Q.	101½	107½	101	107½
Chic., M. & St. P.	70⅞	74¼	69¼	74¼
Do pref.	111	115⅞	110	115¾
Chic. & N. W.	109	113	108⅛	113
Do pref.	—	144	140¾	144
Chic., R. I. & P.	95¾	101	95⅛	101
Chic., St. L. & P.	—	15	15	—
Do pref.	—	36	35¾	—
Chic., St. P., M. & O.	33	35	32½	34¾
Do pref.	—	100¼	94⅜	100¼
C., C., C & St. L.	71⅛	77⅜	68⅞	76⅜
Col. Coal & Iron	—	28¼	26⅞	28¾

RAILROAD STOCKS.	Opening.	Highest.	Lowest.	Closing.
Col., H. Valley & Tol.	—	18½	14	18½
Col. & H. C. & I.	—	—	—	—
Del. & Hudson	144¼	152¼	144¼	149
Del., Lack. & W.	144⅛	147½	143⅜	147⅛
Den. & Rio Grande	—	17⅜	17½	—
Do pref.	46¼	46¼	45¼	—
East Tenn. V & G.	—	10¼	9½	10
Do 1st pref.	—	73	70	72
Do 2d pref.	—	23½	22	—
Houston & Texas C	—	6	4	4
Illinois Central	—	118	115½	—
Indiana, Bloom. & Western	—	—	—	—
Lake Erie and Western	—	20⅜	17¼	—
Do pref.	—	65½	57½	64½
Lake Shore	102⅛	104⅞	101⅞	104⅜
Long Island	92	94	91½	—
Louisville and Nashville	69½	71⅞	67⅞	71¾
Louisville, N. Alb & Chic.	—	41	41	—
Manhattan Consol	92½	98	92½	97
Marq. H. & O.	—	—	—	—
Do pref.	—	—	—	—
Memphis & Charleston	—	60	59	—
Michigan Central	—	89¾	87	89¾
Mil., L. S. & W.	—	93½	91	—
Do pref.	—	113½	111	—
Minn. & St. Louis	—	4¾	4¾	—
Do pref.	—	9	9	—
Mo., Kan. & Texas	10⅞	13½	10⅜	11¾
Missouri Pacific	67⅞	74⅜	67⅜	74½
Nash., C. & St. L.	—	97¼	97	—
N. Y. C. & Hudson	105⅜	107¼	105	—
N. Y., C. & St. L.	—	17	16	—
Do pref.	—	68	67¾	—
N. Y., L. E. & W.	26½	28⅝	26¼	28⅜
Do pref.	65	69	64	—
N. Y. & New Eng.	49⅜	51⅞	48½	51½
N. Y., Ont. & W.	—	18	17⅛	17¾
N. Y., Sus. & W.	—	8¾	8	—
Do pref.	—	33¾	32½	—

MISCELLANEOUS.	Opening.	Highest.	Lowest.	Closing.
Norfolk & Western	—	17	15	17
Do pref.	—	54¾	50⅜	53½
Northern Pacific	29	34⅞	28	34⅝
Do pref.	64¾	75⅛	64¼	75⅛
Ohio & Mississippi	22	23	21¾	23
Ohio Southern	—	15	15	—
Oregon Impt.	—	55	50½	—
Oregon R. & N.	94	102	94	102
Oregon Short Line	—	50¾	48	—
Oregon & Trans-Con	—	35⅞	31½	35½
Pacific Mail	—	36¾	33⅛	34¾
Peoria, Decatur & Evansville	—	23¾	21½	22½
Philadelphia & Reading	44⅛	45¾	43¼	45¾
Pullman Palace Car Co.	180½	181	176	180½
Rich. & W. P. Term.	22¼	24	21⅛	23¾
Rome, W. & Ogd.	—	99	99	—
St. Louis, A. & T. H.	—	45½	44	45½
Do pref.	—	105	105	—
St. Louis & San Francisco	—	28⅜	26¼	27
Do pref.	—	60⅜	56½	60⅜
Do 1st pref.	—	109	109	—
St. Paul & Duluth	30	30½	29¾	—
Do pref.	—	86¾	85	—
St. Paul, M. & M.	—	106½	98	106¼
Southern Pacific Co.	31¾	34⅜	31⅛	34⅜
Tenn. Coal & Iron	39½	42¼	39⅛	41⅞
Texas & Pacific	19	21⅜	19	21⅜
Union Pacific	59⅞	63½	59½	63⅜
Virginia Midland	—	32	32	—
Wabash, St. Louis & Pacific.	15½	18	14¾	17⅜
Do. pref.	29⅝	33¾	29	33⅛
MISCELLANEOUS—				
Express—Adams	150	151	149	—
American	—	118½	116	118½
United States	91	91	90	91
Wells-Fargo	—	142	139	—
Western Union	84⅞	86⅛	83⅜	85½
Silver Bullion Cert.	—	—	—	—

THE

BANKER'S MAGAZINE

AND

Statistical Register.

VOLUME XLIV. OCTOBER, 1889. No. 4.

THE ANNUAL MONEY SCARE.

Every autumn the public is treated to a scare for money. It begins usually in July or August, and is continued as long as possible. There is some foundation for the scare, like many of our fears, otherwise the public would pay no attention to it. The public is not often humbugged by purely imaginative things; and there are some reasons for making people solicitous concerning the future supply of money. But the fears of many are excessive. It is a familiar fact in the experience of even the humblest, that his sufferings are largely from anticipated difficulties; and it is one of the conundrums of the ages, whether suffering in general from anticipated or imaginary evils is not greater than from real ones. Whatever the truth may be, it is certain that the dangers to trade from the lack of money, for many years, at least, have not been so imminent as those who expected to gain by the events have darkly prophesied.

The basis for the scare is this: Every year there is an unusual demand in the autumn for money to make payments, and especially outside the larger cities and clearing houses, in the western, northwestern, and southwestern sections of the country. These payments, if made in the clearing-house cities, where the money would go immediately into banks, or effected through clearing-house arrangements, would lead to no difficulties of any kind, or furnish a foundation for the fear of a lack of money to conduct the various operations of trade. The fear arises in consequence of the vast extent of

country over which the payments are made; the lack of banks; the long period during which a considerable portion of this money will be in the pockets of the people, passing from one to another before returning to the more active channels of circulation.

But when more money is thus needed in several sections of the country, the banks in the large cities, and especially in New York, which keep the reserves of the banks in those sections, are required to return this bank-reserve money, or a considerable portion of it. The effect of this request on the money in the large cities may now be briefly explained.

The banks in the large cities seek to be able to discharge the demands made on them for the deposits of country banks by loaning a large portion of their funds to persons from whom it can be called or obtained immediately, or on very short notice. A bank is supposed to be in the best possible condition when it has a large amount of call money loaned on good securities. And yet, there is a fallacy in this policy of loaning on call, which is too often ignored by the banks in large cities. It is perfectly true that if the quantity thus loaned was small, there would be no difficulty, usually, in obtaining it whenever desired; but if a large quantity is loaned in this manner and calls are made for it immediately, none or but very few can make payment. In other words, to pay call loans for a large amount, the element of time is indispensable; leave this from the calculation, and nothing is more impossible in the money world than to make such payments. The truth, therefore, is that such money may be obtained, provided not too much is immediately demanded. But if this policy for any reason is not observed, and calls are made for large amounts, a very brief explanation of the working of the money market shows how futile it is to expect a uniform or general compliance with such a request.

Consider the actual operations in obtaining payments from such customers. The Arctic Bank, we will say, requests a borrower to pay a million dollars to-morrow; the loan is secured by good collaterals. The borrower sells his collaterals and with the money thus obtained discharges his loan. But where does the buyer of those collaterals obtain his money? It is drawn from another bank, as it is not to be supposed that he has any considerable amount on hand. This bank, therefore, is depleted to the same extent as the Arctic Bank's resources are increased. Suppose the bank from which the buyer of these collaterals has obtained his money has also made similar requests of the persons who obtained call loans from it, and their collaterals are put on the market for sale; thus loans are everywhere called, and a new and extraordinary demand for money springs up among the banks and their customers. If the call for money should thus become general among the banks,

there would not be enough for all of them, and, consequently, from the very necessity of the situation, not all of the loans could be immediately paid. We merely mention these facts to show that call loans are by no means of that nature, unless demanded in moderate amounts; and that the element of time is indispensable to pay them. Give each borrower more time to pay his loan; instead of a day, several days, and very likely he would be able to sell his collaterals to better advantage; the bank paying the buyer would be better able to meet the demand; and no difficulty would be experienced in any quarter.

Eliminate the element of time, however, and put a double and unusual use on money to make many more payments suddenly at one place, and take away a portion of it at the same time, and one can easily see how greatly the money market may be disturbed by these operations. The obvious truth is, the banks should keep large reserves in anticipation of the demand on them for money, and lend less even on call loans, and the situation would be easy for everyone.

One of the most important elements in this problem is whether money, in the event of a tight market, shall be used by the mercantile interest, or by the speculative. It will be readily seen that if the speculative interest can continue to pay high rates, the mercantile interest may suffer. Nor is this difficulty lessened particularly by the increase of money, unless there be enough to supply the wants of both classes. If the market becomes more abundant, and the speculator is able to absorb the new supply, then the mercantile interest may be as badly off as ever. So, too, if the speculator, in order to further his own purpose, should borrow it, though having no actual use therefor, he would be able to effect the same result in causing tight money that he would if actually putting the money into use; indeed, if he were able to borrow money and take it out of the channels of circulation, as has been done on some occasions, he could more effectually and quickly deplete the money market than in any other possible manner. Therefore, in the way of supplying the money market in the autumn, the wants or doings of the speculative class are all-important. If they, in order to accomplish their own objects, require and borrow much money, and either use it or put it away for the purpose of more effectually accomplishing their purposes, the mercantile interest will suffer, nor is there any help for it. Again and again we have seen, when the money rate was high and the supply small, speculators outbid the mercantile class, to the general sacrifice of legitimate business. Moreover, the wants and conduct of speculators vary so much that it is quite difficult to predict their wants. Their experience or conduct this year furnishes no guide for the next; and the very uncertainty of their movements is, perhaps, the most difficult element in the whole problem.

Again and again it is said that the country ought to have a larger supply of money, so that when the autumn comes and the demands are increased, there will be enough for all. But, on the other hand, it is just as clearly seen that if a large amount of money exists, the rates of interest in dull times will decline, and the holders will be all the more eager to put it in circulation, to recoup the loss arising from a diminution in the rate of interest by the income from a larger quantity put in circulation. A bank never feels more uncomfortable than when getting a low rate of interest; and, therefore, the desire is always quickened to loan every cent, with due regard to safety, in order to keep its earnings as near high-water mark as possible. Consequently, when there is a large amount of money in the banks during dull periods, the holders are as anxious as ever to lend it for whatever they can get; and it follows, therefore, when the market tightens and higher rates may be had, there is no larger amount available, perhaps, than before. It is true there are those who perceive that a greater profit may be made by keeping money in idleness during periods when the rate of interest is low, in order to have the money in hand for lending when the rates are high; but this policy, it would seem, for several years, has been observed by only a few, and thus loans have been as large as they could safely be at all times, if borrowers could be found. And this is one reason why the resources in New York and in some other cities at the present time are so low.

All through the summer and spring, notwithstanding the lowness of the rates, bankers had been able to keep their money in circulation at some rate, and so, when the demand suddenly increased for a little more, of course the banks soon found that their supply was running short.

We are beginning to see, however, a way out of the darkness confronting us every autumn for money. The additional supply must come, not from the Treasury, nor from any other source in our own country, but from abroad. Happily, our modes of doing business have become so well established that we are better able to command money from abroad than ever before, and there is enough in the old world to supply us at all times. A week will bring us gold from the old country, and thus we are assured that, with good credit at home, we shall be able more and more easily, in years to come, to obtain a new supply from that quarter.

What, however, is worthy of the consideration of bankers and banking houses is to provide some way of obtaining money from abroad more easily and quickly. It may be that gold might be deposited abroad with a great banking institution, and certificates be sent for the amount, and these be put into circulation or taken by the clearing houses, or be used among the banks for the pay-

ment of balances. It may be, too, that even the law regulating the national reserve and State bank reserve might be so changed as to permit the use of such certificates, and thus release the other form of reserve for more active use.

A REVIEW OF FINANCE AND BUSINESS.

THE GENERAL SITUATION.

The first month of autumn has brought the improvement in general trade that was anticipated in our last. There are exceptions, as always, to the rule. Yet, that there has been a substantial gain in the volume of business and in confidence, cannot be denied, although values in many cases have not yet been affected. Railway securities, iron, wheat, flour, and provisions have all advanced in the past month, and speculation for higher prices has widened until the public are again coming into these markets, in spite of the stringency in, and higher rates for money. Indeed, the activity and advance in the money markets, here and abroad, are the surest signs of returning business activity and prosperity; and, the same conditions in the iron trade confirm them. Hence the tight money bugbear has had less influence on business than formerly, when it was regarded as evidence of an unfavorable condition of trade. The purchases of bonds by the Government, and its policy to continue them, so long as the country needs such relief, have removed the anxiety from this source, to an extent that the banks have practically exhausted their surplus reserve without fear of any trouble. Never in our financial history, probably, have similar conditions of the money market and of the banks existed, with so little influence on business. Once, either would have caused widespread alarm, the calling in of loans, and Bear markets instead of the Bull ones of the past months. It shows how much commerce and finance are a matter of sentiment after all, and how rapidly old opinions, if not conditions, are changing in the commercial and financial world. It also demonstrates the power and safety of the Government as a regulator of the finances of the people, through the operations of the Treasury, which can thus furnish all needed assistance to the business of the country, under prudent and able management.

THE MOST ACTIVE MONEY MARKET IN YEARS.

When it is considered that we have raised, and are now moving the largest crops, as a whole, that the country has ever produced, and at a time when the manufacturing interests of the East are requiring the maximum assistance from the banks, owing to the heavy failures of last summer, and the consequent distrust, we must

admit that there seems to be good ground for the confidence in financial circles, which, under like conditions in former times, would have been regarded unconservative, if not dangerous. But that we have reached about the climax of the most active money market in years, would seem reasonable, since the first rush of winter wheat to market is over, and that of spring already at its height, while the same is true of oats, if not of corn and cotton, the old crops of both having moved out freely to make way for the largest new ones ever raised. With increasing exports of all these staples, and also of provisions and the minor crops, the return of those vast sums sent to the West and South to move the most abundant harvests ever known, will soon be felt, as the height of the movement will soon be over, with the close of inland navigation, if not the present month. With danger of gold exports removed by this same increase in exports, the prospect of trouble from the money market, to legitimate business, is now probably past, no matter what may be the effect on speculation in some fancy and doubtful securities, like Trust stocks, from continued high rates and scarcity of money, with the discrimination against poor collateral that lenders are always able to exercise when they can find plenty of safe and profitable employment for their funds.

THE END OF BEAR SPECULATION.

As indicated in the foregoing, the result of this improved condition of general business is seen in the speculative staples, which are generally recovering from the depression, which has prevailed for several years past, and advancing, even in face of these abnormally large crops, while the public are returning to these markets, after an absence, with few temporary exceptions, of five years or more. Were prices not as abnormally low as the crops are large, this would be a dangerous condition of things at the beginning of the crop year. But when prices are so low as to inspire confidence in the future of values, based upon reduced supplies in other countries, and a prospective as well as present corresponding increase in demand from them upon us, it is not only a safe, but very hopeful sign that the markets of Europe are ready to follow an advance here, before the farmers shall have parted with their harvests. This is sadly needed to give our agricultural producers remunerative prices for their products, after several years of low prices and poor or indifferent crops as a whole. Should this prospect, which now seems good, be realized, the last thing needed to make the returning prosperity of the United States general would be secured. With large crops, the transportation interests by land and water, inland and ocean, are already enjoying increased traffic at good rates, as reflected in their earnings.

INDUSTRIAL PROSPECTS IMPROVING THE WORLD OVER.

The manufacturing interests of all kinds would soon be overtaxed to supply the increased demand from the agricultural interests, as they are now, to supply the railroad and transportation companies with new rolling stock and equipment for moving these crops. It is this that has revived the iron trade so generally the past month as to have advanced prices already, with prospects of a year's largest production ever known. Such activity in the iron trade will soon pull the coal trade out of its slough of over-production, as good prices and quick markets for farm products will clear off the surplus stocks of woolen and cotton manufactures which caused the failures of last summer, in the dry goods trade.

That was the dark cloud on the commercial horizon; and, with it lifted, the sky looks clearer than for several years, at least, for activity and profitable prices in all the great manufacturing interests for some time to come. England has been enjoying a period of unusual industrial activity for a year past, until prices there have been enhanced sufficiently to keep our markets more free of foreign goods than for a long time. Certainly, unless there is something radically wrong here, we ought to participate in this recovery, which is more or less general the world over, as has been the industrial depression of recent years of universal peace.

CONDITION OF THE BANKS AND TREASURY.

The following is a comparison of the averages of the New York banks for the last two weeks in September and last year:

	Sept. 21, '89.	*Sept. 28, '89.*	*Sept. 29, '88.*
Loans	$409,602,300	$409,311,700	$390,707,300
Specie	70,998,000	69,574,000	85,326,400
Legal tenders	36,023,500	35,692,800	31,609,500
Deposits	420,168,400	417,324,300	408,714,900
Circulation	3,933,900	3,948,100	6,839,000

The following shows the relation between the reserve and the liabilities:

Specie	$70,998,000	$69,574,000	$85,326,400
Legal tenders	36,023,500	35,692,800	31,609,500
Total reserve	$107,021,500	$105,266,800	$116,935,900
Reserve required against deposits..	105,042,100	104,331,050	102,178,725
Excess of reserve above legal req'ts	$1,979,400	$935,750	$14,757,175

The following shows the Treasury net holdings of gold, silver, and legal tenders, together with the deposits in national banks at the periods named:

	August 30.	*Sept. 20.*	*Sept. 27.*
Net gold	$190,919,039	$185,008,192	$186,154,554
Net silver	27,024,378	20,522,872	19,191,092
Net legal tenders	32,775,912	23,488,540	23,431,154
Total net cash	$250,719,329	$229,019,604	$228,776,800
Deposits in national banks	42,573,398	42,330,694	42,251,113
Net cash balance	$293,292,727	$271,350,298	$271,027,913

The Government receipts during the week ending September 27 were: From customs, $4,312,511; revenue, $2,507,607; miscellaneous, $245,134.

THE MONEY AND BOND MARKETS.

The money market has steadily advanced the past month, and call loans at the close ranged from 6 to 10 per cent., with an advance to 30 per cent. on Monday, 30th ult.; but the higher rate was the result of manipulation, more than the reflection of an active demand for money. The strength of the money market was reflected in an advance by banks and trust companies to 7 per cent. on their rate for call loans. Time money rules at 6 to 7 per cent., and the demand for accommodation was heavier as a result of the advance in the Bank of England rate of discount to 5 per cent. Mercantile paper is in small demand and first-class double names are quoted at 6 to 7 per cent. The outward movement of currency continued to the close, and large shipments were made to the West and South during the last week in the month. The foreign money markets were firmer, and, as a result of the advance in the bank rate, the open market rate for discounts in London advanced to 4½ to ⅝ per cent. The market for sterling exchange has ruled firm, and late in the month some bankers advanced rates to conform to the higher rate of money abroad. The Secretary of the Treasury purchased $2,137,250 bonds during the last week of September, of which $1,139,350 were 4½s at 105¼, and $997,900 at 128. The market for United States bonds has been steady during the month, and prices are practically unchanged.

THE STOCK MARKET.

Notwithstanding higher money, railway stocks have, as a rule, been strong, more active and higher during the month, although they have had several setbacks, on manipulated money, breaks in trust stocks, led by sugar, troubles with the Granger roads over the cutting of rates, the violation of the Interstate Association Rules and the Interstate law with impunity by that chronic peace-breaker, the Burlington & Northern, which is the cat's-paw of the Burlington & Quincy, that owns and controls it, and the collapse of that other Boston pet, the Atchison, on the renewed talk of a Receiver. This last is the result of an alleged unfavorable report by Baring Brothers' expert, who has been investigating the property. This has been the fly in the ointment, with which the Bulls have been endeavoring to lubricate the wheels of speculation in railroad stocks for a rise, based on the crops and export demand. That and the trust stocks have handicapped the movement which otherwise had made good progress on a still further increase in the

September earnings of nearly all lines, over the large increase of August. This was a good basis for higher prices, unless the crops had been discounted before. Yet the general list goes up more easily than down; and the professional speculators see, as they have in grain and provisions, that the public will not come into these markets at present prices on the Bear side; and that the only way to get a wider market on which they can make anything, is to go with the outside public, which is now once more inclined to buy the speculative articles, if the professional Bears will take their hands off, and stop raiding these markets. But there has been no general activity as yet in railway securities.

THE PRODUCE MARKETS AND EXPORTS.

The widening of speculation in the wheat market has been the most marked of any, while there has been a tendency this way in all grain and in provisions, though the latter has been checked by a clique in October pork in Chicago, for which Hutchinson stands as the head, and another in lard, which is held by S. V. White, of Wall street. The latter is believed to represent the Standard Oil people, and the former either Armour or a Wall street house or foreigners—no one knows which, while everybody is afraid to trade in the manipulated months which are able now to include November. The shorts are the Chicago packers, and Wall street firms and strong houses, between whom and the cliques, with plenty of money on both sides, a big fight is anticipated, which checks trade by scaring the light weights out of the market. On the other hand, Europe seems satisfied that prices have been forced as low as they will go, by the packers, during the past year, while they have persistently depressed them to get hogs down; and more bacon and lard have been bought in the past month for future shipment to Europe than at this season for many years. This fact makes the Bulls confident in their position, even in face of one of the largest hog crops on record, following two large corn crops in succession. It is likely, therefore, that we may see higher rather than lower hog products from this on.

PROVISIONS CORNERED, BUT GRAIN ON ITS MERITS.

In grain, however, the markets are apparently more free from manipulation than for a long time; though the poor inspection of the new crop for September, owing to farmers holding back their best and selling their poorest wheat, let the stocks of contract grade down so low that a squeeze in September in Chicago was feared at one time; and now some look for it in October, as the Bulls only want some bold leader, and they will follow him more easily than they did Hutchinson in September, a year ago,

when he put the price to $2.00 per bushel on the shorts. Another thing in favor of the Bulls is that foreign markets follow ours this year, being more dependent upon them for their supplies, whereas a year ago they scarcely sympathized in our advance; meanwhile this year South America is drawing her supplies from us. Corn keeps going out of the country as fast as it reaches the seaboard, and there seems no limit to what Europe will take, except what she can get, and the ocean freight room to take it, as the tonnage from here is almost confined to the regular line steamers, and at double the rates of the past five years. Oats, even, have been taken freely both for the English and Continental markets during September, so low is the price here, as well as of other breadstuffs, 25 to 26 cents per bushel, corn 39½ to 40 cents, the lowest but twice on record, wheat 84 to 86 cents, and flour $2.50 to $4.50 for shipping grades.

UNLIMITED DEMAND FOR AMERICAN FLOUR.

For the latter, South America is our heaviest customer so far, taking all our New York city mills can make, and large quantities of Southern and Western besides. Yet Great Britain has lately been a good buyer here, as our flour is cheaper than our wheat. Indeed, we seem able to make flour here cheaper than on the other side, and to such an extent that the syndicate in London, that has been buying up so many American industries of late, is reported to have bought the two largest systems of flour mills in the world, namely, Pillsbury's and Washburn's, of Minneapolis. Endeavoring to profit by their losses of last year, our millers this year have sold ahead of their production, instead of holding their product for a rise, as last year; and now, with higher markets than a month ago, when many sold so freely, they have been caught the other way by the Englishmen, who seem too much for us on a trade, even if we can make flour better; and some think this fact and last year's losses have had something to do with these reported sales of American flour mills, which are denied by their owners, who yet admit that they are for sale.

INCREASING EXPORTS AND BANK CLEARANCES.

The exports and imports for August show a vast improvement, not only over the preceding months, but over August of the two previous years. The excess of imports over exports in August, 1889, being only $2,704,400, against $10,767,287 in August, 1888, and $15,708,580 in August, 1887, so that with a continuance of this rate of improvement, fair imports of gold may be looked for before the end of the year. The aggregate bank clearings of forty-two cities, for the last week in September, were $1,002,126,768, an

increase of 2 1-10 per cent. Outside New York the increase was 6 4-10 per cent. New York decreased 6-10 per cent., and Boston, 5.1, while Southern cities made large gains.

EXPORTS CHECKED BY SCARCITY OF VESSELS.

Our export demand for flour, like corn, however, is limited by the scarcity of vessels to take it, and the mills to make it. English as well as West India and South American shippers have all the freight room offered, taken ahead up to November, and are compelled to cancel orders, for actual inability to get freights at all, even at rates that are in many cases double a year ago. This is due to the fact that "tramp" steamers have generally ceased to run in the Atlantic trade since the depression of three and four years ago, when our exports ran so low as to draw all but the regular liners into the Russian, Indian and Mediterranean trade, from which they have never returned, and can only be brought by some chance cargo this way to the cotton ports or to the West Indies, or by charter from the other side. This fact explains why so little wheat, compared with early expectations, has yet been shipped hence on this crop, as orders for the Continent and most of the English markets come for cargoes which can be ordered on arrival the other side, off coast, to whatever market is highest, while by the regular lines it cannot, and only millers' orders can be thus executed and a hand-to-mouth trade transacted.

MINOR MARKETS.

Cotton has been quiet, except in the export department from Southern ports, as speculation, except of a limited character among the regular trade, seems to have dropped out, since the unsuccessful deals of two years ago drove the heavy traders out of the market. The heavy movement at the South and large exports have finally broken the corner in Liverpool, and on the last day of September that and our market dropped sharply, leaving the Liverpool clique with about 75,000 bales of American. Petroleum is in good export demand, as usual at this season; but the speculation is lifeless. Fall trade has been delayed by the bad weather, yet it has been fair, considering the unfavorable conditions, and promises to improve. The Sugar Trust is having a hard time to hold up its product, as well as its stock, owing to the heavy beetroot crop of Europe, although stocks of all countries are 136,000 tons less than a year ago.

FINANCIAL FACTS AND OPINIONS.

Distribution and Control of Banking Capital.—The statistics recently made public by Comptroller Lacey, of the number, condition, and resources of the national banks on the 12th of July, are of great interest. Of the 3,239 banks comprised in the system, 1,234 are located in the Western States, 804 in the Middle States, 576 in the New England States, and the remainder in the Southern and Pacific States. Every year these banks are more equally distributed through the remoter parts of the country, the smaller banks showing a decided tendency to augment in numbers and in relative influence, to the advantage of agricultural and manufacturing growth, especially in the South and West. The commercial loans and discounts are reported by the Comptroller at $1,779,000,000, founded partly on their own banking capital, and partly on the growing volume of the deposits, which amount to $1,489,000,000, not counting the balances and deposits of other banks. It is one of the new features that the volume of these deposits, as a source of loaning power, has been growing in the central cities, and especially in New York, more rapidly than ever before. The increasing preponderance of New York as a power in the financial world appears from the single fact that, although her national banks number only forty-five as compared with fifty-five in Boston and forty-four in Philadelphia, the aggregate cash resources of this class of institutions in New York amount, in round numbers, to no less than $97,000,000, against only from $17,000,000 to $19,000,000 controlled by each of her rivals. The banking capital of Boston, however, is put down at $51,000,000, which is slightly in excess of New York.

National Bank Reserve and Surplus.—The two chief sources of strength of the national banks are their reserves and surplus. Under Section 5,199 of the Bank Law no bank can divide among its stockholders the entire sum of its annual earnings. Ten per cent. of the net profits of the business must be set aside every half-year as a surplus fund, until this fund amounts to one-fifth of the aggregate capital of the bank. Such, however, has been the zeal and prosperity of the banks that the growth of the surplus far transcends the legal limits. Its amount is $196,911,605. Adding the undivided profits, $72,532,956, from Mr. Lacey's statistics, the aggregate surplus and profits amount to $269,000,000, of which $112,000,000 belong to the banks in the reserve centers, and $157,000,000 to the other banks. At present the aggregate cash reserves reported amount to $288,000,000, of which $197,000,000 are held by the 295

central banks of the reserve cities, and $91,000,000 by the 2,944 country banks which are located in the various States. The concentration of resources at the principal commercial centers appears from the single statement that the loaning power of the entire national banking system is wielded to the extent of one-third at these main points of commercial activity.

Farm Mortgages.—Mr. W. F. Mappin has published an interesting article on this subject in the September number of the *Political Science Quarterly*. He brings out the good side of mortgaging; in other words, he endeavors to show that the farmers who have mortgaged their lands have improved them enough to justify fully what they have done. Much that the writer says is undoubtedly true. In many cases, doubtless in the larger number, the farmers have been clearly justified in mortgaging their lands, and the security offered has been safe enough to lenders. But the smaller number of foreclosures or failures are the cases on which the public have put their eye. So far as the lender is concerned, he probably never was in a greater quandary than at the present time. There is a vast amount of capital, both in the old world and in the new, which the owners would be only too glad to use in the way of assisting anybody who really needs money and can give a proper security and return therefor. The difficulty is for these classes to find each other. Evidently the wise thing for a lender to do is to go to a conservative agent with his money. As the lender cannot often visit the land, and, if he did, would perhaps know but little more about the value of it, he must trust another. There are in this country men who are thoroughly conscientious, intelligent, and competent in effecting loans of this kind. Some of them have been engaged in the business for years, and have never failed to invest wisely for those confiding in them. Evidently the lender should seek such persons or companies, and keep far away from those agents whose only desire is to make as many loans as possible, and to get their commissions, without regard for the interests of borrower or lender. Let the business be conducted by conservative persons, who will value the property rightly; who will also consider the habits and prospects of the borrower, and the money thus loaned will doubtless yield satisfactory returns, and be as safely secured as investments possibly can be. We have not infrequently considered this subject, for it is one of the highest importance. There is abundant capital here and in Europe for farmers who will make a wise use of it; and who can afford to pay a good return therefor because their farming operations warrant it. The thing is to get this money into the hands of such farmers, and, as we have already said, this can be done through the use of competent agents. If the lender will be

careful in selecting them, all will go well, and we shall hear less of foreclosures and hard bargains with the farmers than we have heard of late. Give a wide berth, is our advice, to the land agent whose chief thought is to get his commissions, without much regard to the security on the one hand, or the habits and needs of the farmer on the other.

California Land Speculation.—The recent applications made to the State Board of Equalization for a reduction of county assessments in several of the counties of the State, reveal a not altogether unexpected state of things. They show that the land speculation in some sections of the State has been most disastrous, resulting in the practical confiscation of property in Los Angeles, San Bernardino, and San Diego counties. It is said that much alkali land near Los Angeles, which is worthless, has been assessed at $50 an acre because it was divided into town lots, and had been sold at a high price at the time when the price of land was advancing. Many instances of enormous depreciation have been given: In one, for example, property that sold two years ago for $16,000 has been returned to the owner for $6,000, which was the face of the mortgage. "One of the most curious features of this land craze is the paper towns. There are sixty of these towns in Los Angeles County, and two are in truth on a desert. Lots in them have been unloaded mainly on the Eastern public. These sixty towns have now only 2,300 people. Among these towns were Border City, with 1,920 lots and no inhabitants; Chicago Park, with 2,200 lots, and the only inhabitant the watchman in charge of the leading hotel. Several other paper towns had no residents except the watchman taking care of the costly hotels. All admitted that the bottom had been reached, and that reaction was setting in. Los Angeles, San Diego, and Fresno secured 10 per cent. reduction, and San Francisco, San Bernardino, and Santa Barbara 5 per cent. This official exposure of the inflation of land values will do good, as not even the hardened real estate agent can kick at these facts. Another wreck of the land boom is A. L. Teele, a prominent real estate and insurance agent of Los Angeles, who this week sought safety in British Columbia. The extent of his defalcations is not yet known, but as he was the trusted agent for several capitalists and corporations, the losses will run far up into the thousands. Teele made a comfortable fortune during the land boom, but became a 'plunger,' lost all his money, and then speculated with other people's coin." These facts are taken from the New York *Tribune*, and are doubtless correct. The collapse of land speculation in California was not unexpected, but simply a repetition of the old story which has happened at different times in almost every section of the country. The strange thing is, of course, that people can lose

their heads so easily, and suddenly give several times more for land than it is worth, or than has ever been paid for it. Of course, the last purchaser is simply thinking of one thing: the amount he is likely to realize from the transaction. The intrinsic worth of the thing is not considered, but simply the question of future prospects, and these, in too many cases, have the slightest foundation. Probably the lesson of this California speculation will be lost about as quickly as most lessons of this sort are. The persons in that immediate region are the wiser, and have had enough of it to last several months or years, but the craze will probably soon break out in another quarter.

Railroad Capital and Earnings.—The Interstate Commerce Commission has issued a valuable report relating to the capital, earnings, etc., of the railroad companies of the country. It is true that quite similar information may be found in "Poor's Railroad Manual," nevertheless, it is well, perhaps, on a subject so important, to have these facts collected by different persons, as the work of the one will expose the errors, or verify the facts, of the other. The work of the statistician, Professor Adams, contains nothing which is particularly new, or which cannot be found in the work which has been so long before the public. One of the facts, however, deduced by Prof. Adams, which has been the subject, perhaps, of more comment than any other, is the large amount of capital on which no profits are earned. By his report, 61.44 per cent., or $2,374,200,906, of the capital stock issued on the 136,883 miles of railroads reporting to the commission for the year ended June 30, 1888, had paid no dividends during the previous year; of the bonds issued on these same roads, $827,554,319, or 21.60 per cent., paid no interest. To properly appreciate these ratios, it must be remembered that the total issue of stock on these roads was $3,864,468,055, while the aggregate of the bond issues was $3,816,379,040. "What," asks Mr. Adams, "is the meaning of the large block of stock paying no dividends? What interpretation is to be put on the actual rates of interest paid on bonds? Is there any tendency towards lightening the burden of fixed charges by refunding bonds at lower rates of interest? Do railway managers show any inclination to provide for the ultimate payment of bonds?" It has been maintained that, in the light of this fact, the grangers have not much reason for continuing their war on the railroads. Seemingly, the farmers have much the best of it; for, certainly, the percentage of farm capital which gets nothing is much smaller than the percentage of railroad capital which gets nothing. Very likely the antagonism to railroads would be lessened if one or two obvious facts were kept in mind. The first is that the enormous wealth of some of the railroad officials has, in truth, but very

little to do with the prosperity of the railroads they represent. Their great fortunes have been won in connection with their companies, it is true, but have not necessarily been taken from the farmers. It is true that their fortunes in many cases, no doubt, have been dishonestly made; but if they had been acquired from dividends on stock their growth would have been much slower, and, indeed, they would have been very much smaller. They have been amassed through speculation in railroad stocks; through investments based on a knowledge of the future intentions of the company; through syndicates formed for building roads; through the purchase of lands on which repair shops have been located; through the building of terminals, and in a multitude of ways that need not be mentioned. Now the interest earned on the capital invested at no time in the history of American railway enterprises in the aggregate has been great. Here and there a road has paid handsome dividends, but the aggregate has been small. Nevertheless, there is another fact which should be taken into account in justice to the farmer and other complainers. The large amount of capital now standing on the books of many of the companies represents no money whatever. In the rhetoric of the day it is called water. If this water should immediately dry out, so to speak, and only the capital actually invested remained, the profits then accruing on the aggregate capital would be very much larger than they are at present. But admitting all this, the showing would not be particularly favorable to the railroads; certainly, the profits, as a whole, would for no period of five or ten years, in our judgment, compare favorably with the profits of the farming class in the United States. Of course, there is no way of testing this question accurately, but we have no doubt of the accuracy of this remark, and that it would harmonize with public opinion on the subject.

Management of the Engraving and Printing Bureau at Washington.—During its years the attacks on this Bureau were incessant by persons who sought to destroy it, hoping to secure the business of engraving and printing for themselves. Happily, it has outlived all enemies, and its work, for the most part, has been executed with satisfaction to the people. One of the most gratifying facts relating to the administration of this Bureau is the honesty which has always prevailed, notwithstanding the enormous temptations to do otherwise. These remarks have been occasioned by the recent appointment of a custodian for the plates, Mr. Williams. He is one of the few persons connected with the Bureau in whom perfect confidence is reposed. To him is intrusted the keeping of forty-five thousand plates which are stored in vaults under a lock the combination of which is known only to himself. There never

has been a plate stolen from the Bureau. The most successful attempt ever made to secure and print from the Government design was carried out in 1863—before the organization of the Bureau. At that time a part of the printing of Government securities was done by the American Bank Note and Engraving Company. The plates representing the design on the backs of notes were in the possession of the Government, and the "face plates," as they are known, were in the possession of the American Company. A plot was laid to obtain *fac-similes* of two of these plates. A man named Langdon was at the head of the conspiracy, and he had as his accomplices a number of men and women. Three of them, including Langdon, succeeded in obtaining employment from the Government, and Langdon had one of the women detailed to assist at the printing press on which he was working. One day he succeeded in passing a sheet of lead foil through the press in place of the sheet of paper which should have received the impression. His accomplice concealed the plate beneath her dress, and together they got it out of the building. From it a cast was taken, and the conspirators had a very creditable reproduction of the back plate of four $20 compound interest notes. The men who were to obtain employment at the American Bank Note Company's place to steal the corresponding face plate were not successful. It was necessary, therefore, to counterfeit the face of the note. This was done, but before the counterfeiters had issued much of the "queer" they were detected by the Secret Service officers and arrested, and the counterfeit plate captured.

Large Traders vs. Small Ones.—It has often been proved that by combining the various parts or kinds of a business great economies result, and in the end the consumer is the gainer by obtaining his commodities at lower prices. This, however, is not always the case. Whether the combination of different business interests results in this way depends largely on the fact whether any competition exists outside such combinations. Thus, it appears, from an investigation in progress by a Congressional Committee, that the prices of live stock have fallen off very greatly within a few years, nearly fifty per cent., nevertheless, the consumer pays almost as much for beef as before the decline above noted. Why does he not get the benefit of this decline in the price of live cattle? The reason is that a few persons have combined to intercept and keep the gain which otherwise would go to the consumer. These men naturally do not care to have a committee of Congress investigate into their ways and methods, and are stoutly resisting them. A good many illustrations of this kind could doubtless be given; this, though, is the most glaring of recent ones. Evidently, if the beef slaughterers were not thus combined in maintaining prices, the consumers

would get the benefit of the decline. On the other hand, it is perfectly true that by bringing the producer and consumer nearer together, in numberless instances a great benefit has been experienced by all. The profits of the middlemen are often regarded as a sort of tax, though unjustly; as they render valuable service in taking the commodity from the producer and bringing it to the consumer; yet when they unite to prevent a reduction of prices, and to put the sums yielded by the producers in their own pockets, no good is experienced by anybody except themselves. Perhaps, however, the enormous gains which they are now making may draw others into the business of preparing meat for the market, and thus the existing monopoly, which is indefensible in its methods as well as in its large profits extracted from the consumer, will come to an end.

London Money Market and American Railroads.—The interest of the British investor in American railroads has greatly declined within a few months; indeed, it is said that he is taking less interest in railway enterprises in all countries. In the official list of the London Stock Exchange less than one-third of the space is occupied by railway securities. These investors have turned their attention to foreign government issues and to speculation in mines, of various kinds, including those of precious stones. Of course, these latter sources of speculation are not large enough to hold the attention of the speculative class for a long period. The larger portion of the London Stock List, however, is composed of miscellaneous securities, among which, industrial enterprises which have been capitalized hold a prominent place. The movement for capitalizing such enterprises and enlisting their shares has grown with great rapidity. Every class of business is represented, from breweries and cotton mills to mineral water manufactories, seaside hotels and restaurants. The reason why investors have turned their attention in this direction so largely is that they are more hopeful of getting better returns for their money than if they continue to invest in railways. The American railway, especially, has been steadily declining in favor in the investor's eye, and the information lately conveyed to the public through "Poor's Railroad Manual" and the report of the Interstate Commerce Commission will by no means quicken their desire to invest more money in this direction. The movement for buying industrial concerns in this country is in progress, and we know no reason particularly why any individual or company should decline to sell, provided the price be satisfactory. One of the concerns which has been the subject of negotiation of late is the Thomas Iron Co., one of the oldest and most successful in the United States. The *Iron Age* says: "The pioneer in the successful manufacture of pig iron with anthracite as fuel—the Thomas

Iron Company—have paid on an original capital of $300,000 not less than $3,800,000 in dividends, earning last year considerably more than the 10 per cent. on their stock which they paid to their stockholders. During their existence they have acquired by purchase and have extended their plant until now they possess valuable ore property in Eastern Pennsylvania and New Jersey, and have the largest furnace plant in Eastern Pennsylvania. If the stockholders give the representatives of the English capitalists the 60 days' option for which they have asked, and the latter pay the price demanded, the stockholders parting with their shares have received at the rate of nearly $9,000,000 for their original investment made about 40 years since."

Monetary Crisis at Buenos Ayres.—The gold premium in this most interesting of all South American countries at the present time has mounted to a high figure. The National indebtedness was $150,724,300 on January 1st, 1887. The provinces and municipalities have floated loans in Europe, swelling the total to $313,888,725 on January 1st, 1888, without reckoning the railroad, harbor improvement and other loans. Last year the gold premium averaged 48 per cent., gradually rising to 59¼ in May, 69½ in June, 75 in July, 81¼ in August and recoiling to 75 in the same month. Various measures or plans have been taken or suggested to diminish the gold premium. One of these was to create a national guarantee fund of fifty millions, to be used in converting the national bank notes. Another measure was the conversion of hypothecary bonds, called "cedulas," from a paper currency into a gold bond. To induce people to deposit with the official provincial banks instead of private banking houses, a two per cent. tax has been proposed on money deposited with private bankers. Another measure proposed is the imposition of a tax on the gold leaving the country. But all these measures do not prevent the rise in the price of gold or delay the monetary crisis which is surely coming, in consequence of the enormous loans, and issues of hypothecary bonds or "cedulas," by the banks. At Buenos Ayres $75,419,200 paper cedulas were issued in 1886; in 1887, $127,412,192 paper and $15,864,000 gold cedulas; in 1888, $160,061,600 paper and $43,000,000 gold, and at present the La Plata Mortgage Bank contemplates setting afloat $50,000,000 additional. In less than three years $430,000,000 cedulas have thus been put into circulation, being at the rate of about $140 *per capita* of the population, represented by mortgages on improved and unimproved real estate. The Buenos Ayres *Standard* remarked in July last, before the gold premium temporarily jumped to 81¼: "Nobody in or out of power dreams of retrenchment, and the result is an unbridled speculation that laughs at all ministerial subterfuges to avoid the dilemma of meeting the situation in earnest by strin-

gent legislation with regard to issues of greenbacks and mortgage bonds. In this helter skelter race of new issues and new companies the gold premium is shooting ahead at a tremendous pace, and the very worst feature of the situation is that there are no symptoms of any sensible slackening in the speed of this advance. Under such circumstances, though the Argentine Republic appears to be on the crest of a tidal wave of prosperity, distrust is spreading in the commercial body, and nobody believes in any steady or permanent decline in gold or appreciation of paper."

Russian Finances.—The chronic deficit in the Russian Budget has disappeared this year. Says the American Consul-General, Mr. Way: "Despite new tariffs and taxes, despite the issue of fiat money, the Minister of Finance could calculate with certainty upon facing the wrong side of his ledger, but by a prudent, economical course, all this is changed. The paper ruble has risen in value from 37½ to 52½ cents within twelve months, and an enormous issue of bonds bearing 5 per cent. interest has been converted into 4 per cent. bonds, on the most favorable terms." This wonderful change is due, not to any brilliant feat of financing, but simply to a determination on the part of the Government to introduce greater economy in all the departments. The same result might have been wrought years ago if the Czar and leading officers of the Government had seen fit to introduce and maintain such a policy. The credit of the Government, however, had reached such a stage that it was absolutely necessary to introduce more rigid measures of economy. Russia, like all other European nations, could diminish its expenses enormously, by reducing the expenditures for army and navy purposes, but no one can reasonably hope for changes of this kind so long as every other European Government maintains its present policy. Such a change is not likely to come until all of them agree to reductions, and we can hardly hope for this state of things until they have approached the edge of bankruptcy in trying to maintain their present expensive establishments. A saving can thus be effected, whenever European Governments are compelled to make it, compared with which all other savings from time to time are insignificant.

Spanish Finances.—Spain is in a bad way, financially. It is the old story over again—the issue of too much paper money. The Bank of Spain is authorized to issue in amount five times as much circulation as it has capital, but twenty-five per cent. of it must be secured by coin and bullion. The capital of the bank is $30,000,000, and the circulation is now nearly $150,000,000, the largest, indeed, that it has ever been; yet the trade of the country is declining and gold is at a high premium. One remedy proposed is for the bank to increase its capital and also its circulation, and

to continue to make loans to the Government. Such a policy, however, must only increase its difficulties in the end. One can readily see that the true policy, as has been done in Russia, is to cut down the Government expenditure and fund the floating debt.

European Railways.—The *Economiste Français* has published the following table, showing the total length of the different railways in Europe at the beginning of last year, and the addition to the mileage which had taken place during 1887. It will be seen that there were 129,960 miles open for traffic, this showing an increase of 4,045 miles upon the total for the previous twelvemonth:

Name of Country.	*Mileage on Jan. 1, 1888.*	*Increase during 1887 (Miles).*
Germany	24,730	762½
France	21,395	557
Great Britain and Ireland	19,811	202
Russia and Finland	17,824	512½
Austria-Hungary	15,442½	817½
Italy	7,260	274
Spain	5,932½	114
Sweden and Norway	5,594	69½
Belgium	2,939	105
Holland and Luxemburg	1,845	59
Switzerland	1,765	22
Roumania	1,470	257½
Denmark	1,230	2½
Portugal	1,143	137½
Turkey, Bulgaria and Roumelia	871	—
Greece	378	86
Servia	323	45½
Malta	7	—

The lines opened in 1887 increased the length of the Austrian system of railways by 5.59 per cent.; of the Italian system, by 3.92 per cent.; of the Belgian system, by 3.71 per cent.; of the German system, by 3.18 per cent.; of the Russian system, by 2.96 per cent.; of the French system, by 2.67 per cent., and of the English system, by only 1.03 per cent.

Influence in Business.—We often hear about influence in politics. This is a matter of every-day occurrence, but it is not supposed to invade the domain of business. Within a short time, however, a noteworthy instance has been given of individual influence in business matters. A scheme was formed last year for laying a pipe from the Baku petroleum regions to Batoum, a distance of five hundred miles. It was needful, however, to introduce some modifications into the scheme before it could be executed. These modifications required the assent of the authorities at St. Petersburg. At first the negotiations looked promising, but the Nobels and the Rothschilds, both of whom have large refineries at Baku, that would have suffered from the proposed new refineries at Batoum, vigorously opposed the alterations in the concession, and in the end gained the day. Early in the year Russia began to convert her

debt, and in view of the hostility of Germany, the assistance of the Rothschilds had to be sought. Then an adjustment of interests took place, with the result that the conversion of the various Russian loans proved a great success, and the crude oil pipe line scheme was sacrificed.

Single Name Paper.—The *Providence Journal*, reviewing the heavy failures among the mills in that vicinity, says:

"Whatever other lessons there may be in the present business disturbances in New England, there is a very obvious warning in them for the banks. Apparently none of the latter are fatally affected by the succession of embarrassments among their debtors, but many of them —no one can say how many—suddenly and unexpectedly find themselves heavily involved; and it can hardly be doubted that they will begin to inquire whether the methods they are pursuing are entirely safe and advisable. The practice has grown up in recent years of accepting single name notes in place of fully indorsed business paper that represents actual merchandise transactions. The carelessness of the banks in this respect has the double effect of leaving them with a deal of very insecure investments and of leading business men into rash speculations because of the readiness with which they can raise money on their individual notes. It is not often, perhaps, that this practice leads to disaster; but it is always attended with risks that would seem too great for conservative institutions to take, and it is a practice that the older school of bankers would certainly have never countenanced. Of course, in these days, in order to get business and pay good dividends, banks must show a good deal of enterprise and progress, must be quick to snap up chances to turn a profit while slower men are hesitating. But the carelessness of banks in respect to scrutiny of the business paper that is offered them, and especially their willingness to accept single-name notes, are practices that are being indulged in much too frequently in these days."

Operations of the British Mint.—Last year was a very profitable one to the Royal Mint. The cost price of silver having been very low, the difference or siegnorage on the issue of silver coin to the public was pro tanto great. Silver, indeed, is the main source of profit to the mint, and in no previous year, excepting 1887, when Jubilee pieces were in active demand, has the profit been so large. Last year the gross profit on silver purchased for coinage was £176,339; on bronze, £32,-165. These items of profit had to meet payments such as salaries, wages, and expenses, £32,352; loss on worn silver coin withdrawn, £28,-202; and other small items, among which "loss on gold coinage," was only £1,300. It may be surprising that the mint loses anything by the coinage of gold; but it is necessary that the standard of value should be what it professes to be worth, and it is only on what are called "tokens"—like silver and bronze coins, which only represent fractions of the standard gold sovereign—that seignorage can properly be levied. It is a question whether the nominal value of the shilling and other silver coins is not now excessive as compared with the real cost of the silver put into these coins. The silver in a shilling now costs the mint less than 6d.; and so on, in proportion, with other silver tokens which help to form our currency. The rate of seignorage or gross profit on silver last year was 53¾ per cent., to which enormous rate it had grown steadily since the year 1871, when the seignorage was little over 9 per cent. Coiners must be tempted by such profits to mint on their own

private account, and it is obvious that counterfeit shillings, if made of silver, would be less liable to detection than those made of baser metal. To avoid this risk it would, in short, be better if the mint were empowered to put more precious metal than at present into the silver currency.—*London Daily News.*

BANKS OF ISSUE IN SWITZERLAND.

By G. François.*

The question of the banks of issue has become a question of the day in Switzerland; criticisms have been made, numerous propositions have been put forth, and it is probable that the year 1889 will not come to an end without seeing some modifications of the system established a few years since. To appreciate the importance of these modifications it is well to know the present workings of these banks.

The banks of issue in Switzerland go back only about half a century. The oldest, the cantonal Bank of Bern, was founded in 1834; then came the Banks of St. Gall, Zurich (1836), Basel (1844), Vaud (1845), the Bank of Commerce of Geneva (1846), and the Bank of Geneva (1848). Others were founded in subsequent years, so that in 1863 there were eighteen banks of circulation in Switzerland, among which were eleven cantonal banks, founded with a more or less direct participation of the State, and enjoying a monopoly of the issue of notes. The conditions to which they were subjected differed in each canton, the restrictions applying either to the notes only, or to the obligations at sight.

Statutory proportion which was not to be exceeded by the notes or the obligations at sight: †

1834.	Bern (cantonal).....	Notes, paid up capital.
1836.	St. Gall.....	Notes, three times the specie.
1836.	Zurich.....	Obligations, three times the specie.
1844.	Basel..... ...	Obligations, three times the specie.
1845.	Vaud (cantonal).....	Notes, three times the specie, without ever going beyond four millions.
1846.	Geneva (Bank of Commerce).	Obligations, three times the specie.
1848.	Geneva (Bank of Geneva)....	Obligations, three times the specie, but the notes must not exceed twice the capital.
1850.	Freyburg (cantonal)...	Notes, paid up capital.
1851.	Thurgau (cantonal).....	Amount fixed by Council of State and stockholders (500,000 francs in 1862).
1852.	Glarus.....	No fixed proportion.
1854.	Neufchatel (cantonal).....	Notes, twice the capital.

* Translated from the *Journal des Economistes* by O. A. Bierstadt.

† Ernest Pictet, *Des Banques de Circulation en Suisse*, Geneva, 1863. The dates given in this pamphlet for the foundation of the different banks are far from being all accurate.

1855.	Aargau (cantonal).....	Notes, three times the specie without going beyond half the capital.
1856.	Valais (cantonal).	Notes, half the capital.
1857.	Lucerne.....	Obligations, three times the specie.
1857.	Soleure (cantonal).....	Notes, half the capital.
1858.	Ticino (cantonal).....	Obligations, three times the specie, without ever going beyond twice the capital.
1863.	Grisons (cantonal).....	Notes, half the capital.
1863.	Schaffhausen (cantonal).....	Notes, three times the specie.

With the conditions of their working, these banks did not give all the aid to commerce that it had a right to expect of them. Their average circulation hardly went beyond thirteen millions; their notes circulated, so to speak, only within the limits of the canton where each was established, and no serious attempt had been made to bring about a reciprocal exchange of notes. No modification, however, was yet made in the system, but other banks were founded. Thus there were twenty-nine banks of issue in 1869, and thirty-six in 1880, at the time of the reform of the system. Of these thirty-six banks eleven were cantonal banks.

The amount of issue, the average circulation, the average metallic reserve, had constantly progressed, each varying in different proportions; from 1871 to 1879 the proportion of the metallic reserve to the circulation had continually decreased, passing from 115 per cent. (1871) to 50 per cent. (1879).

ANNUAL RESULTS OF THE BANKS OF ISSUE.

	Issue.	*Circulation.*	*Metallic Reserve.*	*Ratio of Metallic Reserve to the Circulation.*
1870.....	$36,945,330	$18,863,500	$19,913,569	105 per cent. about.
1871.....	39,861,500	24,816,920	28,006,418	115 " "
1872.....	49,685,770	31,670,880	21,209,566	68 " "
1873.....	64,815,100	47,799,450	25,783,198	53 " "
1874.....	85,078,000	65,458,900	32,650,589	48 " "
1875.....	91,322,990	77,388,460	39,144,820	51 " "
1876.....	102,504,300	80,623,400	44,608,155	55 " "
1877.....	106,157,920	83,845,585	40,764,005	48 " "
1878.....	109,404,100	82,676,445	38,700,582	46 " "
1879.....	111,492,370	83,673,428	42,263,845	50 " "

An agreement among the banks had moreover brought about real progress. By a concordat dated July 8, 1876, a number of bankers had created in the Bank of Zurich a clearing house for the reciprocal redemption of their notes, this establishment publishing, periodically, recapitulations and statements of the operations of the concordatory banks. These numbered at first twenty-one (period from January 1 to June 30, 1877); twenty-two (July 1, 1877, to June 30, 1878); then twenty-four, their names being: cantonal Bank at Bern; Bank at Zurich; Bank at St. Gall; Bank at Basel; Bank of Commerce at Geneva; cantonal Bank of Vaud at Lausanne; Bank of Geneva; cantonal Bank of Freyburg at Freyburg; Mortgage Company of Frauenfeld; Bank at Glarus; cantonal Neufchâtel Bank at Neufchâtel; Aargau Bank at Aarau; Bank at

Lucerne; Soleure Bank at Soleure; Bank at Schaffhausen; Grisons Bank at Chur; federal Bank at Bern; Toggenburg Bank at Lichtensteg; cantonal Bank of St. Gall at St. Gall; cantonal Bank of Basel Land at Liesthal; cantonal Bank of Zurich at Zurich; cantonal Bank of Thurgau at Weinfelden; Banca della Svizzera Italiana at Lugano; cantonal Bank of Appenzell Outer Rhodes at Herisau. These twenty-four banks had together a capital of 106,786,706 francs, and of an authorized issue of 111 millions, their share amounted to a little more than 103 millions.

This system of compensation, despite all its advantages, did not yet give to third parties all the guarantees and facilities to be desired. The concordat embraced the following provisions: "Art. 1. Each bank included in the concordat agrees, so far as the means at its disposal allow, and so far as the bank issuing the notes meets its engagements, to accept in payment from outside holders and to reimburse in coin at its main office, without any expense, the notes of fifty francs and over issued by the other banks included in the concordat. If a bank considers that its means do not allow it to receive in payment or immediately to redeem in coin the notes of another bank presented to it, it must, if the holder so requests, give a receipt for them, and effect their gratuitous redemption within a period of three business days. Art. 4. The provisions of Art. 1 only bind the banks included in the concordat among themselves, and third parties cannot take advantage of them." The inconveniences then found in the working of the banks were these: *

Difference in the character and operations of the banks of issue;

Insufficient power of circulation of the bank notes in the country itself; extremely limited circulation in transactions with foreign countries;

Multiplicity of notes, and the consequent facility for circulating counterfeits;

The small denominations of certain notes,† and their taking the place of coin in minor transactions;

Instability and inequality of the rate of discount, favored by the dissemination of the issue;

Absence of forms for the security of the operations of the banks of issue, and lack of supervisory control on the part of the Confederation;

Power, in part unlimited and exceeding the needs, of issuing bank notes, insufficiency and insecurity of the metallic reserve, and economic dangers of such a system of circulation, based upon fictitious values.

* Message of the Federal Council to the Federal Assembly, June 9, 1880.

† There were notes of 5, 10, 20, 50, 100, 500, and 1,000 francs.

To these objections the banks added their complaints about the taxation of bank notes, which certain cantons had inaugurated.*

These reasons, some of which may appear strange, seemed sufficient, however, to justify a change in the conditions imposed upon the banks of issue. In its session of June, 1879, the Federal Assembly had invited the Federal Council to present a new bill, and after the decision of the State Council (December, 1880,) and the report of the commission of the National Council (February 14, 1881,) the new law was enacted March 8, 1881, was made public on the 26th of the same month, and went into force from the 1st of January, 1882. In many respects it was a return to the law adopted by the Federal Assembly, September 18, 1875, but never going into operation for want of proper ratification.

In accordance with this law it is the province of the Federal Council to authorize the issue of bank notes, but without the power to refuse it when the legal conditions are complied with. The banks of issue alone are obliged to accept bank notes in payment. The only financial establishments which can be authorized to issue bank notes are:

(*a*) Those having their main office on Swiss territory, and the name of which has been expressly authorized by the Federal Council;

(*b*) Those legally constituted as cantonal establishments or joint stock companies;

(*c*) Those making a public statement of their operations;

(*d*) Those possessing an actual capital of 500,000 francs, at least,

* *Zurich.*—The issue of notes by the cantonal Bank is subject to no Governmental tax; the private banks pay ½ per cent. on the amount issued, which, for the Bank of Zurich, makes 25,000 francs a year.

Bern.—The people have lately adopted a law laying a tax of 1 per cent. on the notes issued.

Lucerne.—1 per cent. on the amount issued; the Bank of Lucerne pays annually 20,000 francs; the Savings and Loan Bank, 9,850 francs.

Glarus.—Like Lucerne, the Bank of Glarus pays every year 12,500 francs; the Loan Bank 3,000 francs.

Freyburg, Basel Town, Schaffhausen, Appenzell, Outer Rhodes, Aargau, Thurgau, Geneva, do not collect any tax.

Soleure.—The tax is ½ per cent. on the average amount of notes circulated.

Basel Land.—As soon as the reserve fund reaches 500,000 francs, half of the net profit is paid into the treasury of the State.

St. Gall.—The cantonal Bank is exempt from taxation. The issue of notes is fixed at six millions. For the private banks the tax is 1 per cent. of the issue; by this arrangement the Bank of St. Gall pays annually 45,000 francs; the Bank of Toggenburg, 10,000 francs.

Grisons.—The tax is 1 per cent.; the cantonal Bank pays on this account 20,000 francs; we have not been able to ascertain how much the Grisons Bank pays.

Vaud.—By decree of the Great Council of May 14, 1879, the stamp is replaced by a fixed tax of 30,000 francs, equivalent to ¼ per cent. of the amount issued. The popular bank of the Broye at Payerne will probably be subjected to the same tax.

Neufchatel.—There is no direct tax, but 10 per cent. of the net profit of the cantonal Bank goes to the State. (Message of June 9, 1880.)

entirely paid up, and exclusively devoted to the guarantee of their operations;

(*e*) Those agreeing to accept in payment, in conformity with Art. 20, the notes of the other Swiss banks of issue.

The amount of a bank's issue may not exceed twice its paid-up and actually existing capital. Forty per cent. of a bank's notes in circulation must be constantly covered by a metallic reserve maintained distinct and independent, which cannot be used in the other operations of the bank, and serves as a special guarantee to the holders of notes. This reserve may consist of:

(*a*) Gold or silver coins having legal currency, excluding fractional silver money.

(*b*) Gold coins having legal currency in other countries and rated for circulation in Switzerland, as long as this rating remains in force.

Sixty per cent. of the issue must be covered:

(*a*) Either by the deposit of securities, or by the guarantee of the canton in whose territory the bank's main office is established;

(*b*) Or by the bills in hand, provided the bank limits its operations in accordance with the provisions of Article 16.

The securities must be federal, cantonal, or foreign Government bonds quoted in the market; the Federal Council pronounces upon the admission and rating of these securities. The bills in hand must consist of paper payable within a maximum period of four months, and bearing at least two signatures of solvent persons, one of whom must reside in Switzerland; sufficient security may take the place of one of these signatures. These bills in hand may also include: the notes of other Swiss banks of issue, checks, certificates of deposit of well-accredited Swiss banks, payable within a week, Treasury bonds and Swiss Government securities redeemable within a period of four months, and coupons of the same nature also due within four months. The banks of issue that do not furnish covering securities or the guarantee of a canton are forbidden (Article 16):*

(*a*) To grant uncovered credits;

(*b*) To buy and sell on account merchandise or securities for their own account or for that of third parties, or to guarantee the execution of transactions of this sort;

(*c*) To acquire real estate for any other purpose than the service of their administration;

(*d*) To found or work any industrial and commercial enterprises, the business of precious metals excepted;

* There are six banks subject to these provisions: Bank of St. Gall; Bank of Commerce at Geneva; Bank of Zurich; Bank of Basel; Bank of Geneva; Commercial Neufchatel Bank.

(*e*) To carry on the business of insurance;

(*f*) To undertake contracts for the issue of stocks or loans other than the loans of the Swiss States or communes;

(*g*) To have an interest in houses that carry on such business as is excluded.

The bank notes are of 50, 100, 500, 1,000 francs. The lettering of the notes, in one of the three national languages (French, German, Italian), is furnished by the Confederation, the notes of the different banks are distinguished by their name and the signatures; the different categories by the type, size, and color. The offices of redemption must be open, at the usual hours, on all days that are not holidays (Sundays being considered as such); every bank of issue is obliged to accept in payment its own notes and those of the other banks of issue, as long as these punctually redeem their notes; it must thus redeem its notes at par, in coin of legal currency, on presentation at its main office, and within a maximum period of two days in its branch offices. Each bank is also bound to act gratuitously as the intermediate agent for the redemption of the notes of the other Swiss banks of issue within three days of presentation. Sundays and legal holidays are not included in calculating these periods. The Federal Council, however, may, in case of necessity, and so long as this necessity lasts, relieve the banks of issue from the obligation of accepting in payment or redeeming the notes of other banks. A failure to redeem a note may be followed by protest, and may bring about the liquidation or bankruptcy of the bank refusing this redemption. If the note is declared counterfeit, the bank must deposit the amount of it with the federal tribunal, which will decide in case of necessity, and summarily, the questions of this nature. Every damaged note must be redeemed by the bank issuing it, provided the holder presents a fragment of it larger than the half, or, in presenting a fragment of smaller dimensions, proves that the rest of the note has been destroyed. No compensation is allowed for a note lost or completely destroyed.

The right of issue may be withdrawn by the Federal Council from any bank that does not fulfill the conditions required, or that infringes the legal regulations, and this independently of the penalties incurred by the guilty parties.

The Federal Council has the supervision of the banks of issue, which are bound to send to it, in a form agreed upon:

On Monday, the situation for the preceding week; before the 15th of every month, the balance-sheet of the preceding month; before April 1st of every year, the accounts for the preceding year. The Federal Council may require information about the daily situation of the cash; at least once a year, and more frequently if deemed necessary, it has the banks of issue inspected. For this

purpose the banks are bound to submit to the Council's deputy their books and securities, and to give him all the explanations necessary concerning the bank notes.

The banks of issue are bound to pay the Confederation an annual tax for superintendence of one per thousand on the total amount of their issue; the tax to be paid the cantons for keeping the securities deposited to guarantee the issues is one per thousand on the amount of this deposit. The cantons cannot collect upon the bank notes a tax of more than six per thousand of the issue. If a bank of issue has branches, offices, etc., in different cantons, the portion of the issue taxable in each canton is calculated *pro rata* upon the circulation of the branch compared with the bank's total circulation.

Every unauthorized issue is liable to a fine of 5,000 francs at least In case of intentional irregularities or infractions of the legal provisions, the members of the councils of administration, directors, cashiers, examiners, etc., are liable, according to their degree of culpability, to an imprisonment of six months at most, and to a fine that may run up to 3,000 francs.

The banks existing at the time this law was promulgated had a period of six months after its going into operation to comply with the new regulations; failing to do which they were to be considered as having renounced the right of issue.

Different regulations came afterwards to settle certain points that the law of March 8, 1881, had been unable sufficiently to determine: Regulations concerning the deposit of securities to cover the 60 per cent. of the issue of Swiss bank notes (December 21, 1881): Regulations for executing the federal law of March 8, 1881, about the issue and redemption of bank notes (December 21, 1881,) giving forms for the requests of an authorization of an issue, of a canton's declaration of its guarantee, for the bank notes, and for the various statements to be furnished with a view to the supervision enacted by law: Regulations concerning the supervision of the Swiss banks of issue by the Confederation, and the functions of the supervisory office instituted for this purpose (June 2, 1882); Regulations for the withdrawal of the Swiss bank notes, whose issue is partially or totally suppressed (June 12, 1882); Regulations for the exchange of old notes for the new Swiss bank notes legally authorized (August 7, 1883); Regulations for the exchange of worn or damaged bank notes (November 15, 1883); Regulations for the recall of bank notes (November 15, 1883); Regulations for the redemption of the old bank notes by the Federal Treasury (October 13, 1885); an analysis of all these regulations would in this place be quite unnecessary.

In imitation of what had previously been done, nineteen of the

Swiss banks of issue* established a concordat for the exchange of bank notes, the banks intending, says the preamble, "to increase in favor of the holders of notes the extent of the obligations imposed upon them by law—to facilitate for themselves the accomplishment of these obligations—and to regulate in a uniform manner the relations resulting among themselves." The banks signing this concordat agree, that the obligatory guarantee prescribed by Article 22 of the law concerning bank notes be extended also in favor of their branches, when these have received concordatory notes; the signing banks mutually renounce the right of demanding payment in coin, except when it is judged necessary to complete their metallic reserve. They establish, under the name of "Central Bureau of Concordatory Banks," a common office of deposit and clearance, where each bank must have a deposit in legally current coin, a deposit that may be counted by the depositor as forming a part of the metallic guarantee prescribed by law. The concordatory banks have the right mutually to open current accounts for transactions in notes; accounts whose guarantee is payable at any time, either in coin, or by a clearance at the Central Bureau. Each concordatory bank is bound to send to the Central Bureau and to each of the other banks the statements and balance-sheet which, according to law, must be submitted to the Federal Council; the Central Bureau is bound to recognize the same rights of supervision on the part of the Confederation as the latter possesses over the banks of issue.

This concordat, adopted at the general assembly of concordatory banks, June 10, 1882, to enter into operation on the 1st of July of the same year, was approved by decree of the Federal Council of June 14, 1882. It abrogated, from the day of its going into effect, the concordat of July 8, 1876.

The total circulation of the thirty-four Swiss banks having the right to issue notes, at the end of 1888, 150,224,050 francs, was composed of 11,756 notes of 1,000 francs, 33,939 500 franc notes, 856,745 100 franc notes, and 716,481 50 franc notes. There was a sum of 6,431,000 in the possession of the banks, so that the notes in the hands of outside parties amounted to 143,793,050. The metallic reserve attained 77,186,885 francs, of which 53,782,415 francs were in gold, and 23,404,490 were in silver.

It would be of some interest to study from year to year the balance-sheets of the different banks, to ascertain the variations of the issue, the circulation, and the metallic reserve, and the causes producing these variations, but such a study would exceed

* Since then other banks have adhered to the concordat, so that, in 1888, it included twenty-four banks, their clearance and cash operations during the year amounting to 31,378,377 francs.

the limits of a single article. To appreciate, however, the progress of the banks of issue, the annual averages since 1880 are given, the year 1882 being divided to show more easily the results of the banking law.

	Circulation. Thousands of francs.	*Proportion per inhabitant.*	*Metallic Reserve. Thousands of francs.*
1880	92,851	32.75	—
1881	99,401	34.80	42,851
1882 (1st half)	97,327	34.20	47,866
1882 (2d half)	99,143		51,746
1883	102,228	35.35	59,828
1884	114,801	39.50	64,398
1885	123,431	42.20	65,511
1886	127,064	43.15	66,723
1887	134,835	45.55	75,666
1888	139,637	46.90	74,161

INCREASE OF THE PUBLIC DEBT AND DEBT STATEMENT.

The last monthly report of the public debt showed an apparent increase, which was unwelcome intelligence to all who believe in discharging the national indebtedness at the earliest possible moment. The Secretary of the Treasury afterward explained that there had been no real increase, and that the apparent increase was the consequence of the form of statement that had long ago been adopted for conveying this information to the public. The whole subject might be made clearer by cutting the information usually given in the published statement into two parts. In the first might be given an account of the funded debt which, at the present time, exists in three forms,—not regarding the indebtedness for building the Pacific railroads, as they are liable for it,—the four and a half per cent. bonds, the fours and the Navy Pension Fund, which is a fixed sum of $14,000,000. It is the simplest thing in the world to state from month to month whether the amount of this funded indebtedness has increased or decreased, and if so, how much. It would be equally easy to state as a second item, the interest-charge on the debt, say on the first of the year, and then the reductions from time to time, in consequence of the payment of the principal. The rest of the information contained in the statement usually sent, cannot be given with so much accuracy, for many reasons which need not be given here. No account is taken of the obligations which have been incurred, and for which the Government must pay; the thousand claims of one kind and another on the Government on contracts which are in various stages of fulfillment. But the monthly statement is accurate enough to serve the uses for which it was intended. When the war closed leaving, among other remembrances, a huge debt of nearly three thousand millions, the

monthly debt statement was one of the most painfully interesting documents presented to the public, and the diminution in the funded debt, until recently, has been the chief item of interest. That, however, has been so largely diminished that greater interest is now attached to the other items relating to the amount of cash in the Treasury, and the nature of these holdings; whether of gold or silver.

As said before, these matters might be separated without any disadvantage, from those relating to the payment of the funded debt; and more information might be given which the public, doubtless, would be rejoiced to have. In the first place, if we had a brief account, either monthly, or at convenient times, concerning the revenues of the Government: how much from customs; how much from internal revenue, and how much from miscellaneous sources—these items would be of very considerable public interest. If this information was entirely separate from the items relating to the funding of the debt, no such seeming errors or difficulties as those arising in the last statement would appear.

Our Government, from the beginning, has given to the public fullest knowledge concerning all expenditures, and if any one will take the trouble, he can find the information in various reports; but much of it is practically buried; and the information really given to the public is drawn for the most part from the annual reports of the executive departments and from a few of the annual publications. It is true within a few years a noteworthy departure has been made in the way of giving information at stated periods, relating to the revenues and expenditures, and the like, chiefly by the Bureau of Statistics, at Washington. The Mint Bureau has also done something in this way. When the last census of the United States was taken, a very notable departure was made in issuing bulletins of information at frequent periods, giving the results in the various fields covered by that inquiry. But, beside all this information, the Treasury Department, in particular, in our judgment could issue more of the shorter statements, like that with which we are so familiar concerning the public debt, and which would be welcomed by the newspapers and the public; and in this way the people would get more knowledge concerning the expenditure of the public revenue. For example, at the present time every one is thinking about the pension expenditure. It is likely to grow larger for a considerable period, instead of diminishing; the amount now paid annually is several times larger than the interest on the public debt, and is the most important item in our public expenditures. It is of more consequence to watch this outlay carefully, to do justice to the soldiers on one hand and to the Government on the other, than any other

heavy outlay now made. The public debt has become a small matter compared with the enormous outlay for this purpose. It seems to us that the Government could do a good service by issuing monthly, or at such periods as would be most convenient, a statement relating to the principal matters concerning the administration of this Bureau. This is one of the subjects on which the public just now are seeking information, and the public ought to be thoroughly informed of the workings of the system. Probably the time is not far distant when all who were engaged in suppressing the Rebellion will be pensioned, and to that end the public ought to study the subject with more care; and the administration would do a good work in spreading knowledge on the subject. Other matters might be mentioned, which, if not so important, merit public attention.

THE AUTHORITY AND LIABILITY OF BANK OFFICERS.*

[CONTINUED.]

OFFICERS IN GENERAL.

Every officer of a bank, including the directors, is an agent, and has been so regarded from the beginning. The dual expression, officers and agents, so frequently used by the courts in describing the persons who conduct the business, is not felicitous; and the term agent could be dropped without losing any knowledge. If, however, the omitted term was used to indicate a person when serving in a special capacity, greater conciseness as well as lucidity would be gained in the use of both terms.

At the outset the distinction should be noticed between the kind of agency exercised by the directors, and by the other officers. As the business of the corporation is conducted by the directors, "their acts are regarded as corporate acts," while the other officers or "sub-agents are subject in their transactions to the general rules of agency, as applicable to the agents of individuals." (Sharkey, C. J., *State* v. *Commercial Bank*, 6 Sm. & Marsh 218, p. 233.) "Directors," says J. Rost, "are not officers of the bank, in the proper sense of the word, nor have they individually any power or control in the management of its concerns; they act collectively, and at stated times, and have otherwise no more to do with the general management of the institution than the other stockholders." (*Louisiana State Bank* v. *Senecal*, 13 La. 525, p. 527.) We shall, therefore, have nothing to say about the authority and liabilities of directors in this chapter.

* Copyrighted.

When officers have been elected they continue in office until their successors are chosen. (*St. Louis Domicile and Savings Loan Association* v. *Augustin*, 2 Mo. App. 123.) Nor will neglect to choose them at the proper time have the effect to dissolve the corporation. (*Id.*) Moreover, if they have been irregularly elected, their acts are valid until the invalidity of their election has been properly declared. (*Id.* See *Farmers and Merchants' Bank* v. *Chester*, 6 Humph. 458.)

Formerly, the officers of a bank, like those of all other corporations, could act only by appointment under the corporate seal. This, though nominally retained, is practically no longer used. "The by-law, order, resolution, or vote, has superseded it; and many of the heavy liabilities due from and to corporations are based upon contracts authenticated by neither seal, order, resolution, nor vote, but upon contract implied by law." (Thompson, J., *Durkin* v. *Exchange Bank*, 2 Patton & Heath, p. 310.) Long ago J. Story said: "In respect to banks, from the very nature of their operations in discounting notes, in receiving deposits, in paying checks, and other ordinary and daily contracts, it would be impracticable to affix the corporate seal as a confirmation of each individual act." (*Fleckner* v. *United States*, 8 Wheat., p. 357.) A bank, therefore, may be bound by contracts, not authorized or executed under its corporate seal, which are made by the cashier, president, or other officers in the ordinary discharge of their duties. (*Fleckner* v. *United States*, 8 Wheat. 338; *Bank of Columbia* v. *Patterson*, 7 Cranch 299; *Mechanics' Bank* v. *Bank of Columbia*, 5 Wheat. 326; *Northern Central Railroad* v. *Bastian*, 15 Md. 501.)

Notwithstanding this clear exposition of the law, it has not been everywhere understood; for in the *Bank of Lyons* v. *Demmon* (Hill & Denio Supp. 398, p. 405,) Beardsley, J., said: "Some embarrassment seems to have arisen on the trial from the supposition that the bank could only be bound by what might appear in the formal resolutions of the board of directors. But this is incorrect; a corporation may act by its authorized agents, and is bound by their acts, as an individual would be. No formal resolution appointing the agent, or defining his powers, is required. A contract may be implied against a corporation, as against an individual; it may affirm the acts of an assumed agent, and thus become bound by them; and, in short, within its corporate power, it may be bound in the same way, and its engagements may be proved in much the same manner, as those of an individual may be." (Citing *Commercial Bank* v. *Kortright*, 22 Wend. 348 s. c.; 20 *Id.* 91; *Perkins* v. *Washington Insurance Co.*, 4 Cow. 645; 2 Kent Com. 288-292; Angell & Ames on Corp., p. 172, § 7, p. 175, § 8.)

"The officer and the stockholder of a bank bear to each other the relation of a trustee to a *cestui que trust;* and that relation

once existing will continue until it is dissolved in some legal mode, or until it is openly disavowed by the trustee, who insists upon an adverse right and interest, which is fully and unequivocally made known to the *cestui que trust*." (How, J. in *Albert, Cashier*, v. *State*, 65 Ind. 413; *Oliver* v. *Pratt*, 3 How. U. S. 333; *Cunningham* v. *McKindley*, 22 Ind. 149.) Consequently, the Statute of Limitations will never run against an officer while this relation exists. (*Albert, Cashier*, v. *State*, 65 Ind. 413.)

The authority of an officer to bind his bank must appear in some manner. It can be inferred from such acts as would create the presumption of agency if the officer was acting for a natural person. It need not be proved by a resolution of the board, or by any record or writing, but may be by the general course of business. "It may be implied from facts and circumstances." (Bartol, J., in *Northern Central Railroad* v. *Bastian*, 15 Md., p. 501; *Elysville Manuf. Co.* v. *Okisko Co.*, 5 *Id.* 152; *Badger* v. *Bank*, 26 Me. 428, p. 435; *Warren* v. *Ocean Insurance Co.*, 16 *Id.* 439; *Bates* v. *Bank*, 2 Ala. 451, p. 461; *Bank* v. *Earle*, 13 Pet. 519; *Bank* v. *Dandridge*, 12 Wheat. 64; *Fleckner* v. *United States*, 8 Wheat. 338; *Bank* v. *Cresson*, 12 Serg. & Rawle, 264; *Troy Turnpike and Railroad Co.* v. *M'Chesney*, 21 Wend. 296.) Says Judge Allen: "The presumption is that acts which an officer of a corporation usually and customarily performs in behalf of the company are authorized by the directors; and the authority to act in a class of cases may be conferred by a single resolution for each case." (*Ekwell* v. *Dodge*, 33 Barb. 336, p. 339, citing *Howland* v. *Myer*, 3 N. Y. 290; *Gillett* v. *Campbell*, 1 Denio 520; *Bank* v. *Warren*, 7 Hill, 91.)

A question not less important is the limit of an officer's authority in his dealings with persons. He is limited by the general usage, practice, and course of banking institutions; in shorter phrase, he is limited to the legitimate purposes for which his bank was created. When thus acting within the scope of his authority, the bank is bound to persons having no knowledge to the contrary. (*Rich* v. *State National Bank*, 7 Neb. 201, p. 206; *Minor* v. *Mechanics' Bank*, 1 Pet. 46; *Bank of Columbia* v. *Patterson's Administrator*, 7 Cranch 299; *Frankfort Bank* v. *Johnson*, 24 Me. 490; *Merchants' Bank* v. *State Bank*, 10 Wall. 604; *Cooke* v. *State National Bank*, 52 N. Y. 96; *Citizens' Savings Bank* v. *Blakesley*, 42 Ohio St., p. 654.) The remarks of J. Coulter are worth adding: The recognized and known functionaries, and especially the officers of a bank, are held out to the world as having authority to act according to the general usage, practice, and course of the business of such institutions. If it were otherwise, there would be no safety for the public in doing business with any one of these institutions; because their charters differ in some respects, and individuals cannot be presumed to

carry these documents in their pockets as a *vade mecum*. Their acts, therefore, within the scope of such usage, practice, and course of business will bind the corporation in favor of third persons transacting business with them, and who did not know at the time that the officer was acting beyond and above the scope of his authority. The property of stockholders is not bound by the irregular unauthorized transactions or declarations of their officers beyond the just sphere of their legal action. But if stockholders, without objection or interference, witness a course of business, usage, and practice on the part of their officers, this justifies third persons in believing that such usage of the officers is sanctioned by the principal and authorized by law." (*Lloyd* v. *West Branch Bank*, 15 Pa. 172, p. 174.) If, therefore, a cashier should receive a quantity of notes not issued by proper authority, and not of the kind which a bank is authorized to receive as a deposit, and no general usage, custom, or practice existed of receiving such notes as a special deposit, a bank would not be liable for them. (*Id.*)

The distinction must also be noted, before going further, between an officer's authority and the circumstances under which he exercises it. Persons may well be required to know his authority; but to require of them knowledge of the circumstances under which it is often exercised would be unreasonable. Especially is this so when the officer who exercises the authority at the same time represents the bank, and speaks for it in giving information of the circumstances under which his authority is exercised. (*Farmers & Mechanics' Bank* v. *Butchers & Drovers' Bank*, 16 N. Y. 125; *Credit Company* v. *Howe Machine Co.*, 54 Conn. 357.)

When an officer thus acts within the scope of his authority, his parol contracts are the express promises of the bank; and all duties imposed on him and benefits conferred at his request raise implied promises which can be enforced. (*Bank of United States* v. *Dandridge*, 12 Wheat. 64.) "Grants and proceedings," says J. Story, "beneficial to the corporation are presumed to be accepted, and slight acts on their part, which can be reasonably accounted for only upon the supposition of such acceptance, are admitted as presumptions of the fact. If officers of the corporation openly exercise a power which presupposes a delegated authority for the purpose, and other corporate acts show that the corporation must have contemplated the legal existence of such authority, the acts of such officers will be deemed rightful, and the delegated authority will be presumed." (*Id.*)

Having found the rule limiting an officer's authority in the most general manner, we will proceed to apply it. And the first application may be made to his issue of certificates of stock. "It is well settled," says J. Devens in *Commonwealth* v. *Reading*

Savings Bank (137 Mass., p. 440) "as a general proposition, that a certificate of stock in a corporation, under the corporate seal and signed by the officers authorized to issue certificates, estops the corporation to deny its validity, as against one who takes it for value and with no knowledge or notice of any fact tending to show that it has been irregularly issued, so far, at least, as to make the corporation responsible for the value of the stock, where it is impossible, for any reason, to recognize the possessor as a stockholder." (Citing *Thayer* v. *Stearns*, 1 Pick. 109; *Oakes* v. *Hill*, 14 *Id.* 442; *Pratt* v. *Taunton Copper Co.*, 123 Mass. 110; *Pratt* v. *Boston & Albany Railroad*, 126 *Id.* 443; *In re Bahia & San Francisco Railway*, L. R., 3 Q. B. 584; *Hart* v. *Frontino & Bolivia Gold Mining Co.*, L. R., 5 Ex. 111; *New York & New Haven R.* v. *Schuyler*, 34 N. Y. 30; *Merchants' Bank* v. *State Bank*, 10 Wall. 604; *Warren County* v. *Marcy*, 97 U. S. 96; *San Antonio* v. *Mehaffy*, 96 *Id.* 312.)

The next application of the rule that may be mentioned is in receiving special deposits. Is the taking of them within the rule mentioned? If the practice has become general, the bank will be regarded as the depository, even though having no authority to receive them. Said C. J. Parker, in the Essex Bank case (17 Mass. 479, p. 497): "Notwithstanding the act of incorporation gives no particular authority or power to receive special deposits; and although the verdict finds that there was no regulation or by-law relative to such deposits, or any account of them required to be kept and laid before the directors or the company, or any practice of examining them; yet, as it is found that the bank, from the time of its incorporation, has received money and other valuable things in this way; and as the practice was known to the directors, and we think must be presumed to have been known to the company, as far as a corporation can be affected with knowledge; and as the building and vaults of the company were allowed to be used for this purpose, and their officers employed in receiving into custody the things deposited, the corporation must be considered the depository, and not the cashier or other officer through whose particular agency commodities may have been received into the bank."

Another application of the rule relates to the officers who make payments for their bank. Any officer who is acting behind the counter of a debt due to the bank is valid. On one occasion a depositor paid money that was due on an overdraft to the paying, instead of the receiving teller. He had received notice to pay from the paying teller, and it did not appear that the receiving teller was present when the depositor paid his debt. Furthermore, "in the absence of the receiving teller other clerks and officers of the bank acted in his place." This was declared to be

a good payment. Said the court: "The defendant went to the bank, he found behind the counter the paying teller, who asked him to pay a demand the bank had against him, and he then paid it. It would be a very inconvenient and unreasonable rule to hold that a bank was not bound by such a payment. If this payment was not binding upon the bank, it would not have been if [the paying teller] had declared to the defendant that he was authorized to receive it; and if every clerk then in the bank except the cashier had, upon the inquiry of the defendant, made the same declaration. If he had gone to the bank to pay a note and the paying teller had gone to the vault and got the note upon the same principle, such a payment would not have bound the bank. Banks must be held responsible for the conduct of their officers within the scope of their apparent authority. When one goes into a bank and finds behind the counter one of its officers employed in its business, and upon his demand pays a debt due the bank in good faith, without any knowledge that the officer's authority is so limited that he has no right to receive it, he must be protected, and the bank must be bound by the payment." (*East River Nat. Bank* v. *Gove*, 57 N. Y. 597, p. 601.)

A distinction, however, must be drawn between the function of a clerk as agent for the bank and as agent for a depositor or some other person. Thus, if a clerk is requested to put a deposit in a bank to the credit of the person handing it to him, he is the agent of such person for making it, and if he should lose, spend or keep it, the bank would not be responsible therefor. And if he should fraudulently succeed in having the amount entered on the book of the bank and the depositor's pass book, but in truth should not make the deposit, the bank could not be held for the amount. (*Manhattan Co.* v. *Lydig*, 4 Johns. 377.)

Another application of the rule has been made in paying the checks of corporations. What authority must the officer have from such a depositor to justify the payment of its checks? In a case often cited, the president of a company left his signature on opening an account for it with a bank, and it was proved that it was the custom of the banks in that place to make payments on checks bearing the signature of the person whose name appeared in the signature book. The president drew a large deposit and misapplied it, and the company sued the bank for the amount. It claimed that the deposit should have been paid only on the authority of the finance committee. But the court held that the conduct of the company's officers justified the officers of the bank in paying the deposit to him. (*Fulton Bank* v. *New York & Sharon Canal Co.*, 4 Paige 127.)

Another application of the rule relates to the service of legal

proceedings against a bank. An officer cannot waive the service of a petition praying a forfeiture of its charter; nor waive the delay within which third persons may intervene to protect their interests. (*State* v. *Citizens' Savings Bank*, 31 La. Ann. 836.)

Another application relates to mistakes in the payment of the amount. Thus, if an officer should pay $800 instead of $300, the true amount of a check, to the general manager of a corporation, the excess may be recovered of the corporation, as the general manager in receiving the whole amount was acting in the course of his employment. Moreover, it would be liable whether he paid all the money to the corporation or not. (*Kansas Lumber Co.* v. *Central Bank*, 34 Kan. 635.)

In another case a bank which received a note for collection received the amount from the agent of J. F. A., the maker. The teller, by mistake, gave the agent a similar note of I. D. A., and sent the other note to the owner, and who collected the amount of J. F. A. He then returned I. D. A.'s note to the bank and demanded the money which he had paid to discharge his own note, but which, as above explained, the teller had misapplied. The bank was required to pay, Merrick, J., saying: "This appropriation, it is now conceded, was wholly without authority from the plaintiff, although at the time when it was made they believed that the money was paid and delivered to them for that purpose. It was undoubtedly an unintentional injury to the plaintiff, and resulted from a mistake of one of the officers of the defendants, acting in the regular course and discharge of his duty. But the consequences of the mistake must fall upon the party by whom or by whose agent it was made. It affords no justification or legal excuse for the misappropriation of the plaintiff's money, and has no tendency to relieve them from a just accountability for it." (*Andrews* v. *Suffolk Bank*, 12 Gray 461, p. 463.)

An officer, however, would go beyond the scope of his authority if he should release the indorsers or makers of a note, or consent to any arrangement whereby the bank's security on obligations due to the institution would be impaired. This principle was established at an early day, and has been everywhere maintained. (*Gallery* v. *National Exchange Bank*, 41 Mich. 169.)

With respect to the declarations, representations, or admissions of an officer the same rule has been applied; they are binding when made in the usual course of business conducted by them. (*Cragie* v. *Hadley*, 99 N. Y. 131; *Holden* v. *New York & Erie Bank*, 72 *Id.* 286; *Bank of United States* v. *Davis*, 2 Hill 452; *New England Fire and Mutual Insurance Co.* v. *Schettler*, 38 Ill. 166; *Mechanics' Bank* v. *Schaumburg*, 38 Mo. 228.)

The rule has been more elaborately stated, and applied by J. Holmes in an important case. "Any act, representation, or knowl-

edge of any officer or agent of the corporation, officially done, made, or acquired is to be deemed the act, representation, or knowledge of the corporation itself. . . . The knowledge acquired by the president, directors, cashier, and tellers, whilst engaged in the business of the bank in their official capacities, will be notice to the bank." (*Mechanics' Bank* v. *Schaumburg*, 38 Mo. 228.) Thus W., the president of a bank, was also the agent of S. and T., acting under sealed powers of attorney. He applied for a very large loan in their names, and submitted his power of attorney under which he acted. The notes for the loan were, in fact, executed by him, the money was placed to his credit, and they had no knowledge of the transaction at the time. They sued the bank for the amount, and recovered. The court said: "It may be that some of the individual directors did not personally know precisely in what manner the transaction was conducted after the notes had been conditionally passed at the board.' They were all bound to know the extent of the agent's authority. They all knew the extraordinary nature of this application; that the agent was their president; that the notes had no other names on them but those signed by him, payable to the cashier, and were conditionally passed to be secured by a deposit of collaterals based on real estate, contrary to the usual practice of the bank; that their president and vice-president were left to superintend the execution of the affair; that no inquiries were made of the president, and no pains taken to ascertain the knowledge or assent of the principals, though resident in the city, to a loan of such unusual magnitude; and they were bound to know the official powers and duties of the several officers of the bank." (Page 239.)

When, therefore, are his declarations in the usual course of business? In one case, in which the indorsers of a note which had been discounted for the accommodation of the drawer, they defended on the ground that before indorsing they inquired of the cashier and one of the directors whether it would be safe for them, and received an affirmative answer. This declaration did not bind the bank. Said the court: "How can such a declaration, not made in the course of their duties as officers or agents of the bank, even admitting it to have been willfully false, affect their principal? It would be subversive of every well-settled principle which regulates the relation of principal and agent, and the responsibility of the principal for the acts and declarations of his agent." (*Mapes* v. *Second National Bank*, 80 Pa. 163.)

And if an officer should agree to give notice to the surety on a note held by the bank in the event of a default by the makers of a note pledged as collateral, the agreement would not bind the institution unless authority has been conferred on him to make such an agreement. He might bind himself, but not his bank. (*New Hampshire Savings Bank* v. *Downing*, 16 N. H. 187.)

Likewise, the representations by an officer of a company that its stock was non-assessable beyond a certain percentage of its value, have been declared unavailing in an action against a stockholder to enforce the payment of the entire amount subscribed by him. The obligation of a subscriber to pay his subscription cannot be released or surrendered to him by the trustees of the company. "This has been often attempted," says Hunt, J., "but never successfully. The capital paid in, and promised to be paid in, is a fund which the trustees cannot squander or give away." (*Upton, Assignee*, v. *Tribilcock*, 91 U. S. 45, p. 48, citing *Sawyer* v. *Hoag*, 17 Wall 610; *Tuckerman* v. *Brown*, 33 N. Y. 297; *Ogilvie* v. *Knox Insurance Co.*, 22 How. 380; *Osgood* v. *Laytin*, 3 Keyes 521; affg. 37 How. Pr. 63, and 48 Barb. 463.)

Is a bank to be regarded as having knowledge of matters acquired by its officers privately? In a case already mentioned, J. Holmes said: "So far as either [the president, directors, cashier, and tellers] has authority to act for the bank, his acts are the acts of the bank, and his official knowledge is the knowledge of the bank; but mere private information obtained beyond the range of his official functions will not be deemed notice to the bank." (*Mechanics' Bank* v. *Schaumburg*, 38 Mo., p. 244.)

The officer's knowledge is not confined to the transaction to which it relates. It may be acquired in another, and on a different occasion. Says J. Andrews: "The general rule is well established that notice to an agent of a bank, or other corporation intrusted with the management of its business, or of a particular branch of its business, is notice to the corporation in transactions conducted by such agent acting for the corporation, within the scope of his authority, whether the knowledge of such agent was acquired in the course of the particular dealing, or on some prior occasion." (Andrews, J., in *Cragie* v. *Hadley*, 99 N. Y. 131, p. 134, citing *Holden* v. *New York & Erie Bank*, 72 N. Y. 286; *Bank of United States* v. *David*, 2 Hill 452.) Thus, a deposit received by an agent or officer when his bank is irretrievably insolvent is a fraud on the depositor for which his bank is liable, and which, consequently, can be recovered. (*Cragie* v. *Hadley*, 99 N. Y. 131; Anonymous case, 67 N. Y. 598.)

With respect to knowledge acquired before a person became an officer or agent, opinion has divided. Judge Sharswood may be regarded as the leader in holding that knowledge thus acquired is not binding on the bank. In *Houseman* v. *Girard Mutual Building and Loan Association* (81 Pa. 256) the judge said: "It is equally well settled that the principal is only to be affected by knowledge acquired in the course of the business in which the agent was employed." (Citing *Hood* v. *Fahnestock*, 8 Watts 489; *Bracken* v. *Miller*, 4 W. & S. 110; *Martin* v. *Jackson*, 3 Casey 508.) The true

reason of the limitation is a technical one, that it is only during the agency that the agent represents and stands in the shoes of the principal. Notice to him is then notice to his principal. Notice to him twenty-four hours before the relation commenced is no more notice than twenty-four hours after it had ceased would be."

The Supreme Court of Maine have pronounced a different, and, we think, a more reasonable opinion. "Knowledge of an agent acquired previous to the agency, but appearing to be actually present in his mind during the agency, and while acting for his principal in the particular transaction or matter, will, as respects such transaction or matter, be deemed notice to his principal, and will bind him as fully as if originally acquired by him." (Vanderbergh, J., *Lebanon Savings Bank* v. *Hollenbeck*, 29 Minn. 322, p. 326; *Suit* v. *Woodhall*, 113 Mass. 391; *Abell* v. *Howe*, 11 Am. S. Ky. N. S. 144; *Shafer* v. *Phœnix Insurance Co.*, 53 Wis. 361.)

In Missouri the Supreme Court have expressed a similar opinion. Judge Vories, following the opinion expressed by Judge Story in his work on Agency (§140) says: "Notice to the agent before his agency has begun, or after it has terminated, will not ordinarily affect the principal. If notice is given before the agency has begun, to affect the principal it must be so near before it that the agent must be presumed to recollect it." (*Hayward, Assignee*, v. *National Insurance Company*, 52 Mo. 181.)

The rule under consideration does not, however, apply to acts, declarations or admissions made to strangers. Thus, the act of a paying teller in passing on indorsements when paying checks is binding on his bank, because this is done in the usual course of his business; but if he should say to a stranger and holder of a check, who might inquire about the validity of an indorsement thereon, that it was good, his declaration would not bind his bank, because such an act is not within the scope of his authority. (*Walker* v. *St. Louis National Bank*, 5 Mo. App. 214.)

Another application of this rule confines the knowledge of an officer or agent to his sphere of employment. A bank, therefore, cannot be charged with knowledge which may come to a clerk, of the bank's business not within his sphere. Thus, knowledge acquired by a clerk whose duty relates to the collection of notes concerning the residence of an indorser of a note held by a bank, would be imputed to it, but if this knowledge should be acquired by a paying teller, for example, it would not be imputed to the bank. Said Clayton, J., in *Goodloe* v. *Godley* (13 Sm. & Marsh., p. 238): "Banks, of necessity, carry on all their business through the medium of agents. The acts of their agents bind them to the extent of their authority. Each is confined to the sphere which is assigned to him. Where a bank has several agents, to

whom separate and independent duties are intrusted, notice to one of them in regard to a matter not pertaining to his duties cannot affect the bank. It is the duty of the cashier or of the teller to superintend the collection of paper deposited in the bank for payment. It is the duty of the same officers to give information as to the residence of the indorsers. If the bank may be justly chargeable with notice to either of these officers, as to such residence, it cannot be so chargeable by the knowledge of, or the notice to, one of its clerks not intrusted with the duty of superintending such collections. The principle is a general one, that the conduct of the agent only binds his employer when he acts within the limits of the power granted to him, and with reference to the subject-matter of the agency." (*Fortner* v. *Parham*, 2 Sm. & Marsh. 164; *Commercial Bank* v. *Wilkins*, 6 How. 220; *Wilcox* v. *Routh*, 9 Sm. & Marsh. 476.)

In Vermont a somewhat different rule has been established concerning the declarations and statements of officers. It is said that if erroneous information is given by a clerk or other officer in good faith, nothing can be recovered of the bank. This question was raised in a case in which a depositor inquired concerning the amount of money which had been deposited in the bank for him, and an incorrect answer was given. "To make a representation," said the court, "which works an injury or damage actionable, there must be a fraud, or the representation must amount to a warranty, express or implied. . . . Though it may be expected of banks and of men of business that their books will show the true amounts of money received by them from time to time, yet it would be going too far to say that the law would raise an implied warranty against all mistakes. . . . The case in principle is like the case where a person gives mistaken information in regard to the pecuniary situation of a third person, by means of which such third person obtains a credit. In such a case, though the person inquired of is told the object of the inquiry, and that there is an intention to act upon the information received, still, no action will lie for the misinformation if given in good faith, although it turns out incorrect and occasions a damage to the party trusting it." (*Herrin* v. *Franklin County Bank*, 32 Vt. 274; see *Merchants' Nat. Bank* v. *Sells*, 3 Mo. App. 85.)

While only those acts and declarations of officers are binding which are within the scope of their authority, a bank may approve and ratify other acts, declarations and contracts; and when this is done they are as effectual as though original authority existed for doing and making them. To have this effect, however, the bank must know all the material facts. And the burden of proof is on the person relying on ratification to prove it. Nor can he satisfy the law simply by showing that the bank might

have known the facts by using due diligence. (*Murray* v. *Nelson Lumber Co.*, 143 Mass. 250; *Combs* v. *Scott*, 12 Allen, 493; *Everett* v. *United States*, 6 Porter Ala. 166; *Fleckner* v. *United States Bank*, 8 Wheat. 358.) In *Baldwin* v. *Burrows* (47 N. Y., p. 211,) the court say: "There can be no ratification of an act without knowledge of the act having been done. The ratification of an act previously unauthorized must, in order to be binding, be made with a full knowledge of all the material facts. The receipt, even from an agent, of money paid him on a contract, doesn't bind the principal to the contract unless he knows on what account the money was received and the terms of the contract. The mere fact that the proceeds of a contract made by one person in the name of another, without authority, is not of itself sufficient to render him liable on the contract. To have that effect the proceeds must be received not only with the knowledge, but under such circumstances as to constitute a voluntary adoption of the contract."

Another principle is important; the acts of an agent are regarded as ratified only when the acts are known as they actually exist, and not merely as the agent believed them to be. (*Bank* v. *Western Bank*, 13 Bush 526.) Said Judge Cofer: "Nor do we find any authority for exonerating a delinquent agent from liability if he communicates to the principal all the facts known to him at the time, and the principal ratifies the delinquency, and it afterward turns out that the facts as communicated were not the real facts of the case. In such a case the assumed condition is not that claimed to have been ratified." (*Id.*, p. 533.)

[TO BE CONTINUED.]

WAGES IN CHINA.

A farmer in China may be hired by the year from $8 to $14, with food, clothing, head shaving and tobacco. Those who work by the day receive from 8 to 10 cents, with a noonday meal. At the planting and harvesting of rice, wages are from 10 to 20 cents a day with five meals, or 30 cents a day without food. Few landowners hire hands, except for a few days during the planting and harvesting of rice. Those who have more land than they and their sons can till, lease it to their neighbors. Much land is held on leases given by ancient proprietors to clansmen whose descendants now till it, paying from $7 to $14 worth of rice annually for its use. Food averages little more than $1 a month for each member of the farmer's family. One who buys, cooks and eats his meals alone, spends from 50 cents to $2 a month upon the raw material and fuel. Two pounds of rice, costing 3½ cents, with relishes of salt fish, pickled cabbage, cheap vegetables and fruit, costing 1½ cents, is the ordinary allowance to each laborer for each day. Abernethy's advice to a luxurious patient: "Live on sixpence a day, and earn it," is followed by nearly every Chinaman. One or two dependent relatives frequently share with him the sixpence.

ACCOMMODATION PAPER.

SUPREME COURT OF PENNSYLVANIA.

Allen v. *First National Bank of Warren.*

B. was cashier of plaintiff, a national bank, and was also a member of the firm of B. & C. Plaintiff had discounted more paper for B. & C. than the law permitted, and B. asked defendant to execute his note to B. & C., with which to retire the notes of B. & C. then held by the plaintiff, stating that the Bank Examiner was expected soon, and promising that defendant would never be called upon to pay it. It did not appear that the bank officers knowingly made the excessive loan. *Held*, that the facts constituted no defense to an action on the note, which was evidently given for the accommodation of B. & C., as B. was acting for them, and not for the bank.

PAXSON, C. J.—We think the offers of evidence in this case were properly rejected. Assuming all the facts covered by the offer to have been proved, they would not have amounted to a defense as against the bank. The whole confusion in the case grows out of the fact that the Mr. Beecher mentioned in the offer was at the same time a member of the firm of Beecher & Copeland and cashier of the First National Bank of Warren, plaintiff below. The effort here is to make the bank responsible, not merely for matters done in the scope of his duties as cashier, or by authority of the bank, but also for his acts and declarations done or made in the pursuit of his private business. His interview with the defendant below at the post-office can only be taken as an effort on his part to procure accommodation paper to the amount of $5,000, to take up a like amount of his firm's paper at the bank. In some way his firm had obtained a larger line of discount at the bank than is permitted by the general banking law. The Bank Examiner was expected soon, and it became necessary for defendant's firm to retire some of its paper. It was equally necessary, perhaps, for the bank, and the defendant, as its cashier, must have been fully aware of the importance of getting the accounts of his own firm in proper condition. He succeeded in procuring from the defendant his note for $5,000, to replace a like amount of his firm's paper, with an assurance that the defendant should never be called upon to pay it. Had he given such assurance in writing, it would not have made any difference, as the note was evidently for the accommodation of his firm, and it was as much the duty of the latter to protect it as if a stipulation had been made to that effect in writing. This is all that the offer of evidence amounts to. There is not a word to implicate the bank in any manner, except that it had allowed defendant's firm to exceed its lawful line of discount. There was no offer to show that the bank did anything, either by its board of directors or its officers, acting within the scope of their official duties, or by virtue of an express or implied authority from the bank. Nor was there any error in rejecting the offer to show that the bank had discounted paper for Beecher & Copeland for an amount of more than one-tenth part of its capital. This was no concern of the defendant. That it was no defense to the note is shown by *O'Hare* v. *Bank*, 77 Pa. St. 96, and *Mapes* v. *Same*, 80 Pa. St. 163. There is nothing to show, nor was there any offer to prove, that the plaintiff bank knowingly and willfully made this loan in excess of the legal limit. Such a matter may often occur by mistake, and when it does it is perfectly proper to correct it. We see no error in affirming the plaintiff's point. The

allegation of usury was not sustained by the evidence, and, as there was no defense to the note, it was not error in the learned judge to direct a verdict for the plaintiff. The view we take of the case renders a discussion of the authorities cited unnecessary. They have no application. Judgment affirmed.

ATTACHMENT AGAINST NATIONAL BANKS.

SUPREME COURT OF VERMONT.

Safford v. *First National Bank.*

As by Rev. St. U.S., § 5,242, an attachment issued before final judgment from a State court against a national bank is prohibited, such an attachment does not operate as notice to the absent defendant, so as to give the court jurisdiction of the party or subject-matter.

ROYCE, C. J.—The defendant bank was located at and doing business in Clinton county, N. Y. The plaintiff was a resident of Washington, D. C., and the writ was made returnable to the county court in the county of Franklin. The only service that was made of the writ on the defendant, as appears by the officer's return, was by leaving with C. W. Witters, one of the trustees named in the writ, a true and attested copy of the writ, with his return thereon indorsed. The statute (R. L. § 1,081,) which provides for service of writs on absent defendants by leaving a copy with the trustee, requires that the copy shall be left in the hands of the trustee "for said principal debtor." It will be noticed that the return made by the officer on this writ does not state that the copy left with the trustee was "for said principal debtor," and it is certainly doubtful if such a service as is evidenced by the return would give the court jurisdiction of the defendant. But it is not necessary to decide whether the service was such as the statute requires, for there is another ground alleged in the motion to dismiss which must prevail. Section 5,242, Rev. St. U. S., in speaking of national banks, provides that "no attachment, injunction, or execution shall be issued against such [banking] association or its property before final judgment in any suit, action, or proceeding in any State, county, or municipal court." In the late case of *Bank* v. *Mixter*, 124 U. S. 721, 8 Sup. Ct. Rep. 718, the court were called upon to construe that statute; and Waite, C. J., after reviewing all the statutes bearing upon the question, said "that attachments shall not issue from State courts against national banks, and all the attachment laws of the States must be read as if they contained a proviso in express terms that they were not to apply to suits against national banks." Other authorities were cited by counsel for the defendant, which harmonize with this, but it seems needless to refer to them. The service of a trustee writ upon the trustee, and thus preventing the defendant from receiving whatever may be in the hands of the trustee, is in legal effect attaching his property; and, treating the service here made as an attachment of the defendant's property, the attachment, as we have seen, was illegal and void, and the service attempted to be made was not such a one as the defendant was bound to regard. It did not operate as notice to the defendant, and, without notice shown, the court has no jurisdiction of the party or subject-matter. The judgment overruling the motion to dismiss is reversed, and motion sustained, and cause dismissed.

CERTIFICATION.

COURT OF APPEALS OF NEW YORK, SECOND DIVISION.

Clews et al v. *Bank of New York National Banking Association.*

In an action on a bill of exchange drawn on defendant bank, it appeared that the bill had been presented to defendant's paying teller, and certified by him, and that a memorandum of the bill and its certification was entered on defendant's register. Shortly afterwards the drawer notified defendant that the bill was lost, and not to pay it, and defendant added to the previous entry on its register the words: "Stop pay. See letter." Thereafter the bill with the name of the payee changed, and for a largely increased amount, but with the original number, was presented to plaintiffs in payment for bonds purchased by a stranger; and plaintiffs, before accepting it, sent it to defendant to ascertain if the certification was good. *Held*, that an instruction that plaintiffs could not recover if defendant's agent, in good faith, told plaintiffs' messenger that the certification was good, was properly refused; as a recovery was warranted if the agent was negligent in failing to ascertain and disclose the facts to plaintiffs' messenger.

In such case it is not competent to ask a witness, who was not a party to the contract, "What do you understand to be the contract of certification of a check or draft?"

FOLLETT, C. J.—January 6, 1879, the Commercial National Bank of Chicago drew a sight bill on the defendant, of which the following is a copy:

"$254.50. Commercial National Bank of Chicago. Duplicate unpaid. Chicago, Ill., Jan. 6th, 1879. Pay to the order of Wirt Dexter two hundred and fifty-four 50-100 dollars. To the Bank of New York National Banking Association, New York. No. 73,436.

T. S. EAMES, A. Cashier."

The payee indorsed and mailed the bill to Augusta H. D. Godman at the city of New York. The bill never reached the indorsee, but in some way fell into the hands of a knave. January 15th this genuine bill was presented to William H. Meany, the paying teller of the drawee, who certified it by cutting through it near the right-hand end with a stamp the words, "Certified. Bank of New York N. B. A.," and signing "Meanv." A memorandum of the bill was entered upon the register kept of bills drawn by the drawer upon the drawee, showing its number, amount, and that it was certified. February 10th the drawer notified the drawee that the bill had not come to the hands of the indorsee, and not to pay it. This notification was received February 12th, and thereupon the drawee added to the previous entry descriptive of the bill, made in its bill register, the words: "Stop pay't. See letter of Feb. 10, 1879."

March 3, 1879, a stranger to Henry Clews & Co. entered the banking-house of that firm in the city of New York, and purchased $2,500 par value of United States 4 per cent. bonds, and offered in payment an instrument in the form of a bill of exchange, of which the following is a copy:

$2,540. Commercial National Bank of Chicago. Duplicate unpaid Chicago, Ill., Feb. 27th, 1879. Pay to the order of Henry Clews & Co. twenty-five hundred and forty dollars. To the Bank of New York National Banking Association, New York. No. 73,436.

T. S. EAMES, A. Cashier."

Across this bill, and near the right-hand end, were cut the words, "Certified. Bank of New York N. B. A.," which was signed "Meany.'

Before receiving the bill in payment for the bonds, the plaintiffs sent it (March 3, 1879,) to the defendant for the purpose of learning whether it was good. Precisely what was said by the plaintiffs' messenger to the defendant's teller, and by him to the messenger, was an issue of fact which was submitted to the jury. Upon the return of the plaintiffs' messenger the bonds were delivered to the purchaser, with the plaintiffs' check for $33.75, the difference between the purchase price of the bonds and the bill. March 5th the bill for $2,540 was presented to the defendant for payment, which was refused, upon the ground that it was a forgery. It is conceded that the original bill (first above set forth) was changed from $254.50 to $2,540, Henry Clews & Co. substituted in the place of Wirt Dexter as payees, and the date changed from January 6, 1879, to February 27, 1879.

This action was brought to recover the amount of the bill from the defendant upon two grounds: (1) That the usual liability incurred by a certifying drawee was enlarged by the interview of March 3, 1879, between plaintiffs' messenger and defendant's paying teller; (2) that defendant's paying teller was guilty of actionable negligence in stating, March 3, 1879, to plaintiffs' messenger, that which was stated, and in not stating the facts within the knowledge of the defendant's officers and the paying teller.

Upon the trial of an issue of law raised by a demurrer interposed to the complaint, the demurrer was overruled, and leave given to the defendant to answer. (8 Daly 476.) Upon the first trial of the issue of fact, the plaintiffs had a verdict upon which a judgment was entered, which was affirmed by the general term without an opinion, but was reversed by the Court of Appeals. (89 N. Y. 418.) Upon the second trial of the issue of fact, the plaintiffs were non-suited, and the judgment entered thereon was affirmed by the general term without an opinion, but was reversed by the Court of Appeals. (105 N. Y. 398, 11 N. E. Rep. 814.) Upon the third trial, the plaintiffs had a verdict, upon which a judgment was entered, which was affirmed by the general term, from which judgment of affirmance this appeal was taken.

Upon the trial the plaintiffs' messenger testified that, in obedience to his instructions, he handed the bill to some person standing at the paying teller's window, in defendant's bank, and said: "Henry Clews & Co. want to know whether the certification of this check is good"; that the person took the bill, rubbed his thumb over the corner where the amount had been written in, turned it over, and looked at its back, said, "Yes," and handed it to the messenger, who returned it to the plaintiffs, with the information and bill. On the contrary, Mr. Sherman, defendant's certifying teller, testified that the bill was presented to him by the messenger, who asked "if the certification was correct," and he (Sherman) replied "that it was." It is conceded that whoever answered the inquiry of the messenger did so without referring to the register of bills, whereon was entered the number and amount of the original bill, with the direction not to pay it, and that the numbers of the original bill and of the forged bill were identical.

Four questions of fact were submitted to the jury: (1) Whether plaintiffs' messenger presented the bill to defendant's paying teller, as asserted by the plaintiffs, or to defendant's certifying teller, as asserted by the defendant. The jury was instructed that if this question was found against the plaintiffs they could not recover. (2) "If, however, you are satisfied that this question was asked by McCormick [plaintiffs' messenger] at the paying teller's window, then you are to determine whether or not, as a matter of fact, the inquiry which he says he made of the person who occupied the position of defendant's paying teller

was understood by the latter as referring to the validity of the certification at the time of the inquiry, as distinguished from the genuineness of the marks of certification only; and also whether the answer made by the paying teller, or the person acting as paying teller, to Mr. McCormick, referred to the check or draft No. 73,436, as certified, instead of to the mere marks of certification." The court charged in respect to this issue: "If the question asked by plaintiffs' messenger was susceptible of two interpretations, one making the question refer to the certification only and the other making it refer to the whole check, and the person of whom the question was asked understood it as referring to the marks of certification only, the plaintiffs cannot recover." (3) "If you believe from the evidence that the plaintiffs were guilty of negligence in not informing the defendant at the time of asking the question as to the circumstances under which the plaintiffs received the check, or in not asking more definitely for the information they desired, and such negligence contributed to the result, then the plaintiffs cannot recover." (4) "Whether or not the defendant was culpably negligent, under the circumstances disclosed by the evidence in this case, in answering the question which McCormick [plaintiffs' messenger] says he asked at the paying teller's window, without referring to the registration book and the book of stop-payments, which referred to the draft in question by its number, and would have disclosed the fraud. In that connection I will also charge you that, if the defendant was guilty of no want of ordinary care in respect to the answer given to the plaintiffs' messenger, the plaintiffs cannot recover, for the inquiry was merely about the certification marks." The remarks of the court which accompanied the submission of these issues to the jury were not unfavorable to the defendant, but all of the issues were found in favor of the plaintiffs.

Upon the first trial the court instructed the jury, in effect, that if plaintiffs' messenger asked defendant's paying teller whether the certification was good, and the teller answered in the affirmative, the answer of itself, as matter of law, rendered the defendant liable. For this error it is said, in 105 N. Y. 401, 11 N. E. Rep. 817, the first judgment was reversed. In considering this case when it was before the Court of Appeals the second time it was said: "It by no means follows, however, that that decision [89 N. Y. 418] established that the defendant was absolutely exempt from liability, and could not be held responsible, even if the defendant, at the time the teller said the certification was good, had notice that it had ceased to be good by reason of the subsequent alteration of the draft, or had in its possession the means of ascertaining that fact, and the jury should find that it was guilty of culpable negligence, under the circumstances, in omitting to resort to those means of information, and thus misled the plaintiffs to their injury." (105 N. Y. 402, 11 N. E. Rep. 816.) Again it was said: "Without regard to the admissibility of evidence of usage, the plaintiff had a right, under the circumstances offered to be proved, to go to the jury on the question whether the inquiry made of the teller was understood by the parties as referring to the validity of the certification at the time it was exhibited to the teller, or only to the genuineness of the marks of certification, and also on the question whether it was culpably negligent, under the circumstances, to answer the question without referring to the certification book and the book of stop-payments, which referred to the draft in question by its number, and would have disclosed the fraud." (105 N. Y. 403, 11 N. E. Rep. 817.) The fair import of this opinion, interpreted by the judgment rendered, is that the plaintiffs could recover if the jury should find upon sufficient evidence that the defendant was culpably negligent, to the injury of the

plaintiffs, in not referring to its register of certified bills, and the letter thereon referred to, and reporting to the messenger that bill No. 73,436, drawn by the Commercial Bank of Chicago, was drawn for $254.50, not for $2,540; that it was certified by this bank for $254.50, January 15, 1879, more than 40 days before the date of No. 73,436, now presented by them; the drawer reports that it has been lost, and its payment has been stopped. Defendant's cashier testified that all of these facts could have been learned from the register and the letter, all of which facts were at one time known to the paying teller, but were evidently not in mind at the time of the interview with plaintiffs' messenger.

Whether the defendant was negligent in this respect was submitted to the jury, and found for the plaintiffs, and, under the decision of the Court of Appeals, it is sufficient to sustain this judgment, unless some error against the defendant was committed in receiving or rejecting evidence, or instructing or refusing to instruct the jury. The court was asked to charge "that if the jury believe from the evidence that, at the time the draft was presented at defendant's bank, the person to whom it was presented did not know that it was the same draft, payment of which had been stopped, or that it was an altered draft, but supposed it was a genuine draft, and answered the question in good faith, the plaintiffs cannot recover." This is not the test laid down by the Court of Appeals. The court expressly held that the plaintiffs need not go so far as to establish that the defendant or its paying teller was guilty of an intent to defraud the plaintiffs, but that a recovery might be had if the paying teller was negligent in failing to ascertain and disclose the facts to the plaintiffs' messenger. This is not an action for deceit, and the plaintiffs do not assert in their complaint or evidence that any one of the defendant's employes intentionally deceived the plaintiffs; and the instructions, asking that deceit must be established, were properly refused.

The appellant urges in its tenth point "that the court erred in refusing to charge that the teller was not the agent of the bank for the purpose of giving information other than as to genuineness of signature of drawer and acceptor." We are not referred to the folio where this request is found in the record, nor have we found it. *Bank* v. *Bank*, 67 N. Y. 458, is cited in support of the position that the refusal of this request, if made and refused, is error. In the case cited, the plaintiff did not seek to recover upon the ground that the defendant was guilty of actionable negligence, but upon the contract of certification, which the plaintiff sought to enlarge by proving that the certifying teller gave the contemporaneous assurance that the bill was "correct in every particular," and the authority is not germane to the question here discussed.

The question put to Mr. James B. Clews, "What do you understand to be the contract of certification of a check or draft?" did not call for a relevant fact. He was not one of the parties to the contract, and his understanding of the effect of such contracts was not admissible for or against plaintiffs. (*Id.*) The question did not call for the witness' understanding of the effect of the certification in question, or for his understanding of the information received from the messenger, but for his understanding of contracts of certification. The remaining exceptions seem to call for no consideration.

The judgment is affirmed, with costs.

All concur.

COLLECTION.

CIRCUIT COURT, E. D. NORTH CAROLINA.

Philadelphia National Bank v. *Dowd.*

Plaintiff sent to defendant's bank paper indorsed "For collection and immediate return" to plaintiff, and the paper was collected, and the proceeds mingled with other moneys of the bank, instead of forwarded to plaintiff. The bill contained an uncontroverted allegation that defendant's bank, at all times subsequent to the collection and at the time of defendant's appointment as receiver, had on hand cash to a greater amount than that due plaintiff. The bill asked to have the balance due plaintiff paid in full, on the ground that the bank, by receiving the paper for collection and immediate return, became a trustee, and that either its entire property or the money in its vaults became impressed with the trust. *Held* that, if the mingling of the funds was a breach of trust, it was a conversion; and plaintiff became a simple contract creditor, with no preference at law.

It was immaterial whether or not the bank stood in a fiduciary capacity to plaintiff, as the facts stated in the bill showed that the money collected could not be traced into any specific investment or fund, but had been indistinguishably mingled with the general assets.

SEYMOUR, J.—The defendant is the receiver of an insolvent national bank. The plaintiff, a bank doing business in Pennsylvania, sent during the winter and spring of the present year to the bank of which defendant is receiver, commercial paper indorsed "For collection and immediate return to the Philadelphia National Bank." This paper was collected by defendant's bank, and the proceeds were mingled with the other moneys of the bank, instead of being forwarded to the plaintiff. The bill contains an allegation, which is not controverted, that the defendant's bank, at all times subsequent to making such collections, and at the time its affairs were placed in the hands of a receiver, had on hand cash to a greater amount than that due to plaintiff. Plaintiff asks to have the balance due it paid in full out of the assets of the insolvent bank, on the ground that the latter, by receiving the paper for collection and immediate return, became a trustee for the transaction of the affair, and that either its entire property or the money in its vaults became impressed with the trust. In other words, it claims a priority in the nature of an equitable lien on either the assets of the bank or its cash on hand. The court holds that when defendant's bank mingled the money collected with its general funds, it was, if a breach of trust was committed thereby, a conversion of such money, and that thereupon the plaintiff became a simple contract creditor, with no claim that has a preference at law over any other simple contract debt. If the money was not held by the bank as trustee, the result is the same. On the former supposition, however, plaintiff would have a right to follow the money into any new form into which it could be specially traced. But it is immaterial whether or not the bank stood in the relation of a fiduciary to the plaintiff, because, on the facts stated in the bill, it appears that the money collected cannot be traced into any specific investment or fund, but has been indistinguishably mingled with the general assets of defendant's bank.

Such an opinion would have been very generally expressed without hesitation prior to 1879, when the English Court of Appeals rendered its decision in *Re Hallett* (*Knatchbull* v. *Hallett*), L. R. 13 Ch. Div. 696. I do not consider it at all in conflict with the opinion of Sir George Jessel in that case. But it is in conflict with several cases since decided

in this country, most of which refer to *Knatchbull* v. *Hallett*. I look upon these cases as introducing a new principle into an old and well-known doctrine of equity, which, with the greatest deference to the courts deciding them, I do not feel at liberty to follow in advance of any adjudication by the Supreme Court. The cases are *People* v. *Bank*, 96 N. Y. 32; *McLeod* v. *Evans*, 66 Wis. 401, 28 N. W. Rep. 173, 214; *Harrison* v. *Smith*, 83 Mo. 210; *Peak* v. *Ellicott*, 30 Kan. 156, 1 Pac. Rep. 199; and *Bank* v. *Weems*, 6 S. W. Rep. 802. The facts of the case first cited (*People* v. *Bank*) are, briefly, as follows: Two notes made by the firm of Sartwell, Hough & Ford had been discounted by defendant, a State bank, and wishing to anticipate payment, they drew checks for the amount of the notes, which were thereupon charged to their account, and the notes were entered upon the books of the bank as paid. In fact they had been sold. Thereafter, the bank having become insolvent, a receiver was appointed, who refused to pay the notes. The case constituted in the Court of Appeals was an appeal from an order directing the receiver to make such payment. It appeared that at the time a smaller amount of cash than the face of the notes was found in the bank. The court. Danforth, J., delivering the opinion (which is a brief one, and does not put the matter upon any well-defined principle,) held that the receiver must pay the notes in full out of money received by him after the bank's failure; that is to say, out of its general assets. He cites *In re Le Blanc*, 14 Hun. 8, affirmed 75 N. Y. 598, and *Libby* v. *Hopkins*, 104 U. S. 303, and says: "Those cases stand upon the ground of a specific appropriation of a particular fund for the payment of the claim there brought in question. So does the one at bar." If the facts of *People* v. *Bank* showed the existence of a particular fund, there could be no question of the soundness of the decision, but it would not be authority for the cases professing to follow it. The difficulty seems to me to be that, while there once had been such a fund, it had been misappropriated, and neither existed nor could be followed when the bank's assets came to the receiver. *People* v. *Bank* is followed in New York by two decisions of general term—*People* v. *Bank*, 39 Hun. 187, and *McColl* v. *Fraser*, 40 Hun. 111. In the former, Barker, J., says: "If the identical moneys collected by the bank did not pass into the hands of the receiver, it makes no difference, for in some shape or form they went to swell the assets which fell into his hands." In *Re Le Blanc*, 14 Hun. 8, affirmed by the Court of Appeals without an opinion, and cited as authority by Judge Danforth, a particular fund passed into the hands of the receiver, which had been held by the corporation expressly for the payment of petitioner's claim, so the point in controversy did not arise. The New York case is followed by the Supreme Court of Wisconsin in *McLeod* v. *Evans*, two of the five judges dissenting. As the court puts its decision on an intelligible principle I will cite the reasoning of the prevailing opinion. Cole, C. J., says:

"The conclusion is irresistible from the facts that the proceeds of the trust property found its way into Hodges' hands, and were used by him either to pay off his debts or to increase his assets . . . It is not to be supposed the trust fund was dissipated and lost altogether, and did not fall into the mass of the assignor's property; and the rule in equity is well established that, so long as the trust property can be traced and followed into other property into which it has been converted, that remains subject to the trust. . . . *We do not understand that it is necessary to trace the trust fund into some specific property in order to enforce the trust. If it can be traced into the estate of the defaulting agent or trustee this is sufficient.*"

The sentences which I have italicized contain a modification of the

equitable doctrine of following trust property necessarily, as I suppose, underlying the decision of *People* v. *Bank*, 96 N. Y., and adopted by the Supreme Courts of Missouri and Kansas in the cases cited from the reports of those States. *Bank* v. *Weems*, 6 S. W. Rep. 802, is placed upon the same doctrine of equity, but without as wide a departure from the form in which it is usually enunciated. In deciding it, Gaines, J., says:

"It may be that when the entire mass is paid away the right to claim a trust in any money or property is lost. But if, as in the present case, throughout all the trustee's dealings with the funds so mingled together he keeps on hand a sufficient sum to cover the amount of the trust money, we think it capable of demonstration that the trust should attach to the balance that is found to remain in his hands. . . . It is shown by evidence that after the bank received the money, amounting to about $5,000, its cash assets were never reduced below $6,000, until they went into the receiver's hands. Even admitting that, in the course of its transactions, this identical money was paid out by the bank to its uttermost farthing, yet we know that every dollar so expended left its representative and exact equivalent in the vault from which it was taken, and that, when again the money so left was expended, it left in turn its equivalent behind. We see, therefore, that, whatever changes may have taken place in the funds from the receipts and expenditures of the bank, the balance left at the date of its failure was the result of the proceeds of the notes, to the extent to which such balance was thereby increased, and that the cash which went into the hands of the receiver should be deemed the representative of those proceeds, and impressed with the trust character."

Before proceeding to examine the English authorities supposed to support this line of decisions, I will give the doctrine of following trust funds wrongfully converted upon which they are all based, as laid down by Justice Story and Prof. Pomeroy:

"Wherever the property of a party has been wrongfully misapplied, or a trust fund has been wrongfully converted into another species of property, if its identity can be traced it will be held in its new form, liable to the rights of the original owner or *cestui que trust*. The general proposition which is maintained both at law and in equity upon this subject is that, if any property in its original state and form is covered by a trust in favor of the principal, no change of that state and form can divest it of such trust or give the agent or trustee converting it, or those who represent him in right (not being *bona fide* purchasers), any more valid claim in respect to it than they had before such change. . . . The right ceases only when the means of ascertainment fail, which, of course, is the case when the subject-matter is turned into money, and mixed and confounded in the general mass of property of the same description" (2 Story, Eq. Jur. §§ 1,258, 1,259.)

"If a trustee or other fiduciary person wrongfully disposes of his principal's securities . . . equity impresses a constructive trust upon the new form or species of property . . . as long as it can be followed and identified. . . . No change in the form of the trust property, effected by the trustee, will impede the rights of the beneficial owner to reach it, and to compel its transfer, provided it can be identified as a distinct fund, and is not so mingled up with other moneys or property that it can no longer be specially separated." (2 Pom. Eq. Jur. §§ 1,051, 1,058.)

The difference between the rule as stated by Story and Pomeroy, and as given in the Wisconsin decision, will be perceived to lie in the fact that, according to the former, the trust fund must be traced into some

specific property, and, if this cannot be done, the right ceases; while according to the latter it exists if it can be traced into the estate of the defaulting agent or trustee, or has been used in paying his debts. Evidently this practically gives a priority to the beneficiary over all creditors not having specific liens. The Wisconsin and Texas cases differ, in that the former gives to a *cestui que trust* whose funds have been wrongfully converted by an insolvent bank an equitable lien on the entire assets of the bank, while the latter gives such a lien only upon the cash coming to the receiver, and only, at least to the whole extent of the trust money, in case such money was never reduced below the amount of the trust fund. In both cases the reason given is that the trust money has gone to swell the amount of the property upon which the lien is given. In neither is it held necessary to follow a distinct fund.

Before passing to the English cases, I will quote the—as it seems to me—conclusive answer given to the reasoning of Chief Justice Cole by Cassoday, J., in his dissenting opinion in *McLeod* v. *Evans*, for I think it applies to the entire line of decisions. After stating that the proposition that the wrongful conversion of a draft, of itself, gave the plaintiff a preference over all other creditors, regardless of what became of the draft or its proceeds, is supported by no adjudicated case, the judge goes on to say:

"It is probable, as claimed, that the draft, or the proceeds of it, were used by Hodges [the insolvent *quasi* trustee] prior to the assignment in payment of some of his debts. . . . It would merely diminish the amount of his indebtedness to the extent of such payment. That would, in a general way, benefit the estate to the extent that it increased the per cent. that the other creditors would in consequence receive. But, as this estate is badly insolvent, the aggregate amount of such increase would necessarily be very much less than the amount of the draft."

The English cases cited in *Bank* v. *Weems* in support of the position taken by the Texas Supreme Court are *Taylor* v. *Plumer*, 3 Maule & S. 574, *Pennell* v. *Deffell*, 4 De Gex. M. & G. 372, and *Knatchbull* v. *Hallett*, L. R. 13 Ch. Div. 696; and the United States Supreme Court case is *Bank* v. *Insurance Co.*, 104 U. S. 54. I will examine these decisions, and attempt to discover what modification of the doctrine of following trust funds laid down by Story and Pomeroy, if any, is introduced in them, and whether they support the theory of either the Wisconsin or of the Texas case.

Taylor v. *Plumer* is one of the celebrated cases of the law, noted for a very able opinion delivered in it by Lord Ellenborough. Briefly stated, its facts are these: A broker having in his possession bank-notes belonging to defendant, which he held for a specific purpose, in breach of his trust purchased with them American bank stock and gold coin, and attempted to escape to the United States. He was pursued by defendant's agents, and stock and money taken from him. Held, in trover, in an action by the broker's assignee, that defendant was entitled, as against the general creditors, to the money as well as the stock, because the gold coin was the product of defendant's bank-bills. The chief justice, in commenting upon *Whitecomb* v. *Jacob*, 1 Salk. 161, said that the difficulty of tracing money was "a difficulty of fact and not of law, and the *dictum* that money has no ear-mark must be predicated only of an undivided and indistinguishable mass of current money."

Pennell v. *Deffell* was a case in which a trust fund was traced into bank accounts. One Green, an official assignee in bankruptcy, kept accounts with two banks, in his own name, and had deposited in each,

not only parts of the trust funds, but also his private money, and had drawn from each for his individual uses.

Knatchbull v. *Hallett* is similar to *Pennell* v. *Deffell*. A solicitor having bonds belonging to his client, sold them, and paid the proceeds to his general balance at his banker's. Afterwards he drew checks for his own purposes against, and paid other money of his own into, the account. At his death there was a larger amount to his credit in bank than the proceeds of his client's bonds. It was held in this, as in the preceding case, that the beneficiary had a right to follow the money, and was entitled to a charge on the balance in the bank. In the way of this conclusion stood two artificial rules, either of which, taken literally, would have been fatal to the beneficiary's pursuit of the bank balances. The first was the rule in *Clayton's Case*, 1 Mer. 572; the second was supposed to be supported by a *dictum* of Ellenborough in *Taylor* v. *Plumer*, viz.: "The *dictum* that money has no ear-mark must be predicated only of an undivided and indistinguishable mass of current money." The rule adopted in *Clayton's Case* was that in a bank account the first drawings out should be attributed to the first payments in. The court held as an exception to this rule, that when a person holding money in a fiduciary character mixed it with his own, and draws out of the mixed fund, it will be presumed that he is first drawing out of his own money. It is evident that the rule was adopted because it gives effect to the probable intention of one having a bank account, and that the exception likewise gives effect to the probable intention of the trustee. It is not likely that a trustee would use trust funds while he has money of his own idle in bank; and it would be contrary to well-established legal principle to unnecessarily assume a purpose to do a wrong. It was not necessary for the court to go further; but it may also be true that, even had the trustee such an intent, he had not carried it into effect. To convert the trust fund, not only an intent, but some unmistakable act in pursuance of the intent, would be necessary, and the mere withdrawal of a part of the deposit leaving enough to satisfy the *cestui que trust*, would not be such an act. As soon as, by the application of this exception, it was made to appear that the beneficiary's money remained in the bank account, the only other difficulty—the fact that it was mingled with other funds, and indistinguishable from them—was easily removed by giving to the client a charge on the balance in bank. Of course no equitable lien could have been enforced in a case at law, and I understand the *dictum* in *Taylor* v. *Plumer*, which was an action of trover, to apply only to such a case.

In the Supreme Court case—*Bank* v. *Insurance Co.*, 104 U. S. 54—it appeared that one Dillon, an agent of an insurance company, deposited collections belonging to his principal with plaintiff, in his own name, as "agent," and afterwards paid other money of his own into the account, and checked against it for his private uses. The plaintiff endeavored to enforce a banker's lien upon it for Dillon's individual indebtedness to it. It was held that the descriptive word "agent" was of itself notice of the character of the deposit; and, further, that upon the facts the bank had express notice. Dillon was not, as far as appears, a party to the attempt made to appropriate the company's funds to his private debts. In speaking of the fact that the latter had to some extent mingled his own funds with those of the insurance company, Matthews, J., adopting the reasoning of Sir George Jessel in *Knatchbull* v. *Hallett*, says:

"As regards property disposed of by persons in a fiduciary position, . . . whether the disposition of it be rightful or wrongful, the beneficial owner is entitled to the proceeds, whatever be their form, provided only he can identify them. If they cannot be identified by reason of the trust money being mingled with that of the trustee, then the *cestui*

que trust is entitled to a charge upon the new investment to the extent of the trust money traceable into it. . . . There is no difference between investments in the purchase of lands or chattels, or bonds, or loans, or money deposited in a bank, . . . for equity will follow the money even if put into a bag, or an indistinguishable mass, by taking out the same quantity."

We are now prepared to see in what, if any respect, the rule announced above, and called by Sir George Jessel "the modern doctrine of equity," with regard to property disposed of by persons in a fiduciary capacity, differs from that laid down in the days of Story and Ellenborough. The rule, as stated by Story or Pomeroy in the extracts taken (*supra*) from their treatises, is extended by adding a case not specially put by either of them, of the mingling of the trust money with that of the trustee in the investment made by the latter. Stating the doctrine in the words of Story, with an addition (2) drawn from the late decisions, it is as follows:

(1) "Whenever the property of a party has been wrongfully misapplied, or a trust fund has been wrongfully converted into another species of property, if its identity can be traced it will be held in its new form liable to the rights of the original owner or *cestui que trust*. The right ceases only when the subject-matter is turned into money, and mixed and confounded in a general mass of property of the same description."

(2) If the property cannot be identified by reason of the trust money being mingled with that of the trustee, then the *cestui que trust* is entitled to a charge on the new investment to the extent of the trust money traceable into it. This will be done, even if the money is mingled with that of the trustee in a bank account, or in a bag, or other mass of money.

As far as the addition to the rule consists in giving a charge to the *cestui que trust* on a new investment made in part with his own money and in part with that of the trustee, it has no novelty. In *Docker* v. *Somes*, 2 Mylne & K. 664, Lord Brougham decided that if a trustee mixes trust funds with his private moneys, or employs both in a trade or adventure of his own, the *cestui que trust* may, if he prefers it, insist upon having a proportionate share of the profits, instead of interest on the amount of the trust fund so employed; and in *Harford* v. *Lloyd*, 20 Beav. 310, where a sum of money belonging to a trust fund was, as it seemed, used with other money in the purchase of *post obit* securities, the court enforced a lien on such securities for the amount of the trust money so used. Both of these cases are noticed by Story, Eq. Jur. §§ 465, 1,261*a*. The only thing, then, which can be considered recent in proposition 2, *supra*, is the application of the doctrine to a bank account, and the illustration made use of, of the bag of money, or the indistinguishable mass thereof. Nor do I understand the master of the rolls to announce this as a new principle of equity, but rather as the application of an established rule to a new case. In the often-quoted case from 1 Salk. the judge, after speaking of the rights of one who employs a factor and intrusts him with the disposal of merchandise, states that there is an equity to follow the proceeds, attaching to the case of a factor as well as to that of a trustee: "But," he adds, "if the factor have money, it shall be looked upon as the factor's estate, . . . for in regard that money has no ear-mark, equity cannot follow that in behalf of him that employed the factor." Speaking of this remark, Sir George Jessel says: "There is no distinction between a person occupying one fiduciary position or another fiduciary position as to the right of the beneficial owner to follow the trust fund." I had not understood the court to have attempted any such distinction in that case. I further

suppose the judge who decided *Whitecomb* v. *Jacob* to have been speaking, not of money in a bag, or of any particular mass or heap of money, which might conceivably have been in possession of the factor at his death, and into which his employer's money might have been traced, in which case it would have been analogous to money mingled by a trustee with his own, in a bank account; but rather of the ordinary case of money on hand at his death, bearing no marks of being the proceeds of the factor's trust money, any more than of any other transaction in which he might have been engaged. Of such money it might well have been said in current proverbial phraseology that it had "no ear-marks." Such a case does not come within the decision or the reasoning in *Knatchbull* v. *Hallett*. See *Ex parte Hardcastle* (decided after, and referring to *Knatchbull* v. *Hallett*), 44 Law T. (N. S.) 523. I do, however, conceive it to come within both decision and argument in *Bank* v. *Weems*. Taking that case to be law, I should add another to the two propositions laid down as the law of tracing, viz.:

(3) And in case trust money received by a trustee is not shown to have been either paid to the *cestui que trust*, preserved *in specie*, or invested, the *cestui que trust* shall, upon the death or insolvency of the trustee, have a lien on all moneys coming to the hands of his representative or receiver, on the ground that such trust money went to swell the decedent's or insolvent's cash assets.

The above proposition being granted, I can see no reason why the additional one necessary to sustain the Wisconsin, Missouri, Kansas, and (as I conceive) the New York cases does not follow. I give it in the words of Cole, C. J., in his opinion in *McLeod* v. *Evans*:

(4) Nor is it "necessary to trace the trust fund into some specific property. If it can be traced into the estate of the defaulting agent or trustee this is sufficient."

It is evident that 3 conflicts with Justice Story's statement that the right to trace ceases when the subject-matter is turned into money, and mixed and confounded with the general mass of the trustee's money (which I have endeavored to distinguish from any particular fund or account of the trustee, into which it may be traced, according to rule 2). Proposition 4 contradicts all previous statements of the doctrine, including not only that given in *Knatchbull* v. *Hallett*, but also that in *Bank* v. *Weems*. The judge who wrote the learned and able opinion of the Supreme Court of Texas in *Bank* v. *Weems* dissents in express terms from the last proposition, and declines to follow the list of American authorites cited by me in the first part of this opinion. Nor do I assert that he maintains proposition 3; but I do contend that that doctrine necessarily follows from the position taken by him. The decision in the Texas case relates only to the cash assets of an insolvent bank, and only to a case in which those assets never from the time of the deposit of the trust fund up to the suspension of the bank fell below the amount of that deposit. But neither of these facts seems to me to materially distinguish it from the proposition which I have stated to be necessarily involved in it. As Jessel, M. R., says: "There is no distinction between a person occupying one fiduciary position or another," as to the right to follow trust funds, and it is quite unimportant that the trustee is a bank. Nor can it make any difference whether the money coming to a receiver's hands is the general cash of a corporation kept in its vault, or that of an individual kept by him in his pocket, his safe, or his chest, or in all or any of these receptacles, as convenience may have dictated. If, indeed, the corporation had kept a deposit with some other person or corporation, and the trust fund could be traced into it, then the rule in *Knatchbull* v. *Hallett* would apply. But I am speaking of a case like

the Texas one or the one at bar, where there is no special fund, but where the trust money goes into the general cash of the trustee. The only remaining ground of difference lies in the fact that the cash on hand never fell below the equivalent of the trust fund. But I conceive that, if there happened to be enough on hand at the time of the suspension to pay the amount due to the beneficiary, it can make no possible difference whether that amount was at all times kept on hand, or whether the trustee, after spending a part of the trust money, replaced it with money drawn from other sources. If, in the imaginary case of one thousand sovereigns of trust money put in a bag, the trustee had taken out a sovereign, and afterwards put one in, there would be no doubt but that the whole amount then being in the bag would be the property of the *cestui que trust;* and so, had the amount taken out and replaced been one, or five hundred, sovereigns. Certainly, in the circumstances supposed, the reason why the sum finally left in the bag is the property of the *cestui que trust*, is because the trustee, in replacing the sovereigns, intended to restore to the bag coins to fill the place of the ones taken from it. But, if it is permissible to suppose that the bank officers, in paying out the money of their beneficiary, intended that the money of their depositors should take its place, I see no difficulty or difference in supposing this to be the case when such money comes in after the amount on hand sinks below the total of the trust fund. And if, instead of being a question of actual intention, the intent is assumed. on the ground that it was the duty of the bank to keep the trust fund on hand, and that the corporation cannot allege that it did not perform this duty, then it may be said that it was just as much the duty of the bank to replace any part of the fund withdrawn from its vaults as it had originally been to keep it there, and the court can as well assume one intent as the other. As I have already said, I do not consider the doctrine (2) formulated from the opinion of Jessell, M. R., as any departure from that always held. He calls the money deposited in bank or put in a bag "a new investment," upon which he allows the beneficiary a charge, and goes upon the idea that there is thus something specific into which he traces the fund. But the proposition (3) resulting from the Texas case seems to entirely depart from the idea of a new investment of the trust money, or following it into anything specific. The money in the vaults of a bank, carrying on its ordinary business, cannot properly be said to be the result of any one or more of the deposits put in it. If at the time of the insolvency of a bank a thousand dollars are found in its safe, and half a dozen deposits of that amount are shown by its books to have been paid in, it is unreasonable to attribute the fund—as is done in *Bank* v. *Weems*—to a particular one of them which happens to have been trust money. If, indeed, the suspension of business by the bank should immediately follow the placing the trust money in its vaults, the case would come within the rule as given by Jessel, M. R., for the money would as a fact be a part of the mass of money in the bank, and equity would give a charge upon it for the amount of the trust fund. It is upon this ground that I understand the court to have disapproved in *Knatchbull* v. *Hallett* of the ruling of Fry, J., in *Ex parte Dale*, L. R. 11 Ch. Div. 772. Dale & Co., on December 5th, sent paper for collection to a branch of the West of England Bank. The bank made the collection, and deposited its amount in its vaults, in which it was mingled with other moneys. On the 7th it sent a letter to D. & Co., incorrectly stating that the money had been remitted. The 8th was Sunday, and the bank did not open on the 9th, but instead went into liquidation. It is probable that the collection was made on the 7th, when the letter was sent to D. & Co., and may be assumed as

true that the very money collected went into the hands of the liquidators.

The Texas case is put entirely upon the proposition that the trust fund is traced into specific property that came to the receiver. I wish to examine a little more in detail than I have yet done whether this is true. It would have been impossible, even with access to the books of the bank, to have followed the money which came into its vaults by reason of the collections in litigation; but it is possible to put supposititious cases which would cover every probable use of the money. There is one which is clearly inadmissible, viz., that the precise money collected remained in the vault. If that had been the case it would have been found separated from the other funds, and marked as plaintiff's money. If the bills collected were mingled with the general mass in use for current business, the probability that they remained in the safe for a number of weeks is so infinitesimal that it may be entirely dismissed from consideration. We can suppose that the $5,000 collected by the Texas bank consisted of five packages of $1,000 each. One of them may be supposed to have been used in purchasing a safe, or some other article of furniture. At the same instant we may suppose that a depositor paid into his account $1,000. On the theory of the Texas case, that $1,000 took the place of the $1,000 paid out. Why? On the idea of an intent on the part of the bank officers to replace the money paid out? Clearly there was no such intent. Will equity assume, in contradiction of the evident fact, that the bank intended to pay A. with B.'s money? Is the idea of tracing the money the one adopted? But the *cestui que trust's* money was invested in the purchase of a safe, and on the doctrine as laid down in all the books his right was to consider himself either the owner of the safe, or, if he preferred, the holder of a lien upon it, or a simple contract creditor of the trustee to the amount of the money misapplied. There is no authority to be found for the statement that he had, in addition, the right to take a different $1,000 in the possession of the trustee, but not appropriated by the latter to the trust, on the ground that it ought to have been so appropriated. Another $1,000 package we may suppose used to pay a check drawn by a depositor. To that extent it diminished the indebtedness of the bank, and increased the dividend to be paid to the other depositors. The plaintiff, on the doctrine of following trust funds, would be entitled to be subrogated to what would have been such depositor's dividend. Let us suppose now, what did not happen in *Bank* v. *Weems*, but did in *People* v. *Bank*, and also in the case at bar, that the officers of the bank made away with the greater part of the cash on hand, leaving just enough to enable business to be carried on until they could reach a place of safety. It may be supposed that they carried away the remaining $3,000. It would not, in that case, have been true that "every dollar expended left in turn its equivalent behind," or that the trust money went to swell the general assets of the bank. This last, perhaps more completely than any other supposition, shows the artificial character of the assumption that the bank officers may be supposed, as long as they left enough to satisfy the trust fund, to have intended to use only the money which the bank had a right to use. I think, then, that it must be evident that at the times of the failures the trust fund was not either in the Texas bank or in the one whose case is at bar, unless considered in the banks by reason of some artificial rule. The exception to the rule in *Clayton's Case*, made in *Pennell* v. *Deffell* and *Knatchbull* v. *Hallett*, was not, as I have shown, artificial, but in consonance with the facts of these cases. To apply it or any rule analogous to it to the case at bar would be to make use of a

legal fiction. The officers of the bank had no intent to make any difference between the money collected for their correspondents and that passed over the counters of the bank by depositors. It would be equally objectionable, because equally a false assumption, to say that the money, having been traced into the bank safe, and not accounted for, must be presumed to remain there until the contrary can be proved; and that the contrary not having been proved, the court will presume the money in the safe to contain that of the beneficiary. The contrary is proved to a moral certainty by all the facts of the case. To say that it does not lie in the trustee's mouth to assert that it had been wrongfully paid out would be to invoke a doctrine of estoppel not applicable to a receiver who represents creditors, as well as the delinquent trustee, and who must therefore be allowed to show the very truth of the matter.

I have treated this case as one in which the plaintiff is entitled to be considered as a *cestui que trust*. I think that it is not entitled to be so considered, but that it ought to be treated as an ordinary creditor, because the money collected, or at least a large part of it, was allowed to remain for several months with the defendant's bank. As I understand the course of business among banks, in regard to collections of this kind, it is not expected that the same moneys that are collected shall be forwarded. On the contrary, they are uniformly treated as is the money of ordinary depositors, and are remitted by means of the system of exchanges of credit which forms a part of the general mercantile business of the country. The result of giving such collections a preference over the ordinary debts of a bank will be to make national banks preferred creditors in every case of insolvency of other national banks. The statute (Rev. St. § 5,242) forbidding preferences in the distribution of the assets of insolvent national banks is not believed to prevent a beneficiary from following any trust money held for him by a bank into any new investment thereof made by the bank. If, however, the doctrine could be carried to the extent claimed in the Wisconsin or even in the Texas case, it would seem to be an unlawful preference under the Act of Congress.

Since writing the foregoing, my attention has been called to a case not accessible when the case at bar was argued. In *Cavin* v. *Gleason*, 105 N. Y. 256, 11 N. E. Rep. 504, one in whose hands money had been placed to be invested used the entire amount excepting $30 in paying his personal debts, and made an assignment. Held, that the creditor was not entitled to a preference, except as to the $30, which, as it appeared, came into the hands of the assignee. Andrews, J., delivering the opinion of the court, says:

"It is clear, we think, that, upon an accounting in bankruptcy or insolvency, a trust creditor is not entitled to a preference over general creditors of the insolvent merely on the ground of the nature of his claim. . . . We know of no authority for such a contention. . . . If it appears that trust property has been wrongfully converted by the trustee, and constitutes, although in a changed form, a part of the assets, it would seem to be equitable that the things into which the trust property has been changed should, if required, be set apart for the trust, or, if separation is impossible, that priority of lien should be adjudged in favor of the trust estate for the value of the trust property or funds, or proceeds of the trust property, entering into and constituting a part of the assets. This rule simply asserts the right of the true owner to his own property. But it is the general rule . . . that, in order to follow trust funds, . . . they must be identified. . . . The courts below seem to have proceeded upon a supposed equity

springing from the circumstance that, by the application of the fund to the payment of White's creditors, the assigned estate was relieved *pro tanto* from debts which otherwise would have been charged upon it, and that thereby the remaining creditors . . . . will be benefited. We think this is quite too vague an equity for judicial cognizance."

Bill dismissed without prejudice.

LEGAL MISCELLANY.

BANKS AND BANKING.—Under Rev. St. U. S. § 5,190 providing that "the usual business of each national banking association shall be transacted at an office or banking house located in the place specified in its organization certificate," a national bank cannot make a valid contract for the cashing of checks upon it at a different place from that of its residence, through the agency of another bank. [*Armstrong* v. *Second Nat. Bank* (U. S. D. C.) Ohio, 38 Fed. Rep. 883.]

CHATTEL MORTGAGE.—Defendant purchased a steam-engine from E., who bought it at a sale under a distress-warrant against R., who had the engine in his possession and control for years: *Held*, that he will be protected against an unrecorded lien of which he had no notice, whether his vendor knew of such lien or not. [*London* v. *Youmans*, S. Car., 9 S. E. Rep. 775.]

CONTRACTS—PUBLIC POLICY.—Defendant, a retiring city treasurer, who had mingled the city's funds with his own, and plaintiff agreed that defendant should run for the office of mayor, and the plaintiff for treasurer, and, if elected, that the funds should be left in defendant's hands. Both were elected, and defendant gave to plaintiff a bond for the proper accounting, reporting, and payment of the funds, as required of the city treasurer. Plaintiff receipted for the balance due on the closing of defendant's term, but the latter received and paid out in the usual way the city's funds: *Held*, that defendant's bond, having been given in pursuance of the illegal agreement, was not valid for any purpose. [*Cobbs* v. *Hizson*, Mich., 42 N. W. Rep. 818.]

CORPORATIONS—STOCKHOLDERS.—One who has been induced to subscribe for corporation stock by the assurance of a stockholder that the corporation would not engage in a particular business does not thereby acquire a right to enjoin such stockholder from voting that the corporation engage in such business. [*Converse* v. *Hood*, Mass., 21 N. E. Rep. 878.]

LIMITATIONS.—In an action by the indorsee of a note payable one day after date, an allegation "that, at the date of the execution of the note sued upon, and of the transfer of said note," to plaintiff, he was a minor, must be regarded as alleging that the indorsement to plaintiff was made on the same day the note was executed, and hence that the statute of limitations had not begun to run against the payee at the date of the indorsement. [*Grounds* v. *Sloan*, Tex., 11 S. W. Rep. 898.]

NEGOTIABLE INSTRUMENTS.—Defendants purchased a meat store, and gave their vendor their note in payment. One D. claimed to be part owner, and sued the vendor for his share of the purchase price, and garnished defendants. Defendants, being sued on their note, pleaded want of consideration, the title not being in their vendor: *Held*, that D., having elected to sue the vendor and garnishee defend-

ants, ratified the sale, and was estopped to set up ownership in the property, and the consideration for the note became good. [*Button* v. *Trader*, Mich., 42 N. W. Rep. 834.]

TAXATION—NATIONAL BANK SHARES.—There is no authority in the statutes of the State, nor of the United States, for listing and valuing the shares in a national bank in the aggregate, and placing such aggregate on the tax-list in the name of the bank. Such shares when listed and valued for taxation are required to be placed on the proper tax-list in the names of the respective owners. [*Miller* v. *First Nat. Bank*, Ohio, 21 N. E. Rep. 861.]

USURY.—Where an agent, in addition to the highest lawful rate of interest, retains from the money loaned a sum as his commission for effecting the loan, having previously agreed to place the principal's money, and look to the borrowers for his commissions, the contract is usurious. [*Thompson* v. *Ingram*, Ark., 11 S. W. Rep. 881.]

NEGOTIABLE INSTRUMENTS.—A note which waives presentment for payment, protest, and notice of non-payment, and recites that the payee or holder may extend the time of payment without notice, and without prejudice to his rights against makers, sureties, and indorsers, is not a negotiable promissory note, and in the hands of *bona fide* holders is open to the defense that it was given for a machine to be used on trial, which failed to do the work for which it was bought, and which the sellers represented it would do, and that such machine was returned to the sellers, and the contract rescinded. [*Second Nat. Bank* v. *Wheeler*, Mich., 42 N. W. Rep. 963.]

NEGOTIABLE INSTRUMENTS.—A man, not named as payee, who puts his name on the back of a note before delivery to the payee, upon the faith of which money was loaned or credit given by the payee to the maker, is liable on it as an original promissor, although it be proved that he wrote his name on the note as surety for the maker. [*Melton* v. *Brown*, Fla., 6 South. Rep. 211.]

PAYMENT.—In a suit to foreclose a lien based on six promissory notes, both the maker and the payee were dead. The notes could not be found. When last seen the maker had them. The payee was executor of the maker, and in reporting claims against the estate did not mention the notes: *Held*, that the presumption was the notes were paid. [*Turner* v. *Turner*, Cal., 21 Pac. Rep. 959.]

BANKS AND BANKING.—The indorsement by one bank to another of a draft "for collection on account," which was deposited with it by a prior indorser, to whom credit was given, will not, under the Mississippi statute, make the holder a *bona fide* purchaser for value. [*First Nat. Bank* v. *Strauss*, Miss., 6 South. Rep. 232.]

CONTRACTS.—It is a good defense to a note, sued on by the payee, that it was given to reimburse plaintiff for defendant's share of margins advanced by plaintiff and defendant jointly, without any intention of paying for the grain or having it delivered. [*Davis* v. *Davis*, Ind., 21 N. E. Rep. 1,112.]

CORPORATIONS.—Services by a director of a corporation in efforts to form another corporation in another State rendered in pursuance of an unofficial arrangement between himself and the other directors, without any agreement as to remuneration, and for the general corporate advantage, do not impose any liability on the corporation to pay therefor. [*Eakins* v. *American White Bronze Co.*, Mich., 42 N. W. Rep. 982.]

GIFTS INTER VIVOS.—Where a husband makes a written statement in

his bank passbook that he gives all the money credited to him in the book to his wife, but continues to draw on his own account from the same fund, there is no delivery sufficient to constitute a valid gift of the fund. [*Dougherty* v. *Moore*, Md., 18 Atl. Rep. 35.]

INTEREST—USURY.—A creditor who loans money through the negotiation of a broker, not acting as the creditor's agent, does not thereby take usury, if the broker, by an agreement with the borrower, deducts a portion of the money as a commission for his services before paying the money to the borrower, though the commission, and the stipulated interest would together make the use of the loan cost the borrower more than the legal rate of interest. [*Pass* v. *New England Mortgage Security Co.*, Miss., 6 South. Rep. 239.]

NEGOTIABLE INSTRUMENTS—CONSIDERATION.—A note executed after the close of the civil war, in consideration of Confederate treasury notes collected during the war by the maker for the payee, and converted to the maker's own use, is upon a sufficient consideration, and a recovery thereon will not be limited to the value of the converted Confederate treasury notes. [*Massie* v. *Byrd*, Ala., 6 South. Rep. 145.]

NEGOTIABLE INSTRUMENTS.—A. finding that a promissory note was signed by the maker, and was found among his private papers after his death, together with a special finding that the maker had declared that he had signed such a note, and had left it in the bank for the payee's benefit, so that the latter would lose nothing in case of his death, does not warrant the conclusion that the note had been delivered. [*Purviance* v. *Jones*, Ind., 21 N. E. Rep. 1,099.]

NEGOTIABLE INSTRUMENT—CONSIDERATION.—A plea of failure of consideration sworn to, throws the *onus* on plaintiff, and that is not met without other proof than the note itself. [*Smith* v. *Le Vesque*, Fla., 6 South. Rep. 263.]

NEGOTIABLE INSTRUMENTS.—A judgment rendered on a negotiable promissory note on the third day of grace is premature and erroneous, as the payee has all of that day in which to pay the note. [*Hamilton Gin and Mill Co.* v. *Sinker*, Tex., 11 S. W. Rep. 1,056.]

PARTNERSHIP.—A partnership was accustomed to raise funds on notes of one partner indorsed by the other. The proceeds went to the firm, and were entered directly in the cash-book, and not as in account with any person. The notes and renewals were entered in the firm books, and the interest on the renewals was paid by the firm. The notes were made in the individual form, with the full knowledge and consent of both partners: *Held*, that the making and indorsing were partnership acts, and, the firm being dissolved by death of one of the partners, and the other being insolvent, the holders could prove as partnership creditors. [*Colwell* v. *Weybosset Nat. Bank*, R. I., 17 Atl. Rep. 913.]

PARTNERSHIP.—Defendant's firm was engaged in a general mercantile and limited exchange business, conducted exclusively by S. Plaintiff, a county, issued bonds for the construction of a court-house, and the commissioners' court authorized the firm to negotiate them for cash. They were sold in the firm name, the proceeds deposited in a bank, and drawn out on checks made in the firm name. None of the partners except S. had anything to do with the transaction, or had any actual knowledge of it: *Held*, that if the transaction was not within the scope of the firm business, the partners who did not participate in it or ratify it were not liable, though plaintiff believed that it was within the scope of the firm business. [*Nolan County* v. *Simpson*, Tex., 11 S. W. Rep. 1,098.]

PEOPLE'S BANKS.

[CONCLUDED.]

We may now consider the security required by the People's Banks in Germany for their advances. In the first place, each member is generally able to obtain a loan to the full amount of his contribution towards his share without other security, and very often he obtains a somewhat larger loan on his own personal security alone, but when the loan exceeds the amount of his share to any considerable extent, extra security is required. This may consist of pledges of valuables and chattels, bonds and shares, etc., but the form it most usually takes is that of a guaranty by one, two, or more persons, friends of the borrowers. In Germany, as in Scotland, this latter kind of security has been found to work exceedingly well, as the guarantors are always people intimately acquainted with the borrower's business, and the very fact that they take the risk is a moral guaranty that the borrower's business is sound. While there is a tendency in all the banks to extend the discounting of drafts in preference to any other branches of business, very large amounts continue to be lent chiefly on the security of one or more guarantors. Thus, this kind of business among the seventy-five People's Banks in the province of Brandenburg, during 1887, reached, for Germany, the considerable sum of £2,300,825, while the discounting amounted to £4,950,664. The losses, through bad debts, of the same banks during the same year, 1887, amounted to £4,507, or about 1-12th per cent., which speaks volumes for this guaranty system. In discounting, the indorsements on the drafts are the securities, and if the natural indorsements are not deemed sufficient, it seems that some accommodation indorsements are unblushingly added.

I have endeavored to explain the principles of the People's Banks system in Germany. It now remains to show the immense development it has attained. In 1850, the first small pioneer bank started, under Dr. Schulze-Delitzsch's auspices, on a scale which would appear ludicrously small to Englishmen, the entrance fee being twopence halfpenny, the subscription fivepence, and the utmost limit of each share thirty shillings. But from this seed a magnificent tree has grown up. There are now in Germany over 2,200 of these People's Banks. The available statistics of these are for the year 1887, and these, unfortunately, do not include all the banks, because at the end of that year only 886 had sent any report at all; but the statistics of these alone will give an idea of the immense benefits Germany has derived from Dr. Schulze-Delitzsch's great life-work. Their members numbered 456,276, while the members of all co-operative associations formed on his system is estimated at 2,000,000. The following figures relate to the 886 reported banks:

Loans granted and drafts discounted.....	£50,061,091
Advance granted on 49,536 accounts current.....	29,372,671
Addition to reserve funds for the year.....	77,278
Dividends paid during the year.....	320,706
Value of members' shares.....	5,531,548
Reserve fund amounted to.....	1,212,250
Undivided profits.....	263,565

The table at the end of the paper shows the gradual development of the system from 1859, the first year in which statistics were collected. These figures speak for themselves, testifying as they do to an extraordinary development and increased prosperity among classes who not long since groaned under the tyranny of usurers and middlemen; they, however, by no means give us an adequate idea of the benefits the Germans have derived from People's Banks. To form such an idea we must

picture to ourselves the improved condition of the millions of people who have been and are members of these institutions; the hopes that have been raised and realized; the spirit of self-help that has been called forth, and the thrift that has been nurtured. No statistics can tell us how many thousands of able men have been lifted from dependent misery to useful independence; how many have been saved from ruin; how many fortunes have been built up; but we know from experience supplied by our own primitive and incomplete loan societies, how often a few pounds of capital, supplied at the right moment, have transferred the unemployed laborer into the successful employer of labor, and we can fancy what has been the effect of the yearly supply of one thousand millions of marks to the struggling German industrials.

In Italy, where People's Banks were first introduced in 1865, the development of the system has also been very remarkable. The latest statistics before me are for the year 1885, and show that at that time there were already 423 People's Banks in that country. Since then their number has increased considerably, and I am sorry that I have not been able to obtain statistics up to a later date. I annex, however, a table showing the position to which these banks have attained:

Converting the lire @ 25 to the £.
In £ sterling, 000s omitted, thus £1,000 = £1,000,000.

	Dec. 31, 1885.	*June 30, 1885.*
NUMBER OF ASSOCIATIONS	423	348
CAPITAL.		
Nominal	£2,764	£2,578
Subscribed	2,678	2,505
CREDITOR.		
1. Cash in bank	718	591
2. Bills of exchange held at three months or less	5,363	5,140
3. Bills of exchange for terms exceeding three months	3,005	2,701
4. Bills of exchange held on foreign countries	1	4
5. Advances upon pledge of securities for fixed terms	303	309
6. Advances upon pledge of goods	100	72
7. "Reports" (prolongations)	778	632
8. Advances on mortgage (capital and interest)	263	260
9. Uncovered advances to corporate bodies	36	28
10. Unsecured advances to private persons	4	4
11. Real property	220	194
12. Treasury bonds	199	576
13. Other securities of State debt	2,361	2,336
14. Obligations of corporate bodies	430	428
15. Shares and debentures of companies	511	522
16. Accounts current upon guaranty	936	901
17. Miscellaneous accounts current	1,609	1,048
18. Deposits held as security for loans and other transactions	1,581	1,567
19. Deposits held as guaranty money from officials	88	83
20. Deposits free and for safe keeping	1,894	1,729
21. Furniture and expenses of establishment	56	49
22. Bills receivable on account of third parties	179	176
23. Bills and credit in suspense	127	116
24. Miscellaneous debtors	637	681
Total creditor	£21,399	£20,154
Arrears of former balances	2	1
Expenses and losses for current year	385	225
Total	£21,786	£20,380

Converting the lire @ 25 to the £.
In £ sterling, ooos omitted, thus £1,000 — £1,000,000.

	Dec. 31, 1885.	*June 30, 1885*
DEBTOR.		
1. Capital paid up	£2,499	£2,351
2. Reserve fund	674	648
3. Accounts current, not interest-bearing	1,561	1,042
4. Do. interest-bearing (principal and interest)	3,466	3,432
5. Deposits of savings	6,684	6,549
6. Interest-bearing bonds for a definite term (principal and interest)	1,367	1,304
7. Acceptances	96	95
8. To depositors, guaranty on loans and other operations	1,581	1,567
9. To depositors, guaranty money of officials	88	83
10. To depositors, for safe keeping	1,894	1,729
11. Debentures	....	3
12. Dividends payable and unpaid	37	27
13. Miscellaneous creditors	1,177	1,156
Total debtor	£21,124	£19,986
Surplus from previous balance	5	4
Income and profits for the current year	657	390
Total	£21,786	£20,380

In Italy, as in Germany, there is an opportunity of comparing the practicability of the Schulze-Delitzsch system with schemes based on socialism and charity. The same year in which the first People's Bank was started, according to the plan of Signor Luzzatti, Signor Alvisi established in Florence the Banca Del Popolo, with an extremely vast but unbusinesslike programme, involving complete centralization, but this bank, like the socialistic attempt in Germany, came to grief

The Italian People's Banks are framed on the German pattern, the chief difference being that in Italy unlimited liability has been discarded. There are several reasons for this: the deposits were not so likely to flow in; the small industrials were too poor, and too unbusinesslike to form the banks without the co-operation of the middle-class people, and these were too cautious to run the risk of unlimited liability; and finally the want of banking accommodation was, in Italy, far more pressing than even in Germany, so that the middle classes were glad to avail themselves of the new banks. The absence of unlimited liability does not, however, prevent deposits from flowing in, nor the people from using the banks as savings banks. Not expecting to attract considerable deposits, the Italian banks increased their reserve funds faster than the German, and they can pay a good dividend, as the interest they charge is very high—as high in some cases as 9 per cent., a rate not considered exorbitant in that country, especially in the south.

I think I am safe in saying that the facts I have put before you would cause the majority of Englishmen to ask, Can similar advantages be conferred on the English people? And to this question, for my part, I should emphatically reply, they can. I would even go further, and say, that never was the want of bank accommodation for the small trades more keenly felt than in England of to-day. For what must we conclude from the plethora of pawnbrokers, money-lenders, usurers of every description; of middlemen intercepting the worker's wages;

of middlemen raising the price of all his supplies; of that abominable form of slavery, the sweating system? It is not necessary to be an economist to conclude, in face of the experiences of Germany and Italy, that the absence of banks suitable to the circumstances of the small trades and the wage-earning population, renders competition for credit and coin desperate, and usurers and middlemen indispensable factors in the economic life of the nation. Business men understand the importance of banking in every strata of society, and to form an idea of how much the small trades suffer for want of it, it suffices to picture to ourselves what would be the fate of the vast transactions of this city, were all its banking accommodation to be withdrawn. There is an idea current among people who only know one kind of banking, that banking is not needed in poor districts, nor by the poor. Nothing could be more fallacious. We know that no market can hold more coin than is natural to it, and that a poor market will hold very little coin. Such districts are incapable of developing into sufficient activity and prosperity with coin only for their medium of exchange. Small banks, suitable to the circumstances of the people, represent the only alternative of destitution. We have only to look at the east of London, many other districts of Great Britain and Ireland, India, and our colonies for the confirmation of this economic truth.

How is it that, in the face of such a demand for People's Banks, Englishmen have not been moved to emulate the good work of Germany? The reason is that the German system is characterized by certain features which are unattractive and uncongenial to the English mind, as well as incompatible with English views—features which have originated in purely German circumstances, and in obsolete theories of banking.

But there is a way of utilizing the experience of Germany, in establishing People's Banks amongst us with great success and untold benefit to this country. What is wanted, to meet the demand in England, are banks that would fulfill the four following conditions:

1. To allow the working classes to invest their savings on the same favorable terms as those enjoyed by the shareholders of the large banks.
2. To hold the savings of the people at the disposal of the wealth-producing and wage-paying trades.
3. To open banking accounts and supply check books, or some similar medium of exchange to people not rich enough to be depositors, and thus work the exchanges without the use of coin.
4. To give preference to the right kind of customers without special philanthropic regulations, but rather as a natural consequence of the system adopted.

It is not within the scope of this paper to show in detail how these four conditions can be fulfilled. But the problem is easily solved if we take from the German Volksbanke, the Scotch small banks, and the French *banquiers*, the best features of each, modifying them to suit English circumstances. We could thus establish an almost perfect People's Bank, which would soon prove a model for Ireland, India, and the Colonies. Banks so constituted would prove exceedingly remunerative, and while they would immensely benefit the country, in encouraging thrift, and in increasing the opportunities of labor, in dealing a death-blow to usurers and middlemen, they would bring many advantages to the large banks, which, with the People's Banks for customers, could extend their business, increase their profits, and at the same time reduce their risks. As they will benefit all, and harm none, it is to be hoped that People's Banks will soon be a reality in England.

DEVELOPMENT OF PEOPLE'S BANKS

In £ sterling, converting the mark at 20 to the £.

Year.	Number of Banks which have sent in Reports.	Number of Members.	Credits and Prolongations (guaranteed).		Capital belonging to the Bank.			
			Total.	Average amount of each Bank.	Shares of the Members.	Reserve Funds.	Total of both.	Average of each Bank.
	1	2	3	4	5	6	7	8
			£	£.	£	£	£	
1859	80	18,676	620	8	37	4	41	½
1860	133	31,603	1,272	10	69	10	79	⅝
1861	188	48,760	2,531	13	120	16	136	¾
1862	243	69,202	3,551	15	170	20	200	4-5
1863	339	99,175	5,088	15	270	33	303	⅞
1864	455	135,013	7,222	16	444	40	488	1
1865	498	169,595	10,135	20	666	62	728	1
1866	532	193,712	12,752	24	866	83	949	2
1867	570	219,358	15,304	27	1,027	99	1,126	2
1868	666	256,337	20,887	31	1,405	130	1,535	2
1869	735	304,772	27,240	37	1,812	176	1,988	3
1870	740	314,656	31,143	42	2,017	182	2,199	3
1871	777	340,336	36,200	47	2,330	225	2,555	3
1872	807	372,742	53,178	66	2,927	279	3,206	3
1873	834	399,741	67,010	80	3,488	342	3,830	4
1874	815	411,443	67,786	83	3,857	372	4,229	4
1875	815	418,251	74,782	92	4,177	421	4,598	5
1876	806	431,216	76,269	95	4,444	501	4,945	5
1877	929	468,652	77,520	83	4,932	603	5,535	6
1878	948	480,507	72,800	77	5,144	693	5,837	6
1879	899	459,033	69,906	77	5,050	759	5,806	6
1880	906	460,656	72,376	80	5,101	820	5,921	6
1881	902	462,212	73,600	82	5,119	870	5,989	6
1882	905	461,153	75,118	83	5,164	909	6,073	6
1883	922	466,575	75,681	82	5,270	970	6,240	6
1884	879	451,779	75,848	86	5,317	1,008	6,325	6
1885	896	458,080	76,692	86	5,392	1,079	6,471	6
1886	881	451,452	76,129	86	5,462	1,144	6,606	7
1887	886	456,276	80,093	90	5,532	1,212	6,744	7

IN GERMANY, FROM 1859 TO 1887.

000 omitted, thus: £1,000 = £1,000,000, except in columns 1 and 2.

Funds raised on Credit.					*Average Percentage on the Capital belonging to the Banks.*	*Year.*
Deposits.	*Credit from Banks.*	*Savings Bank Fund.*	*Total.*	*Average of each Bank.*		
9	10	11	12	13	14	
£		£	£		£ s. d.	
75		77	152	2	1 7 6	1859
160		198	358	3	1 2 7	1860
298		397	695	4	0 19 6	1861
516		412	928	4	1 1 1	1862
846		512	1,358	4	1 2 3	1863
1,110		803	1,913	4	1 5 3	1864
1,673		975	2,648	5	1 7 3	1865
1,597	78	1,309	2,984	6	1 11 9	1866
1,850	146	1,707	3,703	6	1 10 3	1867
2,446	177	2,433	5,056	8	1 10 3	1868
2,949	298	3,158	6,405	9	1 11 0	1869
3,020	354	3,525	6,899	9	1 11 11	1870
4,804	325	3,691	8,820	11	1 9 0	1871
6,262	642	4,674	11,578	14	1 7 9	1872
8,422	657	4,934	14,013	17	1 7 3	1873
8,953	553	5,766	15,272	19	1 7 8	1874
9,729	661	6,118	16,508	20	1 7 11	1875
9,917	708	6,098	16,723	21	1 9 6	1876
10,414	857	6,230	17,551	19	1 11 6	1877
10,402	877	6,050	17,329	18	1 13 8	1878
10,351	681	6,326	17,358	19	1 13 6	1879
11,550	569	6,103	18,222	20	1 12 6	1880
12,016	542	6,157	18,715	21	1 12 0	1881
12,006	533	6,430	18,969	21	1 12 0	1882
12,879	493	6,095	19,467	22	1 12 0	1883
12,898	515	6,245	19,658	22	1 12 2	1884
Including Savings.						
19,497	593	—	20,090	22	1 12 3	1885
20,148	439	—	20,587	23	1 12 0	1886
20,763	593	—	21,356	24	1 11 6	1887

—*A. Egmont Hake. A paper read before the London Institute of Bankers and published in the Journal of the Institution.*

BANKING AND FINANCIAL ITEMS.

AUSTRALIAN BANKS.—Some idea of the wealth of Australia may be derived from the following figures for the quarter ending last March:

Circulation	$27,101,515
Deposits	516,175,460
Specie	89,935,080
Loans	644,818,355

BANKING IN BRAZIL.—The *Rio News* says: "It should be evident to the commerce of Rio that the city has entirely too many banks. It appears from the abstract made from the balance sheets of the banks of Rio, and of those in the provinces which publish their reports here, that the capital of these banks now almost equals the amount held on deposit, and this appears to us to be a proof of our assertion that there is a superabundance of banking institutions already organized, and as there are more coming it would appear that the greatest prudence will soon become requisite, not only on the part of investors who may be inclined to enter these institutions, but more particularly on the part of the managers and directors, who will possibly be tempted to entertain proposals for business clearly hazardous, rather than confess that competition is reducing earnings. The premiums to which the shares of the smaller and more recently established banks in Rio have advanced seem to us based on nothing but a speculative feeling."

CHATTANOOGA, TENN.—Three years ago the banking business of Chattanooga was done by two banks, and this made possible the remarkable success of the City Savings Bank, organized about that time. The truth began to dawn on the minds of the business men that Chattanooga was an important commercial and manufacturing city and needed increased banking facilities still. The consequence was the organization of the Chattanooga National Bank and the People's Bank. Still the growing demands of the city called for more financial institutions, and the Trust and Banking Company and the Chattanooga Savings Bank were opened. These all prospered and the Fourth National Bank entered the field and is already making money. The Bank of Commerce was then contemplated and will from present appearances open its doors this fall. Nix & Stafford, of Keokuk, Iowa, together with Chattanooga parties, will also open a bank about the first of September, and the Continental Bank, now organized, expects to start about the same time. This will give Chattanooga eleven regular banks and the volume of business fully justifies the belief that they will be abundantly successful.—*North Chattanoogan.*

CINCINNATI.—The following account of Mr. Theodore Stanwood, cashier of The First National Bank of Cincinnati, is taken from the *Commercial Gazette:* "The late Lewis Worthington, then vice-president of the First National Bank, John W. Ellis being president, met Mr. Stanwood in Massachusetts. He was then treasurer of a railroad in the White Mountains, and he made such an impression upon Mr. Worthington and a vacancy occurring in the cashiership of the First National Bank, he was invited to fill the place, and accepted. A stranger here, his old friends in Massachusetts cheerfully gave the necessary bond, but subsequently there was no trouble about that; he was not called upon to go abroad for a bond. He was re-elected from year to year without a dissenting vote and he was justly regarded as one of the fixtures of the great bank. As a banker Mr. Stanwood was in the forefront. His opinions were highly valued by everybody in the business, and no one placed a higher estimate upon them than the president and directors he so faithfully served. He never had occasion to say a word about his salary. That was made sufficient without a suggestion from himself. It goes without saying that the managers of the bank will feel his loss. No one outside of his family will feel it more. Mr. Stanwood was greatly attached to his native State, and in all that the term implies he was a Massachusetts gentleman. He had, however, become thoroughly identified with his adopted city. In all that was calculated to promote the prosperity of Cincinnati he took a lively interest.

Socially, too, he was an estimable man, and in the works of charity he was liberal to the full extent of his means. He was a foremost worker in the affairs of the Associated Charities, and in that direction he will be seriously missed."

IOWA.—The proceedings of the third annual meeting of the Iowa Bankers' Association have been published, and they are well worth preservation in this form. Many excellent things were said, but lack of space forbids extracts here. In a future number we shall lay some selections before our readers.

IOWA STATE AND SAVINGS BANKS.—Statement of the condition of incorporated Iowa banks for the quarter ending June 29, 1889. There are fifty savings banks in the State, and the following figures recapitulate the annual report of the auditor on these institutions:

ASSETS.

Bills receivable	$14,343,105 53
Cash and cash items	577,642 45
Credit subject to sight drafts	1,789,159 67
Overdrafts	63,547 38
Real and reserved property	411,385 16
Total assets and liabilities	$17,185,340 19

LIABILITIES.

Due depositors	$13,125,058 58
Due banks and others	188,000 57
Capital	3,285,400 00
Surplus	196,874 18
Undivided profits	410,006 56

Of State banks there are eighty-one, and the following is the sum of the report on them:

ASSETS.

Bills receivable	$9,945,086 03
Cash and cash items	810,528 29
Credit subject to sight drafts	1,464,508 76
Overdrafts	238,722 09
Real and reserved value	705,207 97
Total assets and liabilities	$13,170,103 13

LIABILITIES.

Due depositors	$7,271,512 72
Due banks and others	380,172 68
Capital	4,417,743 12
Surplus	646,272 42
Undivided profits	455,379 20

KANSAS CITY.—The "Tenth National Bank of Kansas City" has been established with $1,000,000 capital. The permanent quarters will be the new building which is now being erected at Eighth and Delaware streets, at a cost of $1,000,000. The permanent quarters will not be ready for two years. At first it was decided to call it "The Security National Bank," but the Comptroller of Currency requested that it be changed, so it was called the Tenth National Bank instead.

NEBRASKA.—Articles of incorporation of the Ansley Banking Company have been filed in the office of the Secretary of State of Nebraska. Ansley, Custer county, is designated as the principal place of business, and the authorized capital stock is placed at $100,000, divided into shares of $100 each, of which at least $30,000 shall be paid in at the commencement of business. C. J. Stevens, T. M. Ruble, and C. M. Stevens are the incorporators.

"PHILANTHROPIC BANKING."—Gen. W. H. Withington, responding to this toast at the Michigan Bankers' Association, among other things said: "Philanthropic banking is neither so absurd nor so uncommon a thing. Faith, hope and charity come even into the money lending business. Every loan made on faith in the borrower rather than on security is in a sense philanthropic. Who has not made such loans? Every banker here, I venture to say, has made loans to some young men just starting in business, or to tide over some struggling but honest firm, that he could not sustain to his board or justify to himself on strictly business or banking grounds. If you had been devoid of philanthropy you would not have made them. Yet they are often wiser loans than some made on apparently

good security. The most loyal, and in many instances the most valuable customers some of us have are those who have been accommodated when—faith in the men left out—it was an undue risk to lend them. I know a bank president of retiring disposition, and somewhat eccentric character, who owns his bank and conducts it as he pleases. His mind would conduct it on very strict and even severe business principles, but apparently his heart won't let him. As Moses with the children of Israel he is always helping his fellow-citizens out of difficulties, and like Moses, again, he as frequently upbraids them. Necessity stands a better chance with him for a loan than strength. Faith, hope, and charity seem to underlie his loans and to account for his signature to many a bond. Yet he has grown very wealthy, he suffers few losses, and he has a line of customers who are bound to him as with links of steel."

PORTRAITS ON BANKNOTES.—The following list tells what portraits are on the different notes: On United States $1, Washington; $2, Jefferson; $5, Jackson; $10, Webster; $20, Hamilton; $50, Franklin; $100, Lincoln; $500, Gen Mansfield; $1,000, De Witt Clinton; $5,000, Madison; $10,000, Jackson. On silver certificates—$10, Robert Morris; $20, Commodore Decatur; $50, Edward Everett; $100, James Monroe; $500, Charles Sumner; $1,000, W. L. Marcy. On gold notes—$20, Garfield; $50, Silas Wright; $100, Thomas H. Benton; $500, A. Lincoln; $1,000, Alexander Hamilton; $5,000, James Madison; $10,000, Andrew Jackson.

SAN FRANCISCO—AUSTRALIAN SHIPMENTS OF BULLION.—Large sums of gold have been shipped within a few months from Australia to San Francisco, consigned to the banks in that city, which in turn have disposed of it to the United States mint at its real value. The reason of these shipments is that Australian bankers find it cheaper to handle exchange on London and other European cities via San Francisco than direct to London. It is the custom among Australian bankers to sell exchange on London at from sixty to ninety days. Very little old gold is shipped to this city, the bankers buying it direct from the colonial mints, whence it is shipped direct to the San Francisco mint and is accepted at its real value. It takes from thirty-six to forty days to ship bullion from Australia to London, and but twenty-five days to San Francisco. While the bullion is on its way to this point exchange on London is easily secured by the Australian bankers by cable, to protect drafts as they are presented. By this manner of operating exchange the Australians save in freight, insurance and interest, and usually have the advantage of favorable exchange on London. The proposition to establish a fortnightly service between Sydney and San Francisco has for this reason been approved by the colonial bankers, as it would permit them to enjoy more frequent correspondence. It is probable that most of this money is for the purchase of wheat. The new colonial sovereigns are thrown into the melting pot here and come out as American gold.

SCHOOL SAVINGS BANKS.—The work of establishing these institutions, which originated in Ghent, Belgium, a little more than fifteen years ago, is going on in that country, in France, and to a less extent in some other European countries, and has at last begun here. "In 1885 an experiment was begun at Long Island City. The deposits there now aggregate $6,692.84. The Utica Board of Education is also considering the adoption of the plan, and it is talked of in other cities. Where it has been tried good effects have followed upon the habits and economical tendencies of the children. The practical saving of pennies is supplemented by instruction regarding the value of prudence, forethought and frugality, at an age when the mind receives the most abiding impressions. The only danger would naturally arise from the formation at an early period of life of habits of acquisitiveness and closeness, which age might ripen into avarice and meanness. As a rule, however, the tendency of youth is to spend rather than to hoard, and a little encouragement to economy would be more likely to produce good than bad developments of character. The influence of example among schoolmates would probably make the school savings bank a more effective agency of accumulation than the little tin bank, which, in some households, receives the children's odd nickels and dimes, and the withdrawal of deposits would be attended with a degree of business ceremony which would tend to make them more permanent."

CHANGE IN NEW YORK STATE BANKING DEPARTMENT.—Willis S. Paine has resigned, in a letter to Governor Hill, the position of Bank Superintendent of the State of New York. In a letter to the Governor, dated September 26, 1889, the first-named states that he has agreed to accept the presidency of The State Trust Company of the City of New York, and desires his resignation to take effect the 1st day of October following. The last-named official accepted the resignation in this letter:

"Albany, Sept. 30, 1889.

"Hon. Willis S. Paine:

"Dear Sir: Your communication presenting your resignation as Superintendent of the Banking Department is received. Permit me to thank you for the kind expression of esteem which it contains, and to express my own gratification at the pleasant relations which have marked our official intercourse.

"I take great pleasure in saying that, in your administration of the affairs of the Banking Department during the six years of your incumbency, you have exhibited integrity and marked ability, to the satisfaction and approbation of the people; and I trust the same success may follow you in the new field of responsibility to which you have been called. I remain, with kindest regards, very truly yours,

"(Signed) DAVID B. HILL."

Since Willis S. Paine's incumbency as Superintendent of the Banking Department in April, 1883, the banks of deposits and discount savings institutions, trust companies and safe deposit companies in the State have prospered to an unusual degree. The total resources of these institutions have increased from $751,704,881 to $1,151,090,786.

The deposits in the savings banks increased from $412,147,213 to $536,417,974. The banks of deposit and discount have increased from 80 to 150.

The Albany *Argus*, in commenting on the resignation, says, in its issue of September 30th: "The resignation of the Hon. Willis S. Paine as Superintendent of the Bank Department, which is announced to day, is not wholly unexpected, as it has been known for some time that Mr. Paine had under consideration a most flattering proposition to enter private life. Superintendent Paine was appointed by Governor Cleveland in 1883, and he has fulfilled the duties of the position with signal success for six years. His administration has witnessed a marked extension in the State banking system. More than fifty banks have come under the State system during his term, many of them abandoning the national system. During Mr. Paine's administration, and, to a very large extent at his suggestion, many improvements have been made in the State system, and in its security and adaptability to the requirements of modern banking business, the system of New York is left by Mr. Paine, we believe we may say, without risk of contradiction, the best in the United States. His efforts have brought about, substantially, all the changes in the banking laws of the State during the last six years. The resignation of Mr. Paine deprives the State of one of its most efficient officers, and the corporation which has obtained his services is to be congratulated."

The State Trust Company will have a capital of a million, and a reserve of five hundred thousand dollars, which, as the present law requires, must be paid in, in cash.

"NO PROTEST" SIGHT DRAFTS.—Probably the most unsatisfactory work which banks are called upon to perform, says the *Boston Advertiser*, is the collection (or rather the attempt at collecting) of sight drafts which are ordered not to be protested if not accepted or paid. They are particularly annoying from the fact that they entail much labor with very small results. Banks expect to attend to the collection of "promises to pay," whether in the form of checks or notes, and are always desirous of meeting the wishes of their customers in this, and any other, reasonable respect; but when they are called upon to act the part of the "dun" and importune the payment of money which the drawee, for any reason (and often for very good reason) objects to pay, they feel that they are asked to do what is not to be expected of them, and they cannot do it other than grudgingly. The number of these sight drafts (or two, or three, or any number of days' sight) has increased more than ten-fold in the last few years, and the amounts which they represent are usually small, many of them being from about $10 down to between $1 and $2, and about nine out of ten are returned refused. These little drafts

have to be sent from bank to bank in different localities, imposing to each bank the labor of entering and forwarding, and again making the work of checking off and returning when the draft comes back refused, as it generally does. No penalty attaches to the refusal to accept or pay these drafts, for it is almost invariably directed that they are not to be protested, as the drawers do not wish to be put to any expense in the matter. They merely draw these drafts as an experiment to be tried, and all the labor and expense, they expect, is to be borne by the banks. Rather a curious case is related to us of a firm in Boston keeping (for some unknown reason) an account at a bank, which we will locate at Burlington, Vt. (We name this place for sake of illustration, though it is not the real name of either the city or State to which we refer.) This firm draws many "no protest" drafts, and they are all sent to this Burlington bank for collection. The Burlington Bank, in turn, sends them to its Boston correspondent, and so they come to Boston again without having got any nearer to their place of destination after an absence of, say, two days. Many of these drafts being drawn on small places throughout Vermont, they are sent thither by the Boston bank, going out from Boston the second time practically over the same route as on the first trip. Having eventually reached their destination they are presented, and (nearly always) refused. They then begin the homeward journey, first from the bank in the little Vermont town to the Boston bank; then from Boston to the Burlington bank, and last from Burlington to the firm in Boston (their source), having been from six to eight days on the road, having caused labor and annoyance to quite a number of people and resulted in nothing. All this is so very absurd that we cannot forbear citing it, as it is vouched for as strictly and literally true. Of course these remarks are not intended to refer to the many legitimate drafts which are drawn by the wish or consent of the drawee, and which are protested if not accepted or paid, but simply to the little "experimental" drafts, drawn to see if the party will pay any attention to them, of which very little is expected, and the results from which are infinitesimal.

BOSTON'S DIVIDEND PAYMENTS.—Semi-annual dividend payments due in Boston in October amount to $8,980,416, a decrease of $713,523 as compared with a year ago. Bank dividends amounted to $1,356,000.

AN ENCOURAGING SIGN.—One of the noteworthy features of the past week is the activity in the iron and steel trade. According to reports, upwards of 75,000 tons of rails have been purchased within the past ten days, aside from contracts for steel billets amounting to some 20,000 tons. The price of steel rails at Chicago is $33 a ton, at Pittsburgh $31, and at the mills in the East $29 a ton. On Friday and Saturday inquiries were received for upwards of 30,000 tons. Manufacturers predict a further advance because of the rapid increase in inquiries from Western and Southern companies, aggregating over 100,000 tons.

BANK CLEARING ASSOCIATION.—Some marvelous figures were presented at the annual meeting, in the report of Manager Wm. A. Camp. The total transactions of this association, which is composed of sixty-three banks and the Sub-Treasury, were, during the year ending September 30th, $36,554,103,002.34, of which $34,796,465,528.87 were exchanges, and $1,757,637,473.47 balances. The average daily transactions were $120,640,603.97. The largest transactions in any day were $206,321,346.08. Since the establishment of the Clearing House, thirty-six years ago, the total transactions have amounted to $917,689,376,212. George S. Coe, president of the American Exchange Bank, was elected chairman for the ensuing year, and Mr. Camp was re-elected manager. The clearing committee was constituted as follows: Jacob C. Vermilye, Frederick D. Tappen, George G. Williams, Wm. A. Nash, and Richard Hamilton.

INCREASED CIRCULATION IN SEPTEMBER.—A statement prepared at the Treasury Department shows that there was a net increase of $14,711,980 in circulation during the month of September, and a net decrease of $10,597,253 in money and bullion in the Treasury during the same period. The principal increase in circulation was in United States notes, silver certificates, and standard silver dollars. The decrease was in gold certificates and national bank notes. The circulation on October 1 is stated at $1,405,018,000, and the money and bullion in the Treasury on the same date at $649,060,971.

WASHINGTON, D. C.—The Washington *Post* of September 4th says: Capitol Hill had a great boom yesterday in the opening of the National Capitol Bank, located on the corner of Third street and Pennsylvania avenue, and if that financial venture enjoys half the prosperity in the future that it had yesterday, it will be a tremendous success. President John E. Herrell sat at his desk behind the wicker work protecting the office, and Cashier W. B. Balwin was the busiest man on the Hill. Every one visiting the bank was impressed with the facilities for doing business and the substantial means provided for taking care of the money when received. For this purpose two large safes of the best quality, made by Herring & Co., New York, were on hand, one with a time lock and guaranteed forty-eight hours, burglar proof. When the closing hour arrived the cashier settled up his account and found that $156,277 had been deposited during the day by over one hundred people.

The reports of the New York Clearing-house returns compare as follows:

1889.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*	*Surplus.*
Sept. 7...	$406,832,300	$76,478,300	$37,792,100	$424,572,100	$3,964,500	$8,127,375
" 14...	409,703,200	74,336,800	36,875,100	424,308,500	3,975,700	5,134,775
" 21...	409,602,300	70,998,000	36,023,500	420,168,400	3,933,900	1,979,400
" 28...	409,311,700	69,574,000	35,692,800	417,384,200	3,948,100	935,750

The Boston bank statement is as follows:

1889.	*Loans.*	*Specie.*	*Legal Tenders*	*Deposits.*	*Circulation*
Aug. 31.....	$154,415,900	$10,704,800	$4,765,800	$131,713,400	$2,532,900
Sept. 7.....	155,210,500	10,565,100	4,499,400	134,547,500	2,496,100
" 14.....	155,294,800	10,632,800	4,740,000	137,366,600	2,545,000
" 21	155,691,000	10,466,300	4,957,100	136,173,000	2,543,300
" 28	155,033,600	10,522,100	5,205,700	137,014,000	2,539,200

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1889.	*Loans.*	*Reserves*	*Deposits.*	*Circulation.*
Sept. 7.....	$ 99,559,000	$26,035,000	$98,049,000	$2,131,000
" 14	100,574,000	25,500,000	99,302,000	2,133,000
" 21	100,302,000	24,591,000	98,102,000	2,125,000
" 28.....	100,438,000	24,244,000	97,813,000	2,128,000

DEATHS.

FOWLER.—On August 20, aged seventy-five years, MOSES FOWLER, President of Fowler National Bank, La Fayette, Ind.

KAUFFELT.—On August 13, aged eighty-four years, HENRY KAUFFELT, President of Wrightsville National Bank, Wrightsville, Pa.

MCKECHNIE.—On September 12, aged sixty-four years, JAMES MCKECHNIE, of the firm of McKechnie & Co., Canandaigua, N. Y.

REYNOLDS.—On September 10, aged fifty-seven years, SAMUEL H. REYNOLDS, President of People's National Bank, Lancaster, Pa.

STANWOOD.—On August 31, aged sixty years THEODORE STANWOOD, Cashier of First National Bank, Cincinnati, O.

WARING.—On August 26, aged fifty-three years, T. S. WARING, Cashier of Farmers' National Bank, Greenville, O.

WEATHERFORD.—On August 16, aged fifty-two years, J. W. WEATHERFORD, Cashier of People's National Bank, Ennis, Texas.

WEEKS.—On September 12, aged sixty-three years, NATHAN H. WEEKS, President of Pemigewasset National Bank, Plymouth, N. H.

WISNER.—On August 21, aged fifty-seven years, LYMAN F. WISNER, President of Hardin County Bank, Eldora, Iowa.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from September No., page 235.)

State.	*Place and Capital.*	*Bank or Banker.*	*Cashier and N. Y. Correspondent.*
ALA....	Jasper.....	Jasper Trust Co.....	Hanover National Bank.
	$50,000	Frank A. Gamble, *P.*	J. M. Burrell, *Cas.*
		John B. Shields, *V. P.*	
ARK....	Newport.....	Newport Safe Dep. Bank.	Mechanics National Bank.
	$16,700	(Elbert L. Watson.)	F. D. Kinman, *Cas.*
CAL....	Santa Paula....	First National Bank.....	.....
	$75,000	C. H. McKevett, *P.*	Joseph R. Haugh, *Cas.*
COL....	Denver.....	Commercial Nat. Bank .	Chemical National Bank.
	$250,000	Chas. H. Dow, *P.*	
		Chas. D. Cobb, *V. P.*	Frank H. Dunlevy, *Ass't Cas.*
"	.. Durango.....	Durango National Bank.	.....
	$50,000	Fred. L. Kimball, *P.*	B. N. Freeman, *Cas.*
"	.. Los Angeles....	Post-Office S. B. & Tr. Co.	.....
	$50,000	James B. Lankershim, *P.*	Frank W. De Van, *Cas.*
		Chas. Forman, *V. P.*	
DAK....	Dell Rapids....	Granite City Bank.....	.....
	$50,000	O. H. Smith, *P.*	P. J. Hiltgen, *Cas.*
		C. S. Gifford, *V. P.*	O. Esker, *Ass't Cas.*
"	.. Sioux Falls.....	American Exch. Bank. .	Importers & Traders Nat. Bank.
	$100,000	Will Mulhall, *P.*	John Mulhall, *Cas.*
		James Mulhall, *V. P.*	John Vitzthum, *Ass't Cas.*
"	.. Sturgis.....	The Western B. & Tr. Co.	Chase National Bank.
		Milton H. Butler, *P.*	W. F. Street, *Cas.*
"	.. Wahpeton.....	Citizens Bank.....	Corbin Banking Co.
	$50,000	F. E. Kenaston, *P.*	Donald R. Davidson, *Cas.*
		Harold Thorson, *V. P.*	
		A. D. Davidson, *V. P.*	
FLA....	Dade City.....	Bank of Pasco County...	Seaboard National Bank.
	$15,000	A. A. Parker, *P.*	H. H. Henley, *Cas.*
"	.. Dade City.....	South'n Mort Loan & Tr Co	National Park Bank.
		A. A. Parker, *P.*	
"	.. Tavares.....	South'n Mort Loan & Tr Co	National Park Bank.
		A. A. Parker, *P.*	
GA.....	Dawson.....	Dawson National Bank..	.....
	$50,000	A. J. Carver, *P.*	S. R. Christie, *Cas.*
ILL.....	Stronghurst....	Stronghurst State Bank..	National Park Bank.
	$25,000	John Marshall, *P.*	Chas. R. Kaiser, *Cas.*
		W. C. Tubbs, *V. P.*	
IND.....	Kendallville.. .	Noble County Bank.....	Hanover National Bank.
		(Jacob Keller.)	.....
"	Kokomo.	Citizens National Bank..	.....
	$100,000	Richard Ruddell, *P.*	Geo. E. Bruner, *Cas.*
		J. C. Blacklidge. *V. P.*	
IND. T..	Ardmore...	J. F. Anderson & Son...	National Park Bank.
IOWA...	Doon.....	Doon Savings Bank.....	United States National Bank.
	$10,000	Oliver P. Miller, *P.*	Chas. Creglow, *Cas.*
		Elisha Huntington, *V. P.*	
"	.. Granville.....	Granville Exch. Bank....	.....
		Theo. Graff, *P.*	N. H. Graff, *Cas.*
"	.. Kensett.....	Kensett Bank.....	American Exchange Nat. Bank.
	$25,000	K. Cleophas, *P.*	K. Cleophas, *Cas.*
"	.. La Porte City..	First National Bank.....	Chemical National Bank.
	$50,000	James F. Camp, *P.*	F. E. Wellstein, *Cas.*
		E. Simpson, *V. P.*	
"	.. Le Mars.....	Security Bank.....	Fourth National Bank.
	$50,000	Henry C. Curtis, *P.*	Donald S. Culver, *Cas.*
		James H. Culver, *V. P.*	
"	.. Panama.....	Bank of Panama.....	Chase National Bank.
	$15,000	Frederick Albertus, *P.*	Geo. Walters, *Cas.*

State.	*Place and Capital.*	*Bank or Banker.*	*Cashier and N. Y. Correspondent.*
IOWA...	Prairie City....	L. E. Zachory & Son.	National Park Bank.
	$40,000	L. E. Zachory, *P.*	R. B. Zachory, *Cas.*
" ..	Sibley.....	North-Western State B..	Boyle & Co.
	$100,000	J. W. Orde, *P.*	R. A. Harbord, *Cas.*
			M. J. Campbell, *Ass't Cas.*
KAN....	Haddam.....	Citizens State Bank.....	Chemical National Bank.
	$15,000	John M. Steele, *P.*	Wm. L. Wilson, *Cas.*
		I. Bonham, *V. P.*	
" ..	Havensville ...	Citizens State Bank.....	Importers & Traders Nat. Bank.
	$10,000	Chas. Grover, *P.*	T. J. Richardson, *Cas.*
		H. C. Hamar, *V. P.*	James Hamar, *Ass't Cas.*
" ..	Pittsburgh.....	Manufacturers N. Bank..	National Bank of Commerce.
	$100,000	B. F. Hobart, *P.*	Arthur L. Chaplin, *Cas.*
		F. E. Doubleday, *V. P.*	
" ..	Valley Falls....	Delaware Bank.....	Gilman, Son & Co.
	$10,600	Joseph M. Piazzek, *P.*	Halleck D. Butts, *Cas.*
		E. M. Hutchins, *V. P.*	
KY.....	Beattyville.....	Three Forks Dep. Bank.	United States National Bank
	$50,000	John G. McGuire, *P.*	Oleonder H. Pollard, *Cas.*
		R. C. Hill, *V. P.*	
" ..	Louisville..	Union National Bank...	.....
	$500,000	Geo. W. Swearinger, *P.*	E. H. Conn, *Cas.*
" ..	Middlesboro....	W. C. Crane & Co.	Merchants Exchange Nat. Bank.
		E. B. Crane, *P.*	Wm. M. Crane, *Cas.*
" ..	New Castle....	Henry Co. Trust Co.....	.....
	$25,000	Jacob S. Smith, *P.*	W. E. Clubb, *M'g'r.*
		L. M. Sanford, *V. P.*	
" ..	Waddy.....	Deposit Bank of Waddy.	....
	$25,000		Richard R. Sanduskey, *Cas.*
ME.....	Gardiner.....	Maine Trust & B'k'g. Co.	.....
	$100,000	Weston Lewis, *P.*	John W. Dana, *Sec.*
		John F. Hill, *V. P.*	
" ..	Portland.....	Portland National Bank.	.....
	$300,000	Fred. E. Richards, *P.*	Chas. G. Allen, *Cas.*
MICH...	Muskegon.....	Union National Bank...	Chemical National Bank.
"	$100,000	Matthew Wilson, *P.*	Wm. B. McLaughlin, *Cas.*
		Louis Kanitz, *V. P.*	
MINN...	Austin.....	Austin National Bank...	American Exchange Nat. Bank.
	$50,000	Chas. H. Davidson, *P.*	Henry Birkett, *Cas.*
		Gustav Schlender, *V. P.*	Chas. H. Davidson, Jr., *Ass't Cas.*
MISS...	Oxford.....	Merch. & Farm. Bank...	Western National Bank.
	$50,000	Chas. Roberts, *P.*	Wm. A. West, *Cas.*
		B. T. Kimbrough, *V. P.*	H. P. Branham, *Ass't Cas.*
" ..	Pontotoc.....	Bank of Pontotoc.....	Latham, Alexander & Co.
	$25,000	Frank Souter, *P.*	Martin B. Pitts, *Cas.*
		Oliver C. Carr, *V. P.*	
" ..	Minneapolis....	C. H. Chadbourn & Son.	Importers & Traders Nat. Bank.
" ..	Wells.....	Citizens Bank.....	Hanover National Bank.
	$25,000	(Joice, Law & Co.)	.....
MO.....	Butler.....	Missouri State Bank.....	Hanover National Bank.
		John H. Sullens, *P.*	Wm. E. Walton, *Cas.*
		Booker Powell, *V. P.*	J. Rue Jenkins, *Ass't Cas.*
" ..	Chillicothe	Citizens National Bank..	.....
	$50,000	Thos. McNally, *P.*	Wm. W. Edgerton. *Cas.*
		Lewis A. Chapman, *V. P.*	F. E. Riley, *Ass't Cas.*
" ..	Lebanon.....	Laclede County Bank.	National Bank of the Republic.
	$12,500	Jonathan C. Wallace, *P.*	Chas. W. Rubey, *Cas.*
MONT ..	Livingston.....	Livingston Nat. Bank...	Chase National Bank.
	$50,000	Chas. A. Broadwater, *P.*	Geo. L. Carey, *Cas.*
		Arthur W. Miles, *V. P.*	Alan Maconochie, *Ass't Cas.*
NEB....	Albion.....	Beaver Valley Bank.....	.....
		(J. W. Quackenbush.)	.....
" ..	Cambridge.....	Citizens State Bank.....	Hanover National Bank.
	$12,500	Geo. W. Turner, *P.*	Henry W. Sipe, *Cas.*
		W. O. Johns, *V. P.*	
" .	Clay Center....	State Bank.....	Hanover National Bank.
	$25,000	G. W. Clawson, *P.*	Wm. J. Gardiner, *Cas.*
		Wm. M. Walters, *V. P.*	S. L. Easterly, *Ass't Cas.*

State. Place and Capital.	*Bank or Banker.*	*Cashier and N. Y. Correspondent.*
NEB.... Cordova.....	Bank of Cordova.....	Ghemical National Bank.
$10,000	W. H. Wallace, *P.*	M. A. Pflug. *Cas.*
" . Harrison.....	Commercial Bank.....	.....
$5,000	Benj. E. Brewster, *P.*	Chas. C. Jameson, *Cas.*
	C. F. Coffee, *V. P.*	S. W. Cox, *Ass't Cas.*
" .. Harvard.....	First National Bank.....	.....
$50,000	Thos. H. Matters, *P.*	Jesse F. Eller, *Cas.*
" .. Rushville.....	Farmers & Merch. Bank.	Kountze Bros.
$10,000	Jos. G. Armstrong, *P.*	Wm. D. Armstrong, *Cas.*
	W. W. Wood, *V. P.*	
" .. West Union.. .	State Bank.....	Chase National Bank.
$13,500	A. E. Charlton, *P.*	A. B. Tutton, *Cas.*
N. J.... Atlantic Highlds	AtlanticHighlandsNat.B.	.....
$50,000	C. Holmes, *P.*	Chas. H. Ely, *Cas.*
N. Y... Brooklyn.....	Kings County Trust Co.	.....
.$500,000	J. C. Hendrix, *P.*	Joseph B. White, *Sec.*
	J. S. T. Stranahan, *V. P.*	
	S. V. White, *V. P.*	
" .. Brooklyn.....	North Side Bank.....	.....
$100,000	Wm. D. Chase, *P.*	Arnold R. Dodge, *Cas.*
	Walter Mathison, *V. P.*	
" . Brooklyn.....	Peoples Trust Co.....	.....
$500,000	Wm. H. Murtha, *P.*	Edward Johnson, *Sec.*
	Fred. A. Schweder, *1st V. P.*	
	Horace J. Morse, *2d V. P.*	
OHIO... Columbus.....	Farmers & Mech. Bank..	Chase National Bank.
	Chas. W. Hess, *P.*	Chas. M. Jaynes, *Cas.*
	D. E. Sullivan, *V. P.*	
" .. Norwalk...	Norwalk Savings Bank..	First National Bank.
	Wm. H. Price, *P.*	Wm. O. Monnett, *Cas.*
PENN... Elkland..	C. L. Pattison & Co.	National Park Bank.
S. C.... Batesburg.....	Bank of Batesburg.....	Chemical National Bank.
		Henry T. Wright, *Cas.*
TENN... Chattanooga...	Bank of Chattanooga...	Chase National Bank.
	(Wiehl, Probasco & Co.)	.....
" .. Chattanooga...	Citizens Bank & Tr. Co.	United States National Bank
$100,000	G. N. Henson, *P.*	R. M. Chambliss, *Cas.*
	C. E. Buek, *1st V. P.*	
	M. P. Mason, *2d V. P.*	
" .. Dyersburg.....	Dyer County Bank.....	Latham, Alexander & Co.
$25,000	Samuel R. Latta, *P.*	Chas. A. Hall, *Cas.*
	John M. Nichols, *V. P.*	R. M. Hall, *Ass't Cas.*
" .. Lebanon.....	Peoples Bank.....	United States National Bank.
$50,000	Ed. E. Beard, *P.*	Wm. H. Brown, *Cas.*
TEXAS.. Dallas	Central National Bank..	.....
$250,000	Maurice E. Locke, *P.*	E. M. Longcope, *Cas.*
" .. Decatur.....	Wise Co. National Bank.	....
$60,000	H. Sewell, *P.*	R. S. Vance, *Cas.*
	H. D. Donald, *V. P.*	
" .. Honey Grove...	Planters National Bank..	Hanover National Bank.
$75,000	Joseph Meyer, *P.*	Robt. J. Thomas, *Cas.*
	J. B. Ryan, *V. P.*	
" . Orange.....	First National Bank.....	.....
$50,000	H. J. Luteher, *P.*	W. S. Davidson, *Cas.*
	Alex Gilmer, *V. P.*	
" .. Van Alstyne....	Bank of Van Alstyne....	National Park Bank.
$300.000	Frank M. Adams, *M'g'r.*	
" .. Vernon.....	State National Bank....	.....
$50,000	C. M. Bivins, *P.*	J. V. Green, *Cas.*
UTAH .. Provo City.....	Utah County Sav. Bank.	.....
$7,500	Abraham O. Smoot, *P.*.	W. H. Dusenberry, *Cas.*
	Thos. R. Cutter, *V. P.*	
WASH.. Oakesdale.....	First National Bank.....	.....
$50,000	Samuel Brown, *P.*	Chas. A. Brown, *Cas.*
" .. Puyallup.....	Farmers Bank.....	Mercantile National Bank.
$50,000	A. C. Campbell, *P.*	Raymond Moore, *Cas.*
	W. J. Bowman, *V. P.*	
" .. Seattle...	Boston National Bank...	.....
$300,000	Herman Chapin, *P.*	Wm. R. Thornell, *Cas.*

State.	*Place and Capital.*	*Bank or Banker.*	*Cashier and N. Y. Correspondent.*
Wis..	Marinette..... $100,000	First National Bank..... E. Scofield, *P.* Francis A. Brown, *V. P.*	Hanover National Bank. Ira D. Buck, *Cas.*
" ..	Port Washingt'n $25,000	German-American Bank. Alexis Hather, *P.* Joseph Boehmer, *V. P.*	Chemical National Bank. Robt. H. Clark, *Cas.*
N. S....	Lunenburg	Peoples Bank of Halifax. G. N. C. Hawkins, *Ag't.*	Bank of N. Y. N. B. A.

CHANGES OF PRESIDENT AND CASHIER.

(*Monthly List, continued from September No., page 237.*)

	Bank and Place.	*Elected*	*In place of*
N. Y. City.	B. of British N. America.	H. Stikeman, *1st Agent.* F. Brownfield, *2d Agent.*	... .
Cal....	Cal. State Bank, National City.	J. C. Hussey, *P.*.....	E. Steele.
" ..	Pomona Bank, Pomona.....	Geo. A. Lathrop, *Cas.*...	R. S. Day.
Col....	Central National Bank, Pueblo.	C. A. Hammond, *Cas.* . H. L. Holden, *Ass't Cas.*	....
Conn...	State Bank, Hartford.	Geo. T. Hills, *P.*..... Geo. H. Burt, *Cas.*..	Chas. H. Brainard.* Geo. T. Hills.
" ..	Merchants Nat. B., New Haven.	D. A. Alden, *Cas.*...	J. C. Bradley.
" ..	Norwalk Sav. Society, Norwalk.	Geo. M. Holmes, *P.*.....	W. B. E. Lockwood
Dak....	Hillsboro Nat. B., Hillsboro...	Jas. E. Hyde, *Cas.*.....	A. L. Hanson.
Del....	N. B. of Wil. & Brandywine, Wilmington.	Caleb M. Sheward, *Cas.*.	Otho Newland.
Ill.....	The Buda Bank, Buda.....	H. E. Makutchan, *Cas.*..	I. B. Lesh.
" ..	Merchants Nat. Bank, Peoria..	F. Millard, *Ass't Cas.*...	.....
" ..	La Salle Nat. Bank, La Salle	W. B. Hummer, *Cas.*...	G. M. Murphey.
Iowa ..	First National Bank, Carroll.	G. W. Wattles, *P.*..... L. G. Bangs, *Ass't Cas.*.	O. A. Kentner. .....
Kan ...	Howard State Bank, Howard.	S. J. Haines, *Cas.*..... Geo. H. Thompson, *A. C.*	Geo. H. Thompson. .....
" ..	State Bank, Inman.....	A. Heggelund, *P.*.....	A. A. Irvin.
" ..	Citizens N. B., Medicine Lodge.	F. B. Chapin, *Cas*	.....
" ..	Citizens Bank, Plainville.	Casey G. Cochran, *P.*... James S. Shaw, *V. P.*... Noah F. Shaw, *Cas.*....	Irad W. Gray. ....
" ..	First Nat. Bank, Washington..	J. F. Horning, *V. P.*...	J. M. Welch.
La.....	Rapides Bank, Alexandria.....	Chas. Owens, *Cas.*.....	Louis V. Maryne.
Mass..	Merchants N. B., New Bedford.	Gilbert Allen, *P.*.....	Jonathan Bourne.*
Mich...	Carson City S. B., Carson City.	Frank Hale, *Cas.*.....	Geo. W. Cadwell.
Minn..	American L. & Tr. Co., Duluth.	Clinton Markell, *P.*.....	Dell Noblitt.
" ..	First National Bank, Winona..	Wm. D. Chandler, *A. Cas.*	.....
Mo.....	Farmers Savings Bank, Marshall.	Jas. A. Gordon, *P.*..... J. T. Wettack, *Cas.*... ..	John Haggin.* Jas. A. Gordon.
Neb....	Blue Hill Bank, Blue Hill.	R. A. Simpson, *P.*..... C. D. Robinson, *Cas.*...	....
" ..	State Bank of Elmwood, Elmwood.	James Rivett, Jr., *P.*... Joseph Mullen, *V. P.*.... Edwin Jeary, *Cas.*.....	....
" ..	Bank of Harrison, Harrison.	Benj. F. Pitman, *P.*..... Chas. E. Holmes, *Cas.* S. H. Jones, *Ass't Cas* ..	Jos. G. Armstrong. S. Barker. .....
" ..	Bank of Merna, Merna.	C. Johnson, *P.*..... Mac Johnson, *Cas.*.....	J. C. Maulick. J. H. Bair.
" ..	First National Bank, Ord.	W. E. Mitchell, *Cas.*..... E. N. Mitchell, *Ass't Cas.*	Fred. B. Bartlett. W. E. Mitchell.
N. H....	Pemigewasset Nat. Bank, Plymouth.	Geo. H. Adams, *P* .... C. H. Bowles, *V. P.*....	Nathan H. Weeks* ....
N. J....	Hudson Co. Nat. B., Jersey City.	J. W. Hardenbergh, *Cas.*	Edw. A. Graham.
" ..	National Iron Bank, Morristown.	D. D. Craig, *V. P.*..... John B. Byram, *Cas.*....	E. D. Halsey. D. D. Craig.
" ..	First Nat. Bank, Woodstown.	James Benezet, *P.*.....	S. H. Weatherby.
N. Mex.	Silver City Nat. B., Silver City..	T. F. Conway, *V. P.*....	Max Schultz.

* Deceased.

	Bank and Place.	*Elected.*	*In place of.*
N. C...	Bank of Lexington, Lexington.	John W. Boring, *P.*.....	Benj. J. Miller.
		F. K. Mountcastle, *V. P.*	.....
		G. W. Mountcastle, *Cas.*	G. H. Jones.
OHIO...	Farmers N. Bank, Greenville..	Jas. M. Lansdowne, *Cas.*	.....
" ..	First National Bank, Mt. Gilead.	R. B. Levering, *Cas*.....	R. P. Halliday.
" ..	Clinton Co. N. B., Wilmington.	M. Rombach, *P*.....	.....
ORE....	McMinnville N. B., McMinnville	J. L. Stratton, *Cas*.....	Clark Braly.
PENN...	First National Bank, Scottdale.	A. S. Loucks, *V. P*.....	.....
		A. B. Pickard, *Cas*.....	.....
R. I....	Union Bank, Providence.	Wm. A. Tucker, *P*.....	Henry G. Russell.
		John H. Congdon, *V. P.*	Wm. A. Tucker.
TENN ..	State National Bank, Knoxville.	H. C. Jarvis, *P*.....	Wm. D. Kenner.
		Wm. D. Kenner, *Cas*....	A. H. Nave.
		John L. Boyd, *Ass't Cas.*	.....
TEXAS..	Nat. Exchange Bank, Dallas...	R. C. Ayers, *Ass't Cas*..	.....
" ..	Peoples Nat. Bank, Ennis.....	H. C. Jones, *Cas*.....	J.W.Weatherford*
" ..	Concho N. Bank, San Angelo.	Philip C. Lee, *P*.....	L. B. Harris.
		Geo. E. Webb, *Cas*.....	R. B. Talbert.
" .	First National Bank, Vernon.	A. M. Britton, *P*.....	A. U. Thomas.
		E. F. Johnson, *V. P*....	.....
		S. W. Lomax, *Cas*.....	W. G. Curtiss.
WASH.	First National Bank, Whatcom.	J. Furth, *P*.....	.....
		P. E. Dickinson, *V. P*...	.....
WYO...	Cheyenne Nat. Bank, Cheyenne.	J. W. Collins, *P*.....	N. R. Davis.
		G. L. Beard, *Cas*.....	F. E. Addoms.
		G. F. Morgan, *Ass't Cas.*	G. L. Beard.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Monthly List, continued from September No., page 238.)

No.	*Name and Place.*	*President.*	*Cashier.*	*Capital.*
4111	Citizens' National Bank..... Chillicothe, Mo.	Thos. McNally,	Wm. W. Edgerton,	$50,000
4112	Planters' National Bank..... Honey Grove, Texas.	Joseph Meyer,	R. J. Thomas,	75,000
4113	Commercial National Bank.... Denver, Col.	Chas. H. Dow,	Frank H. Dunlevy, *Ass't Cas.*	250,000
4114	First National Bank... ..... La Porte City, Iowa.	James F. Camp,	F. E. Wellstein,	50,000
4115	Dawson National Bank..... Dawson, Ga.	A. J. Carver,	S. R. Christie,	50,000
4116	Wise County National Bank... Decatur, Texas.	H. Sewell,	R. S. Vance,	60,000
4117	Livingston National Bank..... Livingston, Mont.	Chas. A. Broadwater,	Geo. L. Carey,	50,000
4118	First National Bank..... Orange, Texas.	H. J. Luteher,	W. S. Davidson,	50,000
4119	Atlantic Highlands Nat. Bank.. Atlantic Highlands, N. J.	C. Holmes,	Chas. H. Ely,	50,000
4120	First National Bank..... Santa Paula, Cal.	C. H. McKevett,	Jos. R. Haugh,	75,000
4121	Citizens' National Bank..... Kokomo, Ind.	Richard Ruddell,	Geo. E. Bruner,	100,000
4122	First National Bank..... Oakesdale, Wash.	Samuel Brown,	Chas. E. Brown,	50,000
4123	First National Bank..... Marinette, Wis.	E. Scofield,	Ira D. Buck,	100,000
4124	Boston National Bank..... Seattle, Wash.	Herman Chapin,	Wm. R. Thornell,	300,000
4125	Union National Bank..... Muskegon, Mich.	Matthew Wilson,	Wm. B. McLaughlin,	100,000
4126	Durango National Bank..... Durango, Col.	Frederick L. Kimball,	B. N. Freeman,	50,000
4127	Central National Bank..... Dallas, Texas	Maurice E. Locke,	E. M. Longcope,	250,000

* Deceased.

No.	*Name and Place.*	*President.*	*Cashier.*	*Capital.*
4128	Portland National Bank..... Portland, Me.	Fred. E. Richards,	Chas. G. Allen,	300,000
4129	First National Bank..... Harvard, Neb.	Thos. H. Matters,	Jesse F. Eller,	50,000
4130	State National Bank..... Vernon, Texas.	C. M. Bivins,	J. V. Green,	50,000
4131	Austin National Bank..... Austin, Minn.	Chas. H. Davidson,	Henry Birkett,	50,000

CHANGES, DISSOLUTIONS, ETC.

(*Continued from September No., page 239.*)

N. Y. CITY..... Musgrave & Co., reported suspended.
IND..... Kendallville.... Keller & Kann have been succeeded by the Noble County Bank, Jacob Keller proprietor, same correspondents.
IOWA... Lenox..... L. S. Brooks, reported suspended.
" .. Prairie City.... Citizens Bank and the Farmers & Traders Bank have been succeeded by L. E. Zachory & Son.
" .. Sibley ..... Sibley Exchange Bank has been succeeded by the North Western State Bank.
KAN.... Anthony..... Farmers Loan & Trust Co., reported closed.
" .. Kansas City.... Savings Bank of Kansas is now the Central Bank of Kansas, same officers.
" .. Plainville..... Citizens Bank has been incorporated, same correspondents.
MICH... Edmore..... Edmore Exchange Bank (Wm. H. Gardner) now W. G. Wisner proprietor, same correspondents.
" .. Howell..... John Weimeister & Co., reported assigned.
MINN... Austin..... Austin State Bank is now the Austin National Bank, same correspondents.
MO..... Butler..... Butler National Bank has gone into voluntary liquidation, and has been succeeded by the Missouri State Bank, same officers.
" .. St. Louis..... Wm. C. Little & Co. is now Wm. C. Little, Scott & Co.
NEB.... Clay Center.... First National Bank has been succeeded by the State Bank.
" .. Elmwood .... Bank of Elmwood has been incorporated as the State Bank of Elmwood.
" .. Mason City.... Bank of Mason City has been incorporated, same correspondents.
" .. Neligh..... Bank of Neligh Roche & Anderson) is now the First National Bank.
" .. Thayer..... Bank of Thayer has closed, no successor.
PA ..... Elkland..... J. Parkhurst & Co. has been succeeded by C. L. Pattison & Co.
TENN .. Lebanon..... Second National Bank has gone into voluntary liquidation, and succeeded by the Peoples Bank, same officers.
WASH . Whatcom..... First Bank has been succeeded by the First National Bank.

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money have been as follows:

QUOTATIONS:	Sept. 3.	Sept. 9.	Sept. 16.	Sept. 23.	Sept. 30.
Discounts	6 @ 7 .	6 @ 7 .	6 @ 7 .	6½ @ 7½ .	6½ @ 7½
Call Loans.....	6 @ 2½ .	4 @ 3 .	5 @ 3½ .	6 @ 5 .	30 @ 6
Treasury balances, coin..	$155,223,096 .	$155,052,719 .	$155,227,608 .	$155,403,316 .	$155,571,977
Do. do. currency.	20,061,502 .	20,436,375 .	19,186,528 .	16,036,458 .	11,435,267

Sterling exchange has ranged during September at from 4.87¼ @ 4.88½ for bankers' sight, and 4.83¼ @ 4.85 for 60 days. Paris—Francs, 5.18⅛ @ 5.16¼ for sight, and 5.20⅝ @ 5.20 for 60 days. The closing rates for the month were as follows: Bankers' sterling, 60 days, 4.83¼ @ 4 83½; bankers' sterling, sight, 4.88 @ 4.88¼; Cable transfers, 4.89 @ 4.89¼. Paris—Bankers', 60 days, 5.20⅝ @ 5.20; sight, 5.17½ @ 5.16⅞. Antwerp—Commercial, 60 days, 5.23⅛ @ 5.22½. Reichmarks (4) — bankers', 60 days, 94⅝ @ 94¾; sight, 95¼ @ 95⅜. Guilders—bankers', 60 days, 40 1/16 @ 40⅛; sight, 40¼ @ 40 5/16.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, SEPTEMBER, 1889.

Opening, Highest, Lowest and Closing Prices of Stocks and Bonds in September.

GOVERNMENTS.	Interest Periods.	Opening.	Highest.	Lowest.	Closing.
4½s, 1891 ... reg.	Quarterly Mar.	105¾	105¾	105⅝	105¾
4s, 1891 ..... coup.		105¼	105¼	105⅝	105¾
4s, 1907 ..... reg.	Jan	127	127	126⅞	127
4s, 1907 ..... coup.		128	128	127⅞	128
	Feb.				
6s, cur'cy, 1895, reg.		118	118	118	[illegible]
6s, cur'cy, 1896, reg.	Jan.	121	121	120	120
6s, cur'cy, 1897, reg.	&	124	124	123	123
6s, cur'cy, 1898, reg.	July.	127	127	126	126
6s, cur'cy, 1899, reg		130	130	129	129

RAILROAD STOCKS.	Opening.	Highest.	Lowest.	Closing.
Atlantic & Pacific	—	6¼	5¾	—
Buff. R. & Pitts	—	22	22	—
Canadian Pacific	64¾	70¾	64	70¾
Canada Southern	54⅞	56	54	54⅞
Central of N. J	116¾	130¼	116⅛	130¼
Central Pacific	—	36½	35	—
Ches. & Ohio	24⅞	24⅞	22	23½
Do 1st pref.	68	68	65	—
Chic. & Alton	—	128	127	—
Do pref.	—	—	—	—
Chic., B. & Q	109⅜	109¾	107	108⅞
Chic., M. & St. P.	74⅝	74⅞	72½	73⅜
Do pref.	116	118	113¼	118
Chic. & N. W	113½	114½	112⅜	114⅛
Do pref.	143¾	144⅜	142¾	—
Chic., R. I. & P	103	104⅛	101	102⅛
Chic., St. L. & P.	15½	16½	14¾	—
Do pref.	39	39⅞	36¾	—
Chic., St. P., M. & O.	36	36¼	34	34¾
Do pref.	100½	101⅜	100	—
C., C., C & St. L.	76½	76½	71¾	74
Col. Coal & Iron	29½	34	28½	32¼

RAILROAD STOCKS.	Opening.	Highest.	Lowest.	Closing.
Col., H. Valley & Tol.	19⅞	19⅞	16⅝	—
Col. & H. C. & I.	—	21	19	—
Del. & Hudson	150⅜	156	149⅝	154½
Del., Lack. & W	147⅛	151	146¼	148⅞
Den. & Rio Grande	—	18½	18	—
Do. pref.	—	52¼	48½	—
East Tenn. V & G	10¼	11⅛	10	10¾
Do 1st pref.	—	76¼	75	—
Do 2d pref.	23	24½	22½	23½
Houston & Texas C	—	4	1	—
Illinois Central	116¼	118	116	—
Indiana, Bloom. & Western	—	—	—	—
Lake Erie and Western	—	20⅛	18¾	19⅜
Do pref.	64¾	66¼	63⅝	65⅜
Lake Shore	105	107⅛	104⅛	106½
Long Island	93	94	93	—
Louisville and Nashville	72¼	79¼	71½	78½
Louisville, N. Alb & Chic.	42	42	41	—
Manhattan Consol	97½	102½	96	102½
Marq. H. & O.	—	13½	13	—
Do pref.	92	92	92	—
Memphis & Charleston	—	—	—	—
Michigan Central	91⅝	94	90	93½
Mil., L. S. & W	93½	97	93	—
Do pref.	114¼	117	113¼	—
Minn. & St. Louis	—	5	4¼	—
Do pref.	—	10	9½	—
Mo., Kan. & Texas	12⅛	13	12	—
Missouri Pacific	75½	78	73¾	75¾
Nash., C. & St. L.	98	102½	97½	—
N. Y. C. & Hudson	107⅝	109¼	107	107½
N. Y. C. & St. L.	17½	18¼	16	—
Do pref.	67	70	66½	—
N. Y. L. E. & W.	28⅜	30⅞	28	29⅞
Do pref.	—	71¾	68½	69¼
N. Y. & New Eng.	52¼	52¼	48¼	49¼
N. Y., Ont. & W.	17¾	19⅜	17½	19⅜
N. Y., Sus. & W.	8½	9⅜	8½	8⅝
Do pref.	33½	37	33⅛	35⅞

MISCELLANEOUS.	Opening.	Highest.	Lowest.	Closing.
Norfolk & Western	—	21⅜	17	—
Do pref.	54	58¼	53½	—
Northern Pacific	36¼	36⅜	31	31¾
Do pref.	78⅞	78⅞	72¼	75⅛
Ohio & Mississippi	23⅛	24¾	22¾	23¾
Ohio Southern	—	16	15½	—
Oregon Impt	56	56	53	—
Oregon R. & N.	103	105	101	—
Oregon Short Line	52	57	51	55½
Oregon & Trans-Con	37¾	37¾	32⅞	33
Pacific Mail	35⅜	35⅜	33⅛	34
Peoria, Decatur & Evansville	23	24	20½	21½
Philadelphia & Reading	45¾	48½	45	46⅞
Pullman Palace Car Co.	180⅜	186	180	186
Rich. & W. P. Term.	23⅞	25	22½	23½
Rome, W. & Ogd.	—	100	99	—
St. Louis, A. & T. H.	46½	49	45½	—
Do pref.	—	124¾	120	—
St. Louis & San Francisco	—	28⅜	26½	26¾
Do pref.	60¼	62¾	60¼	60¼
Do 1st pref.	—	111	111	—
St. Paul & Duluth	—	32	29	30
Do pref.	—	83	80	—
St. Paul, M & M	108½	118	106¾	118
Southern Pacific Co.	34½	34¾	32⅝	33¼
Tenn Coal & Iron	42	55¼	41⅝	53¾
Texas & Pacific	21¾	22	20	—
Union Pacific	64¾	66½	63¼	65⅝
Virginia Midland	—	—	—	—
Wabash, St. Louis & Pacific.	17½	18⅜	16¾	—
Do. pref.	34	34¾	31⅞	32⅝
MISCELLANEOUS—				
Express—Adams	150¾	151	149½	—
American	116	118½	116	—
United States	—	91	85	87
Wells-Fargo	—	140	139	—
Western Union	86¼	87	84½	86¼
Silver Bullion Cert	—	—	—	—

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MR. ST. JOHN ON SILVER LEGISLATION.

The most noteworthy feature at the last convention of the American Bankers' Association was Mr. St. John's paper which appears in this number. Ever since the coinage of silver was increased in 1875, many people have feared evil consequences from the policy. As the legal value is far above the market value, it is clearly enough seen that silver cannot always be maintained on this false level. What can be done? This question is of the gravest character; and all thoughtful men are quite in harmony in thinking that some action cannot be much longer delayed.

The consideration given to Mr. St. John's paper shows how many are thinking of the subject. Certainly, the members of the Bankers' Convention never listened with such eager interest to a paper before, and the disposition made of it is the clearest proof of the importance with which it was regarded by them. It is a happy sign when a banker will pay the attention which Mr. St. John evidently has to such a subject; it must be keenly regretted that those engaged in financial pursuits, who, by reason of their calling, are supposed to be most familiar with these matters, have thus far paid so little attention to the improvement of our money legislation. Indeed, during the whole life of the nation, the measures emanating from the banking class have been comparatively few; and this is one reason why so much of the legislation concerning banking, taxation, and kindred subjects has been so imperfect.

It is true that bankers usually are busy men, and when they

leave their counting-houses have but little time or strength to study questions of legislation; nevertheless, we sincerely believe that there is a great deal of ability among the bankers of the country, and if they studied monetary questions more carefully, they would succeed much better than others in finding a way out of the difficulties which are forever confronting us.

Mr. St. John has shown a spirit worthy of all praise in attempting to find a solution to this question, whatever may be the outcome of the plan before us. Unhappily, too many bankers do nothing more than furnish a little weak criticism, or nothing at all, leaving these questions, which are peculiarly within their field, to be considered usually by men less familiar with banking and financial matters.

At the outset, it should be considered what Mr. St. John seeks to accomplish. In the first place he assumes that the existing greenback circulation is an evil which should be remedied by its retirement. His plan proposes to extinguish this evil. Another feature is to close the gap between the market and legal value of silver compared with gold, by appreciating the value of silver.

With regard to the first proposition many things may be said. If a person contends that the greenbacks are not an evil, that the law has declared them to be constitutional, and that they should, and must forever remain a part of our circulation, then, of course, he will turn away from this part of Mr. St. John's plan. But if, on the other hand, he does regard the national circulation as an evil, and that it should be retired, then Mr. St. John's plan for effecting the change is certainly worthy of consideration. We are certain that the large majority of thinking people in our country will never be content with a national circulation resting on the present law. No matter what the Supreme Court or any other court may say, a paper circulation which persons are compelled or forced to take will never be acceptable. This circulation, in any event, is only a promise to pay, and not payment, and by no magic of legislation or decree of court can it be made anything else; and so long as it is only a promise to pay, there are many who will be discontented in thinking that they must, whether they will or no, accept a promise to pay, instead of payment, in discharge of obligations. It may be that the promise of the Government is just as good as payment itself, but payment, and a promise to pay, are two very different things which cannot be possibly confounded, and no law or authority of any kind will ever make the promise to pay the same thing as the other. For that reason, therefore, this paper money must be condemned; and the people will never be satisfied until the legal-tender element is taken out of it. The question, however, may be asked, would it not be better to amend the Constitution and restrict the

Government's authority to issue circulation like that now existing to times of war, endowing it, however, with authority, when at peace, to issue notes to persons who are willing to take them? In other words, let their circulation depend on the voluntary action of the people, and not on compulsory action of the Government. No one will question that if the Constitution was thus amended, and the legal-tender quality of the notes was taken away, and they should hereafter circulate only by the voluntary will of the people, their value would not be impaired, and they would circulate just as readily as they do at present. Their value would not be affected, while the removal of the compulsory element would obviate all objection to their continuance. If such an amendment was adopted, and the national circulation was continued solely by the voluntary action of the people, the question may be fairly raised whether a circulation continuing only so long and in such quantities as the people desire, would not be preferable to any other that can be devised. If the national circulation was of this nature, we question whether it would be desirable to put gold or silver in place of it, for the cost would be very great, and we can discover no benefit from the substitution. But our conviction is not less strong that, as between a metallic circulation and a forced paper currency, the substitution would be an improvement. No law or reason can possibly exist—when the country is in profound peace, when it is very rich, when it can afford the best circulation possible—for continuing the existing paper currency.

If Mr. St. John's plan was adopted, it will be seen that in withdrawing greenbacks as rapidly as silver was issued, to the extent of four millions a month, the only monetary increase would be gold. The amount would be variable, some years a considerable sum; some years, perhaps, no increase at all. Under the existing arrangement, we are adding twenty-five or thirty millions of silver, at least, a year to our circulation, and this additional supply, we think, is required by increasing business. Under Mr. St. John's plan, therefore, the increase would be comparatively small, and it may be questioned whether it should not be larger. If, however, this objection be made to the plan, it can be easily remedied by withdrawing only fifty per cent. of greenbacks to the whole amount of the silver coined. If the Government should coin four millions a month, or fifty millions a year, and retire only twenty-five millions of greenbacks, then the circulation would increase, as it has been increasing of late years; the only difference, of course, would be that twice as much time would pass before the withdrawal of all the legal-tender notes. This difficulty, however, which some may raise to the plan, would be met in another way, as we shall soon see.

It is insisted by Mr. St. John that if this plan was adopted, and

the coinage of silver increased, the value of silver would appreciate, and, in connection with other causes that would operate in favor of restoring the value of silver, its market value would rise to its legal value—in other words, the parity between gold and silver would be restored. This, to our mind, is the crucial point in the scheme. The friends of silver have maintained all along that if the Government had not been coining the two millions or more of silver a month, its value would have been much less; in other words, the present market value of silver, low as it is compared with gold, is much greater than it would be if the Government coined no silver whatever, or only the minor coins. Reasoning from this premise, if the Government should double the amount of coinage, the effect would be great; indeed, the coinage of two millions more would be far more effective in maintaining its value than the coinage of the present quantity, and the reason for this conclusion is very simple. If there is a small surplus of a commodity its value may be greatly lessened. We have often seen that a small surplus of wheat, cotton, iron, or other commodity, determined the value of the whole quantity.

This principle is understood so well in England that manufacturers in dull times prefer to export the surplus of their products, and sell it at a loss even, in order to maintain prices at home. They know that if the surplus is marketed at home the value of the entire product will be affected. So, with regard to silver, we have a surplus to sell at the present time, and that surplus reduces the value of the whole quantity. If a way can be found for utilizing this, and especially for coining the whole quantity, undoubtedly silver would be enhanced in value. Now the amount produced from the mines in the United States from year to year since 1874 is the following:

	Production in ounces.	*Sold at per oz.*	*Amount realized.*
1874	28,692,350	$1.2780	$36,668,817
1875	24,384,615	1.2460	30,383,230
1876	29,846,154	1.1560	34,502,154
1877	30,615,390	1.2010	36,760,083
1878	34,715,385	1.1520	39,992,123
1879	31,384,615	1.1230	35,935,384
1880	30,153,847	1.1450	34,315,077
1881	33,076,923	1.1380	37,441,538
1882	36,005,500	1.1360	40,902,248
1883	35,538,469	1.1100	39,447,700
1884	37,538,461	1.1130	41,780,307
1885	39,692,308	1.0648	42,264,369
1886	39,230,770	.9950	38,934,616
1887	38,753,846	.9550	37,009,923
1888	45,792,682	.9350	42,816,167
Total	515,421,315		$565,153,646

Coin the entire amount, and what is more evident than that its value would rise? Whether the advance would bridge the entire chasm between gold and silver at the existing ratio is, of course, a ques-

tion which no one can answer with certainty. If it did have the effect of restoring the parity between gold and silver, then the objection to increasing the coinage of silver beyond the four millions a month would not exist, and so our circulation would increase, even though that amount of legal-tender notes were monthly withdrawn.

We have thus touched some of the points in Mr. St. John's paper. Whether it shall open the way to a better policy remains to be seen; but it certainly will quicken public attention; it shows clearly the necessity of doing something, and we have no doubt that it contains the seeds of a plan which will improve the present situation. Our Government for several years has been pursuing the waiting policy, as it is called, but it cannot wait forever. So long as exports are large, and we have an abundant quantity of gold wherewith to settle international balances, no difficulty is likely to arise, but if a time shall ever come when gold flows away rapidly, then we doubtless will be suddenly left with a silver standard. Such a day may never come, but the danger should be removed, as it surely can be, by wise legislation.

Those who adhere to the gold standard, and affirm that no other is needed, that the world has outgrown silver, certainly ignore some of the plainest teachings of daily experience. That there is gold enough in the world to do all the work formerly done by both metals is an assertion contrary to the facts apparent to every observing person. The primary object of exchange is to obtain goods for other goods, and gold is only the means for effecting the transaction. But is there gold enough for this purpose? Moreover, a new demand for gold has arisen of late years which is increasing, in no uncertain manner—gold loans. Of late even the South American States have been making them. What is the effect? The rate of interest of the Bank of England is suddenly raised to five per cent. Are the producers and exchangers of Great Britain willing to pay this huge price for maintaining the gold standard? If silver should become a part of the metallic circulation of the world, and loans were made in silver as well as in gold, there would be no five per cent. rates for money in London to-day, and, indeed, all over the world money would be much easier; and less fear and anxiety would mark the course of business everywhere. If we are certain of anything it is that the present gold supply is quite inadequate for the constantly increasing uses made of it, and no settlement of this question is likely to be permanent until a large silver addition is made to the metallic circulation of all the leading nations of the world. The high price paid for money is conclusive evidence that silver cannot be dethroned without widespread evil consequences.

These thoughts are suggested by the paper which we have been reviewing. It is singularly suggestive, and we doubt not that it will be the subject of much discussion during the coming months.

A REVIEW OF FINANCE AND BUSINESS.

This abnormal year has kept up its reputation during the month of October for unfavorable weather. Still alternating between wet in the East and dry in the West, business has been checked in the former, and winter seeding in the latter. Yet, like the whole season of 1889, it has not resulted in any serious damage to business or crops. Never was so wet a summer and harvest, with such uniformly good crops. Wet harvests have generally been synonymous with poor crops. But with the most moisture and the least heat for many years, we have the largest and the best crops. October has seen the last of them gathered in good shape; and now, the remaining question of interest to the country and all its business interests is, where are we to find markets for this abundance, and what are we to get for it? Unfortunately, the prospects in these respects are anything but cheering. Indeed, they do not seem so good as at the opening of harvest, when the world's supply was estimated by acknowledged authorities to be as far short of an average as our supply was above it.

BIGGEST CROPS, LOWEST PRICES, AND POOREST MARKETS ON RECORD.

This seemed to promise us a return of our old-time export supremacy. Thus far, the result has been most unexpectedly disappointing. The shipments of Russian and Indian wheats have not only continued, but have actually increased during the past month, while the farmers' deliveries in Great Britain and in Western Europe generally, have been very free, and these have supplied the demand that we had expected to fill. Instead of keeping up her early purchases of our new crop, which were quite free in August, to bridge over the gap between her old and new crops, she has taken less and less as we have gone into the new crop year. Not only this, but it has been in the face of steadily declining prices, under an unusually heavy movement of the crop, which has been necessitated by the impoverished condition of American farmers. This has been true not only of wheat, but of everything the farmer has raised, until prices have reached a point in remote sections, which hardly pay for hauling their crops to market, after being harvested. This is especially true of corn, oats, and potatoes in the far West, where much of their crops still lie on the ground unhoused, as farmers are too poor to buy the lumber to crib their grain. Potatoes, which rotted so badly in the East,

owing to the wet autumn, seem to have escaped in the West, where they have been selling by the car load at 20 cents per bushel delivered in Chicago. Oats are selling there at 17c. to 18c.; corn at 30c. to 31c. How much is left the unfortunate farmer, after paying even the reduced rates of transportation the railroads were compelled to make in order to get the farmers to move their crops at all, can easily be figured. He is not getting enough to pay for his seed and labor, and the result is seen in the wholesale default in interest, not only on farm mortgages, but those on farm implements and live stock, which are being foreclosed, and the producers of our abundant harvests left homeless and penniless, in an unusually large number of cases, to face the inclemency of the winter. As a consequence, there is a more or less general uprising of the farming communities of the far West against the demands of the Eastern loan companies, which have not only kept up the old rates of interest, but in some cases have increased them. Cases have come to public notice where 5 per cent. per month is charged upon chattel mortgages. Between the exporters who refuse to take their crops, except of corn, even at these ruinous prices, and the Eastern and local money lenders, the farmers of the country are being ground by the upper and nether millstone, instead of their harvests, which are too abundant to house and too cheap to market.

ABNORMALLY HIGH OCEAN FREIGHTS CHECKING EXPORTS.

How long this state of things can exist is problematical. Exporters say they will not want our wheat until next year, and some that they will not want it at all. Corn continues to be taken, but even this movement is checked by the high rates and scarcity of ocean freights. This fact has no doubt made our wheat exports smaller than they would have been with ordinary freights, while it has completely stopped the export of oats that opened so promisingly at the beginning of the new crop. They are too bulky to pay 5d. to 6d. freight, even at 25c. per bushel in New York, a price that has seldom if ever been known for any time in the history of the trade. Even corn has had to decline to a point that would offset this increase in freights of 100 per cent. over a year ago, and of 200 to 300 over the previous two or three years, when 1d. to 2d. was the average rate to Liverpool, and when grain was often taken as ballast. The price of corn in New York has been down to 38c. to 39c. during the past month, a point never reached but twice before, once on the opening of the war, and again after its close, though only temporarily. But corn and oats, at these prices, reached a point the farmer could not endure, and he was compelled to stop marketing in sections, where the former netted him only about 5c., like his potatoes, per bushel, and his

corn only 10c. He is feeding all he can to his live stock, but even that pays little better, except that, in less bulky form, the transportation is less. At 4c. per lb. as an average price in Chicago for hogs and cattle, it is Hobson's choice for the farmer whether he shall feed his corn or haul it to market. There is only one use to which he can put it, that will return him something like its cost, and that is to burn it in the place of coal, which is high in the West. But this is only a limited home market, and brings in no money with which to pay his store bills. This is

THE CAUSE OF DULLNESS IN COUNTRY TRADE

and bad collections in the agricultural sections, notwithstanding the enormous amount of money that has gone West to move the crops. The bulk of that has gone to pay interest on their farm mortgages, to save foreclosure on their land, and it will find its way back to the East through the Eastern Loan Companies, instead of through the western merchants. This state of affairs, which we have explained thus fully because not generally understood, is the brake on the wheel of general prosperity, which has been promised for the last three or four years annually, and yet does not come, because it cannot, while this agricultural depression exists. No agricultural country can be generally prosperous, unless the classes engaged in that great department of production are prosperous too.

THE CRISIS AMONG FARMERS IN AMERICA

is rapidly approaching that acute stage which it reached in Great Britain a few years ago. A general reduction of the rates of interest on farm mortgages in the West, and of the legal rate of interest, must be made for the relief of that class on whose prosperity that of the nation depends, and for which the country has been looking and waiting so long in vain, while Great Britain has been enjoying two years of unexampled prosperity, which is now extending to Europe, in a time of universal peace, but not to the United States, except in trades effected by sympathy, and cannot, so long as the farmer is unable to get better prices for his products, or to reduce the cost of his production to a parity with those of the countries with which he is compelled to compete in the markets of the world. To do this, the movement already begun in the West, to reduce the rate of interest on farm mortgages, must be carried to rent of lands. Granger legislation compelled the railroads to reduce the rates of transportation. That was the first step, the reduction in interest which is eating up their substance is the second, and that in rents will be the third. But it will not stop until our vast prairies, the most fertile and

accessible on earth, are again placed upon an equal footing with the rest of the world. The above is

THE KEY TO THE WHOLE BUSINESS SITUATION.

While some specialties, and even some branches of trade, affected by the activity in Europe, are improving here, like iron, the general public is making no money. Nearly all departments of industry are employed, but they are only making a living. The volume of business is not so small, but the profits are. This has been the trouble for several years in the most favored lines of general trade, and it is not being removed. What we lack is fair prices for our great crops, and our old-time export activity, to put life and new blood into our commercial veins and set the country growing again. Until these are secured we shall wait and look in vain for our former periods of activity and profit. The American word "boom" will become obsolete. Our greatest periods of prosperity have been those of the greatest export activity. It does not signify that our total exports were more this month, or this year, than ever before. With the growth of the country we ought to double our exports every ten years or less. Instead, we have been falling behind our record of ten years ago, on our chief export staples, during the past five years, except on a a few articles like cotton, in which nature gives us a virtual monopoly. Until we have the world's markets for them, our big crops signify nothing, as they once did, and as this year proves they no longer do.

THE STOCK MARKET.

It is this that ails the stock market. Prices ought to go up and stay up, on such crops as we have secured; but they do and will not, except as forced up by their owners or speculators. The public has no money either to invest or speculate with, when it is only making a living. While the railroads generally show increased earnings, it is when compared with a bad year. Naturally they should show increases every year with ordinary crops and business, simply from normal growth. But with crops like this year, their earnings ought to be beyond all precedent, not only—they should be simply enormous. Instead, they are compelled to reduce rates beyond Missouri River points, and in fact beyond the Mississippi, in order to move the corn and oat crops at all, because there is not a market for our surplus, though prices are too low to pay the farmer for hauling his crops to market after they are raised. That tells the whole story of the stock market, and all the other speculative markets which are run by the professionals and scalpers, as there is no public any more, so far as they are concerned. This may not be a pleasing picture, but it is true to life and, like a disease, the sooner its cause is seen, recognized and removed, the bet-

ter. We will not outgrow it. We have been waiting for this for the past five years. It is in the blood and must be cured.

The chief features of the stock market have been the publication of the Atchison reorganization plan, on which its stock has advanced, being favorably received generally, though not without opposition. The coal stocks have been heavy on the publication of the anthracite coal statement, showing a probable loss of $16,000,000 in profits to these companies in 1889 compared with 1888. The depression in the coal stocks was renewed at the close of the month by the worst statement the Reading has yet made. The net earnings of the railroad itself for ten months to September 30, are $707,630 less than in the same period of last year, and with present prospects it is probable that for the year they will be at least $1,000,000 less. But this does not include the losses of the Reading Coal and Iron Company, as there have been no statements of its earnings since March. In the four months to March 31, 1888, the Coal and Iron Company's total earnings were $345,044 below its fixed charges for the four months, but in the same four months of 1889, the total income was $819,649 below its fixed charges for the four months, thus showing an increased loss of nearly $120,000 per month in the first four months of 1889. There has been no improvement in the Coal and Iron Company's business since March, and it will be fair to estimate the loss for the year at $125,000 per month greater than last year, or, say, $1,500,000 greater for the year 1889 than in the previous year. This, added to the decrease of $1,000,000 in the net earnings of the railroad, makes a total loss of, say, $2,500,000 from the net earnings of the two companies as compared with 1888, thus leaving net earnings of $7,200,000 with which to meet $11,589,000 of fixed charges. Trust stocks have suffered by banks throwing them out of loans, and by private bankers who have before taken them, refusing loans thereon. The chief Bull influence was the Union Pacific-Northwestern traffic or trackage arrangement for ten years, by which the two roads will be operated as one under existing managements, each running its trains and rolling stock over the other by paying a certain mileage. This is regarded as a new and important advance in solving railroad problems.

THE MONEY MARKET

has had its ups and downs, the former being in the first half of the month, as the result of manipulation chiefly led by a Nassau Street house with Washington connections, that caused the fear that it had advanced news of the policy of the Treasury regarding bond purchases. But the flurry blew over on the continued purchases of the Government, and the rates fell back to six and eight per cent. generally the last week of the month, with extremes several per cent. above and below. The banks have reduced their

loans, and also deposits, and made a slight increase in their reserves in the last week of October, while the outgo of money is now thought to have passed the maximum. There were some large exports of gold early in the month, on special account, connected with London and South American exchange, which could not have been done on the ruling rates of exchange between here and London, but the purchases were simply made here because on better terms than in London, and for fear of the Bank of England raising the rate of interest.

THE PRODUCE MARKETS.

The same causes, above explained, have been at work the past month to put the produce markets down, as have to keep the stock market from going up—namely—"no markets for our crops." Bear speculators have availed themselves of this simple argument, coupled with the "Big Movement" of these crops, necessitated by the farmers' poverty, to unnecessarily depress prices, until they have broken the record of low prices, except in wheat and flour, which have about equaled it. Flour has been exported more freely than wheat, because relatively lower, American millers having lost so much money bulling last crop and holding it back, that, like the farmers, they are compelled to keep running this year, whether it pays or not, and to sell about as fast as they make. Hence John Bull is willing we should make better flour for him than he can make, so long as we do not charge him for making it. We are very obliging to our paternal ancestor, and he is perfectly willing, so long as we pay for it. But his fatherly interest ceases, when he can do as well in any other market of the world.

There have been no attempts to corner grain of any kind this year: there was too much of it, too little demand, and too little speculation. But some "new men" in the provision trade thought that, with the biggest corn and hog crops on record, this was just the year to corner hog products. "Deacon" White, of Wall Street, took a fancy that lard ought to go higher, notwithstanding a big cotton-oil as well as hog crop, and he bought up all the stock in Chicago, and October contracts also. He has been holding that month about one-half cent per lb. above November all the month in order to make a good market for the packers, who have made hay while the good "Deacon's" sun shone. He got their lard, and has got it yet, and they have got his money, which was said to come from the Standard Oil people. Similarly, Sawyer Wallace & Co., a New York export grain house, thought October pork was worth $11, while November and January deliveries were selling at $9.25 to $9.50, and beef products were going begging. They bought it, the packers sold it, and began delivering it on the 1st of October, while Sawyer Wallace & Co. fought them

through all the courts in Illinois, to prevent their delivering it to them. Now they have the stock of pork held at $11, with November selling $1.50 below, and they are working off what they can to the West India markets. The net result of the deal, outside of the loss of $1.50 per barrel (on, report says, 100,000 barrels) is the high cost knowledge that when corners are to be run on the Chicago Board, it must not be by any outsider, else the "Rules" are like a two-edged sword, the handle of which is always in the big Chicago operators' hands. The deal in pork is supposed to be for the European customers of Sawyer Wallace & Co., and not their own.

OTHER MARKETS.

Sugar refiners have had a hard time of it the past month, and the Trust seem to have lost their grip both on the market for their stocks and their sugar, which have gone tumbling together without apparent head or control of either. The cotton market has been more active and lower on the free movement South and the accepted estimate of a seven and one-quarter million bale crop. Stocks as well as movement are large, in Liverpool, with addition of what is afloat from the United States and India amount to 696,000 bales, including 508,000 bales American, as against 433,000 bales last year, of which 322,000 bales were American.

Petroleum has also taken a new speculative lease of life, but in the opposite direction, having advanced to over 1.06 for crude, on Western buying on some bullish field news. This is the highest since October, 1885, when it touched 112½, declining to 54 in July of 1887. The minor markets and general trade have shown no special activity nor new feature.

OUR FOREIGN TRADE—INCREASING EXPORTS.

Our foreign trade for September shows an excess of $10,568,267 of exports over imports as compared with the corresponding month of last year, made up of an excess of $11,461,631 in exports of merchandise over imports, an excess of $2,117,111 in imports of gold over exports, and an excess of $1,223,747 in exports of silver over imports. The exports of merchandise were the heaviest for any month since January, and were the largest for any September for years. On the other hand, the merchandise imports were the smallest for any month in 1889, and smaller than for September in any year since 1885. The exports of gold were small, while the imports were the largest for any month since October, 1887.

FINANCIAL FACTS AND OPINIONS.

Refunding the Four Per Cents.—The Washington correspondent of the New York *Daily Commercial Bulletin* says that the old expedient of converting the four per cent. bonds into others bearing a lower rate of interest is likely to be considered this winter. "Among the people generally there is a disposition in favor of paying the debt just as quickly as it can be done and strong opposition to making it perpetual. This feeling is not altogether shared by financial men, and some of them, including such eminent names as ex-Secretary Boutwell, would be wiling to see the bonded indebtedness extended for some time in the future as a basis for the national bank circulation. It is probable that eventually some extension of the period for redeeming the four per cents., now due, at the pleasure of the Government, after 1907, will commend itself to the popular judgment, but at present it would hardly find favor. At the rate at which the surplus revenue has been accumulating in recent years, the bonded indebtedness could be nearly wiped out within the coming eighteen years, but the objections to the continued purchase of bonds not yet matured are insuperable. As they became scarcer by continued purchases, they would be held at exorbitant figures, and many held as trust funds would probably not be surrendered at any price until near the time of redemption. The surplus revenue will be reduced, either by tariff legislation or by extravagant expenditures, and the reduction will carry with it the necessity for extending the date of maturity of a part of the four per cent. loan." Of course, one object of refunding would be to make a more desirable bond for the banks to purchase, as a basis of circulation, than the existing bonds. On the other hand, as the correspondent says, the present policy of paying the debt is undoubtedly a popular one, and in eight or ten years, probably, nearly all of it will be paid. It is hardly worth while, therefore, to refund the bonds at a lower rate of interest as an expedient for furnishing a basis for bank-note circulation. Undoubtedly the national banks will live, regardless of any circulation whatever, in most places. Many of them have but very little or no circulation at the present time, and yet are in a flourishing condition. Indeed, a note circulation, which was such an important feature in the early days of banking, has become an insignificant element of profit with many banking institutions. Yet there are a certain class of bankers, who, remembering the old days and the great profits from bank-note circulation, cling to the idea of continuing the system. The most that can be said in favor of it is that in many small places, in which banking on deposits or capital would not be

sufficiently remunerative to justify the venture, banks would be organized if the profit arising from a bank-note circulation could be added. Doubtless, if a bank system existed to-day in which the notes could be easily procured, and without using as a basis bonds bearing such a high rate of premium as the national bonds, a large number of banks would be started which would be very helpful to the communities where they were located. It is to be regretted, for the sake of the people in such places, that those who would start banks provided they could be favored in this manner, that a paper system of bank circulation does not exist. If a bank-note circulation ought to be continued, why cannot other securities be used in place of Government bonds, the Government guaranteeing the circulation issued thereon, and then demanding a payment for this guaranty in the way of a tax of one per cent. or more? If this was done, the people would have as sound a circulation as exists at the present time, and the banks needing it, in order to do a fairly profitable business, could procure it without risk to themselves.

The inelasticity of our currency is a fruitful theme for discussion by many persons. They assert that it is the cause of all the evils springing from a stringent money market. Only adopt a system whereby the currency can be expanded at will, and all the woes from which money borrowers are now suffering will be over. Of course, there is some truth in what these persons say; nevertheless, more is left out of sight. Every one knows what happened under the old system of an elastic currency. Bankers are like the rest of humanity—desirous of making as much money as they fairly can, and one of the ways of doing this is to issue and keep out the largest amount of circulation possible. We have no reason to suppose that if an elastic system, as it is called, were introduced, that the bankers would reverse the practices of former days. We suppose they would issue all the currency they could, and keep it out as long as possible. Very likely they would be more discreet in making loans, and probably secure their issues more perfectly; but the desire for gain would doubtless lead them to renew their former course, and thus the country would suffer as it did formerly. Our present situation, with all its evils, is to be preferred to the days of an elastic currency, unless a much better system can be invented than the old one. It is singular in these times of tight money and high rates of interest, that not more is said concerning the withdrawal of money from speculators as a form of relief. In our opinion, the true remedy, to a considerable extent, is to be found in depriving this class of loans. This is a remedy for the existing state of things which can be adopted with a good effect in many ways. So long as speculators

borrow money simply to make a tight market, and can do this to a large extent, it is hardly worth while to invent plans for increasing the circulation. The true remedy is to lessen the power of this borrowing class. Within a few days we have read that Chicago speculators have been borrowing a large amount of money simply to make a tight money market, and thus to enable them to accomplish their ends. What folly to talk about an elastic currency, or of increasing the amount, so long as speculators are permitted to do these things. Perhaps it will be contended that, if the currency was elastic, speculators would not dare to corner the money market; but then, if money is to be issued in sufficient quantities to prevent the speculators from attempting anything of this kind, the country would probably be so heavily flooded that paper money would sink out of sight. We repeat, therefore, the true way to introduce elasticity into the monetary circulation is to narrow the circle of borrowers. If the amount loaned to speculators was made to depend entirely on the wants of persons needing it for a legitimate purpose, permitting them to use simply the surplus, so to speak, we have no doubt there would be an ample supply for all the real business of the country.

National Bank Reserve.—It has been generally thought that when the reserve fell below the twenty-five per cent. required by law, the banks must make good the deficiency, and that the Comptroller could require them to do so, but the law is not so imperative in its operation. The Comptroller *may* require the banks to make their reserve good, but the power is with him. Those who are interested in bearing the markets, and to that end producing a tight money market, have always maintained that the Comptroller could exercise no discretionary authority in the matter. This interpretation, therefore, is not pleasing to them. But it is none the less sound and rational. A reserve that can never be used is no reserve at all.

New York Clearing House Statement.—Every now and then the old question rises to the surface concerning the mode of declaring the weekly bank averages. At present, the system is based on the use of averages, each bank in the Clearing House Association preparing on Friday a statement of its total deposits, outstanding loans and discounts, specie and legal tenders on hand, and circulating notes, as returned by its books on that day and each of the five preceding days. An average is then struck on each of these items for the six days, and these averages are reported at the Clearing House. The sum of these averages is the statement furnished to the public in the familiar Saturday bank statement. In our opinion, the present statement is exact enough for all purposes. The important thing is to ascertain with a reason-

able degree of accuracy the condition of the banks at stated periods, but exact accuracy is not required at any time. So far as the morals of the present system are concerned, we do not think that the banks suffer from their present course. It has been pursued for many years; it deludes no one; it is nothing more than it pretends to be—an average of a bank's business for the week. Nor is the public in the least deceived by the returns thus made, and, certainly, it is easier for the banks to make a statement of this kind than to attempt to make an exact one for any particular day, such as has been suggested of late by some newspapers.

Buffalo Clearing House.—The Buffalo Clearing House has adopted a settlement of exchanges on the currency basis which is practiced only in New York, Chicago and Philadelphia. The effect of this plan, says the Buffalo *Express*, "is to bring to Buffalo half a million dollars in gold certificates, thereby making this city, to that extent, independent, strong, and capable of standing on its own resources in case of a panic. These certificates are issued by the Sub-Treasury at New York, are payable to order, and consequently are absolutely safe to carry and transport as against fire and robbery, as, in case of loss by theft, originals would be valueless in the hands of wrongful holders; and in that case, and in case of fire, duplicates could be obtained by rightful owners. The effect upon each bank in the Clearing House is to increase its available cash reserve, which, of course, means a slight loss of interest, but tends to present to the banker an honest view of his own resources, acting thus to prevent excessive loaning or sailing too close to the wind. Banking is the calling in which, more than in any other, the quality of conservatism is the most admirable, and the most essential to the highest success. Any movement, then, which encourages conservatism, as this does, is clearly to be welcomed."

Profits on National Bank Circulation.—In the course of his recent address before the Bankers' Convention, Mr. W. P. St. John adduced some figures illustrating the reasons for the contraction of bank currency. Taking an investment of $10,000 in 4 per cent. bonds for purposes of note circulation, the bank must pay for its purchase $12,800. The interest on this sum at 6 per cent. would be $768. Invested as above it will yield 4 per cent. interest on $10,000, or $400, and six per cent. on the 90 per cent. circulation allowed by law. From this $940, however, must be deducted $100 for the U. S. tax on circulating notes, and the sinking fund held against the premium paid for the bonds, which Mr. St. John estimates at 1⅛ per cent., or $112. The bank's receipts, therefore, will net $728, or $40 less than the in-

vested money alone would have yielded. This statement is properly qualified by the explanation that the $112 reserve against the premium is not a required expense, and does not represent actual outlay. In a large number of the banks it is probably not maintained. A thoroughly conservative institution, however, would certainly keep such an account, in view of the possibility of a decline in the price of Government bonds by a decrease in the national surplus and consequent relaxation of the abnormal demand by which the bonds are enhanced in price. This explains the well-known fact that the surrender of bank-note circulation, which has exceeded $40,000,000 during the last year, comes chiefly from the older and more powerful Eastern banks, while additions to the outstanding notes are made by young institutions in the West and South. There have been organized since the first of July, 62 national banks, with an aggregate capital of $4,840,000, nearly all of these being located in the interior.

South African and Australian Gold Production.—The London *Economist* gives some interesting figures on the production of gold in other quarters of the globe. There has been a remarkable development of the gold-mining industry in both South Africa and Australia. In the former country the yield of gold for the first six months of the year was £750,000, against £400,000 for the same period in 1888. Similarly the province of Queensland, in Australia, produced in the six months nearly £1,400,000, against £1,590,000 for the whole year 1887. Experts, whose reports are quoted by the *Economist*, estimate a production of nearly £3,000,000 from this province for the current year. This is an important addition to the world's stock of the precious metal; for the Australasian gold yield has been a pretty constant quantity. Africa, too, promises to be a factor of no little importance in the annual yield, under the impulse given by the vigorous speculation in gold mines of that section. The conclusion of the *Economist* is that while the world's gold production is undoubtedly increasing with much rapidity, it is not outstripping the increase in silver output, the recent gain in the yield of the white metal in Australia having been as large as the gain in gold.

The directors of the Comptoir d'Escompte, which went down in the great collapse of the copper syndicate last spring, are likely to be called by the courts to forfeit what they have left from their personal losses in that unlucky speculation. Six directors, comprising those who were personally interested in the Societe des Metaux, the chairman, and one director who was individually concerned in the copper corner, have been condemned by the tribunal to deposit jointly an indemnity of 12 million

francs. The ten other directors, who were not personally interested in the copper speculation, but who allowed their colleagues to use the bank as they chose, are called upon to make up 6 millions more among themselves; and the bank's auditor is mulcted to the extent of one million. It appears from the Paris correspondent of the London *Economist* that there is likely to be a quarrel over the distribution of this indemnity. The shareholders of the defunct Comptoir are not alone in demanding it. Two American mines have set up a claim for damages, and the Paris banks and the syndicate of brokers who guaranteed the Bank of France to the extent of 40 million francs against loss from its 140 million loan to the Comptoir d'Escompte have summoned the Bank of France to protect itself and them by attaching the indemnity. The liquidators oppose the claim of the banks and the two mines, and the matter will probably go again to the courts.

Great Britain's Debt.—The London *Economist* contains a very interesting article relating to the reduction of the principal and interest of the national debt during the last half century. On the 1st of January, 1836, it amounted to £852,864,000, and on the 31st of March, 1857, the amount was a little more than ten millions less. In those years, however, £20,000,000 had been raised for compensation in connection with the abolition of slavery; £41,000,000 for the Crimean War; and £19,000,000 were borrowed for other purposes. The amount, therefore, paid during those twenty years was about £90,000,000. During the next twenty years the reduction was more rapid, falling from £842,844,000 to £775,348,000 on the last of March, 1877, a reduction of nearly £67,000,000. During this interval, too, £9,000,000 had been raised for fortifications and other military purposes; £10,000,000 for the purchase and extension of the telegraph, and £4,000,000 for buying the Suez Canal shares. Money also had been furnished to the local authorities, and the *Economist* says that, roughly speaking, during these twenty years, about £92,000,000 have been paid by operation of the sinking fund, while £25,000,000 new debt had been created, making a net reduction of £67,000,000. During the next twelve years, between 1878 and 1889, the reduction was over £76,000,000, so that the amount at the end of last March was £699,300,000. This reduction, however, was to some extent apparent only, as £26,500,000 were due to a change in the system of accounting. Allowing for this, the actual reduction in the twelve years was about £50,000,000; the total reduction, therefore, from the 1st of January, 1836, to the close of March, 1889, was £153,562,000. The saving in the annual interest charge is about £4,600,000. In truth, however, the saving is considerably greater than this. In 1836, the total expenditure for interest and management was £28,880,000, while during the year

ending the 31st of last March it was only £21,070,000, thus the reduction in interest has been greater in proportion than the reduction in the amount of debt. This reduction in the interest charge is due partly to the payment of the debt, and partly to conversions whereby the rate of interest has been lowered. The first conversion took place in 1845, when £248,656,000 of 3½ per cent. stock was converted into an equal amount of stock at a saving of one-fourth of one per cent. for two years, and thereafter one-half of one per cent. Last year, £549,094,000 of 3 per cent. stocks were converted into the same amount, but bearing only 2¾ per cent. interest until 1903, and after that time bearing only 2½ per cent. interest. £34,626,000 of 3 per cent. stock were converted into 2¾ per cent. consols. These conversions are a great triumph for Mr. Goschen. The reduction in the British debt is commendable, but sinks into insignificance compared with the reduction of our own. A few years more and none will exist in this country, while the British debt is likely to remain for a century, and perhaps longer. Nevertheless, it is pleasant to think that Great Britain is making a strenuous effort to pay her public obligations. She is occupying a position quite unlike that of the other European powers, nearly all of which are adding to their indebtedness, and thus increasing the burdens of their people. What a happy day when the people of Europe shall determine whether they wish to increase their debts and taxes in order to create and maintain armies! At present, the indebtedness of European countries is mainly for military account; if their huge military organizations were cut down to proper proportions, an end would speedily come to national borrowings, and the heavy burdens which are now borne by the overtaxed millions of Europe would be greatly lightened.

Public Regulation of the Elevator Business.—The Legislature of New York enacted a law fixing the charges for storing and handling grain in elevators in cities having more than 130,000 inhabitants. This law has been declared constitutional by the highest legal tribunal in the State. Probably this is the furthest stretch of police power that has been exercised by any State. The court, however, could hardly decide otherwise, for the United States Supreme Court had decided, in the Illinois warehouse cases, that the police power of the State included the power to regulate charges in a business which concerned the public interest. This certainly is a very broad construction of law, and will cover a great variety of business transactions. The New York decision will doubtless be regarded with favor by the people, and, if so, it clearly shows how public sentiment has drifted in favor of the public regulation of business. The elevators are joint stock companies, deriving their existence from the State, and certainly it should be

regarded as within the province of the State to regulate the business of any institution of its own creation. Whether this movement is in the direction of the public well-being may be questioned. It is the consequence of an attempt to acquire too large gains. The elevators at Buffalo are the chief sinners at which the law was aimed. Let us hope that all the good will come from this public regulation of the business expected by the framers of the law. Certainly the experiment is interesting. If its proves successful, the Legislature, no doubt, will look around in other directions for the exercise of its power..

Brazilian Finances.—A decree of the Brazilian Government, issued on September 6, provides for the redemption of the Government paper currency now in circulation, amounting to about $185,000,000, but only $6,000,000 of this is to be retired during the first six months, ten per cent. of the total in 1890, ten per cent. in 1891, twenty-five per cent. in 1892, twenty-five per cent. in 1893, and the remainder in 1894. The redemption is to be in gold, but doubts are expressed of the success of this scheme, for no provision is made for a bank circulation, and paper currency is required for business purposes, so that already the Government paper currency is at a premium over specie. It is probable, therefore, that the shipments of gold to Brazil will not be large during the remainder of this year; in fact, the shippers of the $1,500,000 of gold from New York last week state that no more gold is to go out this season on the same account. While the Brazilian loan negotiated by the Rothschilds is reported to be for £20,000,000, equal to about $100,000,000, it does not follow that all of it will be required at once, and the terms of the decree above referred to indicate that only a small part of the money is to be paid this year. The Brazilian Government is also reported to have negotiated a loan of £11,500,000 in Rio Janeiro with a powerful syndicate of bankers in August last, and that a considerable part of it has already been disposed of in Europe.

Canal Transportation.—A few years ago it was thought that the railroad, would supersede canal, transportation everywhere. Indeed, it was thought that even the Mississippi would cease to be a highway of commerce; that the railroads near its banks would be able to transport merchandise more cheaply than the steamboats. This opinion, however, seems to be changing, especially in Europe, and that the day for canal transportation is not over. The construction of the canal from Liverpool to Manchester, a vast undertaking, is progressing rapidly. Other canals have been projected, and very likely will be built. The Italians are discussing at present the details of a plan for connecting the Adriatic and Tyrrhenian seas by means of a ship canal across their peninsula.

The plan was worked out by Vittoria Bocca, an engineer of the highest repute, and bids fair to receive the favorable consideration of the Italian Government. According to it, the canal will run northeast from Montalto de Castro to Fano. It will be about 130 miles long, 360 feet wide, and thirty-nine feet deep. At each mouth of the canal will be a basin, covering about 500,000 square meters. The construction of the canal would cost about $120,000,000, and would give employment to 200,000 workingmen for six years. The materials necessary in building the canal would be found in abundance in the region through which the canal would pass. According to M. Bocca, this canal would be of the greatest economical and political value to Italy. It would give the provinces of Rome, Grosseto, Siena, Arezzo, Perugia, Pesaro, and Ancona direct water communication with each other. It would drain and convert into arable land about 450 kilometers (a kilometer is a little more than three-fifths of a mile) now occupied by swamps and small lakes. It would render the Italian navy much more available than it now would be in time of war, since it would be navigable by big warships with a speed of ten or twelve knots an hour. In Russia the movement in favor of artificial water-ways is bearing fruit in the form of a definite plan for building a canal from Powienez, near Lake Onega, to the White Sea.

THE AUTHORITY AND LIABILITY OF BANK OFFICERS.*

[OFFICERS IN GENERAL—CONTINUED.]

Continuing our consideration of the general authority, duty and liability of bank officers, which was begun last month, it may be remarked that "in undertaking to discharge the duties pertaining to their respective stations, the law implies an undertaking on the part of officers of a corporation that they will use ordinary care, and will act honestly in managing its affairs." (J. Cofer in *Jones* v. *Johnson*, 10 Bush, p. 658; *United Society* v. *Underwood*, 9 *Id.* 609; *Charitable Corporation* v. *Sutton*, 2 Atk. 405.) "The president and directors are trustees for the stockholders, and it is their duty to act honestly, and to use reasonable care to preserve the fund committed to their control, and as this is their legal duty, the law implies a promise on their part to perform it." (*Id.*)

If regulations are adopted for transacting the business of a bank, it may, nevertheless, be liable for their non-observance by its officers. Suppose deposits are received without observing the regulations concerning them? Does the receiving officer take them

as the agent of the owner, and relieve the bank from responsibility? Banks have contended for the establishing of such a principle, but the courts have decided against them. (*Jackson Insurance Co.* v. *Cross*, 9 Heisk. 283.)

"There are cases in which the powers of an officer of a corporation, and his authority to act for the company, are enlarged beyond those powers which are inherent in his office. But those are cases in which the agency of the officer has arisen from the assent of the directors, presumed from their consent and acquiescence in permitting the officer to assume the direction and control of the business of the company. Thus, when, in the usual course of the business of a corporation, an officer has been allowed to manage its affairs, his authority to represent the corporation may be implied from the manner in which he has been permitted by the directors to transact its business. These are simply instances of the application of the principle that usual employment is evidence of the powers of an agent, and a responsibility will be laid upon the principal for the acts of his agent within the apparent authority so conferred upon the agent—a doctrine which has come to be applied to corporations in many respects, as well as to individuals, and with the same qualifications and limitations. In such cases, the authority of the officer does not depend so much on his title, or on the theoretical nature of his office, as on the duties he is in the habit of performing." (Depue, J., in *Fifth Ward Savings Bank* v. *First National Bank*, 48 N. J. Law, p. 527, citing *Stokes* v. *New Jersey Pottery Co.*, 46 *Id.* 237, 242; *Martin* v. *Webb*, 110 U. S. 7; *Commercial Insurance Co.* v. *Union Mutual*, 19 How. 318; *Mining Co.* v. *Anglo-Californian Bank*, 14 Otto 192; Taylor on Corp., §§ 202, 236, 244; Angell & Ames on Corp., §§ 229, 302.)

With respect to the duration of his office, Ch. Bates has said: "If the term of an officer, civil or corporate, created by statute or charter, is not limited to expire at a fixed time, or upon a specified event, but there is simply a direction for the annual election of the officer, his original term continues, though after the year, until a successor is duly elected and qualified." (*Sparks* v. *Farmers' Bank*, 3 Del. Ch. 274, p. 296; *People* v. *Runkle*, 9 Johns. 147: *Trustees of Vernon Society* v. *Hill*, 6 Com. 23; 2 Kent's Com. 295; but see 1 Paige 595; for review of English authorities, see *Sparks* v. *Farmers' Bank*, 3 Del. Ch. 274.)

The law concerning an officer's authority to permit overdrafts has been already considered. (Sept. No. '89, p. 192.) Cases not infrequently are reported in which overdrawing has been permitted, but no questions have sprung from the event of much importance. Thus, in a recent case (*Jones, Assignee*, v. *Johnson*, 86 Ky. 530) the directors of a bank were not regarded negligent in permitting the cashier to overdraw his account, as he was supposed

to be solvent. He and his father-in-law owned a majority of the stock, "and overdrafts that were not too large were not unusual," remarked the court, "with those connected with such institutions, if regarded as solvent." We think the principle may be fairly deduced from this case that an officer is justified in paying a customer's overdraft if his solvency is unquestioned.

In some States, officers are prohibited from paying overdrafts. In New York an officer is guilty of a misdemeanor if he "wrongfully obtains" money by overdrawing his account. But the mere fact that he has knowingly overdrawn his account will not justify his conviction, unless it be shown that the money was wrongfully obtained, as the word "wrongful," so the courts have held, implies more than the mere want of funds in the bank. This interpretation of the statute seems like a repeal of it, yet the reasoning of the court is very satisfactory. Says P. J. Learned: "Banks are established to lend money, and it is not illegal to lend money to officers under certain limitations. Money loaned on an individual note is no better secured than money advanced on a check. Each is a loan, evidenced by the written obligation of the borrower, To say, then, that if a bank officer, of undoubted wealth and responsibility, should knowingly overdraw his account, and obtain thereby a few dollars, he would be guilty of a crime under this statute, seems to us incorrect. It is not the mere obtaining, but the wrongful obtaining, which is aimed at. And 'wrongful' implies more than the mere want of funds in the bank, because such want of funds is previously expressed in the statute by the word 'overdraws.' What shall in each case make the obtaining of money wrongful we need not say." (*People* v. *Clements*, 42 Hun. 286.)

The officers of a bank ought not to receive deposits when it is in an insolvent condition. (*Cragie* v. *Hadley*, 99 N. Y. 131; see Banks and their Depositors for full discussion of this subject, § 28, p. 42; § 20 (*b*) and (*c*), p. 31.) In Missouri an officer is liable by statute for receiving a deposit when his bank is insolvent, and he is personally responsible for the amount. (*Cummings* v. *Winn*, 89 Mo. 56; see *Fusz* v. *Spaunhorst*, 67 *Id.* 257, and criticism thereon in *Cummings* v. *Winn*; *Householder* v. *City of Kansas*, 83 Mo. 488.) If the officers know that their bank will fail in a day or two, and receive a draft for collection, and mingle the proceeds with other funds of the bank, the transaction is a fraud. (*Illinois Trust & Savings Bank* v. *First National Bank*, 15 Fed. 858.) Nevertheless, the owner of the draft must share with the general creditors, unless he can follow the proceeds into the hands of the assignee of the bank. (*Id.*; *Whitcomb* v. *Jacob*, 1 Salk. 160; *Trecothick* v. *Austin*, 4 Mason 29; *Ex parte* Mordaunt, 3 Dea. & C. 351; *Kip* v. *Bank of New York*, 10 Johns. 63; *Bank* v. *Russel*, 2 Dill. 215;

Re Coan Manufacturing Co., 12 N. B. 203; Re Janeway, 4 N. B. 100; Story's Eq. Juris., § 1,259.)

Generally, however, official knowledge of a bank's insolvency will not avoid transactions between the institution and its customers on the ground of fraud, unless the directors, who represent it, also possessed such knowledge. (*Balbach* v. *Frelinghuysen*, 15 Fed. 675.)

When the officers of a bank have made an assignment for the benefit of its creditors their authority and duty cease. After its dissolution they are no longer agents or trustees. If they desire, they can then lawfully buy claims against the institution. (Craig's Appeal, 92 Pa. 396.) But they cannot do this before dissolution, nor while a trust relation continues. (*Hill* v. *Frazier*, 22 Pa. 320.) "It is a universal rule that one to whom the management of any business is confided cannot create other relations which will put him in an attitude of hostility to his principal." (*Id.*, p. 324.)

When a bank is liquidating, its officers can bind a stockholder only so far as their acts are implied by the duty of liquidation, unless authority is expressly conferred on them. (*Richmond* v. *Irons*, 121 U. S. 27.) J. Matthews has remarked that the power of a president or other officer of a bank to bind it by transactions after it has been put into liquidation results by implication from the duty to close its affairs. "That duty consists in the collection and reduction to money of the assets of the bank, and the payment of creditors equally and ratably, so far as the assets prove sufficient. Payment, of course, may be made in the bills receivable and other assets of the bank in *specie*, and the title to such paper may be transferred by the president or cashier by an indorsement suitable to the purpose in the name of the bank, but such indorsement and use of the name of the bank is in liquidation, and merely for the purpose of transferring title. It can have no other effect as against the shareholders by creating a new obligation. It does not constitute a liability, contract or engagement of the bank for which they can be held to be individually responsible. Every creditor of the bank, receiving its assets under such circumstances, knows the fact of liquidation, and is chargeable with knowledge of its consequences; he takes the assets received at his own peril; he is dealing with officers of the bank only for the purpose of winding up its affairs. If he accepts something in lieu of an existing obligation, looking to future payment, it must be from other parties. It is not within the power of the officers of the bank, without express authority, by such means to prolong indefinitely an obligation on the part of the shareholders which is imposed by the statute only as a means of securing the payment of debts by an insolvent bank when it is no longer able to continue business, and for the purpose of effectually winding up its affairs." (*Id.*; see *Fleckner* v

Bank, 8 Wheat. 338; *White* v. *Knox*, 111 U. S. 784; *National Bank* v. *Insurance Co.*, 104 *Id.* 54.) It is true these remarks were an interpretation of the national bank law; but a wider application, in our opinion, can be properly given to them. When a bank is in liquidation doubtless the officers have authority to do only the things needful to close its affairs, and applies to the officers of any bank, regardless of its charter.

Of course, a creditor cannot collect of a failed bank if his loan be to the president, or other officer, as an individual. In a recent case, A., the president of a Vermont bank, applied to a Canadian bank for a loan. The manager of that bank told him that his bank could not make such a loan to an individual, but would put the amount desired as a deposit in the Vermont bank, which should draw six per cent. interest while it remained there, and that bonds should be given as security. The Canadian bank drew drafts for the amount on a Boston bank, delivered them to the other, and received the security required. The Vermont bank indorsed the drafts, sent them to the drawee and received the avails. The Vermont bank having failed, the receiver rejected the claim of the Canadian bank, on the ground that the loan was to the president of the bank. But the court held that the loan was to the bank, and consequently, that the receiver must pay it. (*Eastern Townships Bank* v. *Vermont National Bank*, 22 Fed. R. 186.)

In the last number the subject of the imputation of an officer's knowledge to his bank was considered, though the courts have more frequently applied the law to directors than to any other officers. The general rule that an agent's knowledge is imputed to his principal is well understood; but cases arise in which the agent betrays his trust and acts contrary to his principal's interest—shall the rule be applied in such cases? In New York it has been (*Bank* v. *Davis*, 2 Hill 451), in Tennessee (*Union Bank* v. *Campbell*, 4 Humph. 396), and in other States. Yet the reasons for the exception are the soundest, and the current of decisions is constantly expanding in that direction. In *Wickersham* v. *Chicago Zinc Co.* (18 Kan., p. 486), C. J. Horton said: "It is undoubtedly true, as a general proposition, that the principal is charged with the knowledge and bound by the acts of the agent; but this general rule, like most other rules, has its exceptions and limitations. The general rule is based upon the principle that, as it is the duty of the agent to act upon the notice for his principal, or to communicate the information to his principal in the proper discharge of his trust as such agent, notice to the agent is likewise legal notice to his principal. This rule applies to the agents and officers of corporations, as well as others. This general rule has no application, however, to a case in which one party does not act as agent, but avowedly for himself, and adversely to the interests of the other. In other words, neither

the acts nor knowledge of an officer of a corporation will bind it in a matter in which the officer acts for himself, and deals with the corporation as if he had no official relations with it. (Citing *Winchester* v. *Baltimore & Susquehanna Railroad Co.*, 4 Md. 231, 239; Story on Agency, § 140; Angell & Ames on Corp., § § 308, 309. One of the best cases lately decided is *Hummell* v. *Bank*, 75 Iowa 689.)

One of the latest and most noteworthy expositions of the law is by the Supreme Court of Louisiana. J. Todd, speaking for the court, says "that, as a general rule, the knowledge of an agent is the knowledge of the principal. And even where an agent deals in a double capacity for his principal and himself at the same time, and where his acts are evidently designed and intended to benefit or favor the principal, to his own prejudice or that of his creditors, even in such case his knowledge of his condition or other material fact will be regarded as the knowledge of the principal. But where such agent seeks his own personal interest or advantage in the affair, without benefit to his principal, then his knowledge cannot be held to be the knowledge of the principal." (*Seixas* v. *Citizens' Bank*, 38 La. Ann. 424, p. 435.) By this rule, then, the imputation of the officer's knowledge to the bank turns on a question of fact, whether he was acting in its interest, although the business did concern himself. Much may be said in favor of establishing definite rules, and closing all the avenues against mistakes, errors, and ways of escape for wrong doing, yet the justness of this rule is apparent. If an officer is really acting in the interest of his bank, though having a special personal interest in the matter, the reason for not imputing his knowledge to the bank does not exist, and whenever the reason for the rule disappears, the rule itself should not be applied.*

In one case a person who had been sued on a bill offered as a defense that he had had a previous loan from the bank, which took bonds as well as an indorsed note from him as security, that the bank was to sell the bonds and apply the balance toward the payment of the bill in controversy, and that, through the lack of diligence by the bank in collecting the bonds, he had lost all benefit from them. The evidence to sustain this defense was the declaration of a witness that the officers of the bank had told him that the bonds were to be thus applied. Concerning this evidence the court said: "Surely, a corporation is not to be affected by loose declarations of this kind. . . . Even supposing, as has been suggested, that this board kept no minutes at the time of this transaction, and that parol evidence was therefore admissible, the declarations of their officers would not have bound them without proof that they were authorized by the directors." (*Stewart* v. *Huntingdon Bank*, 11 Serg. & Rawle, 267, p. 269.)

* In this case the officer was president of the bank.

When a notice has been served on an officer of a bank that a piece of commercial paper is invalid, it cannot become a *bona fide* holder. (*Getman* v. *Second National Bank*, 23 Hun., p. 503.) And when an officer receives such a notice, he should advise the other employes of the fact; if he fails to do so, however, the bank will be none the less affected. (*Id.*; *Ingalls* v. *Morgan*, 10 N. Y., 178; *Weisser* v. *Denison*, *Id.* 68.) This rule applies as well to corporations as to individuals. (*Fulton Bank* v. *New York & Sharon Canal Co.*, 4 Paige 127; *New York & New Haven Railroad Co.* v. *Schuyler*, 34 N. Y. 30.) If notice has been given to the officers of a bank of the unauthorized acts of their predecessors in office, and no dissent is expressed, their ratification will be presumed, and the acts binding on the bank. (*Chouteau* v. *Allen*, 70 Mo. 290.) But notice to a stockholder or former officer of a bank will not be regarded as a notice to it. (*First National Bank* v. *Anderson & Co.*, 28 South Car. 143.)

The wrongs or torts of officers will next be considered. Once the principle was maintained that a corporation could do no wrong, and that, whenever their officers acted wrongly, they did not act in their representative character. But this conception long ago faded out in the strong light of some of their deeds. (*McDougald* v. *Bellamy*, 18 Ga., p. 432; *Yarborough* v. *Governor & Company of the Bank of England*, 16 East 6; *Mechanics' Bank* v. *Bank of Columbia*, 5 Wheat. 326.)

As the law confers no authority on corporations to do wrong, every wrongful act is technically *ultra vires*, or beyond their authority; nevertheless they "are liable," says J. Swayne, "for every wrong they commit, and in such cases the doctrine of *ultra vires* has no application. They are also liable for the acts of their servants, while such servants are engaged in the business of their principal, in the same manner and to the same extent that individuals are liable under like circumstances. (*Merchants' Bank* v. *State Bank*, 10 Wall. 604.) An action may be maintained against a corporation for its malicious or negligent torts, however foreign they may be to the object of its creation or beyond its granted powers. It may be sued for assault and battery, for fraud and deceit, for false imprisonment, for malicious prosecution, for nuisance, and for libel. In certain cases it may be indicted for misfeasance or nonfeasance, touching duties imposed upon it in which the public are interested. Its offenses may be such as will forfeit its existence." (*National Bank* v. *Graham*, 100 U. S. 699, p. 702; *Iron Mountain Bank* v. *Mercantile Bank*, 4 Mo. App. 505; *Keber* v. *Mercantile Bank*, *Id.* 195.)

In a more recent case J. Clopton has thus stated the rule: "A corporation is liable to the same extent and under the same circumstances as a natural person, for the consequences of its

wrongful acts, and will be held to respond in a civil action, at the suit of an injured party, for every grade and description of forcible, malicious, or negligent tort or wrong which it commits, however foreign to its nature, or beyond its general powers, the wrongful transaction or act may be. (*New York & New Haven R. Co.* v. *Schuyler*, 34 N. Y. 30; *Merchants' Bank* v. *State Bank*, 10 Wall 604; *Thayer* v. *Boston*, 19 Pick. 511; *Frankfort Bank* v. *Johnson*, 24 Me. 490; *Citizens' Savings Bank* v. *Blakesley*, 42 Ohio St. 645; *Western Maryland R. Co.* v. *Franklin Bank*, 60 Md. 36; *Fishkill Savings Institute* v. *National Bank*, 80 N. Y. 162.) Generally, it may be said that corporations are liable for the consequences of tortious acts done by its authority, though not within the scope of its powers, express or implied, or incidental." (*Central Railroad & Banking Co.* v. *Smith*, 76 Ala. 572, p. 582.)

In *Ranger* v. *Great Western Railway Company* (5 H. of Lords 72, p. 87,) the Lord Chancellor said: "Strictly speaking, a corporation cannot itself be guilty of fraud. But where a corporation is formed for the purpose of carrying on a trading or other speculation for profit, such as forming a railway, these objects can only be accomplished through the agency of individuals; and there can be no doubt that if the agents employed conduct themselves fraudulently, so that if they had been acting for private employers, the persons for whom they were acting would have been affected by their fraud, the same principles must prevail where the principal under whom the agent acts is a corporation."

If, therefore, a railroad and banking company should undertake to transport persons by an unauthorized mode of conveyance, its duties and responsibilities to a passenger would be the same as if the authorized mode of conveying him had been followed. (*Id.; Central Railroad & Banking Co.* v. *Smith*, 76 Ala. 572.) Likewise, if special deposits are taken by a bank without authority, and the directors know and approve of the practice, and they are lost through gross negligence, the bank will be liable for their loss. (*National Bank* v. *Graham*, 100 U. S. 699; *Foster* v. *Essex Bank*, 17 Mass. 479; *Lancaster County National Bank* v. *Smith*, 62 Pa. 47; *Scott* v. *National Bank*, 72 *Id.* 471; *Turner* v. *First National Bank*, 26 Iowa 562; *Smith* v. *First National Bank*, 69 Mass. 605; *Chattahooche National Bank* v. *Schley*, 58 Ga. 369.)

Before going further it may be remarked that while the defense of *ultra vires* will not prevail against wrongs, it may be effectively used to prevent a recovery on *ultra vires* contracts. If, therefore, a banking corporation has no authority to make a contract it is void, and cannot be enforced. (*Central Railroad & Banking Co.* v. *Smith*, 76 Ala. 572, p. 581.) "Such contracts on the part of corporations are *ultra vires*, and void, and no right of action can spring out of them." (*Marion Savings Bank* v. *Dunkin*, 54 *Id.* 471;

Chambers v. *Falkner*, 65 *Id.* 448.) "No contract," says J. Clopton, speaking for the Supreme Court of Alabama. "made by a corporation, not within the scope of its powers, can be made valid, or the foundation of a right of action, by the assent of the shareholders. If the corporation attempts to carry such contract into execution, dissentient stockholders, though a minority, may restrain its consummation. And if suit is brought against the corporation on such contract they may avail themselves of the defense of *ultra vires*. (*Davis* v. *Old Colony Railroad*, 131 Mass. 258.) The settled doctrine of this court is that a reception and retention of the fruits and benefits of the transaction do not estop the corporation from denying its power to make the contract; though an action may be maintained in a proper case against a corporation for the money or property received, the legal effect of such suit being a disaffirmance of the prohibited contract." (*Central Railroad & Banking Co.* v. *Smith*, 76 Ala. p. 581.)

The same defense was successfully made by a bank to a suit for false representations by an officer concerning some bonds which it was not authorized to sell. As the contract was *ultra vires* no recovery could be had thereon, or damages for injuries arising therefrom. (*Weckler* v. *First National Bank*, 42 Md. 581.)

To render a banking corporation liable for the tortious act of an officer, the act must appear to have been a corporate act, and not simply his own unauthorized act. If he went beyond the range of his duties, and of his own will did an unlawful thing, he would be personally liable, but not the corporation. Though a corporation is not authorized to commit a tort, and the commission of one is an excess of power, or *ultra vires*, yet, as we have seen, the corporation may be held therefor. The act, however, must clearly appear to have been a corporate act, as distinguished from the personal act of the officer committing it. As J. Clopton says: "While corporations should be held to a strict responsibility for the wrongful acts of their employes, when done in the course of their employment and connected with the execution of the business for which incorporated, they should be protected against the consequences of unauthorized acts of their officers or agents, committed in excess of its powers, and unconnected with the business or purposes of their incorporation and organization, especially when dealing with persons charged with notice of their powers, and the nature and extent of the employment and authority of the officer or agent." (*Central Railroad & Banking Co.* v. *Smith*, 76 Ala., p. 584; see *Bissell* v. *Michigan Southern & Northern Indiana R.*, 22 N. Y. 258.)

What, then, may be regarded as corporate authority, though not existing in law, for committing a tort? An answer may be found in J. Clopton's opinion, which we have been reviewing. "Previous

authority to bind the corporation by the act of an officer or agent transcending its powers and unconnected with its authorized business and purposes must be the result of corporate action, as contradistinguished from the individual action of the stockholders or officers. Subsequent ratification results when a knowledge of the business being thus conducted, and of the reception and retention of its fruits and benefits is brought home to the corporators, at a time and under circumstances which require them to elect or repudiate, or be bound, and they fail to disavow the act; in other words, any facts which would be a ratification of the unauthorized acts of an agent by a principal who is a natural person." (*Id.*, p. 585; see *Brakan* v. *New Jersey R. & T. Co.*, 32 N. J.. Law 328.)

The act, therefore, must have a corporate as distinguished from a personal character to render the corporation liable. Thus, a teller received a foreign bank note, which was contrary to the statute then in force, and which rendered the receiving bank liable to the penalty. The payor of the note having sued the bank for the penalty, C. J. Oakley said: "The reception by the teller of the bank bill, which seems to have been used to entrap the defendants into a violation of the statute, and render them liable to its penalties, was not an act within the general scope of his employment, or which those who dealt with him had any right to consider. His employment and his duty was to receive payment, in money, of the bills and notes placed in his hands as teller. In the discharge of his duty he had no right to receive anything but money, in the legal sense of the term, and *a fortiori* no right to receive that which the legislature had declared should in no case be considered as money. There is no room, therefore, for a presumption that he had any authority from the defendants to perform an unlawful act, and we hold it to be quite certain that the authority of an agent, however general, if capable of being executed in a lawful manner, is never to be extended by construction to acts prohibited by law, so as to render his innocent principal liable in a criminal action or prosecution." (*Clark* v. *Metropolitan Bank*; 3 Duer 241, p. 249.) The bank would not be liable unless the teller acted by authority of the directors, or his act was adopted by them. (*Id.*)

An officer's wrongful act, though not authorized, nor ratified, will sometimes render the bank liable. When is a bank thus answerable? C. J. Oakley has answered this question as well, perhaps, as any one. "It is undoubtedly true," says the judge, "that in many cases a principal is responsible for the act of his agent, which, although an abuse or excess of the authority of the agent, was within the general scope of the business he was employed to transact; but this is only true between the principal and a third

person, who, believing and having a right to believe that the agent was acting within, and not exceeding or abusing his authority, would sustain a loss, if the act were not considered as that of the principal. It is only true where the sole question is, by which of two innocent parties a loss resulting from the fraud or misconduct of an agent ought to be borne?" (*Clarke* v. *Metropolitan Bank*, 3 Duer, p. 248.)

The negligence of an officer for which his bank is liable must be the cause of the loss. Thus, a teller stole a special deposit, and the owner sought to hold the bank, on the ground that an examination of the teller's books would have disclosed false entries. But the special depositor's loss had no relation to the teller's conduct in other matters. The transaction was wholly outside his employment; the stealing of the special deposit and the falsifying of the books of the bank were independent acts. (*Scott* v. *National Bank*, 72 Pa. 471.)

When is the conduct of an officer to be regarded tortious, and his bank as having knowledge of it? Says C. J. Shaw: "A bank is a corporation which can only act by agents; all the transactions of the bank, in buying or selling, borrowing or lending, every act by which they can convey property or acquire it, must be done by agents. When any one of these transactions is of such a character that false representations, practice of fraud, or knowledge of fraud practiced by another, would avoid the transaction, if done by an individual, it will equally affect a corporation if done or had by the agent in the same transaction for a corporation. Suppose a corporation have occasion to obtain insurance, and the agent who negotiates it makes false representations which would render the policy void, if made for himself; it will render it void as a contract with the corporation, his principals; they will be affected with constructive notice. So, if a bank should have occasion to buy a horse for their messenger, and authorize him to buy one, and the agent should find one to his liking, and in negotiating about the purchase should be informed that another man claimed that the horse had been obtained from him by fraudulent representations, it would be constructive notice of such claim to the bank." (*Atlantic Bank* v. *Merchants' Bank*, 10 Gray 532, p. 551; *Skinner* v. *Merchants' Bank*, 4 Allen 290.) This principle was applied in the following case: A broker drew a check on the Merchants' Bank, where he had no funds, but which the paying teller marked good. The broker then took it to the teller of the Atlantic Bank, who gave him the money, which he delivered to the paying teller of the Merchants' Bank. He needed the money to make his cash correct, which was counted by the directors that afternoon, approved, and returned to him. The next morning the broker's check was presented to the Merchants' Bank and its payment was refused.

The Atlantic Bank then sued the other for the money thus fraudulently obtained, and recovered the same. (See *Ingraham* v. *Maine Bank*, 13 Mass. 208.)

If an act is done in good faith, the directors supposing they have authority, when they have not, is the act a tort? Thus the directors of a bank voted compensation to one of their members, which was contrary to law. "Can this be considered a tort," inquired J. Ormond, "in the proper sense of the term? It manifestly wants the ordinary ingredients which constitute it. There was no violence, or any act denoting intentional wrong. It was an act done *colore officii*, and does not *per se* denote an intention to waste or misapply the funds of the bank; and although an unauthorized act, and for the consequences of which the actors in it may be responsible to the bank, it may nevertheless have been done in good faith, and from a belief that it was authorized by the authority reposed in them as directors." (*Godbold* v. *Branch Bank*, 11 Ala. 191, p. 198.)

If a bank officer is acting as agent for a person, and not for the bank, though conducting the business within the banking house, the institution is not liable for his wrongs. The case of the *Manhattan Company* v. *Lydig* (4 Johns. 377) is instructive. A clerk who kept one of the ledgers into which the entries are copied from the teller's cash book received money from L., a depositor, for the purpose of depositing it. He entered the amounts in L.'s bank book, and in the ledger, but not on the teller's cash book, nor was the teller informed by the bookkeeper of the deposit. The money was embezzled by the bookkeeper, and the bank, having paid the same on L.'s checks, brought an action therefor. The court held that the bookkeeper was L.'s agent in making the deposit, and that he must repay the amount to the bank. The trial judge informed the jury that "the bank was not chargeable by the dealer unless the sums for which the credit was claimed were delivered to the receiving teller, or to some person acting in his stead, or as his assistant, or come into the coffers of the bank, or unless they had become chargeable in this case in consequence of the fraud or improper conduct of [the bookkeeper]."

The officers of a bank are not individually responsible for injury resulting to a creditor or depositor unless it be occasioned by their malicious or fraudulent act. "Mere nonfeasance will not answer; nothing short of active participancy in a positively wrongful act intendedly and directly operating injuriously to the prejudice of the party complaining, will give origin to individual liability as above indicated." (Sherwood, J., in *Fusz* v. *Spaunhorst*, 67 Mo. 256, p. 264, reversing 5 Mo. App. 21, citing *Harman* v. *Hovenden*, 1 East. 555; *Salmon* v. *Richardson*, 30 Conn. 360; *Gerhard* v. *Bates*, 20 Eng. Law. & Eq. 129; *Voss* v. *Grant*, 15 Mass. 505.) This remark was uttered in a case in which the

president, directors, cashier, and teller of a bank were sued for receiving a deposit from the plaintiff when in an insolvent condition. No officer of a bank can authorize another officer to perpetrate a wrong. (*First National Bank* v. *Drake*, 29 Kansas 328; *Minor* v. *Mechanics' Bank*, 1 Pet. 46; *Chew* v. *Ellingwood*, 86 Mo. 260, p. 272.) Consequently, if an officer should act wrongly he could not defend himself that he had been instructed to act in this manner. Said the Lord Chancellor, in a case involving this question: "Can it be maintained as a proposition of law that a servant who knowingly joins with and assists his master in the commission of a fraud is not civilly responsible for the consequences? All persons directly concerned in the commission of a fraud are to be treated as principals. No party can be permitted to excuse himself on the ground that he acted as the agent or as the servant of another; and the reason is plain, for the contract of agency or of service cannot impose any obligation on the agent or servant to commit, or assist in the committing of the fraud." In this case the manager and assistant manager of a bank had assisted the directors in preparing a fraudulent report of the condition of the bank (*Cullen* v. *Thomson*, 9 Jurist N. S. 85), though the directors only had signed it. And if a bookkeeper should take the bank's money and apply it to his own use, the cashier's consent to his act would be no justification. (*Chew* v. *Ellingwood*, 86 Mo. 260; *Taylor* v. *Bank of Kentucky*, 2 Marsh. Ky. 564; *Rochester City Bank* v. *Elwood*, 21 N. Y. 94; *German Bank* v. *Auth*, 87 Pa. 419; *Engler* v. *People's Fire Ins. Co.*, 46 Md. 322.)

If an officer does an act which is invalid by charter, it cannot be validated by ratification. (*City of Memphis* v. *Memphis Gayoso Gas Co.*, 9 Heisk. 531.) Says C. J. Nicholson: "When a corporation, or an agent thereof, does an act or makes a promise that is forbidden by its charter, or is not authorized thereby, either expressly or by fair implication, the act or promise is a nullity, and cannot be made binding by a subsequent ratification." (*Id.* p. 543.)

When a statute prescribes a mode for investigating and establishing the liability of bank officers and directors for neglect and malfeasance, no other mode can be enforced. (*Ahl* v. *Rhoods*, 84 Pa. 319.)

[TO BE CONTINUED.]

AN ACCOUNT OF THE LAST CONVENTION OF THE AMERICAN BANKERS' ASSOCIATION AT KANSAS CITY.

The Fourteenth Annual Convention of the American Bankers' Association was held at Kansas City on the 25th and 26th of September. Nearly seven hundred delegates were in attendance—more than double the number attending any former convention. After music and prayer a brief address of welcome was made by Mr. J. S. Chick, President of the Kansas City Clearing-House Association, followed by a longer one by the Mayor of the city, Mr. Davenport. He was succeeded by Gov. Francis, of Missouri, after which Mr. Charles Parsons, of St. Louis, President of the Association, delivered the annual address. After an interesting review of some of the prominent marks in the history of American progress during the last hundred years, he continued by saying that "in all this land there were 100 years ago but three banks, with a total capital of $1,650,000. Running since through all the vicissitudes of change, State banks, United States banks, then State banks of all sorts, plain, simple chartered ones, with almost unlimited power of issue, wildcat banks; State banks with branches, many most excellent institutions; State stock banks, some very good, others uncertain and finally failing from the failure of credit of their securities, until we came down to our present reliable system of national banking circulation and State banks without circulation, dependent on the national currency or government notes and gold and silver certificates. The capital engaged in the business in 1888 was $857,988,629, and the banks held a deposit account of $3,911,469,400, and the transactions of our clearing houses (a system unknown then), which multiplies the payments of the dollar by twenty-two, amounted in 1888 to over $49,000,000,000. The exchanges of money between the cities of the country are also worthy of our attention. In those days the removal of a few thousand dollars, silver being the main currency, was attended with large expense and required special messengers, horses and wagons, or else was sent in sailing vessels along the coast. Now we transact mostly this immense

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by utilizing the transit of the produce of our farms and workshops, or, if money is to be sent, it is at a very small cost. To give you an idea of the annual amount of exchange drawn, I requested the able manager of the St. Louis clearing house to ask figures from the various points. I regret that it did not seem worth while for all to respond, but I am obliged to those who did, and I have concluded that in the various cities of Chicago, St. Louis, New Orleans, Cincinnati, San Francisco, Pittsburgh, Kansas City, Memphis, Minneapolis, St. Paul, and Little Rock there was drawn on Eastern and other cities not less than $3,500,000,000 of exchange. What an illustration is this of the growth of the country. But we have still a greater future before us; and, as bankers, it becomes us to see what there is for us to do and what to provide against. We have escaped the false systems of currency; we are doing business on a substantial basis of capital; failures are few, and it seems as if that integrity which is the foundation of all success, the heart throb which keeps the great machine in motion, the electric principle which gives life and strength, was never more valued than now by the great mass; without it we should be helpless; and although there are some failures,

yet, when we think of the vast number and variety of our transactions, we can but feel that, on the whole, these are honest times. So, too, capital is great, and the labors and economies of our people are constantly increasing it in a remarkable ratio. During the last year we brought from the earth $33,000,000 of gold and $55,000,000 of silver. This immense product of the mines is one of the most potent causes of our constantly decreasing rate of interest. The question now is, with many of us, how to safely use our means, how to find new and safe channels for its

PROFITABLE INVESTMENT.

The temptation is strong to go out into ways that are devious and dangerous. Times of unusual ease are more to be watched than those of stringency.. There is a growing tendency to do business for nothing. A friend of mine said that it would before long be the case that banks would give a chromo to each customer when he made a deposit. The vast collections of this country are generally made without proper compensation, and often at serious loss to the banks. Is this right? Shall not the laborer be worthy of his hire, and the expense of these collections be borne by those receiving the benefit? Then what currency shall take the place of the diminishing national bank notes when they are all gone, as they soon will be? This is an old subject, often before you, yet not the less important. Something might be done to stay the flight of these vanishing notes by doing away with all charges except the actual expense of issue and redemption by allowing 90 per cent. of market value issued on United States bonds. This ought to be done, but we can never consent that the *ante-bellum* system should arise on the ashes of the national currency. Nor is it the proper thing to continue forever the legal tender issues. The decision of the court that justified them as such, except as a war measure, is forever to be deprecated. The gold and silver certificates are safe as long as they are of common value, and if an international agreement could be made with the great commercial nations for the coinage of silver, then these certificates would be secure and reliable beyond any other sort of money. But one difficulty has existed and always will exist with all the three sets of currency named, that is, its uniformity in volume in the different seasons of the year. An abundant harvest calls for more money, but it can only come from the sums remaining idle in the banks during the summer.

NO INCREASED CIRCULATION

can be issued, and therefrom often arises a stringent money market and tight times; whereas, a system like the old plan of issue was more elastic; not that I am ready to return to that; for the vital importance of the national redemption at the metropolitan city makes it absolutely necessary that, for the future, all currency circulating as money should be under the control of Congress. Never should we have a currency again issued by the authority of the different States. Such immense sums as were wrung from the people in high rates of internal exchange, and such losses by bad and broken banks, would almost make a rebellion if again put upon us after our people have been accustomed so long to an almost entire exemption in this respect from loss and cost; but in the currency of the future our attention should be directed to this question of elasticity. A national currency of uniform value, always redeemable at the great central point, will be always desirable, not alone for its convenience, but as a means of cementing the general national patriotic unity of feeling and interest; and if we could persuade the great nations of the earth to join us in an international coinage of both gold and silver, it would be a grand movement in the line not alone of

simplifying the labor of the merchant, but towards the day of universal brotherhood.

"In the interest of the bankers, merchants and transportation men, a uniform bill of lading may be worthy of your attention. A common paper has also been suggested for use of banks in drawing bills of exchange, to be issued under the control of a properly appointed officer of the association, at such rate of cost as might be more economical than at present, and deliverable only to such banks and bankers as are of well-known standing. It is thought such a system would be a great safeguard against forgery and counterfeiting.

STATISTICAL INFORMATION.

"The accumulation of statistical information as to all matters connected immediately with our business might be well considered as of great value to us, and should have our attention.

"A request has been made to the Secretary of the Treasury to allow the assistant treasurers, at the various points in the country, to take part in our clearing houses. It would be a great aid in simplifying our work, and you will oblige all banks in such places by giving us your moral aid in the matter. It is already done in New York, and no valid reason exists why the same business courtesy should not be extended to other cities having government money officers.

"There are many other important subjects which will come before you, and I trust you may give to the serious business of the association your full and careful attention. It is for this we are assembled, and however pleasant it may be to partake of the generous hospitality of our friends, yet our duty to our constituents at home impels us to give a full and careful consideration to every subject affecting their interests."

President Parsons was followed by Mr. St. John, of New York, whose paper is published in another place in the present number.

Mr. T. C. Hinchman, of Detroit, presented a paper on Collections, in which, among other things, he said: "Connected with collections there is a grievance that has been a source of frequent complaints, which is the practice of sending checks on inferior home banks to distant purchasing centers, or other places. This causes extra trouble and expense to the recipient and his banker, is questionable, and may be suspicious. The sender may not be aware of his obligation to save his creditor from delay and expense; he may not have the money at hand, and wishes to gain time; or, may be acting at the request of his local banker. The only excuse tenable is when purchases are made of commercial travelers in excess of needs, then buyers may claim that bills are payable where the goods were purchased. There is no justification of such payments otherwise, as drafts can always be obtained from local bankers on financial centers. The practice of this evil may be remedied by decisive action in refusing such checks, by enlightening the makers as to their obligations, or by charging expenses to the delinquent. The wise debtor will not willingly subject his creditor to unnecessary expense. There are obligations of courtesy and friendly intercourse, personal and written, between corresponding banks and bankers particularly, and in a measure due to all in the business. This is commendable, and may prove profitable, promoting agreeable acquaintance, especially when visits are made, or when bankers assemble; valuable reciprocal benefits are thus conferred. There are mutual obligations for protection and information that should not be disregarded. If it were possible that more definite knowledge of customers, of amounts of paper issued by those having several bank accounts, could be mutually exchanged, it would lessen risks. A high sense of honor and propriety

forbids any information on matters justly considered confidential. When inquiries are made, the banker too often states only the better side, or is vague, respecting customers who may be questionable. An understanding that would require definite and full exchange of information would be advantageous. This should be done particularly when fraudulent and dishonorable parties are in question, who should be exposed. In some respects bankers have been too complacent and liberal in complying with requests, especially when absence from their desks, extraordinary risks and perplexing questions were liable. It occasionally occurs that customers apply to cashiers for indemnity bonds in distant places. The correspondent in that place is requested by letter or telegram to 'please furnish a bond for Mr. Blank for a stated amount, and this bank will be responsible'; or it may be to negotiate a purchase or sale of real estate or other property. Most banks readily comply by requesting some of their directors to sign a bond; by sending the president or other officer to attend to the purchase or sale. Bonds given may be in force one to five years, or indefinitely; purchases and sales may not be satisfactory or confirmed. The amounts involved are at times large, signers always in jeopardy, and without security. Cashiers or presidents cannot legally bind their banks in such transactions, neither can boards of directors endanger shareholders by acts or actions not germane to banking. When securities are deposited it alleviates, but does not remedy the irregularity. Bankers and their correspondents are not always informed on legal questions, and may be liable to err, unless they decline to act in the absence of positive knowledge. Bankers have sufficient troubles, perplexities and jeopardy in their immediate duties, without adding to them unnecessarily. It is no breach of courtesy to decline compliance with illegal requests, but rather a duty to avoid such as might inflict loss. A full compliance with those that are without hazard, and that are intimately connected with the business, is always a duty, and in most instances a satisfaction and pleasure. In all transactions involving risk the customer should deposit securities. Within a year a claim or indemnity has been made on a bank, the present officers having had no knowledge of the transaction. A former cashier had telegraphed for a bond for a customer, who subsequently failed. The usual terms, 'this bank will be responsible' were used. The claim for indemnity was denied on the ground of no authority, no security, no information, and no responsible principal to call on."

In a paper entitled "State Securities for National Circulation," Mr. William McDermott, of Conshohocken, Penn., suggests the following plan for preserving the national banks and their circulation:

Keep the control of banks under the general Government and the circulation of the nation.

Have the States issue a bank bond bearing three per cent. interest, payable (the interest) semi-annually. Banks buy these bonds and hand them over to the National Government and receive bills to the face value of the bonds, bonds not to exceed the capital.

Abolish the law requiring banks to have bonds; if therefore a bank does not want circulation, they need make no investment in any bonds bonds whatever.

Permit no circulation of shares above the half dollar, re-coin the standard silver dollar into dimes, quarters and halves.

Government issue ones, twos, and three dollar notes, and all issues of the banks with the smaller denominations to be legal-tenders for the payment of all obligations as well as duties and imports.

The National Government issue all kinds of currency with limitation to the respective States.

Maintain all the restrictive features of the present banking acts.

Make it a criminal offense for a bank to take funds on deposit when the bank indicates that it is insolvent, and insist upon the directors keeping themselves informed of the financial standing of the institutions.

Mr. James H. Tripp, of Marathon, N. Y., offered another plan for preserving the national banking system. I believe, he remarked, that the most practical method is to give the national banks the benefit of a circulation that will yield a small profit and be well secured and safe. And I know of nothing better or more available as security for such circulation than Government bonds.

We have at present nearly $700,000,000 of four per cent. bonds, which do not mature until 1907; they constitute the largest portion of the interest-bearing debt of the Government.

Now the plan I would suggest is this, viz.:

That whenever a national bank shall present to the Secretary of the Treasury, U. S. four per cent. bonds for the purpose of providing security for its circulating notes, the Secretary shall take such bonds, at an average rate of premium not to exceed one and a-half per cent. per annum, and issue to such bank an equal amount of bonds bearing interest at the rate of two and a-half per cent. per annum, to mature in 1907, or later, as the necessities of the Government may require. And that such bonds shall be deposited with the Treasurer of the U. S., and held by him as security for circulating notes issued by the said bank, and the amount so issued shall not exceed the face value of the bonds deposited.

And that a tax of one-half of one per cent. when the circulation so issued be paid to the Treasurer of the U. S., in the month of January in each year.

The bank shall be required to redeem its circulating notes at its own counter, and at the bank selected as its reserve agent, and nowhere else.

That in consideration of the tax of one-half of one per cent. paid into the Treasury of the United States, all expense of redemption and the printing of the currency, also the expense of examinations, shall be paid out of the moneys in the hands of the Treasurer.

That whenever a bank shall go into liquidation, either voluntarily or by order of a court having jurisdiction, due notice shall be given by publication, requesting the return for redemption of all circulating notes of said bank.

And at the expiration of six (6) years from the first publication of such notice, the legal representative of such bank shall be permitted to withdraw the securities remaining in the hands of the Treasurer and sell the same and distribute the proceeds among the stockholders or creditors of the bank.

Mr. John H. Leathers, of Louisville, Ky., discussed the construction of Section 5,200 Revised Statutes United States, which reads as follows:

"The total liabilities of any association of any person, or of any company, corporation, or firm, for money borrowed, including in the liabilities of a company or firm, the liabilities of the several members thereof, shall at no time exceed one-tenth part of the amount of the capital stock of such association actually paid in. But the discount of bills of exchange drawn in good faith against actually existing values, and the discount of commercial or business paper actually owned by the person negotiating the same, shall not be considered as money borrowed." He said:

"When the National Bank law was enacted, Congress desired to render

banks safe to the public, and thereby attractive to depositors. It provided, among other safeguards, that no loan should be made by any national bank 'to any association of any person, or to any company, corporation or firm,' in excess of one-tenth of the capital of the national bank making the loan. This provision was a wise one; but only such as common prudence dictated, and really only such as to a greater or less extent had been commonly observed by banks generally in their dealings with their customers before the National Banking law was enacted; but this restriction was intended to apply, as the section plainly sets forth, only to 'borrowed money,' and not to the discount of commercial paper in the usual course of business, which the section goes on to say is not to be considered as *borrowed money*. It is difficult to find any language plainer, or any provision of the National Bank law less susceptible of a double meaning. It is not original in its use by Congress; but was drawn from the common practice of banks before the National Bank law was made. Yet, plain as it seems to be, it has been perverted and made to mean not only that which Congress never intended it to mean, but also to retard the general banking interests of the country, and to seriously interrupt the business relations existing between national and State banks in the United States.

"The spirit of the section, we think, plainly shows that it was intended to apply to the ordinary customers of banks, whether individuals or firms, or mercantile corporations, and to no other class of people. It was intended for them because in their every-day dealings with banks their business requirements made them borrowers, and the law meant to say that national banks must deal prudently, and, to use a homely phrase, must not 'put too many eggs in one basket.'

"No ordinary reader will gather more than that much from it, and as further evidence of the fact that it was intended for such people, and for them only, the section, in spirit, goes on to say they shall not be so restricted in their discounting of commercial paper. That would, perhaps, seriously interfere with their business. They are buying and selling goods, and are receiving notes and acceptances from their customers. As to that kind of paper, it is legitimate. Banks are established to come between a buyer and a seller, and afford the seller the money for the paper which the buyer has provided. This is the true mission of banking, and so eminently proper is this, that no limit is placed by the National Bank law upon paper of that description, which individuals, firms or corporations may discount with them. It is only upon the actual *loans* banks may make that any restriction is placed; not upon the discounting of commercial bills to any extent that the bank and customer may agree upon.

"There is not the slightest indication throughout section 5,200, or to be found in any other section throughout the law, implying that that section was intended for any other class of people than those already referred to; or that it has the slightest reference, in any degree, to the ordinary dealings of banks with each other."

The following extract relating to "Bank Examinations," is taken from a paper by Geo. D. Rise, of Lebanon, Pa.: "When a national bank examiner visits a national bank for the purpose of fulfilling the duties imposed upon him by law for the protection of the Government, the depositors and the stockholders, he very naturally starts with the last 'daily statement' as his basis, sometimes proves the balance sheets of the deposits, certificates, amounts due to banks, and all the other liabilities. In the majority of cases the amounts due to depositors are not proven.

"As to the resources, he proves amount due from banks, by referring

to the last accounts current, or by sending to the bank's several correspondents for verification of the balances as shown on the day of, or the day previous to, the examination. He carefully examines and counts the cash and items of exchange, proves the expenses, and also proves the total of loans and discounts with the amount called for by the statement. Finding everything apparently correct, he makes his report to that effect, sometimes reporting the 'reserve' too low, or that certain paper with the same names on is greater in amount than allowed by law.

"Now, is this a complete bank examination? The liabilities are easily proven and so are the assets, when corresponding in amount with the statement. It is admitted that the 'loans and discounts,' constituting the bulk of a bank's assets, are the most important items, and should be most carefully scrutinized. A bank examiner can easily foot up the total of all these loans, and report the *amount* correct, but what does he, an entire stranger to the locality, know of the *character* or *value* of these assets? If he depends upon the officers of the bank for all explanation regarding its loans, can his examination be called a thorough one? Is it not a fact that very often banks have failed within a very short time after an examination has been made and favorably reported upon, such failures caused by insecure loans and speculative risks? I would venture a suggestion here, which, if acted upon under requirement of law, would help to make every bank examination thorough. When an examiner visits a bank, his first duty should be to call for the papers representing the 'loans and discounts' and while he is proving them let him call the board of directors together and submit each and all of the loans to the directors, for any and all information relative to the character and definite value thereof. The directors are the persons best qualified to judge of the value of these assets, and any irregularities on the part of the bank's officers would be brought to their notice. The calling together of the directors at an annual time cannot act to the detriment of the bank's interests, as special meetings are frequently held, and nothing is thought of it by the public. Let it be incorporated in the National Banking law that the examination of the assets (and the entire examination, if thought advisable,) shall be made in the presence and with the help of the directors, and I am confident that good results will follow, and greater safety and confidence be assured."

"Room for Improvement," by H. H. Gardner, of Eldorado, Kansas, related to co-operation in banking. The following extract contains the more important portion of the paper: "If a uniformity in the draft and check department of the general business is such an admitted beneficial departure from long time different modes, would not greater improved results be secured by the adoption of a uniform custom in addressing all correspondence passing between banks to the bank itself, and not to its cashier, as is now so universally done; also in making payable the drafts and checks passing between banks in settlement of collections and all other business items, to the order of the receiving bank, and not to the order of the cashier?

"The reasons for a general change to such uniformity in custom in these matters will, upon even a short reflection, so plainly present themselves to all of us, that to specifically define them or go into details is altogether unnecessary and superfluous.

"The fact that the bank is always at home, with some one in charge with authority to indorse and act for it promptly in all business committed to it, while the cashier is frequently absent, often resigns, and now and then defaults and skips, and, being mortal, sometimes dies—

these are the prime reasons I need specially mention. I could offer a leaf from my own experience that would be serviceable in advocacy of the merits of this suggested change, and tell of serious damage to one of my customer's interests through his carelessness in omitting the word Cashier after my name, which placed his letter with my private mail, but there is no necessity to refer to any particular case to prove how much a change in this long-established custom is now needed."

The subject of "Mortgage Loans" was considered by Mr. Thomas F. McGrew, of Springfield, Ohio. He said: "Since the passage of the National Bank Act, mortgage loans have in business affairs assumed a new importance in the manner of using them. Their value, negotiability and rapid circulation has increased, not so much, I admit, as railroad bonds, but much like that class of securities.

"Before that time they were considered a 'dead' or 'lifeless' security. That is not the case now. They enter largely into financial and general business transactions. They are issued in all the States of the Union, with notes and interest coupons attached, the interest payable yearly, half-yearly, and quarterly, payable to order, assigns or bearer, to add to them negotiability and rapid circulation, that they might enter into money transactions, as a security, and not for the ownership of real estate, or the expectation of its ownership, by being indorsed, transferred, or assigned, or attached as collateral security for loans obtained.

"In this manner the wealth of the people would be largely increased by the improvement and increased value of the property upon which the loan may have been issued, to better the same, and by profits made by those who deal in such securities, let them be banks or individuals, and in the reduction of the rate of interest to borrowers.

"And no one can doubt the ultimate security in the payment of this class of loans, and that they are paid as rapidly as new loans are obtained.

"The fear that banks should become the owners of too large an amount of real estate has no force when applied to national banks. Their solvency and existence will prevent this—self-interest guards against it—their necessity for active means, for money, will always protect them or their dealers from danger, and the provision in section 5,137 that banks shall not hold real estate 'for a longer period than five years' becomes an absolute prohibition to the holding of real estate.

"Thus, mortgage securities, if found to be lawful, could be used as collateral on loans, and in default being made in the loan thus secured, the collateral could be sold at auction to the highest bidder, as many of that class are now sold.

"I desire to reach the conclusion that the banks are prevented from making loans on notes secured by mortgages, on a misconstruction of the law, which, in my opinion, the courts will correct in the first fair case which may be presented to them, on the grounds of their increased circulation, and the necessity of trade and commerce.

"Aside from the law we must consider this matter in the light of general business, or as legislators. If the amount of mortgage loans on the market is so large as to make them uncertain securities, then to prohibit their use in bank is wise. On this point there has been much exaggeration, and statistics are only reliable as an illustration, and rarely ever determine a fact."

Other papers were read, of varying interest, which cannot be given here, for lack of space, or which are reviewed elsewhere in the present number. Those of an historical character will be noticed next month.

The following were the more important resolutions adopted by the convention:

Mr. Van Slyke offered the following, which was adopted:

Resolved, "That we recommend to the members of this association that in their respective States, where not so organized, they form their State associations, and that for convenience of communication all State associations be requested to report to our Secretary the names and address of their officers."

Mr. S. K. Sneed, of Kentucky, read the following resolution:

Resolved, "That section 5,198 of the Revised Statutes of the United States relating to National banks be so amended as to repeal the forfeiture of interest therein imposed; and in lieu thereof the forfeiture shall be the same as is or shall be provided by the laws of the State or locality where the transaction is had."

This gave rise to an extended debate resulting in the reference of the resolution to a committee of three (J. R. Mulvane, J. S. Chick and Joseph F. Johnston), who subsequently reported as follows:

"The committee to whom was referred the resolution introduced by Mr. Sneed, of Kentucky, in respect to the amendment of section 5,198 of the Revised Statutes, beg leave to report that they have had the same under consideration, and recommend the adoption of the following substitute:

"That the association apply to the Congress of the United States to so amend said section 5,198 that no forfeiture to exceed the amount taken in excess of lawful interest shall be exacted of any National bank."

The report was unanimously adopted.

Resolved, "That the proposition of Mr. St. John be referred to the incoming Executive Council, with a request that a report be made before the meeting of Congress, if possible, and distributed without delay to all the members of this association, with a request that each member will promptly report in writing to the Secretary his views on the report and the questions considered."

Mr. Knox proposed the following:

"That the Executive Council, in connection with this proposition of Mr. St. John's, be instructed to consider a proposition of issuing silver certificates hereafter based upon the full market value of silver."

This also was referred to the Executive Council.

THE UNITED STATES LEGAL-TENDER NOTE, AND SILVER.*

A SUGGESTION of the means, easily to be provided, by which our coinage of silver shall be increased without thereby increasing the existing sum of our circulating money, except by the moderate annual addition of gold coin; at the same time to annul all effect of bank-note contraction, and avoid all other contraction of our money, in the period during which the outstanding U. S. legal-tender notes are gradually retired.

A SUBSTITUTE for free-coinage which may content the silver mine owners; and, if adopted, tend to wrest from England her present advantage in trade with India as against the United States, as we attempt to feed and clothe the Englishman with our spare grain and cotton.

My consent to tax your patience, and to consume the time of this convention, to which others will substantiate a better title, is due to my timidities as to the situation awaiting us when Congress shall assemble in December.

Conditions which confront us are to be foreseen, or estimated, as we consider the situation at this present moment. At this moment, and for some time past, we have witnessed two proceedings, both of them commendable; but either to be questioned, except for the exigency which they meet. *First*, the Government purchases its own unmatured bonds at abnormal prices because it must of necessity procure them. This is serving for its investment, in the 4 per cents. and 4½ per cents., to employ vast sums at the rates of 2 per cent. and 1 4-10 per cent. per annum, respectively, of money worth in use to the people of our eastern section 5 per cent. and more per annum, and 7 per cent. to 10 per cent. per annum in parts of this great West and in the South. *Second:* We witness the public money deposits in the national banks; which moneys, of course, are entirely safe, because secured by bonds of the Government at a margin of price much below the price at which the Secretary would gladly purchase them. The second proceeding cannot threaten a future disturbance of the money market, either, so long as the sum of the public moneys on deposit in these banks shall not exceed the sum of the available Treasury surplus. But the sum of public moneys on deposit in the national banks, at the date of August 31st, 1889, already exceeded by ten million dollars the actual available money of the Government, *i. e.*, the entire surplus being stated at sixty-eight million dollars, less the stated unavailable subsidiary silver and uncoined bullion, together thirty million dollars, left but thirty-eight million dollars of available money surplus as against the sum of forty-eight million dollars on deposit in the national banks. This situation, while it need not distress us now, is certainly not altogether comforting.

But also let it be observed that the national banks which continue to issue circulating notes are more than likely to surrender them; and the

* A paper read before the American Bankers' Association, at Kansas City, by William P. St. John, President of the Mercantile National Bank, New York.

limit fixed by law will allow for such surrenders, and consequent contraction of our currency, to the amount of thirty-six million dollars annually. The sum of these notes at one time outstanding has been reduced from three hundred and forty-one and a half millions to the now outstanding sum of one hundred and thirty-two million dollars (bank notes afloat less lawful money awaiting August 31, 1889, idle in the Treasury), and a part of this reduction was a contraction of twenty-six million dollars during the last one year. And it will not be deemed sufficient rejoinder to assert that our silver dollar coinage, now exceeding thirty millions annually, abundantly replaces the sum of bank notes actually surrendered. For opinion to the contrary in Congress, if not elsewhere, we have only to recall the futility of all endeavors in the past to have this coinage law repealed when yet there was no threat of contraction of national bank notes. And to account for these voluntary surrenders of circulation by the national banks is to make it evident that surrenders will continue. For this accounting let me submit the assumption of a bank ownership of the requisite U. S. bonds for note issue, say $10,000 of bonds, 4 per cents., which become payable at the pleasure of the U. S. after July, 1907, and which are worth in market at present a premium of 28 per cent. Assuming then that the allowed note issue, at 90 per cent. of the face of the bond, is to be maintained until the bonds become redeemable at par, then the moderate sinking fund for premium, which we must meanwhile estimate, will in the following calculation appear at 1⅛ per cent. per annum. To question whether annual profit or loss is resulting from this note issue, the annual returns from any ordinary investment of the sum of money which for note issue is now invested in the bonds, must be compared with the net return upon this very extraordinary use of the same sum of money at the rate of interest, which we herein assume, as obtainable for the circulating notes. In this comparison the following will appear:

Sum invested in $10,000 of bonds			$12,800
This sum, if loaned out directly at 6 per cent. per annum, would yield annually			768
With this compare the net result from note issue thus:			
Interest from the bonds at 4 per cent	$400		
Less sinking fund 1 12-100 per cent	112		
		$288	
Net use of $9,000 notes at 6 per cent. per annum	540		
Less tax and Comptroller's expenses	100		
		440	
			728
Net annual *loss* on this investment for national bank note issue			$40

Apply to this calculation a higher rate than the 6 per cent. per annum which is here assumed, and it will at once appear that the measure of actual annual loss upon circulation is increased with every increase of the rate obtainable by the bank for its ordinary use of money. In all of this you may also account for the present continuance of note issue by many of the national banks. It is the requisite sinking fund for premium on the bonds which occasions the assurance of annual loss if the circulation shall be permanently maintained. At present the Government, for use of an excessive accumulation of surplus income, is become a compulsory purchaser of its bonds, and these compulsory purchases must continue so long as the Treasury accumulation of surplus necessitates such employment of the public money. In consequence, abnormal prices are exacted for the bonds; and the Government must pay them or not buy. And for antithesis, whenever it shall appear that by any means the excessive income of the Government is to be dimin-

ished, at that moment it will be evident that everything abnormal in market prices for the bonds is soon to disappear; and the decline in prices in that event immediately will likely be much greater than the 1½ per cent. assumed in our calculation as the allowance for a year. Let reduction of the Government income be foreseen, and thereupon the banks will tender their bonds to the Secretary, with all the haste the law allows, while yet he has a surplus to invest.

Now sir, if I mistake not, if there is one demand above all others upon which the people of all sections of our country are everywhere united, it is this, viz.: that by wise and patriotic legislation Congress shall provide without delay to reduce importantly the excessive income of the Government. Differ as we may as to the method to be employed, we are unmistakably agreed that reduction of income shall by some good means ensue. For what then have I thus far trespassed on your patience? It is this, viz.: to say that now, when only the first accumulations of bounteous harvests of all the cereals and cotton have just begun to move, our money centers threaten to discourage loans by necessary exactions of high rates for money. When, hereafter, this movement is at its height, or but little past its height, and with money in demand in every branch of trade, our Congress will assemble. Can it be supposed that the people whose so earnest demand for the reduction of the Government income is owing to the contraction of their money by the sum of the accumulations in the Treasury, will nevertheless welcome an immediate and permanent contraction by voluntary surrenders of circulation by the national banks? If the people will not welcome that contraction, will Congress, as the preventive, amend the existing requirements of law as to national bank note issue in order to induce the banks with profit to maintain their circulation? I think not. The existence of this national bank note demands an ownership of our Government bonds. The Government has become of absolute necessity a purchaser of its bonds. This note, if it survives the present, is thus to become the rival of its creator for possession of its bonds. Due already to this rivalry, at least in part, is the present abnormal market premium for the bonds which the Government is now compelled to pay in buying them. Can we therefore ask the public sacrifice required to maintain this system of note issue by the national banks? Will Congress legislate to provide another system of bank note issue, the first accomplishment of which must be to furnish profit to the banks? Resent the imputation as we may, and will, that the banks are justly blamable, we must nevertheless admit that Congress will be likely to discover that contraction of bank notes is due to *voluntary* action on the part of the national banks. Fortunately the national banking system will survive the privilege of note issue. For eminent service, of which in the past it might be proud, the career of the national bank is but begun. But if I do not mistake the meaning of a decision rendered by our court of last resort, and, sir, that court must be sustained by every patriot if it cost him life, it has been determined finally that Congress by mere fiat may hereafter appoint as legal tender for all debts the paper promises of the Government, or any other tokens, as our domestic all-sufficient money.

Gentlemen, it is for you, better than myself, to estimate the influence of the political association which some days ago resolved "That the people demand an issue, additional to the present outstanding issue, of U. S. legal-tender notes." Other suggestions which will appear in Congress are, first, an American Coinage Union, by which all the North and South and Central American States, Canada alone excepted, shall open their mints, each to the silver product of all of them, for coinage free at a ratio agreed. The second, and practically the same, if either shall be

entertained, will be this, viz.: To open our mints for free coinage, without any agreement, to the silver product of the world.

Now for an attempt to dispose of the proposed American Coinage Union, I respectfully submit the following as from average figures of the seven years including 1888. From these statistics it appears that the total annual silver product of the entire world, exclusive of these all-American States, is less than one-third the sum annually absorbed by British India and China. Therefore, the world at large, outside these States, is already drawing upon the product of these States, and must continue to draw upon these for required supplies of silver. And therefore to assume that our silver coinage would be in the least degree restricted when our mints are free to these all-American States, would be laughably absurd. The contention that the United States would increase its trade with South or Central America if this Coinage Union were established I will not ask time to successfully dismiss, although the facts would satisfy you, I think, that the suggestion is practically worthless. If then we dismiss also as unlikely that Congress will at present authorize an additional issue of legal-tender notes, let me attempt now to treat that other claim upon Congress, viz.: That our mints shall now at once be opened to the silver product of the world, so that all owners of any silver may lodge it at any United States mint, or assay office, and for every sum of 412½ grains, nine-tenths fine, demand a dollar of the money of the United States.

If I mistake not, the circumstances and conditions to which your attention has been directed combine to make this proposition—free coinage of silver—acceptable to an important portion, in numbers and influence, of the people. If we are agreed that the first of all demands upon the Congress is that the Government's excessive income shall be reduced, then giants are to wrangle over the means which shall accomplish it. If in the search for means our protective tariff system shall be at any point assailed, let us not forget that there are many in that struggle whose foremost care will be, at all hazards, to defend protection. The mine owners, and all advocates for free coinage, will insist that silver is our own home product too; and our silver product in 1888 exceeded the sum of fifty-nine and one-half million dollars. Would you resist this scheme? Then remember that in Congress the opinion, of all intelligent opinions least likely to prevail, will be opinion hailing from the banks. What then, sir, more likely than that free coinage will prevail? Are we then prepared already to adopt free coinage? I think we are not prepared. On the contrary, we are well aware that many recognized leaders of opinion vehemently reject that proposition as hazardous in the extreme. No matter where they obtained that recognition, nor if they be entitled to it, these admitted leaders of opinion and their associates compose a numerous and vastly influential body of our people. With their present light, and as they theorize upon the possibilities, we shall have expressions in the public press, and in our counting houses, and among our money-lenders, out of which the wildest anxieties may be bred. If, then, the forces which now seem to be so naturally combining, to aid the advocates of free silver, shall at some point threaten to achieve for them the victory, timidities aroused as I have intimated may serve to precipitate a panic among the people. In that panic, if panic shall ensue, who will define the limit of the loss at large, and the measure of the check upon our present great prosperity? Will you, sir? I will not.

Sir, what else then, shall serve for our relief from these anxieties, if something must so serve, but a counter proposition to offer as a substitute for free coinage of silver? A substitute which first of all must

prove acceptable to the prime factor in the so likely achievement which we have otherwise to fear, viz.: owners of our mines of silver. With these appeased, not only, but eager to adopt such substitute, the elements which now combine as easily as do the rain-drops on the shimmering leaves, will unite in our support as now they threaten to be as one against us.

For result, Congress may be relied upon to adopt such substitute for immediate free coinage, and the proposition will thus become our law.

Sir, I realize that on this platform, with the press in friendly aid, we address the people of the whole United States. Whatever then of selfishness we must elsewhere succumb to, we dare not display it here. Any proposition to be here deemed worthy, must commend itself solely on the grounds of good public policy; and the sentiment which impels us to commend it must substantiate a claim to the broadest patriotism.

I respectfully submit, as such substitute for free coinage, and as possibly acceptable, a proposition which in the main is not a recent thought of mine. It may be found in a line or two of the paper submitted by me at our convention of 1883; but the time was not then ripe for argument to support it. But since 1883 our coinage law has served to add one hundred and eighty millions of silver to the volume of our circulating money, and the present total sum of our standard silver coin is about three hundred and forty million dollars. If I mistake not, opinions have somewhat altered in the interim, and the people at large have abandoned many fears of silver. In the conditions to which I have alluded, and which, if perilous, ought to be forestalled if possible, I submit this proposition as the shrub which now, if ever, may flower and fruit. I respectfully submit it for your approval first, and thereafter for adoption by Congress, if you shall be persuaded to commend it. If it be adopted, I confidently predict for its enactment as our law, that it will prove to be the means whereby our coinage of silver shall be increased without thereby increasing the existing sum of our circulating money, except by the moderate annual addition of gold coin; at the same time to annul all effect of bank-note contraction, and avoid all other contraction of our money, in the period during which the outstanding U. S. legal-tender notes are gradually retired.

PROPOSITION.

In lieu of the existing coinage law, by which the Secretary of the Treasury is required to invest the sum of not less than two million dollars monthly, and is authorized to invest four million dollars monthly in silver bullion, to coin it as rapidly as purchased into standard dollars, enact in effect as follows:

The Secretary of the Treasury to be required to invest in silver bullion monthly, and coin it, not less than the aforesaid authorized sum of four million dollars; always, of course, provided that he shall not pay a price exceeding 99½ cents for every sum of 412½ grains of silver nine-tenths fine. The Secretary likewise to be required to cancel U. S. legal-tender notes concurrently and in like amount as the silver dollars coined are ready for delivery by the mints; but the required sum of legal-tender notes thus appointed to be canceled, to be always diminished by the sum of current surrenders of circulation by the national banks. And the gold and silver certificates now issued, and to be issued under the terms of now existing law, to be made legal tender, as are the U. S. notes which it is proposed to thus retire.*

* Under existing law the Treasury gold certificates and silver certificates are strictly Government warehouse receipts for actually stored idle coin, dollar for dollar. Either coin is absolute legal tender for any and every debt. Yet a national bank which may lawfully possess these certificates as constituting its entire reserve of cash, will at the same time possess not a dollar which itself or its customers may offer as sufficient tender in payment of any debt. We propose to abolish this anomaly of law.

In support of this proposition, in the attempted persuasion of those who have any timidities as to silver (and fears would be reasonable if we were proposing free coinage), we assume as follows:

First. That inasmuch as the existing law serves to add thirty million dollars of silver annually to the volume of our money, a proposition which shall substitute, as the only possible increase of our money, a moderate sum of gold, ought to be eminently acceptable to those who have any fears of silver.

Second. That inasmuch as the existing sum of silver and the existing sum of paper both circulate at par, *together*, therefore to increase the sum of one, while at the same time we diminish the sum of the other, can have no effect upon our ability to maintain either one of them at par. Hence, we need not be mindful of what sum we coin of silver so long as we continue to retire the same sum of paper; because we thereby merely substitute silver of some intrinsic value for paper of mere waste-paper worth, and add nothing to the sum of money already afloat at par.

Third. That inasmuch as there is no statute requiring that the Treasury shall maintain a reserve for redemptions of the legal-tender notes, and authority to maintain any reserve is but an inference of law, therefore the assurance is wanting that a reserve of any importance, if any at all, will be allowed in future whenever the Government income and expenditures annually shall be less wide apart than now. But if a reserve shall be maintained in future against these notes, and we are now adding thirty millions of silver annually to the volume of our money, the coin which the incumbent Secretary may hereafter most conveniently select and hoard, for such redemptions, will be as frequently silver coin as gold.

Fourth. That inasmuch, then, as the legal-tender note is no more certain of gold redemptions than of silver redemptions, and not certain of any redemptions in the near or distant future if the people shall more and more esteem it "Money," the wisest now of all advisable proposals is that these notes shall be conveniently retired as rapidly as possible.

Fifth. That the United States legal-tender notes ought to be retired. The first issue of them was in the sum of one hundred and fifty million dollars, authorized by Act of February, 1862, which issue was subsequently increased until at one time there were outstanding four hundred and thirty-two and a half million dollars. The acts of issue declared the notes convertible at will into United States bonds paying interest semi-annually in coin, and to secure these coin payments the custom's revenues were specifically pledged. By subsequent acts Congress declared, 1st, the faith of the United States solemnly pledged to make provision at the earliest practicable period for the redemption of United States notes in coin; 2d, that the United States notes should not thereafter exceed the sum of three hundred and eighty-two million dollars, *which said sum shall appear in each monthly statement of the public debt;* 3d, the outstanding sum was to be reduced concurrently with every increase of the issue of national bank notes, until the sum outstanding should not exceed three hundred million dollars; 4th, further reduction of the volume of United States notes was prohibited, at which time the now officially estimated sum—about three hundred and forty-six and one-half million dollars—was estimated to be outstanding; 5th, the Secretary of the Treasury was authorized to use any surplus money and sell any description of United States bonds, at not less than par in coin, with which to redeem the notes on presentation. Hence the original and for some time the continuing intention in the use of the term "redeemed" involved cancellation and permanent retirement of the United States

legal-tender notes. Records of the debate preceding the first of these enactments will confirm this as absolutely true. But if it be objected that the interest-bearing debt should first be paid, then let us remark that against the legal-tender notes the Treasury now maintains an idle gold reserve of one hundred million dollars. This money, if in use, would be worth to the people, by average, at least six per cent. per annum. Thus, six million dollars, or 1¾ per cent. on the sum of the notes, is the annual cost to the people of maintaining this issue of three hundred and forty-six million dollars of United States notes. Therefore, to retire these notes, as we propose, and assuming if you please that there is no public profit in the coining of the silver which replaces them, we shall at least effect a saving to the people of 1¾ per cent. instead of the saving of 1 4-10 per cent. per annum which must now suffice us as we redeem by purchase our 4½ per cent. bonds.

Sixth. That the people will not sanction the retirement of the United States legal-tender notes until means shall be devised to retire them without thereby contracting the sum of our circulating money.

With all this in view, the following will constitute the contract of accomplishments undertaken for our proposition if it shall become our law, viz.:

First. It will serve to annul all possible effect of bank-note contraction and avoid the possibility of any contraction of the volume of our money, at the same time that the United States legal-tender notes may be rapidly retired.

Second. The means provided to prevent contraction will actually serve to increase the existing volume of our circulating money annually, and every dollar of that increase will be a dollar gold.

Third. The period of time in which this proceeding on the part of the United States may be continued, with these results assured for all the time, will be the time required to retire one hundred and thirty millions of bank notes and three hundred and forty millions of legal-tender notes, together four hundred and seventy million dollars. For a coinage of four millions monthly, to substitute this coin of intrinsic worth for this paper of only waste-paper worth, will require a period of almost ten years.

Fourth. The addition thereby of gold to our circulating money will be the proportionate sum of one hundred millions of our present gold reserve for legal-tender notes released concurrently upon every retirement of the legal-tender notes. If, then, four millions of silver dollars shall be monthly coined, and the lawful limit for national bank note surrenders be reached, this being fixed at three million dollars a month, will leave one million dollars monthly, or twelve million dollars per annum, as the minimum sum of the legal-tender notes to be thus retired. The present reserve being about 30 per cent. of the officially estimated outstanding sum of legal-tender notes, about 30 per cent. of twelve million dollars, viz.: three and one-half million dollars annually, will be the minimum gold increase to the volume of our money.

Fifth. At once upon the adoption of this proposition as our law, the price of silver will be importantly enhanced thereby, and for years maintained. As already intimated, the enhanced price may be thus maintained in all the markets of the world during the period of almost ten years.

Sixth. To measure this enhancement of the price of silver in all the markets, let me remind you that by average of the seven years including 1888, the entire world's annual product of silver barely exceeds one hundred and seventeen and three-quarter million dollars; and of this sum China and British India together absorb sixty-three and one-quar-

ter million dollars; the industrial arts of Europe and the United States consume more than twenty-one million dollars, leaving, for our annual coinage, until the world's product shall increase or its demands diminish, only thirty-three and one-quarter million dollars of silver net per annum; while here we are proposing to purchase forty-eight million dollars of silver annually, or so much of it as may be obtained at less than parity for the bullion in our silver dollar. But allowing that the increase of price will stimulate production, and possibly somewhat diminish the consumption, we must anticipate an increase of production and decrease of consumption, the net sum of which shall apply to our excess of coinage wants, *i. e.*, we must find fifteen millions annually in addition to the present net annual silver product of the world, in order to procure four million dollars of silver monthly at not exceeding the price of the parity of our dollar coin. The modified conditions, which we propose, and modifying circumstances which I need not indicate, alike forbid exact prediction of the future; but the anticipation of such a sum of net increase of silver is now assumed by the recognized conservative statisticians of the world. The luxurious arts demand it more and more.

Seventh. With the price of silver thus enhanced and thus to be maintained, we tend to wrest from England her present all-sufficient inducement to oppose bimetalism; and by means which may yet serve to bring her, hat in hand, to beseech of us co-operation in behalf of legal-tender silver money. For the opinion that this achievement may be one result of the adoption of our proposition, I rely upon statistics of fifteen years, which are furnished by British India's Financial Secretary, to submit: that the silver rupee of India will purchase as great a quantity of India's home products to-day, when now that rupee is obtainable in London Council bills for 1s. 4½d., as when formerly, and as though that same rupee could not be had in London at less than 2s. 0½d. Thus about 33 per cent. will measure the profit to Englishmen at home, upon their full-priced manufactured goods, for which the patient, uncomplaining, infidel Hindoo returns in payment India's vast quantities of her cereals and cotton. For, bear in mind, imports of woolen and cotton goods at Calcutta are paid for in drafts on London cashed by the Calcutta banker in the Indian silver rupee. He obtains his supplies of rupees by imports of silver bullion which he deposits at India's free mints and procures the legal-tender coin. His interest is thus always to depress the price of silver. Exports of wheat and cotton at Calcutta are paid for in this rupee obtained with gold in London by purchase of India Council Bills, for which the rate of exchange depends upon the market price of the silver which must be purchased and shipped to India for all the excess of the sum of these bills over the sum of dues in India for taxation. Therefore, the lower the price of bullion for minting in India, the lower the price of the Council Bill of Exchange, and consequently the greater the quantity of wheat and cotton obtainable in Calcutta for the sum of gold in London. Here, again, is the Englishman's interest to depress the price of silver. We propose to wrest it from him. But, to confirm opinion, if India's Secretary's facts are not prevailing, let me remark that our own silver dollar will purchase for the foreigner any of our products at the same price as will our gold. And we can purchase foreign bills of exchange to remit abroad, with either our gold or silver dollar, and with neither more nor less. But, sir, we forestall what the uncomplaining Hindoo endures with India's mints open free to silver, which is her legal tender, however cheap the bullion elsewhere in the world, by appointing that our Government only can procure and emit our legal-tender silver dollar at less than one hundred cents. It therefore cannot be wise and timely to open our mints at once to free coinage

of silver, as some propose, lest we assume for ourselves the position thrust upon the uncomplaining, plucked Hindoo. Herein also will appear the strength of India's competition with the United States, as we now attempt to feed and clothe Great Britain with our spare grain and cotton. Then let us enhance the price of silver and maintain it as proposed; and thus at England's great and ever increasing cost we increase our own prosperity; and England's animosity to silver money must presently disappear. If later, when the more and more abundant shipments of our spare products will return us nothing so acceptable to us, from England, as her money, she can send us only what she owns, and must therefore send us a portion of her gold. Can England spare gold? Can she get more gold elsewhere to coin and send us? Sir, I think not. A single item of reliable statistics may confirm this negative opinion, viz.: the sum of the world's annual gold production, reduced by the sum of gold absorbed in the arts, and allowing for re-coining by some nations of the money of other nations, also allowing for coining and art consumption of old gold, will leave not exceeding thirty million dollars annually for the net increase of the world's gold money.

With England then in favor of bimetalism, the silver question will be definitely settled at least for our generation. In this connection, be reminded that the entire world's coinage of silver for the year 1888 exceeded the world's production of silver by the sum of thirty-eight million dollars. Thus the coinage of one hundred and sixty-three millions against the year's production of one hundred and twenty-five millions showed a coinage of thirty-eight million dollars of *old* silver in the year. Also recall the fact that China annually absorbs Mexico's silver money as rapidly as coined, which sum, together with the absorption by India for coining and for bangles, now leaves but thirty-three million dollars annually as the entire world's product of silver applicable to the coining of all elsewhere in the world, the United States included. Free coinage of both metals is, therefore, the assured policy of nations when practical men among the people shall replace in influence the doctrinaires.

Eighth. The assurance of the enhancement and likely maintenance of the price of silver, to result from the adoption of our proposition, is likely to content our silver mine owners for the present, and for perhaps ten years.

Ninth. If our marvelous increase of population and ever extending trade shall seem to demand a greater annual increase than three and one-half million dollars to the volume of our circulating money (in addition to our annual coinage of gold, last year thirty-one and a quarter million dollars,) the adoption of our proposition will meanwhile have provided to familiarize the people with our silver money, and our pockets and our bank coffers will be full of it. We shall then be interested to entertain and weigh, for what it may be worth, the proposition to open our mints to the coinage of all silver free.

Tenth. Further to forestall timidities as to our proposition, let it be remarked that we do not threaten to banish gold nor to invite foreign silver; except as we banish one hundred millions of the Treasury's idle hoard of gold into circulation among the people. For, if we now owe the foreigner for excess of imports, he may now command our gold. When he owes us a debt, which his products will not acceptably repay us, we shall then command his gold. He cannot ship us silver bullion, if he can procure it, unless we want it; and he cannot obtain our legal-tender silver dollar at less than one hundred cents. Thus, if we have title to any of Europe's gold we command it and we get it. When she can command our gold she gets it; and with careless unconcern on her part

what kind and what sum remains for us of money current here? On the other hand, and of prime importance in the study of finance, it is of great concern to us to provide abundantly for our home needs of money, all of it acceptable to ourselves, even if a portion of it be not elsewhere current (provided only that this elsewhere uncurrent portion be not too great in all), in order that without great sacrifice we may occasionally spare the sums commanded of such of our money as the world accepts at par—our gold. Our Mint Director estimates our present supply of gold at over six hundred million dollars, and says we are producing more than thirty millions annually from our mines. This is a portion of our money always acceptable abroad.

We do not invite Europe's silver bullion because our home market is the nearer and the cheaper; and Europe's entire annual product of silver, including her smelting of foreign ores, does not exceed ten million dollars, all of which she needs at home. Europe's coined money we could not attract even were our mints open to silver free. Her ratio being at 15½ of silver to one of gold, as against our ratio of 16 of silver to one of gold, Europe would need to purchase 3 per cent. additional bullion to ship us with her coin, and pay the transportation charges additional, in order to exchange her legal-tender silver for coin which is legal tender only within the confines of these United States. Of this three per cent. lighter weight silver than ours, fifty-one per cent. of the cash resources of the great continental banks of Europe are just now composed. It would cost Europe about twenty-eight million dollars in taxation to make this purposeless exchange. Germany's former hoard of silver, for which she sought a market when the French indemnity of gold was paid her, is now long since afloat and in bank in Germany, as a portion of her people's legal-tender money. On the other hand, let Europe open her mints to silver, and at once we must assemble Congress to appoint the redemption of our silver dollars at our own mints with a cash premium of three per cent. paid to holders, and the new issue of a three per cent. lighter coin, or our so-called 70-cent piece will desert us, as the autumn leaves desert the trees, for re-minting where it will be esteemed a 103-cent coin; and the consequent contraction of our money will be without precedent for severity in all history.

Finally, let us be again reminded that there is now *no statute* of the United States to require that a reserve of money for redemptions of United States notes shall be maintained; authority to maintain a reserve at all is but the inference of law. What sum, and what kind of coin, if any, shall constitute the Treasury reserve is thus within the discretion of the incumbent Secretary. The Supreme Court decision, already mentioned, does not contemplate redemptions of United States legal-tender notes, nor require of Congress that any act of law shall so appoint. At a date perhaps not distant the Government's income and expenditures may not be wide apart. Then, with Congress sitting when perhaps the money market is severely stringent, as frequently now it is, are we expectant that an idle sum of one hundred millions gold will long be hoarded idle?

If not, adopt this proposition, and thereupon, without other increase of the volume of our money than the moderate sum of gold referred to, and without contraction, we shall begin to forthwith substitute seventy cents (or, perhaps, one hundred cents) of silver in the volume of our money in place of the less than one cent of paper-waste, intrinsically, now in circulation for each of our three hundred and forty million dollars of legal-tender notes. When, at last, the legal-tender note shall have disappeared, we shall thus, and meanwhile, have weaned the people from a habit, somewhat hazardous, under which they now esteem this paper: Money.

Sir, I must not longer tax your patience, and gentlemen all, I beg your forgiveness for the presumption of having trespassed thus so long. The impending *public peril* of the situation, if peril there be in what I have endeavored to portray, has but recently impressed me vividly. Hence but few days have been left me for my preparation to address you. Let this excuse plead for me your pardon that I am so prolix.

I leave this proposition for your consideration. Treat it fairly. Then dismiss it, or recommend it.

Mr. President: In order that this convention may entertain the proposition, and at the proper time discuss it on its merits and demerits, I move you, sir: "That it be declared the sense of this convention of bankers that this proposition is commendable, and this convention recommends it to the Congress of the United States *for just consideration*, in a bill which should be offered for adoption as our law."

ACTION OF THE EXECUTIVE COUNCIL ON MR. ST. JOHN'S PROPOSED LEGISLATION.

MAJORITY REPORT.

Obedient to the resolution of the American Bankers' Association in convention at Kansas City, Mo., September 25th and 26th, 1889, and pursuant to subsequent appointment by the members of the Council there attendant, the Executive Council met in New York city October 16th, 1889, to consider the proposition for legislation by Congress, submitted at the said Convention by Mr. Wm. P. St. John, of New York.

There were present in person or by letter Hon. John Jay Knox, President National Bank of the Republic, New York, Chairman; and Messrs. W. H. Rhawn, President National Bank of the Republic, Philadelphia; A. U. Wyman, Vice-President National Bank of Omaha, Neb.; Emory Wondell, President First National Bank, Detroit, Mich.; W. P. St. John, President Mercantile National Bank, New York city; J. J. P. Odell, Vice-President Union National Bank, Chicago, Ill.; L. N. Root, President First National Bank, Little Rock, Ark.; R. H. Nelson, President Commercial Bank, Selma, Ala.; M. H. White, President Fourth National Bank, Cincinnati, Ohio; S. S. Murphy, President First National Bank, San Francisco, Cal.; Logan C. Murray, President United States National Bank, New York; J. T. Smith, Cashier National Bank, Baltimore, Md.; H. H. Camp, President First National Bank, Milwaukee, Wis.; David T. Porter, President Memphis National Bank, Memphis, Tenn.; James S. Barrett, Cashier German Security Bank, Louisville, Ky., and W. E. Selmertz, President Third National Bank, Pittsburgh, Pa.

The following resolution was passed:

Resolved "That it is the conclusion of the Council that the proposition of Mr. St. John cannot be recommended by us for adoption by Congress, and that Messrs. Odell, Knox, Wyman, Porter and White be appointed a committee to prepare a report to this effect, which shall be presented to an adjourned meeting to be held to-morrow at 1 o'clock."

The above appointed committee have the honor to report as follows: "We believe the retirement of the legal-tender notes in the present condition of the public mind to be a practical impossibility. We believe the proposed increased coinage of silver dollars of the present standard of weight and fineness would be fraught with danger to our monetary system. We believe should this proposition prevail that it

will impose greater burdens upon the people, for the reason that no means can be provided for the retirement of the legal-tender notes, as proposed, except through taxation or by the diversion of funds which would otherwise be applied to reduce the interest-bearing debt, and no proposition which involves an increase or retention of taxation for the purpose of the retirement of legal-tender notes will be favorably received by the people. The policy of the Government, sustained by public sentiment, has been the application of all surplus revenues to the extinction of the interest-bearing debt, and no departure from this well-established principle will be entertained. The retirement of $346,000,000 of legal-tender notes and the purchase of silver bullion upon which to base the issue of silver certificates will involve the expenditure of at least $140,000,000, in addition to the $100,000,000 now held as a reserve on legal-tender notes. And the result of such expenditure will be the exchange of $346,000,000 of legal-tender notes now outstanding, based upon a gold reserve and the resources of the country, for $346,000,000 of additional silver certificates. We believe that it would be desirable, in the event that legal-tender notes are retired, and the issue of additional paper at that time is considered advisable, that gold certificates of small denominations should be issued upon the $100,000,000 of gold coin now held as a fund for the redemption of legal-tender notes, in preference to the disbursement of that coin for the purchase of silver, to be coined and used as a basis for additional silver certificates.

"The Council, however, desire to add that, while the majority of the Council are opposed to the proposition of Mr. St. John as an entirety, there are some points in that proposition upon which their views are at variance. And, therefore, it is recommended that each member of the Council, if so disposed, present his views for publication on or before November 15th, to accompany the report of the Council to members of the Association."

The foregoing report was passed by a vote of twelve to three of the gentlemen who were present and voted. Letters were received from Mr. Lyman J. Gage, Vice-President of the First National Bank of Chicago, Ill.; Mr. Asa F. Potter, President of the Maverick National Bank, Boston, Mass.; Mr. S. A. Harris, President of the Northwestern National Bank, Minneapolis, Minn., and Mr. W. S. Culbertson, President of the First National Bank, New Albany, Ind., stating that if present their votes would be cast against the adoption of Mr. St. John's proposition.

Minority Report.

A minority of the council respectfully report to the association as follows:

That: "This proposition is submitted by Mr. St. John as a measure of compromise between parties to an otherwise probable giant struggle, and for the likelihood that certain of them will combine to achieve the victory over the first-named of the following: (1) those who cherish fears of too abundant silver money; (2) those who abhor contraction of our circulating money; (3) those who advocate free-coinage of silver; (4) those who at all hazards will preserve our protective tariff system."

That: Members of the council present, comprising the majority who unite to oppose the recommendation of this proposition, are so at variance one with another in their expressed reasons and opinions upon which they base their opposition to the measure, that their consent to report the same adversely cannot be properly valued as a guide to the opinion of the members in general of the American Bankers' Association if the minority in silence shall seem to acquiesce in their report.

That: "As a measure of compromise likely to content the mine-owners by the enhancement of the price of silver; likely, therefore, to leave the protective tariff and internal-revenue tariff free to treatment on their merits; and certain to avoid contraction and effect a moderate increase of the sum of our circulating money (that increase being in gold) and by means upon which all reasonable opinions may safely compromise, we commend for legislation by Congress this proposition offered at the late convention by Mr. Wm. P. St. John, of New York, and recommend all members of the Association to urge the adoption of the measure by the Congress of the United States, in lieu of the present silver coinage law."

That: Mr. St. John submits:

"*First:* To those who cherish fears of too abundant silver money this substitute for free-coinage ought also to be preferred to existing law. We are now swelling the volume of our money by thirty millions of silver annually, and the U. S. legal-tender notes are redeemable in silver at the option of the United States. It is proposed instead that the present monthly purchases of silver shall be doubled, and the price of silver be enhanced thereby, without thereby affecting in the least our ability to maintain the resulting silver money afloat at par with gold. If it be provided that the Secretary shall, in coining silver, withdraw and cancel the like sum of United States legal-tender notes, less the sum of national bank notes concurrently surrendered, it will not then matter what sum we coin of silver; because we thereby merely substitute coin of some intrinsic worth, for paper of no intrinsic value, in the existing volume of our money already afloat at par. It shall not occasion any increase of the volume of our money afloat except by the addition of gold thereby released from the Treasury reserve upon every retirement of legal-tender notes; all this being, of course, independent of the annual increase of our money by gold coinage, which last year exceeded the sum of thirty-one and one-quarter million dollars. With careless independence of the outside world's treatment of silver, we may safely purchase four millions of silver monthly and coin it, with result as stated, during the period of from six to nine years, *i. e.*, for the time required to retire the sum of $470,000,000 of legal-tender and national bank notes."

"*Second:* To retire the United States legal-tender notes is to fulfill the assurance of the original act of issue and the antecedent debate, including the plea and argument of the author of the bill, and also to confirm the expectation of several subsequent acts of Congress. Furthermore, to retire the legal-tender notes and thus at the same time avoid contraction of the currency is to effect an actual saving to the people; greatest to those of the people who most esteem these notes as money: the people of the far West and South. Thus, money in use being worth to these of the people fairly ten per cent. per annum, and the idle cash reserve maintained for redemptions of these notes being about thirty per cent. of the sum of them outstanding, 10 per cent. of 30 per cent., or 3 per cent. per annum, is their proportion of the public cost to maintain the issue of United States legal-tender notes. Retire these notes, and thereby release the idle Treasury gold maintained against them, in the manner here proposed, and $100,000,000 gold will be thereby released to swell the sum of our circulating money. To retire the legal-tender notes is also urged as a better business operation than to continue the Government purchases of its unmatured interest-bearing debt. Thus, money being worth to the people of the United States, by average, at least six per cent. per annum, and the Treasury idle cash reserve for legal tenders being about thirty per cent. of the sum of these notes afloat, six per cent. of thirty per cent., or one 1 8-10 per cent. per

annum, would be the saving to the people in retiring the legal-tender notes, as against 1 4-10 per cent. per annum now saved by the Government purchases of its four and one-half per cent. bonds; and this without regard to the profit that may accrue from the coining of silver to replace these notes. To continue buying the four per cents. would further enhance their price, with like disadvantage to the Government accordingly."

"*Third:* The majority report estimates the sum of Government income necessary to retire the three hundred and forty million dollars of legal-tender notes at one hundred and forty million dollars. This sum is but little more than the present annual surplus of the Government. To thus employ this surplus at an advantage of 4-10 per cent. per annum as compared with the continuing of the purchases of 4½ per cent. bonds, will furnish the necessary leisure for calm treatment by Congress of all propositions to amend the protective tariff and internal revenue laws."

"*Fourth:* To enhance the price of silver and maintain it for from six to nine years, by the means proposed for entire safety to ourselves, is thereby to tend to wrest from England her advantage of trade with India, instead of with the United States, while we seek a foreign market for our spare grain and cotton. Therefore, to thus enhance the price of silver importantly is to materially increase England's importations of our products. Our protective tariff standing in to prevent great increase of her returns to us in manufactured goods, in payment, we thus tend to denude England of her gold. England cannot comfortably spare gold. We therefore tend to compel England to favor legal-tender silver. If England will adopt bi-metalism, the 'silver question' will be thereby settled for this generation, if not for centuries."

"*Finally:* With all this in view, let this proposition be adopted with just a little of appropriate legislation additional, and thereupon the fact will be patent that the United States may now readily command the monetary situation of the world."

Respectfully submitted,

R. M. NELSON, Prest. Commercial Bank,
Selma, Ala.
JAS. S. BARRETT, Cashier German Security Bank,
Louisville, Ky.
WM. P. ST. JOHN, Prest. Mercantile Natl. Bank,
New York.

PAYMENT OF CHECK.

COURT OF APPEALS OF NEW YORK, SECOND DIVISION.

Stettheimer v. *Stettheimer, et al.**

A member of a banking firm, who had deposited money in the bank to his own individual credit, gave his check therefor to plaintiff, in the presence of the other partners, who agreed that the check should be paid, and on its presentation tendered payment in cash, but plaintiff took a draft, which, owing to the failure of the bank, was not paid. *Held*, in an action on the draft against the partners other than the drawer of the check, that defendants were estopped to question the consideration given by plaintiff for the check, no rights of creditors intervening.

It appeared that the drawer of the check instructed plaintiff to draw the money thereon, and pay his (the drawer's) creditors. *Held*, that this transferred the title to the money to plaintiff as trustee.

PARKER, J.—The defendants for some time prior to February 13, 1879, were copartners doing business as bankers. The entire capital, $50,000, was furnished by Sigmund Stettheimer, while the other members of the firm contributed their energies and skill to the business. The adventure resulted in a general assignment for the benefit of creditors on the day mentioned. In October, 1878, Sigmund Stettheimer deposited of his private funds $8,015.56 in the Importers and Traders' Bank of New York, with the intent to transmit such amount to his brother in Frankfort, Germany, in payment of his indebtedness to him, as soon as he should be advised by his brother of the manner in which he desired the transmission to be made. One of the defendants, Tone, who appears to have had charge of the general management of the business, solicited Stettheimer to deposit the money with the firm until he should receive the direction from his brother, for which he was waiting, and then he would send it to him. Stettheimer consented, and on November 11, 1878, the account was transferred from the Importers and Traders' Bank to that of the defendants, and the amount credited to Stettheimer on his pass-book and private account with the defendants. On the evening of February 12, 1879, he was informed by his partners that the firm was about to suspend. At that time he had to his credit on his private account, which was entirely distinct from his capital account, a little over $10,000. It consisted of deposits made from time to time, and the amount transferred from the Importers and Traders' Bank. During the evening, Sigmund Stettheimer drew his individual check, on his private account, payable to the order of the plaintiff, and delivered it to him, with directions to pay his brother the amount which he owed him, and also his other individual creditors. The evidence tended to show that all of the partners had knowledge of this check and its purpose, and in view of the existence of such testimony, the manner of its submission to the jury by the trial court, and the finding of the jury, it must be assumed that such fact was found. After the check was drawn it was agreed, in the presence of all the partners, that it should be paid out of the cash items then in hand, and the check charged up to the individual account of Sigmund Stettheimer. To accomplish the agreement of the parties, the plaintiff went to the bank, where all of the defendants, except Sigmund, who was old and infirm, were engaged in arranging the affairs of the bank, preparatory to the making of a general assignment. He presented the check for payment, and one of the

* Affirming 41 Hun. 637, *mem.*

defendants, Tone, offered to pay the amount of the check in currency. Plaintiff for some reason stated that he preferred a draft on New York. The draft in suit was then drawn, and delivered to him, and the check was taken by one of the partners, and placed in a drawer where other checks of a like character were kept by the officers of the bank. Plaintiff at once indorsed and forwarded the draft to his correspondent for collection, but owing to the failure of the bank the draft was not paid. Subsequently, this action was commenced to recover on the draft. The defendants Stettheimer did not appear in the action, and suffered a default. The defendants Tone appeared, and answered, and upon the trial assigned as reasons for resisting a recovery that the plaintiff had not the title to the draft; that their co-defendant and late partner, Sigmund Stettheimer, was in fact the owner, and the plaintiff acted simply as his agent in bringing the suit; that Stettheimer cannot in his own name, or in that of another person, maintain an action against himself and partners as makers of the draft.

The defendants Tone do not appear to be in a position to question the title of the plaintiff. The money on deposit was never contributed to the capital account. It was Sigmund's individually, and it was so understood by every member of the firm. By the understanding and agreement of the partners, so far as this deposit was concerned, he occupied the same relation towards the firm (as between themselves) as that of any other depositor. So long as he was not in default, under the articles of the copartnership, he had the same right to draw out this fund as had the other depositors—a right which could have been enforced in an action brought directly against his partners. (*Crater* v. *Bininger*, 45 N. Y. 545.) After the check had been drawn and delivered to the plaintiff, all of the parties being present, this right was fully recognized and acquiesced in, and it was agreed that the money should be paid. The check was handed in by the person to whom it was made payable, and payment thereof in cash actually tendered by one of the defendants, Tone. Plaintiff preferred payment by draft, and one was drawn by the firm on New York, and delivered to him. If, then, the plaintiff had the right to draw out the money, he also had the right to transfer it. Whether the transfer was with or without consideration was no concern of his partners. And having given the firm draft in payment of the check by which Sigmund sought to transfer the funds, these defendants Tone cannot now, in an action against them and the other partners as drawers thereof, be permitted to inquire into the consideration moving between Sigmund and the plaintiff, and the fact that the firm has since failed does not affect the legal liability of the defendants thereon. The rights of the creditors of the partnership are not involved in this action. The assignee is not a party, and attacking the transaction as fraudulent. The question presented is simply one of liability of the defendants on their draft, as between themselves and the plaintiff, the payee therein.

But if it be assumed that the defendants could defeat a recovery in the event of a failure on the part of the plaintiff to prove that Sigmund Stettheimer had divested himself of title, then we agree with the conclusion of the general term in holding that Sigmund transferred this fund to the plaintiff in trust for his brother and other creditors, and that plaintiff's title is that of trustee for the benefit of *cestuis que trustent* mentioned. A trust of personalty is not within the statute of uses and trusts, and may be created for any purpose not forbidden by law; it may be created without writing; and the delivery of the personalty is sufficient to pass the title. (*Gilman* v. *McArdle*, 99 N. Y. 451, 2 N. E. Rep. 464; *Day* v. *Roth*, 18 N. Y. 448; Perry, Trusts, 586.) It is undis-

puted that Sigmund was indebted to his brother in the sum of about $8,000, and that he also had other individual creditors. It is also established beyond controversy that on the 12th day of February he handed plaintiff a check drawn against his private account in defendants' bank for $10,000, with instructions that plaintiff draw the money, and with it pay Sigmund's brother, in Frankfort, and also his other individual creditors. The plaintiff accepted the trust. At the time of the delivery of the check, Sigmund's title to the funds, as between himself and his copartners, was unquestionable. The power to create the trust resided in him, and to effectuate such purpose he could divest himself of title, and transfer it to the plaintiff. The delivery of the check, under the circumstances proven, was sufficient to constitute a transfer of the title. (*Gray* v. *Barton*, 55 N. Y. 68; *Westerlo* v. *De Witt*, 36 N. Y. 340.) In *Gray* v. *Barton*, at page 72, the court says "that a delivery of the evidence of the right of the donor to the donee with intent to transfer the title is sufficient." Upon the receipt of the check, therefore, the plaintiff became the owner of the account, subject to a trust to apply the proceeds in payment of the indebtedness due to his father's brother and other individual creditors, and upon that check, had the firm refused payment, he could have maintained an action. The defendants did not decline to pay, but with full knowledge of the trust, paid the check with their draft. It is established, therefore, that Sigmund was divested of the title of the check, and there remains no basis for the insistance that the plaintiff is but the agent or representative of the defendant Sigmund Stettheimer. The objections founded upon that proposition do not require consideration.

The excuse presented for the non-production of the letter written to Sigmund's brother was not sufficient to justify the court in receiving secondary evidence of its contents. Under our view of the case, however, the evidence could not possibly have affected the result. It does not, therefore, constitute such an error as justifies a reversal.

The other rulings excepted to do not seem to require discussion. The judgment appealed from should be affirmed. All concur, except Bradley and Haight, JJ., not sitting.

SALE OF COLLATERAL SECURITY.

SUPREME JUDICIAL COURT OF MASSACHUSETTS.

Union Cattle Co. v. *International Trust Co.*

Coupon bonds of a corporation, due ten years from date, but payable sooner, at the option of the obligor, may, as between the latter and the creditor to whom the obligor has pledged them as security for its own notes, be sold on the maturity and non-payment of the notes, as the fact that the pledge is of the debtor's own paper will not outweigh the ordinary presumption that, when negotiable paper having a long time to run is pledged to secure short-time paper, a sale of the collateral, in case of non-payment of the debt, is contemplated.

Under Pub. St. Mass. c. 77, § 4, making bonds of a corporation, under seal, payable to a bearer, negotiable as promissory notes, such bonds are negotiable, though they show on their faces that the obligor is required to keep a sinking fund for their redemption, and may pay them before the day stipulated for their payment.

The fact that the courts of the State in which the affairs of the corporation are being adjudicated in insolvency proceedings will not permit the creditor, a Massachusetts corporation, to share in the assets while it holds the bonds so pledged, is no reason for restraining the latter from selling the bonds.

Bill by the Union Cattle Company, a Wyoming corporation, and Goodell and Voorhees, receivers of its property, appointed by a court in Wyoming, and certain creditors, to restrain the International Trust Company from selling certain bonds of said cattle company, pledged to defendant as collateral security for a debt due it by said cattle company. Pub. St. Mass. c. 77, § 4, makes all bonds of a corporation under its seal, payable in money to a designated person or bearer, negotiable to the same extent as promissory notes.

FIELD, J.—We assume, without consideration, that, if the cattle company were a Massachusetts corporation in insolvency under our laws, the trust company would not be permitted to prove its debt without surrendering the bonds which it held as collateral security at the time of the commencement of the proceedings in insolvency, as well as the bonds and notes which represented the actual amount of the indebtedness of the cattle company at that time; and that if the trust company, after the commencement of proceedings in insolvency, sold the bonds held as collateral, the purchasers would be excluded from proving them, and the trust company would be excluded from proving even the remainder of its debt, after deducting the proceeds of the bonds sold. (See *Third Nat. Bank* v. *Eastern Railroad Co.*, 122 Mass. 240; *Merchants' Nat. Bank* v. *Eastern Railroad Co.*, 124 Mass. 518; *Ex parte* Farnsworth, 1 Low. 497; *In re* Ordinance Co., L. R. 8 Eq. 244; *In re* Bank, L. R. 7 Ch. App. 99; *Ex parte* Macredie, L. R. 8 Ch. App. 535; *Costelo* v. *Crowell*, 134 Mass. 280.) We infer from the agreed statement of facts that the proceedings in equity which are pending are within the jurisdiction of the court of Wyoming; and that that court can dissolve that corporation, wind up its business, and distribute its property among its creditors. We do not know on what principles the distribution of the property under the control of that court is to be made, for we do not judicially know the law of the territory of Wyoming. It may or may not be the law of that territory, as administered by its courts, that the claims shall be made up as of a particular time; that the claimants shall be admitted as creditors only to the extent of the actual indebtedness of the corporation to them at that time; and that, if they then held unsecured obligations of the corporation as collateral security for the payment of its indebtedness, those obligations must be surrendered before they can be admitted as creditors to share in property in the custody of the court.

As the International Trust Company is a corporation established by the laws of Massachusetts, it is plainly beyond the power of the territory of Wyoming to pass any law that will discharge the obligations held by the trust company, but it can prevent the trust company from sharing in any property of the cattle company which the courts of Wyoming have taken into their custody, except upon the condition that the trust company conform to the general laws which it has established for the distribution of the assets of its insolvent corporations. So far as the plaintiffs' case rests upon the equity of creditors to share equally in the property of the cattle company which is being distributed by the court of Wyoming, it is for that court to determine what the rights of creditors are. It does not appear that the trust company intends to ask to be admitted to share in the property in the custody of the court in Wyoming, and, if it does not, it is difficult to see how its rights are affected by the proceedings there. If it is considered inequitable by the court of Wyoming for the defendant at this time to sell the bonds held as collateral, it does not appear that that court has not the power to protect the property in its custody from any attempts that may hereafter be made to prove for their full amount all the obligations which are now

held by the trust company, whether that attempt is made by the trust company or by the persons who purchase the bonds held as collateral, if they are sold. We do not see how the mutual rights of creditors to share in the property under the control of the court in Wyoming can be determined by this court. If by the law of Wyoming the trust company precludes itself from sharing in that property, if it now sells the bonds held as collateral, this is no reason why the company should be prevented from selling the bonds, if it chooses to take the consequences. Whether the cattle company can maintain this bill to restrain the defendant from selling the bonds which it holds as collateral security depends upon the contract between the parties. The receipt given by the trust company shows that these bonds, amounting to $55,000 par value, are "to be held as collateral security for any liability of said Union Cattle Company to said trust company." The defendant holds bonds of the cattle company to the amount of $24,000, which it bought, and two promissory notes of the company for money lent—one for $25,000, dated September 27, 1887, payable in four months from date, to the order of the defendant; and one for $10,000, dated November 29, 1887, payable in six months from date, to the order of the defendant. On February 28, 1888, the defendant gave to the receivers of the cattle company notice that, as the cattle company had failed to pay the note for $25,000, which was then overdue, it would sell the bonds which it held as collateral at public auction, and apply the net proceeds to the satisfaction of the two notes, and of the bonds which it owned. The bonds it holds as collateral security are of the same tenor as those it owned. They are coupon bonds, issued by the cattle company, of $1,000 each, payable to bearer on the 1st day of November, 1896, with interest payable semi-annually upon surrender of the coupons. They are expressly made subject to the conditions of an agreement between the cattle company and the trust company, which is the trustee in the agreement under which the bonds were issued, "whereby it is provided that a sinking fund of not less than fifty thousand dollars, nor more than one hundred thousand dollars, in each year, shall be applied to the purchase or drawing at par of said bonds, and that the whole issue may be drawn at par on November 1, 1891, or any coupon day thereafter."

We think that these bonds are negotiable by virtue of Pub. St. c. 77, § 4, as well as by custom, notwithstanding the conditions referred to in them, and that on their face they appear to be bonds which were intended to be bought and sold in the market. In *Third Nat. Bank* v. *Eastern Railroad Co.*, 122 Mass. 240, 243, it is said, citing *Banking Co.* v. *Fisher*, 9 N. J. Eq. 667, that "great doubt is expressed whether a debtor's own obligation has ever been held to be a pledge which can be sold in the market, and applied as such." If the parties agree that the debtor's obligation shall be held as collateral security for the payment of a debt, and may be sold if the debt is not paid when it becomes payable, we see no reason why the agreement should not be carried into effect so far as the parties to it are concerned. If there has been no express agreement to that effect, yet if such an agreement is implied in the contract which the parties have made, it may, we think, be enforced in the same manner as any other agreement which binds the parties. It is one of the ordinary incidents of a pledge of property to secure the payment of a debt, that it may be sold at public auction after giving notice to the pledgor of the proposed sale, if the debt for which it is security is not paid when it becomes payable. The rule and the exceptions to it are stated in *Bank* v. *Thompson*, 133 Mass. 482, 485. The coupon bonds of corporations for the payment of money, which have a long time to run, and are made payable to bearer, that they may be bought and sold

in the market, are property of such a nature that, when pledged as security for the payment of promissory notes, having a short time to run, the reasonable inference is that the parties intended that they be sold as pledged property is usually sold, if the notes are not paid when they fall due. (*Banking Co.* v. *Lewis*, 12 N. J. Eq. 323. See Jones, Pledges, §§ 71, 727.)

In the present case the bonds are payable in ten years from November 1, 1886, with a right on the part of the obligor to purchase or redeem a part of the series issued each year, and to redeem the whole series on November 1, 1891, or on any coupon day thereafter. The notes which represent either the whole or a part of the debt, to secure the payment of which the bonds were given, matured, one on January 30, 1888; the other on June 1, 1888. It is not a reasonable construction of the contract or pledge in this case that the parties intended that the trust company should be compelled to hold the bonds until they matured or were redeemed, if the notes were not paid at maturity. The fact that the bonds are the obligations of the debtor is one circumstance to be considered, but it does not outweigh the fact that to secure the benefit of the security at or near the time when the notes mature it would be necessary to sell the bonds, and that the right to sell bonds of this character, when held as security, is one of the rights which a pledgee ordinarily has. We think that, as between the parties, the trust company has the right to sell at public auction the bonds held as collateral security, and to apply the proceeds to the payment of the notes. Whether it can apply the proceeds to the payment of the bonds it owns need not be considered. Bill dismissed.

COLLECTION.

SUPREME COURT OF IOWA.

Freeman et al. v. *Citizens' National Bank.*

A bank receiving drafts for collection only, having claims of its own against the drawee, is not forbidden to attach his property, and thus secure priority for its debt over the drafts.

Whether or not the bank would be required, in the absence of special instructions, to begin suit upon the non-payment of the drafts, it would not be negligent in not doing so, if, in obedience to special instructions to telegraph the drawer in case of non-payment, and await reply, it did so telegraph two days before beginning its attachment suit, and received no directions to sue until its own attachment was levied.

BECK, J.—1. The plaintiffs are dealers in oysters and fruits in the city of Baltimore, and for more than a year sold goods to one Price, doing business in Des Moines. These sales were frequent, and, in payment for the goods, plaintiffs drew drafts on Price, payable to defendant's order and sent this paper to defendant for collection. The drafts were of frequent occurrence. Those sued upon were drawn about weekly. It is not shown how many prior drafts were drawn, or their frequency, but we are authorized to infer that in this regard they were about the same as the drafts involved in this action. On the 29th of January, 1885, defendant commenced an action by attachment against Price and levied upon his property. Other attachments followed. Defendant's attachment and the one next in priority exhausted all of Price's property. Defendant's attachment was upon a note given by Price for a debt before existing. The note was executed before the drafts in question were drawn. The plaintiffs, after they had been deal-

ing with Price for a time, sent defendant these instructions: "Do not return any more drafts; but, if not paid, wire us and await our reply." January 27, 1885, plaintiffs received a telegram from defendant in these words: "Have six unpaid drafts on Price." On the next day plaintiffs wrote to defendant in the words: "Are all our drafts accepted? Does Price accept them promptly? Please advise." On the night of the 28th of January defendant first received information which induced it to bring the suit by attachment on the next day. On that day it wrote and telegraphed to plaintiffs advising them that an attachment had been commenced against Price, and that the drafts were returned. But it is not shown that the drafts were inclosed in the letter. We infer they were not, from a fact we shall presently state. Defendant's telegram was answered on the 29th of January (the day defendant's attachment was issued) in these words: "Hand our drafts to your attorney. Protect our interests." The defendant obeyed this instruction, and an action was commenced by plaintiffs on the drafts on the 29th January. We infer the drafts had not been sent to plaintiffs, but were handed to an attorney. At all events, the suit was brought as soon after plaintiffs' telegram was received as the papers could be prepared. These facts are established beyond dispute. Indeed, we do not think the parties differ as to any of them.

2. It may be admitted for the purpose of the case that the bank was plaintiff's agent. But that its agency was special cannot be denied. It was instructed and directed not to return unpaid drafts, but, if the drafts were not paid, "to wire" plaintiffs, and await reply. Two days before the attachment, defendant obeyed these instructions to the letter. Plaintiffs gave no instructions as to an action, but wrote to defendant inquiring as to the acceptance of the drafts. Now, it cannot be claimed that defendant disobeyed instructions, or failed to pursue the exact course pointed out by plaintiffs. There is no cause for maintaining the action on the ground that defendant disobeyed instructions, or was dilatory or negligent in following them.

3. Counsel for plaintiffs insist that defendant was authorized to bring suit upon the drafts without special authority and instructions from plaintiffs; and the failure to do so was negligence for which it is liable. We may assume that, in the absence of instructions, this position of counsel would be correct. But it cannot be claimed that, if defendant's omission to commence suit was in accord with instructions given by plaintiffs, it cannot be held for negligence. That the omission to bring an action was in obedience to plaintiffs' instruction cannot, we think, be doubted. The plaintiffs instructed defendant not to return any drafts; but if they were not paid to "wire us" (send a telegram), and "await our reply." Defendant did "wire" plaintiffs on the 27th that six drafts were unpaid, and did await reply; but no reply at any time was sent defendant requiring a suit or any proceeding whatever; but a letter was sent making inquiry as to the acceptance of the drafts. Defendant was left with no directions to bring suit. It was restricted by the instruction to await directions from plaintiffs, which was done. Surely it was not negligent in obeying plaintiffs' instructions.

4. It is argued that defendant had no right to enforce its claim against Price, so as to gain priority over plaintiffs; and that, inasmuch as plaintiffs, had they known defendant held a claim against Price, would not have sent to it the drafts, it in effect practiced a fraud upon plaintiffs; and it should not be permitted to take advantage of its priority thus gained. But defendant undertook no other duty than the collection of the drafts, and to obey instructions pertaining thereto. It was not the guarantor for Price. It did not undertake to report as to

his responsibility or solvency. In short, its duty was that of a bank receiving paper for collection. It cannot be admitted, as is contended by counsel, that the indebtedness of Price to defendant forbade it to enforce its claim, so as to gain priority over plaintiffs. Surely a bank may discount paper, and retain the right to hold collections against the maker of the paper without surrendering its rights of priority gained by diligence. As a matter of fact, many of the business men of the country, against whom collections are sent to banks, are customers of such banks, depositing money and discounting their own paper as the necessities of their business demand. It has never been supposed that banks must concede priority to paper sent them for collection as to their own claims against the maker of such paper under such a state of facts as we have in this case.

5. These views lead us to the conclusion that, upon the undisputed evidence in the record, the plaintiffs cannot lawfully recover. The District Court, therefore, rightly directed a verdict for defendant. Our conclusion as to the facts renders the consideration of the questions of law discussed by counsel unnecessary. These questions are interesting, and are presented with learning and ability, but the rules of the law involved in them are not applicable to the facts of the case. We have considered all questions in the case which we are required to determine, and reach the conclusion that the judgment of the District Court ought to be affirmed.

LETTER OF ADVICE.

COURT OF APPEALS OF NEW YORK.

Cutler v. *American Exchange Bank.**

Plaintiffs, desiring to remit a sum of money to H. at Leadville, deposited the amount with defendant bank, and the latter gave plaintiffs the following letter of advice: "Bank of Leadville, Leadville, Colorado. Your account is credited this day $500, received from Cutler, Hall & Co., for the use of" H. This letter plaintiffs sent to H., but before he received it the Bank of Leadville failed, and refused to pay, whereupon plaintiffs tendered the letter of advice back to defendant. *Held*, that they could recover the $500 of defendant.

There was no contractual relation between the Bank of Leadville and these parties which would require plaintiffs to look to that bank for the money. The law of implied contracts cannot be extended so far.

The plaintiffs were depositors with the defendant bank. Desiring to remit a sum of money to one Hall, in Leadville, Colo., they asked of the defendant's officers if they could do it for them. They said they could, but refused to give the plaintiffs a draft on a bank in Leadville, saying they could not do that, but they would give plaintiffs a letter of advice, which, as they stated, was their way of doing business. To this plan plaintiffs assented, and paid in to the defendant the sum of $500. They then received back from defendant the following writing: "New York, July 20, 1883. Bank of Leadville, Leadville, Colorado: Your account is credited this day five hundred dollars, received from Cutler, Hall & Co., for the use of J. Seymour Hall. E. BURNS, Cashier." Plaintiffs forwarded this letter to Hall, but before he received it the Leadville Bank had failed, and had gone into a receiver's hands, who refused to pay any money. Plaintiffs thereupon received back the letter, and then demanded that the defendant carry out its undertaking to transmit the money to Hall, or to pay back the money. Upon its refusal this action was brought.

* Affirming 21 Jones & S. 163, 545.

GRAY, J. (*after stating the fact as above*).—This appeal turns upon the understanding and agreement between these parties. That they made a distinct compact is not to be doubted, and the plaintiffs' construction of it seems to us as logical as it is natural. The agreement must control the respective rights and duties, and is to be determined by what was said and done between the parties when the plaintiffs paid their money to the defendant. The plaintiffs wished to make a payment to a certain person in a distant State, and the defendant undertook to effect it for them, in its own way. When the plaintiffs assented, and paid in the sum desired to be remitted, they received the paper writing in question. From that moment the defendant became a depositary of a fund which was, by its own agreement, devoted to one particular purpose, and to no other. If that purpose failed, or became incapable of being effectuated, or was recalled by the plaintiffs, the absolute right to the moneys was in them, and in no one else. The defendant's undertaking was to effect the payment of the sum deposited by plaintiffs to Hall, and at no time did the moneys become merged in the general funds of the defendant, or cease to be under its dominion for the purpose of its assumed agency. Its so-called letter of advice was equivalent to its certificate to its western correspondent of the deposit of a sum of money by the plaintiffs for the use of the person mentioned therein. The paper was worthless in the hands of any person until it was accepted by the Leadville Bank, to which it was addressed. By its contract the defendant agreed with the plaintiffs, in effect, that the Leadville bank would pay $500 to Hall upon the presentation of its letter of advice. When that payment was refused, and the letter of advice was returned to the plaintiffs, the defendant became at once liable to repay the money to the plaintiffs. The defendant seeks to avoid what seems to be this very plain liability on its part, on the ground that by the credit of the sum to the Leadville bank's account on the books the defendant became a debtor to that bank for the money, and that the plaintiffs had assented that it should be so credited. But that was not the agreement, and no such construction is possible. The plaintiffs paid the money to defendant as a conduit for its transmission to Hall, and its undertaking was that Hall should get it. The letter of advice which plaintiffs received, by its terms, limited the use of the money to him alone. The defendant became the special depositary of the fund, and bound itself to retain it until drawn out under the authority of the letter. The letter was Hall's warrant for demanding payment of the bank to which it was addressed, and, upon payment, became the bank's voucher for reimbursement by the defendant. The form of the writing in question is not material, if its meaning is unobstructed and clear. In stating therein that the foreign bank's "account was credited" with the money, those words were controlled in their general application and sense by the remainder of the clause, that it was "for the use of Hall." Thus the meaning of the instrument was obvious to the plaintiffs, to Hall, and to the foreign bank. It evidenced a special deposit, made by plaintiffs, and warranted and protected the foreign bank in paying the sum mentioned to Hall, upon its production and surrender.

The appellant argues that by the deposit of the money, and by passing it to the credit of the account of the Leadville bank, a promise to pay the sum was implied by law on the part of that bank. That proposition, of necessity, involves the idea that, actually or constructively, the foreign bank became a party to the arrangement in New York; and also that the plaintiffs in some way consented to its substitution for the defendant, in the performance of the engagement entered into. As there was an express contract made with plaintiffs by defendant to do the particular thing,

the defendant must be bound by its terms and legal effect. As we have said, the compact was clear enough, and, whatever forms the defendant went through, they would not be allowed to change it, or to divert the moneys to any other purpose or use. And yet that is what it is striving for in its present contention. If allowed to be applied on account of the foreign bank's indebtedness, as would be the effect if we could hold that the credit on the books of the defendant to its account passed the title to the moneys, to that extent the defendant would be the gainer, and the plaintiffs would be the losers, by being remitted to a claim upon the receiver of the insolvent foreign bank. But the claim of the defendant that the Leadville bank became a party to or bound by the transaction in question is quite untenable, in the absence of any evidence of its assent, or of some act on its part equivalent to the assumption of the obligation. Here was an express agreement entered into between these parties for the accomplishment of a particular purpose, and to which the money paid to the defendant was dedicated from the moment of its receipt. No contractual relations existed between the plaintiffs and the foreign bank. They were strangers to each other. That bank did not know of the transaction, and the contractual elements of mutuality or of assent were wholly wanting. No duty was imposed upon it, and it could come under no obligation until it adopted the defendant's act. How, then, can it be argued that some obligation on its part was implied by the law? And can it be seriously contended that the law implied on plaintiffs' part that they looked to and relied upon the promise of the Leadville bank? 'I think that would be carrying the idea of implied contracts to an unknown and unwarranted extent. The relation of correspondence between defendant and the Leadville bank enabled such an arrangement to be made; but the fact of the defendant being a correspondent and maintaining an account with the Leadville bank in no wise affects the case. The defendant did not say in its letter that the account of the Leadville bank was credited generally with the moneys. The advice to it was of the deposit to its credit, for a particular and designated purpose, namely, for the use of Hall. If the defendant had become insolvent the next day after the transaction, would the Leadville bank have been the loser as to the money, or the plaintiffs? It seems pretty plain that the loss would have been the plaintiffs, inasmuch as the Leadville bank had not become bound to anything, expressly or impliedly. The argument of the appellant fails to appreciate the legal effect of the transaction between these parties. The deposit was a special one for a designated beneficiary, and could not be used or dedicated by the defendant to any other purpose. No system of book-keeping entries would be allowed to cause the plain agreement of the parties to miscarry, either with respect to a payment to Hall, or to its return to the depositors in the event of the failure of the defendant to cause such payment.

The case of *Bank* v. *O'Hare*, 119 Ill. 646, 10 N. E. Rep. 360, was not unlike the present one in its features, and the conclusions of the court were that the owner of the fund deposited must receive it back. In that case the Drovers' Bank gave to the agents of one O'Hare, depositing a sum of money to the credit of the Henry Bank, for the use of said O'Hare, its certificate that the amount had been carried to the credit of the Henry Bank for the use of O'Hare. The Henry Bank failed the same day, but the Drovers' Bank transferred the sum to the N. W. Bank to the credit of the Henry Bank, without mentioning for whose use the funds had been deposited with it. The N. W. Bank carried the moneys to the account of the Henry Bank, and applied them upon the indebtedness due it from that bank, and refused to

account to O'Hare for the moneys. The court held that the Drovers' Bank received and held the funds to the use of O'Hare, and must account to him for the same.

The opinion of the court below, at general term, upon a first trial of this action, was well considered, and a more extended expression of our views seems uncalled for. The judgment should be affirmed, with costs. All concur.

LEGAL MISCELLANY.

BANKS AND BANKING.—Plaintiffs consigned some meat to one H. and sent the bill to G. & Co., bankers, for collection. H., who had an overdrawn account with G. & Co., gave his check on them for the amount, and they sent exchange on New York to plaintiffs, but failed, and payment thereof was refused by the New York bank; *Held*, that plaintiffs were entitled to recover from the receiver of G. & Co. the amount of the check drawn by H. out of the assets in the receiver's hands, as against attaching creditors. [*Ryan* v. *Paine*, Miss., 6 South. Rep.]

BANKS AND BANKING.—By agreement and custom the Fidelity Bank received drafts from its correspondent bank at E., and credited them to it as cash, with the understanding that any draft which was unpaid should be charged back to the correspondent. The latter forwarded drafts which were credited to it, but were not collected before the Fidelity Bank failed. The drafts were not paid after the appointment of a receiver, and the moneys actually came into his hands. The drafts were indorsed payable to the Fidelity Bank "for collection for the bank at E: *Held*, that as the drafts were, when received, credited as cash to the bank at E., which had the right at once to draw against them, the indorsement for collection did not affect the result, and the bank had only the right of a general creditor. [*First Nat. Bank of Elkhart* v. *Armstrong*, U. S. C. C. Ohio, 39 Fed. Rep.]

CONTRACTS—ILLEGALITY.—A judgment was obtained against a surety on notes given as margins on grain and pork options. The surety borrowed money from K. to pay the judgment, securing K. by a deed of trust on land. K. had no connection with the option transaction, nor was it shown that he had any knowledge of it: *Held*, on a creditor's bill to audit the liens on the lands of the surety, that the trust-deed to K. was not void as against the other creditors, as being based on a gambling consideration. [*Krake* v. *Alexander*, Va., 9 S. E. Rep.]

CORPORATIONS—STOCKHOLDERS.—A suit to procure relief for the misappropriation of the funds of a corporation is properly brought by the stockholders, without any demand on the directors to bring such suit, where the complaint alleges that the corporation is under the control of the defaulting directors, and that such demand would be useless. [*Moyle* v. *Landers*, Cal., 21 Pac. Rep.]

NEGOTIABLE INSTRUMENTS.—Where plaintiff, in an action on a bill of exchange, avers that he is the owner by indorsement, and his ownership is not denied under affidavit as provided by Code Ala. 1886, § 2,770, it is proper to admit the bill in evidence, though it shows an indorsement by plaintiff to a third person. [*Manning* v. *Maroney*, Ala., 6 South. Rep.]

NEGOTIABLE INSTRUMENTS—NEGOTIABILITY.—A promissory note

stipulated that "the payee or holder of this note may renew or extend the time of payment of the same from time to time as often as required, without notice, and without prejudice to the right of such payee or holder to enforce payment against the makers, sureties, and indorsers, and each of them, parties hereto, at any time, when the same may be due and payable:" *Held*, that the note was not negotiable. [*Coffin* v. *Spencer*, U. S. C. C. Ind. 39 Fed. Rep.]

NATIONAL BANKS—STOCKHOLDERS.—Where a shareholder of a national bank makes a *bona fide* sale of his stock, and goes with the purchaser to the bank, indorses the certificate, and delivers it to the cashier of the bank, with directions to make the transfer on the books, he has done all that is incumbent upon him to discharge his liability, and he is not liable, though the cashier failed to make the transfer, upon the subsequent suspension of the bank, for an assessment made by the Comptroller of the Currency, under Rev. St. U. S. § 5,151, to pay the bank's debts. [*Hayes* v. *Shoemaker*, U. S. C. C. N. Y., 39 Fed. Rep.]

NEGOTIABLE INSTRUMENT—CONSIDERATION.—Where defendant signed a note some months after its date and delivery by the original maker, and there was no extension of payment, nor promise of forbearance, she was not bound thereby. [*Leverone* v. *Hildreth*, Cal., 22 Pac. Rep.]

NEGOTIABLE INSTRUMENTS.—Promissory notes, and a mortgage securing the same, cannot be enforced on the basis of a different consideration from the one for which they were given. [*Lewter* v. *Price*, Fla., 6 South. Rep.]

TAXATION—NATIONAL BANKS.—Rev. St. U. S. § 5,219, providing that shares of national bank stock may be taxed as part of the personalty of the owner, and that each State may tax them in its own manner, except that the taxation shall not be at a greater rate than is imposed on other "moneyed capital" owned by citizens of the State, and that the shares of non-residents shall only be taxed in the city wherein the bank is located, do not authorize the taxation of the stock of a bank *in solido* by the city in which it does business, but only the shares of individual owners residing in the city are taxable, and they must be taxed separately, in order that the owner may deduct from their value the amount of his personal indebtedness, where the State laws or municipal ordinances permit such deductions, and require equality of taxation. [*First Nat. Bank of Richmond*, v. *City of Richmond*, U. S. C. C. Va. 39 Fed. Rep.]

ASSIGNMENT FOR BENEFIT OF CREDITORS.—Failure to schedule, in deed of assignment, money in bank upon which check had previously been drawn but not paid, will not *per se* avoid the assignment. [*Stultz* v. *Fleming*, Ga., 9 S. E. Rep.]

CONTRACTS.—The usual course of dealing between the parties under a contract, and their own practical construction thereof, will be considered in determining their rights and liabilities in transactions under it. [*First Nat. Bank* v. *Jagger*, Minn., 43 N. W. Rep.]

CORPORATIONS—STOCK—DIVIDENDS.—When a corporation declares a dividend, the earnings represented by the dividend are no longer represented by the stock, but become a debt due to the owner of the stock at the time of the declaration, and this right of the stockholder does not pass by a transfer of the stock, in the absence of a special agreement. That the dividend is payable at a future date does not affect the stockholder's right. [*Wheeler* v. *Northwestern Sleigh Co.*, U. S. C. C., Wis., 39 Fed. Rep.]

NEGOTIABLE INSTRUMENT.—Where defendant, in an action on a promissory note, given for stock in an insolvent corporation, alleged that the agents of the payee falsely represented such corporation as solvent and in good financial condition, and that, confiding in the truth of these statements, he made and delivered said note, it was not error to permit him to state that he would not have purchased the stock but for the representations made to him. [*Pridham* v. *Weddington*, Tex., 12 S. W. Rep.]

PRINCIPAL AND AGENT—NEGOTIABLE INSTRUMENTS.—An agent having possession of negotiable securities assigned to him in blank, with a power of attorney to sell them, pledged them to a bank for his own debt without the knowledge of his principal. The bank sold them without the indorsement of the principal: *Held*, that indorsement of the securities by the principal after the sale, and without a knowledge of the pledge of the agent, was neither a ratification of the act of the agent, nor a confirmation of the sale made by the bank. [*Taliaferro* v. *Baltimore First Nat. Bank*, Md., 17 Atl. Rep. 1,036.]

CHECK-RAISING AND ITS PREVENTION.

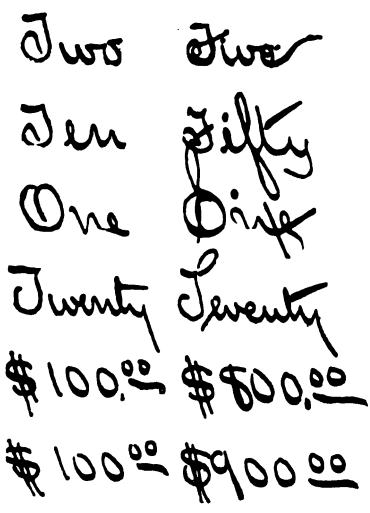
Numerous are the devices which have been tried to prevent a check, draft, etc., from being increased to a larger amount, but the ingenuity of dishonest men has overcome nearly all safety devices hitherto introduced, without doing the slightest perceptible damage to the paper. These check-raisers appear to be competent to remove any kind of ink and leave the paper in as good a condition as new, so far as writing on it is concerned. Not only do they manipulate the writing on the check with great skill, but they successfully obliterate even cut-out figures. A draft with the original figures filled in was shown to me recently. The alteration had evidently been made and then the paper pressed, dried and colored like the original margin. The very scroll work of the engraver had been reproduced, and then numbers (identical in character with the original ones) cut out. The draft was raised by this means from $17 to $2,780.45. It required a very strong glass to detect the work, and the crooks had undoubtedly spent much time and great skill in perfecting it. Even when detected by the magnifying glass the draft only presented a blurred and somewhat discolored appearance, and to anyone but an expert would have passed as genuine.

Since, according to a decision of the Supreme Court, "the maker of a check is obliged to use all due diligence in protecting it, the omission to use the most effectual protection against alteration, evidence of neglect, rendering him responsible for the fraudulent amount, the bank being responsible only for the genuineness of signature and ordinary care in paying the check," it is of great importance to adopt such measures as will effectively prevent check-raising.

The use of safety inks, being the oldest means of preventing the alteration of amounts, is first to be considered. India ink, if placed under a powerful microscope, shows small specks, which can be readily erased with a knife. There are few inks which cannot be quickly removed with acid, no ink that is entirely reliable.

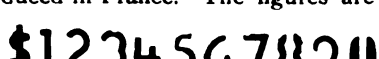
Next in order, as a more effectual prevention, is safety paper. On account of its sensitiveness to acid, which produces a yellow or brownish surface as soon as applied, and the fact that an eraser changes its appear-

ance, the use of safety paper is highly recommended. But safety paper alone is also insufficient. The many changes which can be made with writing, without erasing anything, and of which the following gives an illustration, amply justify this statement. Besides, acid may be applied in such a manner as to remove the ink by practically picking it up from the paper, without coming in contact with the surface of the latter.

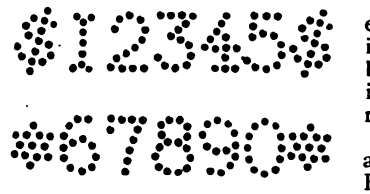


As a further means of protection, embossing devices have come into use, roughening that part of the paper on which the amount has been written. Bank tellers, however, dislike this method, as it frequently renders the amount indistinct. The paper not being removed, the roughened surface can be readily smoothed down, the writing changed, and afterward re-embossed. The roughened surface serves as a means of hiding the check-raiser's work, since on a smooth surface more perfect work would have to be done. The pin-point machine puncturing the paper in the shape of figures from underneath, belongs to this class of devices, and is also insecure, as the work which it produces can be manipulated like embossed and roughened surfaces.

A great step forward in the direction of security was accomplished by the cut-out figure machines, the first of which has been originally introduced in France. The figures are produced by stencils, and for this reason 6 and 9 and 3 and 8 are peculiarly shaped. To prevent the tearing of the figures, a colored backing is frequently used. This, however, is not recommended, as it renders check-raising easier, the backing keeping all changes in position.



The latest, and, in my estimation, most perfect device for preventing this dreaded class of fraud is offered in the check perforator, which perforates the paper in the form of perfectly shaped figures. No matter how roughly the paper is handled, the figures will not be mutilated, and always bear evidence of the intent of the maker of the check, etc. The multitude of small cuttings prevents their successful replacement and subsequent recutting.



This system of perforation has been extensively adopted, and is daily coming into more general use. It can also be utilized for dating or canceling important documents, limiting railroad tickets, etc.

Chicago bankers have agreed to adopt a recommendation made to the Bankers' Club by Frank E. Brown, of the First National Bank, in favor of uniformity in checks and drafts. At present the forms of checks and drafts are about as numerous as the whims and fancies of bankers, merchants and lithographers can make

them. The two particulars in which uniformity is desired are the positions of the number and the amount, and the new form of check and draft proposes to place these numbers at the right-hand side of the paper. The Bankers' Club has put forth the following recommendations:

"The adoption of drafts and checks which shall be uniform in so far as concerns the position of the number and the amount expressed in figures; adoption of the positions for number and amount suggested; adoption of the suggestion that all lathe or line work, where used as a background for the amount, be discarded; discontinuance of all devices which pit, raise or roughen that part of the check or draft upon which the amount is placed."

Following is a sample form of the check proposed:

CHICAGO, ILL., ...188.. No.....

TENTH NATIONAL BANK OF CHICAGO.

Pay to the order of

....$.....

.....Dollars.

[Signature.]

The amount (in figures) and the check number, it will be noticed, are placed on the extreme right, but should not be so near each other as to lead to error or confusion in recording the number in the journal. The above form of check is held to be as near perfect as possible, because (1) the eye can mechanically note the figures, the filling out of the body, and the signature; (2) the figures naturally fall close to the column in a book of entry; (3) "calling back" can be done quickly; (4) the thumb of the left hand, in taking hold of the check, does not cover the figures; and (5) allows space over the amount in figures for perforating. The proposed form of draft is essentially similar to that of the check, the name of the bank drawn on occupying the lower left-hand corner. The twenty-one leading engravers, lithographers and printers of this city have not only signed an indorsement of the plan, but have in all cases, where questioned, agreed to alter any engraved or lithographed plates they might have in their possession to the new form without charge. As there is not nor will be any copyright or patent upon the idea, the change can be made without any expense whatever to bankers or the mercantile public."

Since this action of the Bankers' Club, Chicago bankers have adopted the new style of check and draft, and use their influence to secure its adoption by their customers, both city and country. The U. S. Government is also contemplating the introduction of these forms in its various departments, on account of the many advantages which they possess.

In this article I have merely touched upon the principal means of check-raising and its prevention. It is apparently against public policy to go into a description of detail about which it is best for office men to remain ignorant.—*William C. Shaw, in Office Men's Record.*

ECONOMIC NOTES

UNCLAIMED DEPOSITS IN SAVINGS BANKS.

Attempts have frequently been made in New York State, but thus far without success, to have a law enacted similar to one in force in Massachusetts, and one just enacted in Ohio, requiring savings banks to make public the names of depositors whose accounts have not been increased or decreased for a long series of years. The popular demand for such a law, so far as it exists, is founded upon a mistaken idea as to the aggregate amount of such deposits, and as to the disposition which is made of them by the banks. It is commonly supposed that enormous amounts of money are lying unclaimed and forgotten in the savings banks, and that these sums finally inure in some way or the other to the advantage of the bank's officers. As a matter of fact, no well-regulated savings bank ever considers an account "dead," or applies the deposit to the uses of the bank. It is not a rare occurrence for a deposit to be claimed after it has lain dormant for more than twenty years, and the liability of the bank is as great, of course, at the end of the twenty years as at the beginning. As to the amount of such dormant deposits, this fact may be taken as an indication. Of $246,678,174 on deposit in the savings banks in this State in 1875, only $316,657, or a little more than one-eighth of one per cent., was in deposits which had not been increased or diminished for twenty years or more. It is to be remembered, also, that a large proportion of this had been deposited by parents to be paid to their children on arriving at maturity, and accordingly, that a part of the original plan was to allow it to remain undisturbed for at least twenty-one years. One of the savings banks of this city, having over $30,000,000 on deposit now, has less than one-sixth of 1 per cent. in accounts which have not been changed for twenty years, while the officers of the bank know that the beneficiaries of many of these accounts are well aware of their existence. The measures which have usually been introduced into the Legislature with reference to such deposits have required that their existence, amount, and the names of the beneficiaries be made public. Bankers have always opposed such laws, on the very good ground that their effect would be to defeat one of the objects for which savings banks were instituted, namely, that small deposits might be safely kept without the knowledge of anyone except the depositor.—*Journal of Commerce.*

THE FUTURE OF TRANSPORTATION.

An American journal says: "It does not need the gift of prophecy for one to foresee a time, and within the age of the generation now living, when, with the exception of Australia, it may be possible to travel by rail from any considerable city on one continent to any commercial center of any other continent. It is not rash to predict that the traveler from San Francisco will be enabled to go by rail southward through Mexico, Central America, and along the west slopes of the Andes to the Straits of Magellan, or diverging, take one of the many future transcontinental roads across South America to Pernambuco, Rio de Janeiro or Buenos Ayres. The possibility does not seem remote beyond conception, when vestibuled trains shall run northward through British Columbia and Alaska to Behring Straits, be ferried on some new and gigantic solano to the Asiatic shore, and there connect with the roads leading across Siberia to St. Petersburg and through Germany and France to a

tunnel under the Straits of Dover and steam into the heart of London itself, or pass through China and India up the valley of the Euphrates, southward across Syria and the Suez canal into Egypt, and on the meridian of Cairo journey southward at the rate of a mile a minute up the valley of the Nile, on steel rails manufactured in Pittsburgh, Pa., or Birmingham, Ala., on through Nubia, into equatorial Africa, halting at the spot for refreshments made famous by the meeting of Stanley with Emin Bey; passing through the center of the Congo free state, with the privilege of tourists' rates to Victoria, Nyanza and Tanganyika, stopping at the falls of the Bambezi, collecting tickets of members returning from a session of Congress at Pretoria, the capital of a great English-speaking South African republic, and concluding the journey under the shadow of Table Mountain at Cape Town."

THE DECLINE OF CONSTANTINOPLE.

The British Consul-General at Constantinople in his last report refers to the declining commercial importance of that city. Its trade has suffered considerably since 1878, and more particularly during the past two years. Large wholesale houses which formerly did business with Persia and Central Asia, and acted as middlemen between European manufacturers and the merchants of these parts, have in recent years lost their customers, and are gradually disappearing from the city. This is owing, in a measure, to new and more direct routes having been thrown open to markets that were formerly supplied from Constantinople, and also to the fact that produce which used to go to the Turkish capital for shipment to Europe is now dispatched direct from the outports. Persia, which previously drew a considerable part of her imports from Constantinople, has latterly commenced to make use of Bushire, and the entire import trade of Lower Persia is at present centered in that place. The export trade of the city has suffered in a similar way; the produce of Turkish Kurdistan, estimated to amount to an annual value of £320,000, which two years ago went through the capital, is now shipped from Bagdad—a route which is considered to be less expensive and safer.

TAXATION IN AUSTRIA-HUNGARY.

There is as yet no sign that the prosperity of the population generally has been affected by the heavy taxation, amounting, on an average. in the case of land tax, to 22 7-10 per cent.; of tax on buildings, 226 per cent.; and of certain taxes on incomes to 10 per cent. For instance, the savings banks deposits were in 1882, 826,000,000 fl; in 1883, 868,000,000 fl; in 1884, 925,000,000 fl; in 1885, 985,000,000 fl; in 1886, 1,054,000,000 fl, and in 1887, 1,091,000,000 fl, or over £90,000,000 sterling. Even in the Postal Savings Banks the amount of deposits have increased from 4,000,000 fl in 1883 to 15,000,000 fl in 1888; and these figures would lead to the conclusion that the middle classes are in a position to put by money, in spite of the heavy rate of taxation. The statistics of passenger and goods traffic also indicate to some extent a prosperous condition. In 1885 49,000,000 persons traveled, and in 1887 56,000,000. In 1885 the tonnage of goods transported amounted to over 54,000,000; in 1887 to over 61,000,000 tons. The whole receipts of the railways rose from £14,000,000 in 1886 to nearly £16,000,000 sterling in 1888. These facts, in addition to the circumstances that nearly the whole of the Internal Loans, recently issued, were taken up in Austria, were pointed to by the Finance Minister in a recent speech as indications that the heavy taxation which has become indispensable to the maintenance of Austria's position as a great power has not affected the prosperity of the country.—*Foreign Office Report.*

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

PROMISSORY NOTE WITH MAKER'S SEAL ATTACHED.

Does an ordinary promissory note *with a seal* have three days of grace in Pennsylvania? Does the seal affect the days of grace?

REPLY.—Daniel says: "If a seal be affixed to a paper in the ordinary form of a note its character as such is destroyed, and it is thereby converted into the deed or bond of the maker, who is then termed the obligor, and the instrument is not subject to the peculiar doctrines that are applicable to mercantile securities." (Neg. Instruments, § 32.) But in some States the attaching of a seal to the maker's signature, and nothing more, does not convert the note into a sealed instrument. To have this effect there must be a recognition of the seal in the body of the note. In *Clegg* v. *Lemersurier* (15 Gratt. 108) the note was in the following form, after stating the place and date: "One day after date I promise to pay Nat'l Clegg or order, the sum of $277. Value received in lumber. P. Lemersurier. [Seal.]" Judge Lee, in considering the character of this note, inquired: "Is the scroll appearing affixed to the name of the maker of the instrument with the word 'seal' written within it, such a recognition or expression that it was affixed by way of seal as will make the writing a sealed instrument?" The question was answered in the negative, the judge citing a large number of authorities. *Anderson* v. *Bullock* (4 Munf. 442), and *Skrine* v. *Lewis* (68 Ga. 828) are to the same effect. But the same opinion is not maintained everywhere. (*Trasker* v. *Everhart*, 3 Gill & Johns. Md. 246.)

Nor is this view maintained in Pennsylvania. As long ago as 1816 C. J. Tilghman declared with respect to a written instrument, "that if it be actually sealed and delivered it is a specialty, although no mention be made of it in the body of the writing." (*Taylor* v. *Glaser*, 2 Serg. & Rawle 502, 504.) This decision has never been overruled, and is the law now. In *Frevall* v. *Fitch* (5 Wheat. 325) the note of a corporation signed by the president and containing the corporate seal was declared to be a specialty, though no recognition of the seal appeared in the body of the note. We think that the note in question was a sealed instrument, and governed by the rules which apply to other instruments of this character. Days of grace are not known or recognized in such instruments.

RIGHTS OF MAKER OF NOTE PAYABLE "ON OR BEFORE," ETC.

Has any court of last resort ever decided that a note written "*on or before* (July 1, 1889)" can be paid at any time before maturity *at the option of the maker?* Is the holder *obliged* to accept payment before maturity or lose his interest after payment is tendered? What is the rule? What is the law?

REPLY.—A note thus written is negotiable (*Mattison* v. *Marks*, 31 Mich. 421; *Curtis* v. *Horn*, 58 N. H. 504; J. Bingham citing *Way* v. *Smith*,

111 Mass. 523; *Stults* v. *Silva*, 119 *Id.* 137; *Hubbard* v. *Mosely*, 11 Gray 170; *Alexander* v. *Thomas*, 16 Adolph. & Ellis 333), and may be paid at any time by the maker. In *Mattison* v. *Marks* (31 Mich. 421) the note in controversy contained a promise to pay "on or before" a day specified. The court held that while the maker was not required to pay until the day fixed, he could pay sooner if he chose to do so. In *Bate*, v. *Leclair* (49 Vt. 229) the maker of a note by thus drawing it was declared by the court to have reserved the right, if he so elected, "to pay at any time" during the period fixed. In *Jordan* v. *Tate*, (19 Ohio St. 586) it was held that if a note "is made payable by its terms on or before a future day therein named * * the maker has a right to pay such note at any time after its date." Other decisions might be given, but these will suffice. There is no uncertainty concerning the maker's right to pay when he pleases, but he cannot be required to pay until the day specified in the note.

LIABILITY OF BANK DISCOUNTING DRAFT SECURED BY FORGED BILL OF LADING TO DRAWEE.

A Memphis party has paid a draft drawn on him by a party in Kansas, which party either got it cashed by a bank in Kansas at the time, or at least prior to the bank's knowledge of fraud, and several days after payment of the draft by the drawee it is discovered that the bill of lading thereto attached is a forgery. Has the Memphis party, the drawee, any recourse on the Kansas bank?

REPLY.—No. When a bank cashes a draft to which bills of lading are attached, it does not warrant their genuineness. Says J. Field, speaking for the United States Supreme Court: "A bank in discounting commercial paper does not guarantee the genuineness of a document attached to it as collateral security." (*Goetz* v. *Bank*, 119 U. S. 551.)

This question was decided in the case to which we have referred. Du Bois, of Kansas City, drew five bills of exchange on Goetz, at Milwaukee, which were payable to the cashier of a bank in Kansas City. Bills of lading were attached to them. The bills were presented by Du Bois to the Kansas City bank, which discounted them, indorsed them for collection, and sent them to the drawees for payment. Four were accepted and paid. After accepting, but before paying the fifth, the drawees discovered that the bills of lading were forgeries. They refused to pay it. They sought to show, among other things, that the Kansas City bank knew that the drawer was of bad character, and consequently that the bank was guilty of bad faith in discounting the draft. But this position was not sustained. The drawees were obliged to pay it. We do not discover any reason in the case presented to us why the bank that cashed the draft should make the drawee good. Its conduct has not misled any one. Other cases of a similar character are *Robinson* v. *Reynolds*, 2 Q. B. 196; *Hoffman* v. *Banks* 12 Wall. 181; *Craig* v. *Sibbett*, 15 Pa. 238.

DAYS OF GRACE.

According to the laws of Wyoming, days of grace are allowed, as they are in most States; that is, at the option of the payee. A bank received for collection an unaccepted draft, dated St. Louis, Sept. 27th, '89, payable three days after date

Seven days had elapsed from its date before receiving it. Had the three days of grace expired, or was the payee entitled to them, not having seen the draft before it matured? Could he claim the right to accept the draft and take three days of grace afterward?

REPLY.—No case has ever sanctioned the doctrine of an extension of the days of grace. In this instance the draft was payable in three days, and the payee had three days more, or six days in all. Whatever may have been the cause delaying the transmission of the draft, it did not affect the time when it was payable. The cause only affected the justification for the delay to present the draft for acceptance and payment. It did not change the time of payment. In the case of *The Windham Bank* v. *Norton*, (22 Conn. 213) a bill of exchange was dated on the 31st of January, and payable in Philadelphia four months after date; the bill, therefore, including the days of grace, was due on the third of June. Through the mistake of the postmaster, the bill did not reach the bank in Philadelphia, where it was payable, until the 4th of June, the day after its maturity. It was immediately presented for payment. It was held that the holder was not guilty of negligence, and the payee, or rather acceptor, having declined to pay, the indorsers were liable. In the case before us the delay in receiving the bill was one day after the expiration of the term of grace, as in the case mentioned. It was the duty of the holder to present the bill at once for payment. The payee's days of grace had more than expired.

STAMPED INDORSEMENT.

The recent general use of rubber stamps is making a great innovation in the indorsement of checks and negotiable paper. We are in reasonable doubt about the legality thereof. We shall be much pleased to have your valuable opinion, with a reference to such authorities as you may be pleased to cite, upon the validity of the following complete stamp indorsements made on the back of checks drawn on us and payable to the order of the indorser, viz.:

No. 1. John Doe.
No. 2. John Doe, per M.
No. 3. For deposit to the credit of John Doe.
No. 4. For deposit to the credit of John Doe, per M.
No. 5. For deposit in the First National Bank of Philadelphia, Pa., to the credit of John Doe.
No. 6. For deposit in the First National Bank of Philadelphia, Pa., to the credit of John Doe, per M.

Following the indorsement in every case is the stamp indorsement in the usual form of "for collection on our account, etc.," of the receiving bank, and of the various banks through which the same passed to us for payment. Now, by implication of law, does the receiving bank of any of the banks indorsing the check guarantee to us that the indorsement Nos. 1 and 2 is genuine? That in Nos. 3, 4, 5, and 6 the check was deposited to the credit of the indorser, thereby making the indorsement correct? Or should the first indorsement in every case be specially guaranteed?

Another inquiry has been received of the same nature.

I am constantly in the receipt, through other banks, of checks drawn on us and indorsed only with a stamp indorsement, in some instances reading:

"For deposit and credit to account of John Smith & Co.,"

and in others:

"For deposit only in First National Bank of Seattle, for credit account of John Smith & Co."

Would these stamp indorsements, followed in the latter case by the stamp in-

dorsement of the First National Bank of Seattle, be all the indorsement necessary to make the bank on which it is drawn perfectly safe in paying it? The practice of guaranteeing such indorsements by the banks where the checks are deposited while common is not universal. Would a bank be justified in refusing to pay on such an indorsement without the receiving bank's guarantee?

REPLY.—This question was answered as completely as we could in the last February number. Ninety years ago this question was raised in England. A person had stamped his name to a written memorandum, and the question was whether he had signed his name in such a manner as to satisfy the statute of frauds, and the court decided he had. (*Saunderson* v. *Jackson*, 2 Bos. & Pull. 238.) The question arose fourteen years later, over a bill of parcels to which the seller had printed instead of writing his name. Was this a sufficient memorandum to satisfy the statute? And the court held it was. Lord C. J. Ellenborough said: "I cannot but think that a construction which went the length of holding that in no case a printing or any other form of signature could be substituted in lieu of writing would be going a great way, considering how many instances may occur in which the parties contracting are unable to sign. If, indeed, this case had rested merely on the printed name, unrecognized by, and not brought home to the party as having been printed by him, or by his authority, so that the printed name had been unappropriated to the particular, it might have afforded some doubt whether it would not be intrenching upon the statute to have admitted it. But here there is a signing by the party to be charged by words recognizing the printed name as much as if he had subscribed his mark to it, which is strictly the meaning of signing, and by that the party has incorporated and avowed the thing printed to be his; and it is the same in substance as if he had written Norris & Co. with his own hand. He has by his handwriting in effect said, I acknowledge what I have written to be for the purpose of exhibiting my recognition of the contract." (*Schneider* v. *Norris*, 2 Maul. & Sel. 286.) Other cases are reviewed in Vol. 43 of the MAGAZINE, p. 626; to which our inquirers are referred. We have there collected all the cases we could find bearing on the subject.

LIABILITY OF PRINCIPAL TO THIRD PARTY.

Must a firm pay the draft of a drummer for his traveling expenses, though they had paid previous ones, and had not given notice that they would stop paying his drafts?

REPLY.—"The authority," says J. Gould, "to draw a bill or execute a note may be, and often is, conferred without any writing, and may be presumed from repeated acts of the agent, adopted and confirmed by the principal, previously to the contract in which the question is raised. (*Friedlander & Co.* v. *Cornell*, 45 Texas 585.) The liability of the firm, therefore, is a question of fact. If the firm had paid his bills two or three times before, such payments would not create a custom or usage of paying his bills that would bind his employers. But if this draft was for a hotel bill, for example, and the firm for several months or longer had been paying drafts thus drawn, the innkeeper might properly conclude that the firm intended to pay their agents' bills, in the absence of any notice to the contrary. We are inclined to the opinion that the firm must pay the bills.

BANKING AND FINANCIAL ITEMS.

EASTON, PA.—The Easton *Daily Free Press* contains a very interesting and well written sketch of Mr. William Hackett, Sr., in which it says: "In 1851 he was elected chief bookkeeper in the Easton National Bank, and in 1852 became cashier on the resignation of Mr. Sinton. He remained cashier until 1873, when the death of John Davis made it necessary that a new president be chosen. Mr. Hackett was selected, and at the same time his son, William Hackett, Jr., was made cashier. He held the position ever since, devoting himself unceasingly to the interests of the institution, and by his experience, judgment and foresight has contributed greatly to the advancement of both the credit and the solid financial character of the bank, which enjoys the largest business of any in the city, and is in all respects well managed and successful. Even in his last days he has kept a constant and watchful eye upon the business, being conveyed to the bank by carriage after his system had been so reduced by general giving away of his physical powers that he could not walk the short distance from his home."

PARIS.—Attachments have been issued in Paris against the property of nine of the directors of the bankrupt Comptoir d' Escompte, which was ruined by the failure of the copper corner. Six of the responsible directors of the institution are now imprisoned, having been convicted of violating the banking law in advancing the funds of the bank as loans upon copper certificates. The directors and accountants were sentenced to pay to the liquidators of the bank for the benefit of its creditors the sum of £760,000, and to stand committed until the amount was paid. This means a life-sentence to most of those convicted, as they were themselves ruined by the calamity their illegal action brought upon the bank. Several of the directors who were involved in the sentence took no active part in the management of the institution, and, though technically guilty with the rest, really knew nothing of the recklessness with which the money of the institution was staked upon a gambling venture. Efforts are being made to secure relief for these men from the terms of the sentence, and they will in all probability be successful.

THE NEW PERSIAN BANK.—The Imperial Bank of Persia is to be incorporated by royal charter dated September 2, 1889. The capital is £1,000,000 in 100,000 shares of £10 each, divided into 99,800 ordinary shares and 200 founders' shares. It is stated that the object is to carry on banking operations under an exclusive concession granted by the Government of the Shah of Persia to Baron Julius de Reuter for the term of sixty years from January 30, 1889, for the establishment of a State bank in the Persian Empire, under the name of the Imperial Bank of Persia, and the carrying on of the business of a bank of issue and of a financial and commercial institution. The charter is for a term of thirty years, and contains the usual provision as to renewals. The concession includes (with some exceptions specified in an official list) the exclusive and definite privilege for the term of sixty years of working throughout the empire the iron, copper, lead, mercury, coal, petroleum, manganese, borax and asbestos mines belonging to the State, subject to a royalty of 16 per cent. of the net profits of each mine worked under the concession. These mines will not be worked by the bank itself, but sub-concessions will from time to time be granted. As a bank of issue the bank will have, it is stated, the exclusive right of issuing notes to bearer, payable on presentation, which it is expressly provided shall be accepted by all agents and employes of the Imperial Government of Persia and be legal tender for all transactions in Persia. The bank is to hold a metallic reserve equal to at least one-third of the value of the notes in circulation. The Government is to be entitled to 6 per cent. on the net profits of the bank for each year, such share not to be less than £4,000 in any one year.

PHILADELPHIA.—The failure of the Farmers' Loan and Trust Company, of Kansas, will be severely felt in that city. Fully $100,000 of Philadelphia people's

money was invested in the concern. The company is also responsible for the principal and interest of over $200,000 in mortgages held in and around Philadelphia. The company suspended because it was unable to meet guaranteed interest on Kansas land mortgages. It is thought its liabilities will wipe out its capital of $500,000, $125,000 of which is said to be already gone. The *American Wool Reporter*, of Boston, says that Eastern directors of the company have concluded that it is impossible to place the concern on a secure financial basis. J. G. Lightfoot, Jr., the agent of the company here, declares that the capital stock of the company is only impaired to the extent of $23,000. He further declared that, so far as he knew, the company had not failed, as the interest due to Philadelphia mortgages had been paid up to last month, and he was expecting remittances to meet the obligations falling due.—*The Philadelphia Press.*

BUFFALO—A UNIQUE CHECK.—No. ———. Buffalo, N. Y., September 16, 1889.—The Western Savings Bank of Buffalo: "Pay to a plot against my son, or bearer, $1,000. C. G. IRISH."

Such is the exact form of five checks drawn on the Western Savings Bank by Chas. G. Irish, of the firm of Irish & English, in part payment of $17,500 stolen or filched from his son, J. P. Irish, by the managers of the associated elevators, of which Stephen F. Sherman and his father were at one time lessees. After the Sherman failure there were various hypothecated grain certificates outstanding, representing an aggregate of $180,000. Of course the Shermans were no longer good for the money, but it was found that J. P. Irish had once been a member of the board, and it was decided to hold him. Accordingly he was assessed $60,000. This amount he flatly refused to pay, and made preparations to stand a lawsuit. Then efforts at a compromise were made by Messrs. Edward Michael and Fred Bell, who were the remaining members of the board. The amount was twice reduced, and finally the elder Mr. Irish said he would pay $17,500 and not one cent more. This was finally accepted, and these peculiar checks were the result.

ESSEX, CONN.—Jared E. Redfield, who died on the 20th of October, was president of the Saybrook Bank, and largely interested in railroad operations, being president of the Little Rock, Mississippi and Texas Railroad.

THE BANK OF BRITISH NORTH AMERICA.—A general meeting of the shareholders of the Bank of British North America was held the 3d of October, at the offices, Clement's lane, London. In moving the adoption of the report, the chairman said that the meeting was convened for the purpose of declaring an interim dividend. It was not their custom at that period of the year to send out a balance sheet, and therefore they had no accounts before them for consideration, but the board of directors and the auditors had carefully examined the books of the bank, and they found that the profits during the past half-year were fully sufficient for the payment of an interim dividend, which they now declared, of 35s. per share, or at the rate of 7 per cent. per annum, after of course providing for bad and doubtful debts. The success of the bank went hand in hand with the prosperity of the Dominion of Canada. All that he had to say at that moment was that the position of the bank was one of prosperity, and during the half year under consideration they had no drawbacks. He thought that the proprietors owed their thanks to the managers and staff at the various branches, and also at the London office, for the efficient manner in which they had conducted the affairs of the bank. He spoke in terms of deep regret of the death of the manager of the agency in New York, Mr. D. A. M'Tavish, in whom the bank had lost a most efficient and zealous servant. The vacancy had been filled by the appointment of Mr. Stikeman. Mr. H. R. Farrer seconded the motion, which was carried unanimously.

SCRANTON, PA.—Ex-Congressman Connolly, master and examiner in the case of the defunct Scranton City Bank, has filed his report with the prothonotary. It shows the bank's failure to have been the result of gross negligence. Instances of this are the fact that a meeting of the Board of Directors had not been held in three years previous to the bank's collapse, and in 1888 a dividend was declared when the condition of the bank did not warrant it. The overdrafts remaining unpaid amount to $36,000. The directors are also charged with keeping the bank open and receiving deposits when they knew, or ought to have known, the bank's

capital was impaired. The evidence taken shows that President Throop and Cashier Jessup had the entire management of the concern. The master holds that under the law controlling the organization of the bank the directors are liable for the deficiency of stock not paid in, and the stockholders liable with them for whatever is necessary to meet the balance of indebtedness. The unpaid capital stock is $55,000 and the total deficiency is $91,000. The stockholders, outside of the board of directors, have filed exceptions to the portion of the report of the master making them liable for any part of the deficiency.

BUFFALO, N. Y.—At Buffalo, General Lester B. Faulkner, who had been tried and convicted of signing false reports as a director of the Dansville (N. Y.) National Bank to the Comptroller of the United States Currency in regard to the condition of the bank, of which he was a director and of which his brother was cashier, was sentenced to seven years in the Erie County penitentiary. The bank, which failed about a year ago, had been founded by Faulkner's father. Faulkner himself is spoken of as a brave soldier in the war of the rebellion, a business man of a quarter of a century's unblemished reputation, and a politician who had been at the head of the State organization of the Democratic party for several terms.

WOMAN AS A BANK DEPOSITOR.—Confession of a Dearborn Street bank cashier: "A man in a bank is not allowed to talk about its business, and I reckon that's right. But what you have just been saying prompts me to tell you something under cover. There isn't one depositor in 200 who will allow his wife to check against his money. Occasionally a man leaving town will come in and ask us to honor his wife's checks to a certain amount. A woman doesn't seem to have any sense about money in bank, unless she is her own depositor, and then she is apt to be a good deal of a nuisance. She will come down town shopping, for instance. She buys a bill at one house for $13.89, and she gives a check for that sum. She makes purchases at another house to the amount of $3.39, and gives a check for that. And she goes on shopping a half day, giving a check for every purchase. And the next day she comes to the bank and wants to know if the checks have been presented, and then she wants to know if we can't balance up her book. She wants to know how she stands. Women depositors, fortunately, are few. Most women prefer to keep their money in a safety deposit vault, where they can go and look at it, and count it over for their own comfort. I know one bank president's wife in this city who has her own money which her husband allows her. She won't deposit it in his bank, and he told me one day he was glad of it. She has her own tin box in a safety deposit vault."—*Chicago Tribune.*

GOLD DOLLARS FOR ORNAMENT.—"Almost all of our gold dollars," says the *Philadelphia Record*, "are being used for purposes of adornment, and their fate as a medium of exchange has long been doomed," said an official of the Philadelphia Mint yesterday. "We are only coining about 5,000 per year for monetary circulation, and this small amount is meant by the Treasury Department to be merely for the purpose of keeping enough on hand to make change in paying depositors of gold bullion. If it were not for this, probably the coinage of gold dollars would be suspended. If we coined 1,000,000 gold dollars yearly the demand would not be satisfied. A few days ago we received a letter from a man living in Cincinnati who wanted 100 gold dollars. We answered that we could not grant his request. He then wrote to the Secretary of the Treasury at Washington, and the letter was referred to the director of the mint, James P. Kimball, who wrote to the gentleman at Cincinnati that he could not be accommodated. Director Kimball has officially notified us by letter that the small coinage of gold dollars should be distributed from the mint here with care, not to allow them to pass into the hands of manufacturers for mutilation incidental to conversion into articles of adornment."

SAN FRANCISCO—THE NEVADA BANK.—On the 9th of October, ex-Senator James G. Fair resigned from the presidency of the Nevada Bank. At a meeting of the stockholders Mr. Mackay's 10,000 shares were unrepresented, but as there was a quorum without this, Mr. Fair's resignation was accepted, and young James W. Flood, son of the deceased bonanza millionaire, was elected president, and R. H. Follis, Flood's brother-in-law, was elected to the place in the directory also abandoned by Fair. Other officers were re-elected. The inference to be drawn from Mr. Fair's complete retirement from the bank is that a settlement has

been made with him by Flood and Mackay, for if he had any large interest remaining in the bank he would be sure to retain his place on the directory. Mr. Fair himself, when seen this afternoon, said that his private business consumed all his time, and he could not afford to give any more time to the management of the bank. He declared also that he was going East in a short time. It is now exactly two years since Mr. Fair came to the rescue of his old associates, and saved the Nevada Bank from a disastrous failure. In the spring of 1887 the Nevada Bank managers, in the absence of Mr. Mackay, became involved in the great wheat deal, the inside facts of which were first printed in *The Tribune*, and created a great sensation. Two brokers here were given unlimited backing, and bought wheat here at nearly $1 above the Chicago and London rates, in order to bolster up the market. The collapse finally came, as they could not prevent wheat coming in from the country. In the huge squeeze it was estimated that Flood and Mackay each lost eight millions. Ready money was urgently needed to prevent the failure of the bank. As much as possible was realized on real estate, but several millions were required, and in this emergency Mr. Fair came to the rescue of his old associates, who, several years before, had frozen him out of the bank. The wheat contracts were paid, and Mr. Fair assumed the presidency of the bank, which he retained till to-day. The annual report showed that the bank has a capital of $3,000,000, with cash on hand of $1,300,000.

THE KNICKERBOCKER BANK OF NEW YORK CITY.—A certificate of association of the Knickerbocker Bank was filed, Oct. 31, in the County Clerk's office. It has a capital of $100,000, divided into 1,000 shares. This may be increased to $500,000. A. A. Courter owns 693 shares of the stock, A. Delmont Jones 300 shares, and G. D. Petrie seven shares.

CONSHOHOCKEN, PA., OCT. 31.—The Bank Examiner has taken charge of the Tradesmen's Bank. The cashier is missing, and there is said to be a shortage of $50,000 in his accounts. The capital of the bank is $100,000. It is not thought that depositors will lose anything.

CLEVELAND, OHIO.—The Society for Savings issued a very neat summary of its operations on the occasion of its fortieth anniversary. Its assets and liabilities at the close of last June were:

ASSETS:	
Loans on Real Estate	$5,012,069.07
Collateral Loans	1,485,525.00
United States Bonds (par)	1,980,000.00
State Bonds (par)	500,000.00
County, City, Town and School Bonds	8,495,648.01
Real Estate	508,217.85
Due from National Banks	757,190.18
Cash on hand	57,739.71
	$18,796,389.82
LIABILITIES:	
Deposits	$17,066,546.36
Surplus Fund	1,300,000.00
Undivided Profits	429,843.46
(Number of depositors, 38,490.)	$18,796,389.82

The growth of the society and of the city of Cleveland, in forty years, is shown in the following table:

Year.	*Deposits.*	*Depositors.*	*Population.*
1849			17,034
1859	$309,240.06	2,432	43,417
1869	2,491,527.39	8,054	92,829
1879	8,387,403.18	19,631	160,146
1889	17,066,546.36	38,490	250,000 (est.)

MEXICAN BANKING.—An entirely new departure in banking in Mexico is the permission accorded the newly-chartered Agricultural and Industrial Bank of Pueblo to change its name to the Agricultural and Industrial Bank of Mexico, to establish its offices at the City of Mexico, and to issue mortgage bonds in foreign countries.

These bonds will only be issued to the amount of 25-year mortgages actually held in the vaults of the bank here, and the scheme is very similar to the cedulas issued by hundreds of millions of dollars by the Argentine banks and held in Europe.

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money have been as follows:

QUOTATIONS:	Oct. 7.	Oct. 14.	Oct. 21.	Oct. 28.
Call Loans.....	15 @ 2	7 @ 5	12 @ 6	7 @ 5½
Discounts.....	7 @ 8	6½ @ 7	6½ @ 7½	6½ @ 7½
Treasury balances, coin ...	$155,577,492	$156,274,777	$156,897,885	$157,383,498
Do. do. currency...	10,792,535	10,503,849	9,589,693	9,366,076

Sterling exchange has ranged during October at from 4.85 @ 4.88¼ for bankers' sight, and 4.81 @ 4.83½ for 60 days. Paris—Francs, 5.20⅝ @ 5.16¼ for sight, and 5.22½ @ 5.20⅝ for 60 days. The closing rates for the month were as follows: Bankers' sterling, 60 days, 4.81 @ 4.81¼; bankers' sterling, sight, 4.85 @ 4.85¼; Cable transfers, 4.85¼ @ 4.86. Paris—Bankers', 60 days, 5.22½ @ 5.21⅞; sight, 5.19⅜ @ 5.18¾. Antwerp—Commercial, 60 days, 5.26¼ @ 5.25⅛. Reichmarks (4) — bankers', 60 days, 94⅜ @ 94½; sight, 95⅛ @ 95¼. Guilders—bankers', 60 days, 39⅞ @ 39 5/16; sight, 40 1/16 @ 40⅛.

The reports of the New York Clearing-house returns compare as follows:

1889.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
Oct. 5...	$407,316,500	$67,321,700	$34,078,700	$412,273,800	$3,959,700	*$1,668,090
" 12...	403,246,200	69,157,000	31,926,500	407,166,100	3,946,500	*708,025
" 19...	397,813,100	71,792,500	30,363,300	404,954,200	3,985,800	917,250
" 26...	395,383,800	72,250,400	29,083,400	400,818,100	4,040,000	1,129,275

The Boston bank statement is as follows:

1889.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
Oct. 5.....	$154,962,200	$10,490,600	$5,053,400	$135,884,100	$2,540,300
" 12.....	155,517,300	10,354,400	5,176,000	135,738,200	2,544,700
" 19.....	155,614,700	9,688,300	5,129,200	137,550,800	2,546,000
" 26.....	155,039,500	9,629,900	5,229,600	134,401,500	2,540,000

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1889.	Loans.	Reserves.	Deposits.	Circulation
Oct. 5.....	$100,168,000	$23,800,000	$96,749,000	$2,137,000
" 12	99,965,000	23,348,000	96,054,000	2,134,000
" 19	99,457,000	22,996,000	95,282,000	2,132,000
" 26.....	98,372,000	23,558,000	94,477,000	2,136,000

*Deficiency.

DEATHS.

HACKETT.—On September 29, aged seventy-seven years, W. HACKETT, President of Easton National Bank, Easton, Pa.

HARDENBERGH.—On October 5, aged fifty-nine years, AUG. A. HARDENBERGH, President of Hudson County National Bank, Jersey City, N. J.

HENRY.—On October 6, aged forty-four years, DANIEL M. HENRY, JR., President of Dorchester National Bank, Cambridge, Md.

QUAILE.—On September 20, aged seventy-two years, J. F. QUAILE, President of Arkansas Valley Bank, Ozark, Ark.

SMITH.—On September 6, aged seventy years, LEANDER SMITH, President of First National Bank, and of the firm of Leander Smith & Son, Morrison, Ill.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from October No., page 317.)

State.	Place and Capital.	Bank or Banker.	Cashier and N Y. Correspondent.
N. Y.	CITY.....	Central Savings Bank...	.....
ALA....	Birmingham. ..	Central Savings Bank...	S. A. Kean & Co.
	$50,000	Jos. P. Mudd, *P.*	Jno. H. Barr, *Cas.*
		Wm S. Brown, *V.P.*	
"	.. Florence.....	Florence National Bank..	Chase National Bank.
	$50,000	Amos Gould, *P.*	Wm. H. Shepard, *Cas.*
		W. L. Reeder, *V. P.*	
ARK....	Pine Bluff.....	Bank of Pine Bluff.....	First National Bank.
	$150,000	J. F. Thompson, *P.*	John W. McCarthy, *Cas.*
		W. B. Howell, 1st *V. P.*	
		C. B. Wilkinson, 2d *V.P.*	
COL....	Denver.....	North Denver Bank.. ..	Importers & Traders Nat. Bank.
	$50,000	Caleb F. Ray, *P.*	Edwin W. Ray, *Cas.*
		Albert E. Gipson, *V. P.*	
DAK....	Willow City....	Wheat Exchange Bank..	Chase National Bank.
	$100,000	Edmund Kimball, *P.*	Jacob Schroeder, *Cas.*
		C. L. Budde, *V. P.*	
FLA....	Tallahassee.....	First National Bank.....	Importers & Traders Nat. Bank.
	$50,000	Geo. Lewis, *P.*	Wm. C. Lewis, *Cas.*
		Edward Lewis, *V. P.*	
GA.	Buena Vista....	Buena Vista L. & Sav. B.	.....
	$10,000	Jas. M. Lowe, *P.*	Jas. W. Roberts, *Cas.*
"	.. Hartwell.....	Bank of Hartwell.....	.....
	$2-,000	E. B. Benson, *P.*	S. W. Peek, *Cas.*
		Jas. W. Williams, *V. P.*	
"	.. Savannah.....	Chatham Dime Sav. B'k.	Chemical National Bank.
	$50,000	Richard D. Guerard, *P.*	Wm. D. Johnston, *Cas.*
		B. Gordon, *V. P.*	
I.I.....	Fillmore.....	Montgom'y Co.L &Tr Co	First National Bank.,
	$50,000	Jas. R. Glenn, *P.*	E. D. Marshall, *Cas.*
		Jas. B. McDavid, *V. P.*	
"	.. Mound City....	First State Bank.	Importers & Traders Nat. Bank.
	$25,000	John McDowell, *P.*	John A. Waugh, *Cas.*
		L. M. Bradley, *V. P.*	
"	.. Walnut.....	Walnut Bank.....	.....
		Henry Guither, *P.*	J. W. Ross, *Cas.*
"	.. Yates City.	Peoples Bank.....	.....
		Walter Bailey, *P.*	Robt. A. Fulton, *Cas.*
		Henry Hare, *V. P.*	
IND.....	Thornton.....	Bank of Thornton.....	Hanover National Bank.
		Wm. B. Austin, *P.*	Richard E. Niven, *Cas.*
		G.K.Hollingsworth, *V.P.*	
IOWA...	Danbury.....	Baxter, Reed & Co.....	Kountze Bros.
	$100,000		
"	.. Dunlap.....	First National Bank.....	.....
	$50,000	James H. Patterson, *P.*	Henry A. Moore, *Cas.*
"	.. Lenox	Lenox Bank.....	United States National Bank.
			Dryden Bestor, *Cas.*
KAN....	Perry.....	Bank of Perry.....	National Bank of Republic.
	$13,544	Frank Eakin, *P.*	Frank Eakin, *Cas.*
			E. Eakin, *Ass't Cas.*
KY. . ..	Walton.....	Walton Deposit Bank...	.....
		David B. Allen, *P.*	Robt. C. Green, *Cas.*
		Thos. F. Curley, *V. P.*	
LA.....	Farmerville.....	Farmerville Mercantile & B'k'g. Co., Limited.	.....
			.....
	$30,000	C. M. Eiseman, *P.*	Edward Jonas, *Sec. & Treas.*
		Adolph Meyer, *V. P.*	Eugene Stern, *Ass't Cas.*
MICH...	Memphis.....	Memphis Bank.....	Chase National Bank.
"	.. Reed City.....	L. K. Parkhurst & Co...	Tradesmens National Bank.
	$50,000		

State. Place and Capital.	*Bank or Banker.*	*Cashier and N. Y. Correspondent.*
MINN.. Brainerd.....	Northern Pacific Bank...	Western National Bank.
$25,000	Chas. N. Parker, *P.*	Jno. N. Nevers, *Cas.*
	J. J. Howe, Sen., *V. P.*	
" .. St. Paul.....	Minnesota Savings Bank.	Fourth National Bank.
$25,000	Wm. Bickel, *P.*	Andrew Delany, *Cas.*
	Wm. F. Bickel, *V. P.*	
MISS. .. Winona.....	First National Bank.....	Hanover National Bank.
$50,000	Thos. H. Somerville, *P.*	Robt. B. Talbert, *Cas.*
	Walter R. Witty, *V. P.*	
MO..... Clifton Hill ...	J. T. Mason.....	
" .. Odessa.....	National Bank of Odessa.	.....
$100,000	John C. Cobb, *P.*	Madison G. Wood, *Cas.*
	Gordon Jones, *V. P.*	
" .. Watson.....	Bank of Watson.....	Chemical National Bank.
$10,000	Shade Franklin, *P.*	Everett S. Ballard, *Cas.*
	F. J. Bayless, *V. P.*	
NEB.... Armada.....	Armada State Bank.....	Kountze Bros.
$12,500	Mathew Maddox, Sr., *P.*	Wm. L. Maddox, *Cas.*
	Nelson Maddox, *V. P.*	M. R. Aspinwall, *Ass't Cas.*
" .. Bayard.....	Bank of Bayard.....	Kountze Bros.
$5,000	Eugene M. Stearns, *P.*	Wm. H. Cook, *Cas.*
	Robt. Cattington, *V. P.*	Thomas Winter, *Ass't Cas.*
" .. Chadron.....	Citizens State Bank.. ...	Chase National Bank.
$25,000	W. L. May, *P.*	Andrew A. McFadon, *Cas.*
	J. T. May, *V. P.*	
" .. Farnam.....	State Bank of Farnam...	.....
$9,100	Bowen Curley, *P.*	J. R. Mason, *Cas.*
" .. Lindsay.....	Lindsay State Bank.....	United States National Bank.
$5,000	Wm. A. McAllister, *P.*	Edward A. Brodboll, *Cas.*
	Eli A. Stockslager, *V. P.*	
N. J.... Long Branch...	First Nat. Bank.....	First National Bank.
$50,000	Rufus Blodgett, *P.*	John Terhune, *Cas.*
	Thos. R. Waveley, *V. P.*	
N. C... Morgantown...	Piedmont Bank	National Park Bank.
$15,000	N. B. Dilworth, *P.*	Samuel T. Pearson, *Cas.*
OHIO... Lockland	First National Bank.....	National Bank Republic.
	Geo. W. Walker, *P.*	Oliver C. Williams, *Ass't Cas.*
	Alfred M. Stearns, *V. P.*	
PENN... Duncannon.....	Duncannon Nat. Bank..	.....
$50,000	John Wister, *P.*	P. F. Duncan, *Cas.*
" .. Norristown.....	The Albertson Tr. & Safe Dep. Co.	.....
$125,000	Geo. W. Rogers, *P.*	Wm. E. Albertson, *Sec. & Treas.*
	Abner U. Howard, *V. P.*	
" .. Osceola Mills...	Osceola Banking Co.....	.....
$30,000	Geo. M. Brisbin, *P.*	Lewis H. Eppley, *Cas.*
	Chas. R. Houtz, *V. P.*	
" .. Pittsburgh	Manufacturers Bank.....	Bank of America.
$50,850	Edward H. Cogan, *P.*	Daniel P. Berg, *Cas.*
TENN .. Dayton.....	Rhea County Bank.....	Fourth National Bank.
$50,000	R. N. Gillespie, *P.*	John S. Buchanan, *Cas.*
		A. A. Crabbs, *Ass't Cas.*
" .. Dresden.....	Dresden Bank..... ..	United States National Bank.
$25,000	John W. Moran, *P.*	Geo. S. Boyd, *Cas.*
	John W. Jeter, *V. P.*	
" .. Johnson City...	Citizens Bank.....	Latham, Alexander & Co.
$50,000	Frank A. Stratton, *P.*	Jas. E. Brading, *Cas.*
	J. W. Hunter, *V. P.*	
" .. Milan.....	Peoples Bank.....	Fourth National Bank.
	S. F. Rankin, *P.*	J. R. Harrison, *Cas.*
	R. E. Edwards, *V. P.*	
TEXAS.. Cisco.....	First National Bank.....	.....
$50,000	J. H. Holcomb, *P.*	F. C. Le Veaux, *Cas.*
" .. Cuero.....	First National Bank.....	.....
$50,000	Alexander Hamilton, *P.*	W. H. Graham, *Cas.*
" .. Laredo.....	Rio Grande Nat. Bank..	.....
$100,000	J. M. Hamilton, *P.*	E. C. Reed, *Cas.*
" .. Quanah.....	First National Bank.....	.....
$50,000	John G. James, *P.*	H. M. Victor, *Cas.*

State.	Place and Capital.	Bank or Banker.	Cashier and N. Y. Correspondent.
UTAH ..	Ogden.....	Ogden State Bank.....	Chase National Bank.
	$100,000	Henry C. Bigelow, *P.*	A. P. Bigelow, *Ass't Cas.*
		Jno. A. Boyle, *V. P.*	
WASH..	Walla Walla...	Farmers Savings Bank...	Chemical National Bank.
	$60,000	Wm. P. Winans, *P.*	Joel Chitwood, *Cas.*
		Duncan McGillivray, *V.P.*	
WIS....	Marinette.....	Stephenson Nat. Bank.	.....
	$100,000	Augustus C. Brown, *P.*	John W. Lombard, *Cas.*
		Isaac Stephenson, *V. P.*	

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from October No., page 318.)

	Bank and Place.	Elected.	In place of.
ALA....	Capital C'y Ins. Co. Montgomery	P. C. Smith, *Cas*.....	.....
CAL....	Consolidated N. B., San Diego.	J. H. Barbour, *Cas*... .	.....
" ..	The Nevada Bank of S. Fran., San Francisco.	Jas. L. Flood, *P*.....	Jas. G. Fair.
" ..	City Bank, Santa Cruz.....	W. D. Haslam, *Cas*....	W. C. Hoffmann.
" ..	City Savings Bank, Santa Cruz.	W. D. Haslam, *Cas*.....	C. Steinmetz.
COL....	Union Bank, Denver.....	M. Spangler, *Act'g Cas.*.	.....
" ..	Farmers & Merchants Bank, Holyoke.	W. E. Johnston, *P.*	L. W. Tulley.
		Robt. Brown, *V. P*.....	.....
		E. N. McPherrin, *Cas*...	W. E. Johnson.
CONN...	Merchants Nat. B., New Haven.	C. S. Mersick, *P*.....	H. B. Bigelow.
DAK....	F. H. Hagerty & Co., Aberdeen.	F. H. Hagerty, *P*.....	.....
		Wm. H. Paulhamas, *Cas.*	.....
" ..	Walworth County B., Bangor..	W. R. Green, *Cas*.....	E. B. Green.
" ..	Citizens Bank, Bathgate.	C. L. Parker, *P*.....	.....
		N. C. Young, *Cas*.....	C. L. Parker.
" ..	Bank of Towner, Towner.....	Jas. Green, Jr., *Cas*.....	Frank L. Bacon.
FLA....	State Bank of Fla., Jacksonville.	Henry G. Aird, *Cas*.....	.....
GA.....	Nat. Bank of Augusta, Augusta.	P. H. Langdon, *P*.....	Jas. Tobin.
" ..	Pataula Banking Co, Fort Gaines.	J. E. Peterson, *P*.....	M. L. Burney.
		T. J. Sanders, *Cas*.....	M. W. Helton.
ILL.....	Atlas National Bank, Chicago .	W. S. Tillotson, *A. Cas.*.	... .
" ..	Ft. Dearborn N. B., Chicago ..	Peter Dudley, *Cas*.....	M. Schweisthal.
" ..	International Bank, Chicago...	Bernhard Neu, *Cas*.....	.....
" .	Lincoln Nat. Bank, Chicago. .	J. R. Clark, *Cas*.....	Peter Dudley.
" .	Tazewell County Nat. Bank, Delavan.	J. W. Crabb, *P*.....	M. Kingman.
		G. H. Harrington, *V. P.*	.....
IND.....	Fowler Nat. Bank, La Fayette.	J. M. Fowler, *P*.....	Moses Fowler.*
" ..	Farmers Bank, Mooresville	L. M. Hadley, *P*.....	J. L. Moffitt.*
" ..	Mt. Vernon B'k'g Co. Mt. Vern'n.	Chas. A. Parke, *P*.....	Jno. B. Gardiner.
IOWA ..	Des Moines Savings Bank, Des Moines.	G. M. Hippee, *V. P.*....	Simon Casady.
		Simon Casady, *Cas*.....	Geo. B. Hippee.
" ..	First National Bank, Le Mars.	A. H. Treat, *V. P*.....	J. W. Meyers.
		G. L. Wernli, *Cas*.....	M. H. Finney.
		W. F. Cooper, *Ass't Cas.*	.....
" ..	First National Bank, Nashua ..	E. H. Barnes, *Ass't Cas.*	.....
" ..	Pringhar State Bank, Pringhar.	Geo. W. Shee, *P*.....	Frank Frisbee.
" ..	Bank of Reinbeck, Reinbeck...	John Wilson, *Cas*.....	T. A. Pierce.
" ..	Sioux City Sav. B., Sioux City.	Thos. J. Stone, *P*	Jas. H. Culver.
KAN...	State Bank of Alton, Alton	F. O. Search. *Ass't Cas.*.	.....
" ..	First National Bank, Dighton..	D. R. Bennett, *V. P*.....	.....
" ..	National Bank of El Dorado, El Dorado.	J. W. Robison, *P*.	John Foutch.
		A. L. L. Hamilton, *V.P.*	J. W. Robison.
" ..	First National Bank, Leoti.	T. W. Pelham, *P*.....	John Hall.
		G. C. Hardesty, *V. P*....	.....
		J. J. Barrelle, *Cas*.....	T. W. Pelham.
" ..	Citizens Bank, Newton.	G W. Rogers, *Cas*.....	.....
		C. A. Swenson, *Ass't C.*	.....
KY.....	Mt. Sterling Nat. B., Mt. Sterling.	Lewis Apperson, *P*.....	Wm. Stofer.

* Deceased.

	Bank and Place.	*Elected.*	*In place of.*
LA.....	First Nat. Bank, Baton Rogue.	D. M. Reymond, *Cas*...	G. T. Webster.
ME.....	First Nat B., Damariscotta...	Joel P. Huston, *Cas*.....	Wm. Flye.
MD. ...	Dorchester N. Bank, Cambridge	Henry Lloyd, *P.*	D. M. Henry, Jr.*
MASS...	Arlington Five Ct. S. B., Arlington	Jos. W. Whitaker, *Treas.*	A. R. Proctor.*
" ..	Maverick Nat. Bank, Boston...	C. C. Domett, *Ass't Cas.*	E. H. Lowell.
" ..	Peoples National Bank, Boston.	Sam'l B. Hopkins, *P.*...	.....
" ..	Traders National Bank, Boston.	Wm. L. Chase, *V P.*...	.....
" ..	Winnisimmet N. B., Chelsea..	J. H. Cunningham, *V. P.*	.....
" ..	Shelburne F'lls N. B, Shelburne F	Lorenzo Griswold, *P.*...	H. H. Mayhew.
MICH...	Williamston S. B., Williamston.	Bion Wixon, *Cas*...	H. S. Fuller.
MINN..	German-Amer. N. B., St. Cloud.	C. Dueber, *Cas*.....	F. M. Morgan.
" ..	First National Bank, Winona..	R. D. Cone, *V. P.*.....	C. H. Porter.
" ..	Bank of Woodstock, Woodstock.	Geo. H. Perry, *Cas*.....	Geo. C. Eyland, Jr.
MO.....	First National Bank, Clinton .	C. E. Avery, *V. P.*....	.....
" ..	German-American Nat. B'k, Kansas City.	W. F. Sargent, *Cas*.....	W. F. Wyman.
		F. D. Meriam, *Ass't Cas*..	W. F. Sargent.
NEB....	Blue Riv. B., McCool Junction.	Geo. W. Post, *P.*	H. Musselman.
" ..	Douglas County Bank, Omaha.	David Bruihson, *P.*....	C. S. Parrotte.
		Chas. E. Ford, *Cas*.....	Sam'l C. Sample.
N. H...	Laconia Nat. Bank, Laconia...	C. W. Tyler, *Ass't Cas*..	.....
" ..	Lancaster Nat. B., Lancaster..	C. A. Bailey, *Act'g Cas*..	.....
N. Y. ..	Erie Co. Sav. Bank, Buffalo...	D. R. Morse, *P.*.....	G. T. Williams.
" ..	Ogdensburgh B., Ogdensburgh.	S. W. Leonard, *Cas*....	.....
" ..	First National Bank, Oxford...	Jared C. Estelow, *Cas*...	Peter W. Clarke.
" ..	Poughkeepsie S. B. Poughkeepsie	Morris Bradley, *Treas*...	Isaac Smith.
" ..	Savings Bank of Utica, Utica.	Ephraim Chamberlain, *P.*	Wm. J. Bacon.
		Wm. D. Walcote, 1st *V. P.*	E. Chamberlain.
		Edward Curran, 2d *V. P.*	Wm. D. Walcote.
		Rufus P. Birdseye, *Sec*..	.....
N. C....	First National Bank, Salisbury.	R. J. Holmes, *P.*.....	S. W. Cole.
OHIO...	Citizens Nat. B., Cincinnati...	G. P. Griffith, *Act'g Cas.*	Geo. Peck.
" ..	First National Bank, Gallipolis.	W. G. Wheaton, *Ass't C.*	.....
" ..	N. B. of Spring City, Spring C.	W. J. Wagoner, *Cas*....	.....
PENN...	First National B'k, Emporium..	J. C. Danckelman, *Cas*..	S. H. Storrs.
" ..	First Nat. Bank, Wrightsville..	J. E. Beard, *P.*.....	.....
R. I....	Mercantile Tr. Co., Providence.	R. L. Keach, *Treas*....	Chas. R. King.
TENN...	State National Bank, Knoxville.	A. J. Patterson, *V. P.*...	.....
TEXAS..	First National Bank, Mexia....	W. H. Richardson, *P.*...	John R. Henry.
" .	B. of Whitesboro, Whitesboro .	J. M. Buchanan, *M'g'r*..	.....

CHANGES, DISSOLUTIONS, ETC.

(*Continued from October No., page 319.*)

CAL.... Santa Paula.. .. Bank of Santa Paula has been succeeded by the First National Bank.

COL.. .. Denver..... Chas. Hallowell is now Chas. Hallowell & Co., same correspondents.

DAK.... Aberdeen..... F. H. Hagerty & Co. have been incorporated.

FLA.... Tallahassee.... B. C. Lewis & Sons is now the First National Bank, same correspondents.

IND..... Thornton..... Thornton Bank has been succeeded by Bank of Thornton.

IOWA... Blockton ..... Bank of Mormontown has become the Bank of Blockton, same officers.

" .. Fayette..... Bank of Fayette (Lakin, Baker & Co.) now Baker, Hoyt & Co. proprietors.

" .. Lenox..... L. S. Brooks has been succeeded by the Lenox Bank.

KAN.... Abilene..... .. Abilene Bank (Lebold, Fisher & Co.) reported suspended.

" .. Kingman..... Kingman Savings Bank is now the Kingman County Bank.

KY..... Nicholasville... Noland, Wilmore & Co. have been succeeded by Noland, Wilmore & Sears.

* Deceased.

MICH... Mecosta..... Exchange Bank (Wixson & Carpenter) now F. J. Pierce & Co. proprietors.
" .. Reed City..... H. G. Packard & Co. have been succeeded by L. K. Parkhurst & Co.
MISS.... Clarksdale..... Central City Bank has been succeeded by the Clarksdale Bank & Trust Co., same officers and correspondents.
MO..... Odessa..... Bank of Odessa has been succeeded by the National Bank of Odessa.
NEB.. Lindsay..... Edward A. Brodboll has been succeeded by the Lindsay State Bank.
N. J.... Long Branch.. Long Branch City Bank has been succeeded by First National Bank, same officers and correspondents.
N. Y... Kinderhook.... National Bank of Kinderhook has gone into voluntary liquidation.
OHIO... Manchester .... Manchester Bank (R. H. Ellison) reported suspended.
PENN... Conshohocken.. Tradesmens National Bank is reported closed.
" .. York..... Jacob H. Baer now Jacob H. Baer & Sons.
TENN .. Dresden..... Bank of Martin has been succeeded by the Dresden Bank.
TEXAS.. Dallas..... East Dallas Bank has been succeeded by Central National Bank.
" .. Georgetown.... Emzy Taylor now Emzy Taylor & Co.
WIS.... Marinette..... The Stephenson Banking Co. has been succeeded by the Stephenson National Bank.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Monthly List, continued from October No., page 318.)

No.	*Name and Place.*	*President.*	*Cashier.*	*Capital.*
4132	First National Bank..... Tallahassee, Fla.	Geo. Lewis,	Wm. C. Lewis,	$50,000
4133	First National Bank..... Lockland, O.	Geo. W. Walker,		50,000
4134	First National Bank..... Cisco, Texas.	J. H. Holcomb,	F. C. Le Veaux,	50,000
4135	Florence National Bank..... Florence, Ala.	Amos Gould,	Wm. H. Shepard,	50,000
4136	Manufacturers National Bank.. Pittsburg, Kan.	B. F. Hobart,	A. L. Chaplin,	100,000
4137	Stephenson National Bank.... Marinette, Wis.	Augustus C. Brown,	John W. Lombard,	100,000
4138	First National Bank..... Long Branch, N. J.	Rufus Blodgett,	John Terhune,	50,000
4139	First National Bank ..... Dunlap, Iowa.	James H. Patterson,	Henry A. Moore,	50,000
4140	First National Bank..... Cuero, Texas.	Alexander Hamilton,	W. H. Graham,	50,000
4141	National Bank of Odessa..... Odessa, Mo.	Jno. C. Cobb,	Madison G. Wood,	100,000
4142	Duncannon National Bank..... Duncannon, Pa.	John Wister,	P. F. Duncan,	50,000
4143	First National Bank..... Lakota, Dak.	E. Ashley Mears,	Clarence T. Mears,	50,000
4144	First National Bank..... Quanah, Texas.	John G. James,	H. M. Victor,	50,000
4145	Union National Bank..... Louisville, Ky.	Geo. W. Swearinger,	Edward H. Conn,	500,000
4146	Rio Grande National Bank..... Laredo, Texas.	J. M. Hamilton,	E. C. Reed,	100,000

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, OCTOBER, 1889.

Opening, Highest, Lowest and Closing Prices of Stocks and Bonds in October.

GOVERNMENTS.	Interest Periods.	Opening.	Highest.	Lowest.	Closing.
4½s, 1891	Quarterly—Mar.	105¼	105¼	105½	105½
4s, 1891	Quarterly—Mar.	105¼	105¼	105½	105½
4s, 1907	Quarterly—Jan.	127	127	127	127
4s, 1907	Quarterly—Jan.	128	128	127	127
6s, cur'cy, 1895	Quarterly—Feb.	118	118	117	117½
6s, cur'cy, 1896	Quarterly—Jan.	120	120	120	120
6s, cur'cy, 1897	Quarterly—Jan.	123	123	123	123
6s, cur'cy, 1898	Quarterly—July.	126	126	125½	125½
6s, cur'cy, 1899	Quarterly—July.	129	129	128	128

RAILROAD STOCKS.	Opening.	Highest.	Lowest.	Closing.
Atlantic & Pacific	—	5¾	4¼	4¼
Buff. R. & Pitts	—	22	22	—
Canadian Pacific	70	71½	68½	69
Canada Southern	54½	55⅜	53	55⅝
Central of N. J.	131	131	119¾	123¼
Central Pacific	—	35¼	34⅛	—
Ches. & Ohio.	23½	26½	22¼	25
Do 1st pref.	65	67⅜	61	65
Chic. & Alton	—	131	128	131
Do pref.	—	—	—	—
Chic., B. & Q	108¾	110	104⅜	106⅝
Chic., M. & St. P.	73	73½	68¼	70⅜
Do pref.	117⅛	117⅝	111	113
Chic. & N. W.	114	114⅜	110	112½
Do pref.	—	142¾	141	—
Chic., R. I. & P.	101⅞	102⅛	96¼	98⅝
Chic., St. L. & P.	—	16½	14	—
Do pref.	—	38¾	36⅞	—
Chic., St. P., M. & O.	35	35	32¼	—
Do pref.	100¼	100¼	95	—
C., C., C & St. L.	73¾	78⅛	71⅞	75
Col. Coal & Iron	32	33	30	—

RAILROAD STOCKS.	Opening.	Highest.	Lowest.	Closing.
Col., H. Valley & Tol.	18¼	18¼	16½	—
Col. & H. C. & I.	—	18	17	—
Del. & Hudson	153⅞	153⅞	147½	148½
Del., Lack. & W.	148	148	140	141½
Den. & Rio Grande	—	17	17	—
Do. pref.	51½	52⅞	50⅝	—
East Tenn. V & G.	—	11	10	10¼
Do 1st pref.	75	76½	70	—
Do 2d pref.	23½	23¾	20⅞	—
Houston & Texas C	—	3¾	1½	—
Illinois Central.	—	117⅞	116	—
Indiana, Bloom. & Western	—	—	—	—
Lake Erie and Western.	19⅜	19⅜	17⅞	18⅜
Do pref.	64⅞	65⅜	51¼	64
Lake Shore	106⅛	107¼	104⅜	107¼
Long Island	—	94½	91½	—
Louisville and Nashville	78½	82⅛	76¾	82
Louisville, N. Alb & Chic.	—	40	40	—
Manhattan Consol	105½	108	101	103¾
Marq. H. & O.	—	10	10	—
Do pref.	—	92	91	—
Memphis & Charleston	—	—	—	—
Michigan Central	—	97¼	90¾	97¼
Mil., L. S. & W	95½	96	95	—
Do pref.	—	116½	114½	—
Minn. & St. Louis	—	3½	3½	—
Do pref.	—	8¼	7¾	—
Mo., Kan. & Texas	—	13⅛	10½	11¼
Missouri Pacific	75¼	75½	68	71½
Nash., C. & St. L.	98	101	98	—
N. Y. C., & Hudson	107¼	107⅜	105⅝	106¾
N. Y., C. & St. L.	—	17¾	16½	17¼
Do pref.	—	68¾	68	—
N. Y., L. E. & W.	29½	30	28½	28⅞
Do pref.	69	70	68	—
N. Y. & New Eng.	49¼	49⅜	43¾	46⅜
N. Y., Ont. & W.	19	19⅛	18	18⅜
N. Y., Sus. & W.	—	9	8¼	8¼
Do pref.	35¼	35½	33¼	34½

MISCELLANEOUS.	Opening.	Highest.	Lowest.	Closing.
Norfolk & Western.	—	19¼	17½	19
Do pref.	56½	57½	55¾	55¾
Northern Pacific.	32½	33½	31	31⅜
Do pref.	74½	76⅛	71⅛	73¾
Ohio & Mississippi	—	23½	22	22⅜
Ohio Southern	—	14	14	—
Oregon Impt.	—	52½	51	—
Oregon R. & N.	—	101½	99½	—
Oregon Short Line.	—	56	50	53¾
Oregon & Trans-Con.	33⅛	36¼	31	34
Pacific Mail	34¼	34¼	31½	32¼
Peoria, Decatur & Evansville	21	21½	19½	—
Philadelphia & Reading	46½	46⅜	42¾	43
Pullman Palace Car Co.	188	190	182	—
Rich. & W. P. Term.	22⅞	23½	22	23¼
Rome, W. & Ogd.	—	100	99	—
St. Louis, A. & T. H.	—	47½	45	46
Do pref.	—	—	—	—
St. Louis & San Francisco.	—	26	23½	—
Do pref.	61	61	53	55¾
Do 1st pref.	—	110½	107	—
St. Paul & Duluth	—	30	28	—
Do pref.	—	82	81	—
St. Paul, M. & M.	118	121½	111	117
Southern Pacific Co.	32⅞	37⅛	32	36½
Tenn. Coal & Iron	53	59⅞	49½	59⅞
Texas & Pacific	20½	21⅜	19	20½
Union Pacific.	65¼	68⅛	62⅜	68
Virginia Midland	—	35	34	—
Wabash, St. Louis & Pacific.	17	17⅜	16	16½
Do. pref.	32⅜	32½	30	31⅜
MISCELLANEOUS—				
Express—Adams	—	153	150	152¼
American	118	118½	116¼	117
United States	86	86½	82½	86
Wells-Fargo	—	142	137	—
Western Union.	86	86¼	84	85
Silver Bullion Cert.	—	—	—	—

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CONGRESS AND FINANCIAL LEGISLATION.

Before this number shall reach our readers, Congress will be in session, and doubtless will remain so until the discomfort of summer shall scatter them to cooler quarters. Notwithstanding these long sessions, one is often led to ask, What is accomplished? What laws are found in the statute books of an enduring character, or which are helpful to the people? Thousand of bills are pitched into the legislative arena; a few of them are discussed, and a smaller number finally appear in the form of law. Doubtless something is done in the way of educating the members and the public by the discussions and investigations that take place during a session of Congress. Yet the work of Congress is always disappointing, and must necessarily be, from the very constitution of that body. Legislation is a compromise; therefore good and evil are to be found in every measure. In some sessions the legislation is a glory to the participators; in other sessions, it is marked with ignorance, incapacity, and a disregard of the public interest. The record of national legislation from the beginning to the present would be sadly curious, if clearly known. What would be disclosed? How much log rolling; how much interviewing; what a mixing of interests personal, corporate and public, to lead members to the action finally taken? The story of our legislation, if fully disclosed, would be both sad and ludicrous, more interesting than any novel, and more fruitful in some respects, with lessons for the future, than any other history that might be written. Some day, probably, more attention will be given to the subject. Indeed

there is a decided tendency all over the world toward histories of constitutions and of legislation; and by and by the legal record of our own country will draw the attention and study of scholars.

Nearly a quarter of a century has passed since the ending of the civil war; nevertheless, three prominent features of the legislation of that time remain. These are the national banking system, the revenue system and the public debt. At the close of the war, the national funded indebtedness was nearly three billions of dollars, and, including that not funded, the amount greatly exceeded that figure. The reduction has been unparalleled in the history of the world, so that at the present time only two series of bonds remains; the fours and the four and a halfs, which are rapidly disappearing. The probability is that by the end of the century this monument of the civil war, which seemed so depressing to the people at the close of that event, will have passed away. What a rejoicing there will be when that sad remembrance of the great contest shall have faded from sight. But the pension system will remain much longer, and doubtless will soon include a larger number. As the soldiers grow older, the injuries from exposure and suffering will reveal themselves more clearly, and probably the time will soon come when all the names will be found on the pension roll. Nevertheless, the inequalities and frauds and corruption of one kind and another attending the system, it is hoped, will be exposed and corrected. No one should hesitate for a moment to do justice to the soldier, whatever may have been his motives in taking part in that great event; yet the public eye should be steadily kept on the just treatment of all, as well as on those who did not participate in the struggle. One of the pieces of legislation to which Congress should seriously address itself during the session, is the pension system, and seek to guard it against frauds and inequalities and to do justice to all. The system should be amended; especially the principles on which pensions are granted; in short, all the details of the system should be fully understood, and all inequalities redressed. This is a huge piece of work, and we commend it to the members of Congress who have the good of the soldier at heart, and also that of the public.

One of the legacies of the war most highly prized is the national banking system. Many believe that the payment of the national debt means the death of the system; but surely this is not the case. So far as bank-note issuing is concerned, of course, the payment of the national bonds will necessitate either some other basis, or else the withdrawal of this function from the banks entirely, but the system will doubtless survive and grow in usefulness with the coming years. The banks are steadily multiplying,

and probably they will increase more and more, and they certainly would if they were not required to purchase bonds as a basis for doing business. So long as the premiums are so high, those who wish to organize banks in many instances hesitate because they are unwilling to put so much of their capital into that form. If Congress should repeal this provision, or simply make it optional with the banks, we have no doubt that they would increase more rapidly and in places where they are much needed, Congress could well take this step, for no risk is run, nor would the system be imperiled in any way by the repeal of the requirement. Certainly it is not necessary for national banks to issue notes to-day, so far as their own interests are concerned. The profits are too small to make it worth while for them to engage in the business, and, as we have said, the risks are so great of purchasing bonds at present prices that they would rejoice over the repeal of the law requiring them to purchase them as a basis of circulation. Let Congress repeal the law and a good thing would be done in the way of increasing the usefulness of the national banking system.

Probably one of the questions that will confront Congress will be the disposition of the surplus and the reduction of taxation. The reduction that seems to be the most probable is the tobacco tax, which would cut away $30,000,000 of revenue. There seems to be a strong opinion in favor of the repeal of this tax. Beyond this, all is uncertainty. There are many laws relating to the tariff which require revision; and reductions might be made in some directions, especially in the way of repealing laws which yield but little revenue and which block the effective administration of the system, but in the main we do not suppose that the system is likely to be very seriously changed. We suppose that the worsted manufacturers, perhaps, will appeal the most strongly for such a revision as will enable them to withstand the invasion of foreign products. For several years they have had a serious fight on hand to maintain supremacy in their own markets; foreign manufacturers have been importing and greatly undervaluing their goods, and this has been so general and extensive that many of the manufacturers have already failed, while others are in a weak condition. Their condition demands the immediate attention of Congress, and something must be done for their relief unless Congress shall decide it is not worth while to regard with favor the worsted industry any longer.

The silver question, too, is likely to receive considerable attention. An evident disposition is shown by the administration to do something to improve the condition of the producers of silver. But the question is surrounded with great difficulties. Last month we reviewed the paper of Mr. St. John, read at the Bankers' Convention, which has been read and considered everywhere. The

papers in this month's issue by himself and Mr. Knox are the outcome of the revived interest in the subject. The newspapers of late have been flooded with proposals for new legislation, which are ascribed to the Secretary of the Treasury, and which are to be found in his report. These have been strongly attacked by persons who are opposed to the increase of silver coinage on the one hand, and by others who desire free coinage on the other. It may be that the radical demands of most of those who are in favor of free, or greatly extended silver coinage, or of the continuance of the national paper issues, will defeat all legislation on the subject.

These are some of the more prominent features of the work for the present session. Other matters, no doubt, will engage the attention of Congress. A law restricting immigration is one of the most imperative. We are beginning to reap the fruits of the thoughtless policy adopted in the beginning, that we had a great country and could support and take care of everybody who came here. We are beginning to learn the consequences. While many of the foreigners who have come are among our best citizens, others regard liberty as the right to do as they please without any restrictions whatever. The consequences are that many are here who have but little regard for themselves and none for the State; and who consider the ballot simply as a piece of merchandise to be bought and sold like the labor of their hands. It is quite time for Congress to prevent any more of this class from entering. While legislation should not restrict men having capacity for working and for governing, no law can be too severe or sweeping for shutting out the worthless and the law-breakers, and whose coming only shortens the day when lawlessness shall have a wider and firmer grip. No other law, perhaps, is more seriously deserving the attention of Congress than one imposing intelligent restriction on human importations. Congress contains a fair average of ability; let us hope that the session may prove as fruitful in good measures as the best of the preceding ones.

Profits on Silver Coinage.—A significant item in the report of the Director of the Mint, and one that recurs annually, is that of "profit on silver coinage." The profit to the Government on this account for the last fiscal year was $9,370,062, which is considerably above the yearly average, on account of the decline in the market price of silver. In the ten years during which the Bland law has been in operation the Government has gained, by the difference between the commercial value and the coinage value of silver, $57,378,254. This, of course, is in no sense a legitimate "seigniorage" on coinage.

A REVIEW OF FINANCE AND BUSINESS.

AN UNEVENTFUL MONTH IN THE BUSINESS WORLD.

There was nothing in the world of commerce and finance of overshadowing importance during the past month, until the great fires in Massachusetts at the close, and no other new element in the situation, or special change in conditions or values except in some temporary or isolated cases, which have no general significance. Trade has been disappointing in most lines, in part due to the almost incessant rains which have now continued with but few and temporary interruptions over a period without precedent in the memory of the oldest inhabitant, or since the time of Noah. Yet disappointing trade, as a rule, is nothing new. It is the history of business in general for many months, and promises to be for the balance of this year at least. The almost universal complaint is and has been, "plenty of business but little or no money in it." The volume of trade, as was the case last year, indicated greater general prosperity than has been experienced, except in some specialities.

LARGER BUSINESS BUT SMALL PROFITS.

The same is true of 1889. For instance the railroads have been doing a much larger traffic this year than last, and yet the increase has by no means all been profit; far otherwise. Renewals, new plant and improvements which were deferred the past two years of indifferent crops, have been on a much larger scale this year. Rates also have been lower, although there have been fewer railroad wars, and, ordinary expenses have not been reduced in proportion. This state of affairs, with large crops, have given increased activity in all branches of transportation and also stimulated the trades allied thereto. Hence the exceptional improvement in the iron trade, aided by the boom in England which has kept our market free from foreign influence except of a favorable character, as prices there, are as high or higher than here. But this improvement here stops with their interests and is not sufficient to lift the closest ally of the iron trade out of the depths of a depression greater than that of a year ago—namely, the coal trade.

Ocean freights have also gained enormously over any year in the past five, if not ten years, owing to this activity in the movement of our crops and the scarcity of ocean tonnage which continues without any relief, except what is found in a return to sail vessels in the absence of sufficient steam tonnage to do our transatlantic trade.

ACTIVITY IN TRANSPORTATION INTERESTS.

To such an extent have the regular line steamers, and what few tramp steamers have come from the other side, been monopolized by cotton. provisions and flour, that during the past month three sailing vessels have been chartered for wheat and corn from here to Europe. These are the first charters of this kind made in many years or since sailing vessels were driven from the grain trade by steam tonnage, as they are now being driven from the petroleum trade. Lake vessels have not done so well as rail rates were too low and the first half of the season was dull owing to the short grain crops of last year. Yet they have done better than a year ago, with the railroads not only, but because of the activity in the Lake Superior iron ore trade. It was an attempted corner in the Liverpool Cotton Market that caused such an enormous early movement out, of our cotton crop, by which the freight rates from this side to Europe have advanced two and three times over a year ago, at which nearly all the available room till into the middle of January has been pre-engaged, with some contracts running to next April on grain. In one week the freight engagements of grain were nearly 4,000,000 bushels, and of flour 20,000 tons.

DULLNESS IN GENERAL TRADE.

But beyond the transportation interests, both by land and water, and their allied trades, there has been no general activity or improvement, though the returns from the cotton mills of the East show a better year's business than had been expected and fully an average, though they have taken over 50,000 bales less of cotton in the first two months of this crop than last. The coal trade and the woolen goods manufacturers have had the worst time of it; and, probably, the worst in some years as shown by the many failures among the latter and the reduced output of the former for the year. The transportation and iron interests on the one hand and the coal and woolen on the other represent the two extremes of good and bad results of the year's business. Between them lies the great dead level of general trade of which little can be said either way, except of the agricultural interests which have had the worst good crop year in their history, as shown in our last. They have been active too, yet not prosperous. Like a merchant compelled to raise money to pay taxes and interest, by sending his goods to an auction house, the farmers have had a busy autumn in realizing less than cost for their crops. Their necessities to meet interest on farm mortgages have made the crop movement as large as the weather, which has been better West than at the seaboard, would allow. But it has not returned the producer a new dollar for an old one and he has actually been impoverished by the

greatest crops as a whole on record. This of course applies to grain chiefly and to that raised in the great grain belt west of the Mississippi more than to that of States nearer the seaboard.

THE STOCK MARKET'S ROTTEN SPOT.

In detail, our markets have none of them shown much of special interest. The Trust stocks have still been the objects of distrust, owing, in part, to the natural outcome of secret and irresponsible management by an inside ring, which the scandal in the Cotton Oil Company has brought to public attention. In part, also, to the canceling of all charters of Trusts by the State of Missouri, under her new anti-Trust law. But more than all other outside influences to the practical support of Judge Barrett's decision of last summer against the Sugar Trust, by the Supreme Court of Illinois against the Chicago Gas Trust, whose stock broke over ten points in one day on the decision. On the whole, it has been a bad month for Trusts, which should hereafter beware of the ides of November, as it has been the most unlucky month in their history. The Lead Trust also came in for its share of depreciation, resulting from the forfeiture of the charter of its chief works in St. Louis. Of course, the officers of these illegalized concerns laugh at these laws and decisions against them as "unconstitutional and void," as they did of Judge Barrett's decision in the trial of the first case against these Trusts. But the judges of our State courts, and those of Illinois, as well as the lawmakers of Missouri, are about as good constitutional lawyers as Trust officials, and their decisions and laws are likely to stand in spite of the powerful and corrupt influence of these Trusts. Indeed, their continued and heavy sales of long stock at the enormous shrinkage in values of the past four months show that these insiders think so too, despite their forced laugh at decisions, all in the same direction and against them. This is the rotten spot in the stock market, and prevents any general improvement which might come from increasing earnings of all our railroads, east, west, north and south.

THE BALANCE OF THE MARKET.

Next to the Trust the coal stocks have been most depressed, followed late in the month by renewed attacks upon Atchison, on doubts of the success of the reorganization scheme, some say, while its friends claim Gould is behind this attack, and cite the fact that he let down the price of his Missouri Pacific stock at the same time. The old story of his trying to get control of his rival, the Atchison, is renewed to explain the sudden and continued weakness that has succeeded the strength of last month that followed the admitted success of the refunding scheme. The trunk lines all seem to belong to The Happy Family of Railroads, as all

have more than they can do, and nothing to growl about. The Granger system seems also to be settling into peace, if not harmony, though there is the usual amount of scolding each other and "talking back." But few overt acts of war were reported, or cutting of rates, or violations of the Interstate law or the rules of the Interstate Association. These stocks however have been irregular, each system moving up or down by itself, rather than in sympathy with the whole market. Hence the market is still unsettled at the close, with no decided tendency. It is still in the control of professionals, there being no outside trading except from London, which has been a pretty fair buyer, barring the temporary selling that followed the revolution in Brazil on the fear of repudiation by the new Government, or a contest for its control. Bonds have followed stocks with few features of interest.

THE MONEY MARKET.

Money has ruled very irregular during the month, with exceptionally high rates and low ones, as the result, in good part, of manipulation; but these have been only temporary, while the rate to regular customers has varied little, and has been too low to have any important influence on stocks or commercial values. Although money is easy enough in the street and between the banks, their reserve is still low, and collections among tradesmen are reported very bad in and about this city, some reporting them "the worst they ever knew," and money very scarce in general circulation. In the West there has been an improvement since the crops moved so freely. Yet the fact that the money sent West to move them is coming back, very slowly, would indicate collections unusually slow there also, for a good crop year. The sterling exchange market has ruled dull, and with little feature. The small exports of gold have been on special orders, in good part for South America, some of which to Brazil, since the revolution occurred, but in no way chargeable to that event. Otherwise there has been little of interest in this market, except that a flurry in coffee was caused by the change in that Government, on the fear that our supplies from that country might be delayed or shut off for a time. The same was true of rubber, but the excitement blew over as quickly as it came, when order was maintained.

OUR EXPORTS AND FOREIGN TRADE.

Returns for November, of course, are not at hand; but the prospects are that they will show as favorably for our exports and foreign trade as they did for October, which was one of the most favorable to the United States on record, and the best one for nearly a decade, showing a trade balance in favor of the United States of $33,461,168 against $8,612,180 for the same month in 1888, and $3,431,928 in 1887. The exports of

merchandise (exclusive of specie) reached the enormous total of $97,669,417 and exceeded the imports by $29,541,888, and were more than double the merchandise exports for the month of June, and were only exceeded in December, 1880, when they were $98,890,000. The exports of gold exceeded the imports by $1,436,475, and these were not justified by the rates for sterling exchange, but were special shipments to South America. The exports of silver were greater by $2,482,805 than the imports. For the first ten months of the year the trade balance in favor of this country was $44,306,846, the exports of gold having exceeded the imports by $41,142,833, and the exports of silver were greater by $17,781,574 than the imports, though the merchandise imports exceeded the exports by $14,617,561.

THE FIRST TWO MONTHS' MOVEMENT OF COTTON CROP.

The following shows the exports of cotton for the first two months of this crop and the home consumption: The New Orleans Cotton Exchange statement issued since our last, makes the net rail cotton movement across the Ohio, Mississippi, and Potomac Rivers to Northern American and Canadian mills, since September 1, 95,858, against 148,791 last year. Total American mills taking North and South for first eight weeks of the season, 383,285, against 470,310, of which by Northern mills, 314,378, against 400,150. Amount of American crop that has come into sight during the first eight weeks of this crop year, 1,909,008, against 1,660,362. American spinners have also taken less from the ports, and are now in the aggregate behind the corresponding eight weeks of last year, 93,497. Meanwhile the heavy excess in foreign exports has been swelled nearly 58,000 bales, the total increase to November over last year amounting to 288,656, of which England has taken 199,798, France 44,959, and Continental and other foreign ports, 43,899.

THE GRAIN MARKETS GENERALLY

found the lowest level on this crop during the month, under very heavy deliveries by the farmers of the Northwest who are reported bankrupt to a great extent, and compelled to sell their wheat to save their farms from foreclosure, and hence the largest movement of spring wheat in years, at the lowest prices is the result. Europe has refused to take it freely and prices have gone down in the absence of speculation to hold them. Corn has followed, and oats, too, in the face of the best export demand for both ever known. This continued, until prices reached so low a point that many farmers refused to sell, which caused smaller receipts, except of spring wheat, and with it a reaction on the whole list, followed by a better export demand on the advance (as usual) than on a decline, until prices had advanced on shorts covering, and

gaining speculative confidence in future values, to a point where farmers were freer sellers again, causing a downward reaction toward the close of the month. This drove off the exporters mostly for both flour and wheat, the former having been active on the advance for export. Hence the month closes on dull, weak and unsettled markets again.

The close of navigation now practically at hand, however, is looked upon as the turning point in the crop as usual, when the largest movement as well as the lowest prices of wheat have generally been reached or passed. Corn, being a later crop by nearly three months, has not yet begun to move as freely as expected for the reason that the new crop is delayed by wet weather and its volume is never reached until January, or later, according to the weather. Still, prices of that staple have seldom been as low in the history of trade, and, with continued exports, it has many friends at present prices, as well as oats, which are being exported freely again. On the last two days of the month a sharp corner developed in Chicago and cash corn jumped in one day from 33 to 62 cents and Hutchinson was caught short about half a million bushels, though himself the champion cornerer.

THE FLOUR MARKET,

as indicated above, has, in great part, followed wheat, though early in the month it held up after wheat had gone down, as the supply of both trade and export grades of spring were not equal to the demand for either, both having been sold well up for this year. But winter flours were not in as good demand, and thus accumulated during the mouth until near the close, when the railroads were compelled to give notice to remove these large stocks of flour from their docks, which were blockaded, and forced sales caused a 10c. to 15c decline on nearly all winter grades. At the same time heavy clearances on old contracts caused the London and English markets to weaken under the heavy offerings, and exporters generally withdrew from our market. Yet Europe, or rather Great Britain, prefers our flour to our wheat, as it is relatively cheaper, and the freight on the manufactured flour is less than on the raw material—wheat. Rye flour has been taken freely for Germany, in the absence of offering American rye, after half a million bushels had been taken for Germany also, on account of the short rye crop in that country. This was the first rye flour exported to Germany in years. Mills in the Northwest generally are still sold ahead, and are holding firmly on springs, as choice spring wheat is in small available supply West as well as East, as this is the grade that England is taking and our own millers chiefly require

THE PROVISION MARKET

has been very unsettled as the clique in October pork in Chicago

have been trying to hold up November in order to get out with as little loss as possible, while January has been sold by the packers against the heavy receipts of hogs the latter part of the month. The same was true of lard until the last half of the month when the exposure of the speculations of the cotton oil officials in lard and their displacement from control of that company left lard without support and the deal collapsed leaving the clique broker or commission house in the gap to get out as best he could. He has been doing that in Chicago and here until the price of November, which was one-half cent per pound over January, has fallen to a discount and left the spot market glutted, with exporters holding off. Yet prices are so low that few dare sell. That and the later months remained comparatively steady in face of heavy receipts of hogs which are still considerably above the level of the products. Hence prices of provisions as well as breadstuffs are regarded as near, if not at the bottom on this crop and safe though there is no immediate inducement to buy either yet, for an advance.

EFFECTS OF THE BIG FIRES.

At the close of the month the losses of an aggregate of about $10,000,000 by the Massachussetts fires had a very depressing effect on the prices of stocks, and bonds did not escape, as the expectation was that a large amount of investment securities, held by the insurance companies, would be thrown on the market in order to raise the ready money with which to pay their losses. This led investors to anticipate this action by throwing their own securities over first and a considerable decline resulted, followed by an advance in the rate of money to 15 per cent. At the same time, however, the statement of October earnings by a number of representative railroads was completed and published showing material gains both in net and gross, over a year ago, which helped to counteract the selling movement, which fact was utilized by the Bulls to hold, as the fires were by the Bears to break the market. The Pennsylvania, Erie, Canadian Pacific and St. Paul roads made the greatest gains; and as they represent the three most important systems in the country—the Trunk Line, the Granger and the Trans-Continental systems—they may be taken as an index of the whole. November returns will show as well if not better, as they have been blockaded with freight the past month.

FINANCIAL FACTS AND OPINIONS.

Comptroller Lacey's Report.—The new Comptroller of the Currency, Mr. Lacey, makes a number of recommendations, having in view the continuing of the National banking system. Several of them have been made by his predecessors, but they have fallen on deaf ears, for the reason that they look only to a brief extension of time for the bank-note circulation. But the other parts of the system may be easily preserved, and ought to be. On this point the Comptroller recommends that the requirement that all banks keep a minimum of $50,000 of Government bonds be reduced to $30,000. Why not provide that National banks which do not desire to issue circulating notes need not keep any bonds at all? The constitutional question which is sometimes raised, whether Congress can charter banks without the fiscal purpose of lending some portion of their capital to the Government, might then receive a solution through the courts.

Money in Circulation.—One of the most interesting features in the report of the United States Treasurer, Mr. Huston, is the change in the amount and character of the circulating medium, during the past year. In the first place, the circulation has increased from $1,384,340,280, October 1, 1888, to $1,405,018,000. October 1, 1889, or $20,677,720. The principal change in the character of the money in the hands of the people is in silver certificates. The circulation is now $276,619,715, or $58,058,114 greater than a year ago. This increase is attributed more to the withdrawal from circulation of National bank notes than to any other one cause, although the increasing business demands of the country contributed materially to the result. The reduction of National bank-note circulation since last October is $37,799,225. The total amount outstanding on the 1st inst. was $199,779,011. There has also been a decided decrease in the circulation of gold certificates, which have declined from $134,838,190 in October, 1888, to $116,675,349 on the 1st inst. Excepting silver certificates, United States notes have increased in circulation more than any other form of money. Of these, there are now in circulation $325,510,758, which is $19,458,705 more than was in the hands of the people a year ago. The circulation of gold coin is now $375,947,715, or $1,382,149 less than it was last October. There are about half a million less silver dollars and nearly $1,000,000 more of subsidiary silver in circulation now than at the same time last year. The amount of silver dollars now in circulation is $57,554,100, and the amount of subsidiary silver in circulation is $52,931,352.

Rise in the Price of Silver.—Of late the price of silver has been rapidly advancing. It is now selling in London at 44 pence per ounce, the highest figure reached during the year, and nearly twopence per ounce above its quoted price of two months ago. The demand for silver from India this year has been exceptionally large. During the ten completed months of 1889 the export of the metal from London to India has been £1,672,682 more than in the corresponding months of 1888. This is due to the improvement in commercial conditions in India, resulting in part from its profitable harvest of last year. America has supplied London with the amount of bullion necessary to satisfy India's needs, but there has been relatively little surplus left over. The result was, that when the fall demands for subsidiary coinage purposes arose in England and on the Continent the supply proved inadequate, and a steady advance in price ensued. This country has already exported to Great Britain a balance of something less than $20,000,000 silver, nearly double last year's shipments.

Internal Revenue.—There are some interesting figures in the report of Mr. Mason, the Commissioner of Internal Revenue, for the year ending June 30 last. The total amount of the collections was $130,894,434, an increase of $6,567,958 over the previous year. The cost of collecting this sum was $4,185,729—about 3.2 per cent. of the total received for internal taxes. Mr. Mason's estimate of the collections for the present year is $135,000,000, which is of special interest in view of the strong likelihood that the Republican majority in Congress will, before the fiscal year expires, enact legislation materially reducing the internal revenue taxes. It is noticeable that the report shows a gradual increase in the production of oleomargarine. The average monthly production of this article for the year was 2,972,002 pounds against an average in the previous year of 2,860,460 pounds; yet for the first three months of the present fiscal year, Mr. Mason informs us, there was a small falling off in the amount of taxes collected on this substitute for butter.

Usury in Kansas.—The last Legislature in Kansas passed a law regulating the rates of interest, and punishing anyone who took usury. It provided that if excessive interest or usury was charged, the lender was liable for both the principal and interest. The law has been recently applied by the District Court of Topeka. Many years ago David Hutchinson borrowed $8,000 from H. D. Booge, a money-lender, who was secured by a real estate mortgage of $12,000 with excessive rates of interest. Hutchinson died, and Booge sold the notes and mortgage to Hubbell, of Des Moines, Iowa, who brought a suit for foreclosure against Hutchinson's heirs The defendants pleaded usury. The execution of the note and

interest was acknowledged, but the jury rendered a verdict for the defendants, thus extinguishing both the debt of $8,000 and the interest.

Postal Savings Banks.—We are likely to hear more about the postal savings banks system during the present session of Congress. The advocates of the system will probably ask a hearing before the Congress soon to convene. The success of the system in Great Britain is the strongest evidence they will have to present in favor of the practicability of the scheme, and it must be acknowledged that some of the statistics are on their side. The depositors in the postal savings banks of Great Britain number 4,220,927, while the depositors in the savings banks of this country number 3,838,291. In other words, about one-sixteenth of our population are savings bank depositors, and about one-eighth of Great Britain's population, or twice as many relatively, are postal savings bank depositors. The population of this country is more scattered than that of Great Britain, and that probably reduces the number of depositors. Those, however, who advocate the adoption of this system in this country do not consider the different conditions existing here from those in Great Britain and in other countries where it is in operation. In this country we have abundant facilities for taking and using the earnings of the working classes, so that the same necessity for organizing postal banks does not exist. In New England and many of the other States the savings bank system has been long in operation and is admirably adapted for the purpose of receiving and securing safely the smaller deposits of people. The Building and Loan Associations also serve the same purpose. In most of the States these have an excellent history, and furnish ample facilities for all the deposits of the working classes. It seems to us, therefore, that there is not the smallest justification for introducing the postal system. The Government has quite enough to do without stretching out its arms in this direction. On the other hand, there is no necessity for its doing so, because the workingmen now generally understand how they can deposit their money safely and get as large a return therefor as can, or probably would be paid by the Government.

Illegality of Western Mortgages.—A decided sensation was caused not long since by a decision of Judge Botkin, of the thirty-second Judicial District in Kansas, in the case of *Wilson & Tom's Investment Co.* v. *Hillyer*, to the effect that a mortgage was void before final proof was made to the Government of title in the mortgagor. As this had been done very generally, it was feared that other mortgages would be declared invalid for the same reason But it now appears that no such decision has been rendered. The

holders of mortgages, therefore, have been scared without reason. One would suppose there were enough real occasions for anxiety and disquietude, without creating imaginary ones. The nature of the decision may be best given in the Judge's own words to the reporter of the *Wichita Eagle:*

"I did not decide that a mortgage given by a pre-emptor or homesteader prior to receipt of the receiver's final receipt was illegal and void. That question was not raised. The defendent entered into contract with the loan company six days before making final proof by which he agreed to mortgage his pre-emption claim. The plaintiff advanced him more than $200 under the contract. Defendant after final proof refused to execute the mortgage, and suit was brought to compel specific performance. I ruled that, as the contract was made before final proof, and as the plaintiff knew defendant would have to commit perjury under the act of Congress of 1841 in making final proof in the face of the contract, that, therefore, the contract was tainted with moral turpitude on both sides, and was illegal and void, and that equity must leave both parties where it finds them."

From what Judge Botkin says it appears that no mortgage had ever been executed by Hillyer; and the Wilson & Tom's Investment Company brought suit to compel Hillyer to execute a mortgage under a contract or agreement entered into six days prior to final proof. In this decision there is nothing to show: First, had the suit been brought to compel Hillyer to pay back the $200 advanced under the agreement, the court would not have rendered judgment for that amount against Hillyer; Second, Had Hillyer executed a mortgage, instead of an agreement to mortgage, the mortgage would not have been a valid lien upon the premises.

Gold Exportation by American Travelers.—At the request of Director of the Mint Leech, Mr. Mason, Superintendent of the Assay Office at New York, has obtained from the steamship companies an estimate of the number of Americans who went abroad during the last fiscal year ended June 30, 1889, and has also made an estimate of the amount expended by each. The number of American passengers to Europe was 178,803, of whom 77,590 were cabin passengers, first and second, and 101,213 third class. He estimated the average amount used on each letter of credit issued by eight large banking houses to be about $1,500. The average amount expended by each cabin passenger is estimated by Mr. Mason at $10 per day for 100 days, or $1,000. This would make a total for cabin passengers of $77,590,000. The average amount expended by third-class passengers is estimated at $150 each, or a total of $15,181,950, making the total amount expended by passengers from New York in Europe during the fiscal year ended June 30, 1889, $92,771,950. This does not include the passengers during July, August and September, 1889, in which months the attendance of Americans at the Paris Exhibition was the largest.

Mr. Mason does not claim that these estimates are anything more than guesses. His estimate of $1,000 expended by each cabin passenger may be too high, while $150 for each third-class passenger is, perhaps, too low an estimate. But, after making all proper deductions from these estimates, and adding thereto the cost of passage for the round trip, the expenditures of American tourists in Europe will account for the greater part of our export of gold during the past fiscal year.

Gold Exports.—A recent number of the London *Statist* contains some explanations of the exports of gold from one country to another which have lately taken place. It says that the great object of the London banking houses in making these exports has been to keep the money market easy at home, in order to enable them to facilitate their financial operations. Thus gold has been imported into London at a considerable loss, yet a gain has been made in the end by so doing on the final operations with which this export was connected. Not long since the Rothschilds exported $1,500,000 from New York at a loss of about a half of one per cent. on the transaction; but on the other hand this operation enabled them to effect the conversion of their Brazilian loan with much greater ease; and the commission for effecting this conversion was enough not only to pay the loss on the export gold from New York, but also to net them a handsome profit from the operation. "But while all this is true, it is to be recollected that movements of gold from one end of the world to another may be made for a little while; but there is a limit to them. The withdrawal of so small a sum as £300,000 from New York had a very serious effect in that city, and it is quite possible that if a million had been taken we might have had a panic in the money and stock markets there. So, again money may be brought from St. Petersburg, but the question is, How much can be spared, and if very much is shipped what will be the effect upon the St. Petersburg market itself? Likewise the transference of gold from Buenos Ayres to Rio cannot have failed to have some effect upon the Buenos Ayres gold premium, and so in every other case. The truth is that the improvement in trade all over the world is such that there is a strong demand everywhere for money. No one banking center, therefore, can afford to part with very much without being seriously affected. And, consequently, if for the sake of keeping the London market easy other markets are depleted, there is certain to be trouble in those other markets. We have, therefore, much distrust of the present speculation in the stock markets."

Gold Production in 1889.—Several gold-producing countries show quite an increase of output for the first six months of the year.

especially the Transvaal, where the product has been £750,000, as compared with £400,000 during the corresponding period of last year and £900,000 during the whole of 1888. During the 17 years from 1871 to 1887 the South African gold production averaged only £50,000; this year the Transvaal and remaining localities are estimated to turn out £1,750,000. In Australia, Queensland is gradually taking the lead. From 1851 to 1886 the yearly average was £542,000, the 1887 production reached £1,590,000, and during the first half of the present year it amounted to £1,400,000, the increase being chiefly due to the extraordinary yield of the Mount Morgan Mine, which for some months past has been distributing a monthly dividend of £100,000 on a stock capital of £1,000,000. About 6,000 tons of gold quartz pass through the stamps of the mine every month, the average extracted from a ton being 5¼ ounces. Several other Queensland mines are also doing well, so that the total yield of the colony is estimated at £3,000,000 for the current year, against an average of £542,000 from 1851 to 1886, both included. Favorable reports have recently been received from Peru and Bolivia, where, between the River Madre de Dios and the Peruvian frontier, rich gold fields have been discovered. A railroad is to be built from the banks of the Madre de Dios to the Amazon River in Brazil. Gold production in British India has to deal with comparatively modest figures. During the fiscal year 1888–89 the entire yield was £400,000. An impression prevails that gold production may develop more rapidly henceforward than that of silver, but there is no abatement perceptible in the production of the latter in America, while in New South Wales and South Australia it increases rapidly just now. Thus during the first six months the Broken Hill Proprietary Company's mine in New South Wales turned out 2,677,686 ounces of silver, against 2,290,455 during the preceding six months, and 1,633,757 from January 1 to July 1, 1888. The mine produced during the last three years no less than 9,756,977 ounces of silver.

A Trust Decision.—Within a month, the Supreme Court of New York have rendered a very important decision declaring the Sugar Trust to be unlawful. Such a decision was expected, and therefore is not a surprise to the public. The mere enhancing of prices is not an offense against society. Every merchant endeavors, with perfect freedom and perfect right, to get the best price he can for his goods. But when several individuals conspire together to enhance prices, their doing so is a confession that conspiracy is necessary in order to attain the advance desired, and consequently that the advance is not at the time justified by natural conditions of demand and supply. The conspiracy of several brings into operation concentrated force, which is antagonistic to

and tends to overpower the force of individual consumers. In effect, it tends to destroy a free market; to prevent that free competition by which alone prices can be regulated equitably both to producers and consumers. Hence it is that the decision of the court holds such a conspiracy contrary to the public welfare, and therefore criminal. The aggregation of individuals under the form of the Trust does, in fact, in nearly all cases, contemplate control of the markets and the fixing of prices regardless of consumers. Wherever this is the case, the reasoning of the court appears to be unanswerable.

It is true that the decision thus rendered is not final, but probably it will be sustained by the highest court in the State, and no doubt the same opinion will prevail in other courts whenever the question comes before them. But after all, the legal status of these combinations is not of very great moment to the public. Even if the illegality of trusts be declared, they will be able to accomplish their ends probably under other forms or ways. There are lawyers ingenious enough in the country to find methods of working out the trust purposes, whatever the law makers and executors may do concerning them. While decisions of this character may do something toward stamping these trusts unfavorably, and to lessen the regard for their managers, yet they will not be effective in destroying the end for which they were created. That end clearly is to enhance prices in order to make larger profits. The correction of this evil, whenever it is one, can hardly come through the forms and powers of law. It must come, as we showed several months ago, when considering this subject more fully, through the action of others in creating rival concerns and producing the same commodities. In other words; if the trusts do succeed in raising prices and acquiring great gains, others will be tempted to embark in the same business, and ultimately, through the operation of competition, prices will be lowered and thus the evil be corrected. It was in consequence of excessive competition that many of the concerns which are now combined, were led or forced to such action. In many cases, ruin was very near, and such a combination seemed the only escape from utter bankruptcy. Now, if these combinations, under whatever name they exist, and whether legal or not, seek to make only a fair profit, doubtless they are secure enough both in public opinion and in law; but if they seek to extort too large gains from the public, then, as we have said, others will be led to embark in the same business, until competition shall lower prices to a minimum. It is in this way, after all, that the public is to escape from the injuries now inflicted on them by trust combinations. It is well enough to declare them illegal, to stamp them as law breakers, but the thing which the public

desires most is the diminution of prices to a fair level. So long as they keep within this limit, they are likely to live as long as they desire; if they seek to acquire the largest possible gains, they are sure to fail regardless of legal authority or sanction.

Farmers' Trusts.—The farmers of Missouri are now trying to form a trust. They are moved to action by the same reasons which impelled the sugar producers to establish a trust, the low prices for their wheat and corn and other products. But the curious thing about the Missouri farmers is that during the last session of the Missouri Legislature they were the leading movers in enacting a law for suppressing trusts of all kinds, and succeeded in having a very drastic law put on the statute book. Now, if this law is to operate at all, it is operative against these very persons who desire to form a trust for the protection of themselves. The farmers have, in truth, just as good a cause as the sugar producers and other persons for forming a trust. The prices of their products are low: they are suffering seriously from a surplus; from speculation; from excessive rates of transportation in some cases, and from other evils. They are becoming discouraged; their lands are heavily mortgaged in many cases, and their burdens are becoming too grievous to carry. No wonder they are looking around for relief; but this, we think, must come in another way. The low prices will lead some to abandon or vary their product; in other cases farmers will doubtless find methods of producing at less cost, and so through suffering and experience, they will be able to escape in large measure from the evils that now encompass them. But no magical relief can be found in a trust. The truth is, as we have already said, the trusts which have been successful are those that are selling their productions at fair prices, like the Standard Oil Company. Whatever sins that huge affair has committed, it certainly has treated the consumers at all times with consideration, and it is due to this policy on its part that it has been enabled to thrive so long and accomplish so much. The farmers ought to receive more for their grain than they are getting to-day; at least get a larger profit from their investment and toil. This must come by improved methods in production, or lower rates of transportation, or finally by freezing out rival producers in Russia, India and other countries

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Decline in Value of Trust Certificates.—Trust certificates in the last five months have entailed a loss on their holders by their shrinkage in value of $55,000,000. This is a heavier fine than could ever have been imposed by law on their organizers. The decrease in the value of the Sugar Trust during the fall, of fifty-eight and one-half points, has been $29,000,000 and the Cotton Oil and Lead Trust have each

suffered a loss half as large. The idea may at length strike some one that it was not the way the Standard Oil Trust was organized, but the ability of its management, which made it successful.

British Railroads.—The annual report of the British Board of Trade which has just been issued contains the figures relating to the capital traffic and working expenses of all the railroads of the United Kingdom for 1881. At the close of that year these railroads represented a length open for traffic of 19,813 miles, and a total capitalization and debt of $4,325,000,000 (£865,000,000); this being equal to rather more than $218,000 capital per mile. In this country, 1888 closed with 156,082 miles completed, and a total share capital and indebtedness of $9,369,398,954, being equal to $60,000 per mile. The dividends, despite new investments of some magnitude, rose to an average of 4.22 per cent. from 4.08 in 1887 and 3.94 in 1886. To the middle of last year it looked as though an equally favorable showing would be made here; but competition and rate cutting in the West delayed this, the total dividends in this country falling $11,330,417 short of those paid in 1887. Of the total capital invested in British railroads, only 7 per cent. failed to receive interest or dividend in 1888, and this included companies whose lines were in course of construction. On the other hand, we find $8,975,000 of ordinary capital earning a dividend of 15 per cent., the highest rate, earned in 1877 (by nearly the same amount), being 13½ per cent. The highest proportionate amount of ordinary capital—viz.: 24.9 per cent. of the whole—earned dividends ranging from 5 to 6 per cent. The average over the whole, as already stated, was 4.22 per cent. In view of the low profits earned in recent years, this must be regarded as satisfactory by those interested, and fully justifies the conclusion reached in the report, that the year "1888" was a year of increased business in every way for British railroad companies, and that this was a paying increase. These figures will perhaps surprise many people who have an impression that British railways are rather poor property; but surely they are not, compared with our own. It is true that the condition of British railways has improved of late years; while the same cannot be said of the railroads in this country, in the aggregate. Our railroads have been extended so rapidly that while many of the older ones are in a good condition, an average of all draws the profits down to a low figure. Consequently, the average profit on the British railroads is larger than on our own.

A New Lesson in Inflation.—During the civil war the American people learned much about the consequences of issuing paper money, and after the war was over, and prices began to shrink

and debtors found their burdens rapidly increasing, they knew all about it. The people in the Argentine Confederation are now learning their lesson. They have been issuing paper money to a very large amount; prices have been rising fearfully, and great fortunes have been made; but the end has come; gold has risen to an enormous figure, and business has become chaotic. A recent number of the Buenos Ayres *Standard* vividly describes some of the consequences of this policy: "No matter where we look, it is plain in every department, in every walk of life, that forced currency has blasted the country and taken it back ten years. For three years we have lived in a fool's paradise, earning, borrowing, begging, lending, and squandering. We have gone through our earnings, say 250 millions per annum, and through our borrowings, say another 250 millions, not to mention several hundred million cedulas. London, Paris, and Berlin have ministered to all our wants; we have sold our railways, our lands, our public works; we have pledged all our resources, we have mortgaged our future; and now we stand beggared, with gold at a phenomenal premium. The La Plata Government is in the field with a $50,000,000 conversion loan in 4½ per cent. bonds. The Government has also obtained authority from the Legislature to sell the Western Railway; then the Ensenada Port will be sold; the only great asset remaining being the Provincial Bank, which no doubt will share the same fate in the immediate future. The financial situation of this market has inspired great fears in Montevideo, where large amounts of Argentine capital are engaged in a score of joint-stock companies. The excitement in the gold market grows daily. Importers report all business stopped, owing to the extraordinary rise in gold. Some large land operations have also been brought to a standstill. Many new companies will remain in embryo until gold resumes its normal rate."

Condition of the Bank of France.—The business of this great institution and its country branches amounted last year to $2,401,000,600, as compared with $2,315,184,100 in 1887. The metallic reserves of the bank stood at the close of 1888 at $448,420,000, as compared with $459,120,000 at the close of 1887. The metallic reserves attained their maximum last year on the 24th May, and were at their lowest point at the close of the year. The gold held by the bank at the close of 1888 amounted to $201,200,000, as compared with $441,120,000 at the close of 1887. The silver held by the bank at the close of 1888 was $245,600,000, increased from $238,000,000 at the close of 1887. It follows that the combined stock of gold and silver at the close of 1888 was $446,800,000, as compared with $456,120,000 at the close of 1887. The stock of gold declined last year to the extent of $19,920,000, while the stock of silver increased

to the extent of $7,600,000. The rate of discount, which had remained at 3 per cent. from February 22, 1883, to February 16, 1888, experienced several modifications in the course of the past year, having fallen to 2½ per cent. February 16, while it was carried again to 3½ per cent. September 13, and to 4½ per cent. October 4. The latter change was necessitated by the rise in exchanges, and also by the advance in the rate of discount on sundry foreign markets. On the 10th of January this year, the bank, acting in concert with the Bank of England, reduced its rate of discount from 4½ per cent. to 4 per cent., while a further reduction of ½ per cent. took place January 24, leaving the discount rate at that date at 3½ per cent. The discounts made by the bank last year amounted to $1,737,145,120, as compared with $1,653,731,600 in 1887. The number of bills discounted by the bank last year was 5,423.916; of these, 1,820,473, or more than one-third, were below $20 each. In 1881 the number of discounted bills below $20 was 1,160,945; in 1883, 1,349,270; in 1885, 1,590,839; and in 1887 they were 1,668,800 in number.

Peruvian Finances.—The troubles between Peru and the English bondholders have at last been settled on terms which virtually give the latter full control for sixty-six years of the railroads and mines, all of the guano deposits not now owned by Chili, concessions of 4,000,000 acres of land, and the annual payment of $400,000 of customs revenues. From these terms of settlement it would appear that Chili still retains her hold on the territories which she acquired by conquest, and that the decision of the French and English Courts, that the Peruvian bonds constitute no lien on these territories, has at last been accepted. The indebtedness to the English bondholders amounts to $280,000,000, and $150,000,000 will be needed to put the railroads into good condition.

THE INTERNATIONAL MONETARY CONGRESS OF 1889.

By Ad. Coste.*

The International Monetary Congress of 1889 was held from the 11th to the 14th of September. Almost all the countries of Europe and America, and even Japan, were represented by names notable in science, politics and business. Fifteen governments or foreign committees of the Universal Exposition had appointed delegates. England was officially represented by the Hon. C. W. Fremantle, of the Royal Mint of London, and by Mr. G. H. Murray, an official

* Adapted from the *Journal des Economistes* by O. A. Bierstadt.

of the Treasury. It may be remembered that in May last Lord Salisbury, the Minister of Foreign Affairs, and Mr. Goschen, Chancellor of the Exchequer, replied to a manifestation of bimetalists by referring them to the French Monetary Congress. The bimetalists were mindful of the invitation, and appeared in force at the Congress. In consequence, the curiosity of the economic world was justly awakened. The Congress has kept its promises; it was very interesting.

It opened on Wednesday, September 11, at 10 A. M., in the Trocadéro Palace at Paris. In the absence of M. Rouvier, Minister of Finance, the address prepared by him was read by M. Maguin. The Minister in it proclaimed the great importance of the monetary question and assured the Congress that the French Government would give close attention to its debates.

Then officers were appointed as follows:

Honorary President: M. Pellegrini, Vice-President of the Argentine Republic.

President: M. Maguin, Senator, Governor of the Bank of France.

Vice-Presidents: MM. Léon Say and Henri Cernuschi, Mr. Grenfell (England), Emile de Laveleye (Belgium), Emile Levasseur (France), Luzzatti (Italy), and Max Wirth (Austria).

Secretaries: MM. Adolphe Coste, Fernand Faure and Arthur Raffalovich.

MM. Léon Say, Luzzatti, Max Wirth and Fernand Faure were unable to take part in the Congress.

On assuming the chair M. Maguin made a speech, in which his bimetallic sympathies were clearly expressed. He said: "Gentlemen, you will please allow the man who had the house of calling and presiding over the conference of 1881 to remind you, in a few words, of the past, and to tell you what he expects of the future toward the solution of this great monetary question which is not only bound up intimately with the commercial, industrial and agricultural interests of the whole world, but which also prevails and rules over them.

The United States and France convoked in 1881 at Paris an international monetary conference for the purpose of 'presentation to the governments so represented for their acceptance a plan and system for the establishment by international convention of the use of gold and silver as bimetallic money.' Although most of the governments represented declared themselves in favor of the Franco-American project, the conference had, in consequence of the attitude of England, to adjourn without having attained the desired result.

The monetary disorder, which (it may be said without fear) dates from 1873, and to which the conference of 1881, if it had succeeded,

might have applied a remedy, has only gone on growing worse. The difference of value between gold and silver has further increased in a large proportion. The perturbations of exchange between silver monometallic countries and countries coining only gold money have become more intense and more frequent. The prospects, far from being reassuring, are calculated to frighten prudent minds. Indeed, if the United States should repeal the Bland Bill, and the Latin Union should be given notice, the debasement of the white metal in relation to the yellow metal would, so to speak, be without limit. There would then be a terrible monetary and commercial catastrophe over the whole world."

M. Maguin recalled the recent declarations of Lord Salisbury and Mr. Goschen, in reply to the English bimetallic deputation, and said the Congress could not fail to see in them a step towards a necessary solution and a good omen for the future.

After communications from the Secretary, M. Allard, of Brussels, begged a hearing might be at once given to the official representations of the bimetallic movement in England and Germany. Mr. Grenfell, formerly governor and at present a director of the Bank of England, the strongest of the English bimetalists, then took the floor. He declared that he represented neither his colleagues of the Bank of England nor the club of economists of London, of which he is Treasurer, most of them not sharing his ideas. He appeared on behalf of a free association: the English Bimetallic League. Then he spoke of the obstacles this association meets in propagating its ideas, on one side in parliamentary obstruction, and on the other in the general belief that the last word was said upon monetary matters by the first Lord Liverpool. After Newton mathematical studies in England came to a stand for a time, because people did not imagine anything could be added to what the great man had demonstrated; so it is for monetary studies in England since Lord Liverpool and his immediate successors. Mr. Grenfell mentioned, however, the two royal commissions to investigate commercial and monetary affairs, and complained that the English Prime Minister was still of the opinion that discussions should begin anew; he denounced also Mr. Goschen's icy impartiality. He was no less dissatisfied with the leader of the opposition, Mr. Gladstone, a man who does not have to study questions before speaking and judging of them, and who dares assert that bimetalism is a synonym for protection and the repudiation of public debts. In view of the hostility or frigidity of the ministers, Mr. Grenfell and his friends have turned to the people, to the corporations and trades unions, and have obtained great results, though still opposed by the English press. Mr. Grenfell concluded that the governments should call a Congress of action with power to adopt resolutions. He believed in free trade, and he thought the establishment of an

international money would mark great progress towards liberty of commerce.

Mr. Otto Arendt, Secretary of the German Bimetallic Association, read a communication from his President, saying that Prince Bismarck refused to take the initiative in the monetary question, but would support England. It was necessary to move England towards bimetalism. This monetary solution would settle the Irish crisis, which is an agricultural crisis. The agricultural interests suffer most from the fall in prices, resulting from the *appreciation* of gold. There was also correlation between the interests of the Indian government and those of the English industrial centers.

M. Moret, of Prendergast, formerly Spanish Foreign Minister, demanded that facts should be considered above all. The *statu quo* is impossible in the presence of the suffering of the people. The *appreciation* of gold has lowered prices and raised up protection everywhere.

M. Théodore Mannequin, member of the Society of Political Economy, closed the first sitting. He thought the statistics of the precious metals inexact and almost useless. The two precious metals fall in value simultaneously, and the fall must always be most marked for silver. The losses are only greater, if legislation intervenes. The re-establishment of the double standard would occasion the alternate exportation of gold and silver, and would result, by the depreciation of money, in the coming in fact of the single gold standard. He advocated a speedy adoption of gold monometalism.

At the second sitting of the 11th of September, M. Cernuschi made his great speech. Silver has depreciated, according to his views, in relation to gold, because the fixed ratio between the two metals has been broken. He illustrated this by a charming fable. Two canary-birds, one yellow and the other white, lived happily in the same cage with no thought of flying away. But, one morning, he found the cage empty; the wicked monometalists had opened the door; the cage, representing the famous 15½, was deserted; the gold canary and the silver canary had taken to flight each for himself. What makes the value of the precious metals is their coinage. Declare gold and silver equally apt for becoming money, they will not depreciate nor move from each other. On the contrary, withdraw the liberty of coinage from one of them, as has been done in the Latin Union (and the Latin Union is France; France is the monetary key of the world), the metals will no longer have anything to keep them together; one will rise and the other will fall without any moderation. The production of the precious metals has nothing to do about it, for that cannot be superabundant. To prove it, M. Cernuschi exhibited a graduated stick, covered with silver paper, and representing the quantity of silver metal in existence; by its

side he placed a little slice representing the quantity of gold metal. The speaker had traveled much, and had seen paper money increasing everywhere. He prayed that new gold and silver mines might be discovered. In conclusion, he read the principal articles of his proposed bimetallic convention, suggesting that England, Germany, the United States and France should allow the coinage of gold and silver without limit and should adopt the ratio of 1 to 15½.

M. Adolph Coste, the youngest of the economists present, was the first to answer the bimetalists. He complained of the disrepute attached to the name of "monometalists." Bimetalism seems to mean monetary abundance, and monometalism monetary restriction. Nothing is more false. There may be monetary restriction with bimetalism, for it makes so great precautions necessary to defend our gold, that we prevent it from circulating, we rarefy it artificially. With legal monometalism there would be great monetary abundance. As a general thing one must approve of the increase of money, provided it is not artificially produced. Now the re-establishment of the conventional ratio of 15½ would artificially raise the present price of silver 43 or 44 per cent. Thus an enormous increase might be feared in the output of the American mines, and silver would be kept back from Asia and Africa, swelling considerably the monetary stock of silver and leading to great disturbances in prices and contracts. The 15½ ratio is no more possible than the suppression of silver money, and such a solution as the free coinage of silver at the lower ratio of 1:20 would give rise to serious inconvenience. M. Coste advocates the monetary *statu quo*, but thinks it should be improved by limiting silver payments to sums under 1,000 francs. "Gold," he says in concluding, "is henceforth the only international monetary metal; silver can play but a national part." This second sitting was ended by a communication from M. Charles Spitzer, proposing the coinage of money composed of an alloy of gold and silver.

At the third sitting, on the morning of Thursday, September 12, M. Cernuschi read a letter from Mr. Giffen, protesting against being called a bimetalist. Although Mr. Giffen is one of the authors of the theory of monetary *appreciation*, he adheres to monometalism and considers as *lunatics* the bimetalists who pursue the chimera of the rehabilitation of silver.

M. Fournier de Flaix showed how little encouraging to the bimetalists were the declarations of Mr. Grenfell and M. Arandt. He thought the remedy for the present monetary crisis might be in measures taken freely to stop the depreciation of silver, which is now very near its maximum. He spoke of the possible forma-

tion of an international committee, outside of the government, for buying silver bullion in the market.

Then M. Boissevain presented a memoir upon the monetary situation of his country, Holland. The majority of people in Holland are bimetalists, because they want a community of monetary standard with the whole commercial world, with the Orient as well as Europe, and this can only be obtained with the bimetallic system. He opposed the *statu quo*, the continuation of the monetary situation of the last fifteen years, the results of which may be characterized as: fall in prices, diminution, or at least stoppage of the development of industrial production, lowering of wages, and want of work for the laborers. Though he saw the difficulty of re-establishing the ratio of 1 to 15½, it was a necessity.

Applause greeted M. Levasseur. He too protested against being called a monometalist. He was a trimetalist, but he wanted only one monetary standard. He sought to free the monetary question from all its complications. Commercial and industrial crises are no novelty, they do not date from 1873. Crises specially monetary are the result of sudden increase or reduction of the coinage; they appear even more to be feared with the double standard than with the single standard. The present fall in prices can result only secondarily from the situation of the precious metals. It must be chiefly attributed to more energetic production, improved transportation, lower freights, and is more accentuated on manufactured than on raw products. The popular misery so much talked about is certainly much less now than twenty years ago. Without denying the serious difficulties of agriculture, it would be unjust to attribute the general rise of protection to the account of the monetary standard. Protection came in the United States after the war of secession, and the monetary standards surely had nothing to do with it. The bimetalists assert, that the simultaneous use of the two metals would lighten public debts, but must bimetalism be adopted as a convenient method of going through an imperceptible bankruptcy? Justice in contracts is the ideal common to all economists.

M. Levasseur continued his speech at the fourth session (Thursday evening). Money is at once a measure and an equivalent. Fixity of value is most desirable for it, but most difficult to obtain; a unity of standard approaches nearest to it and avoids the double fluctuation resulting from the duality of standards. The pretended scarcity of gold he does not see, at least among the four nations which it is desired to unite by a monetary understanding. Would such an understanding be possible and lasting? What guarantee could there be that one of the contract-

ing States would not pass off upon the others all its depreciated metal? M. Levasseur took up M. Cernuschi's fable of the two canary birds. What he feared was not that these two charming birds would fly away, but that some fine morning, in place of a yellow and a white canary bird, there would be found two canary birds all white; the bimetalist would not have left the door of the cage open, but would have changed the birds. M. Levasseur therefore proposed the *statu quo*, but, in view of present difficulties, he would be disposed to allow the free coinage of silver at its commercial value only, so that private parties could not profit by the difference in value of bullion and coin. Payments in silver should be limited to 500 francs.

Then M. Allard, of the Brussels Mint, replied. He saw uneasiness everywhere, and was astonished that the fall in prices was still attributed to excess of production. He could not understand an excess of production lasting fifteen years; never had there been a crisis which lasted fifteen years. It was a humanitarian and social question. He demanded that humanity should be delivered from its woes.

M. Arthur Raffalovich answered that the fall in prices is due to a whole combination of factors; the opening of the Suez Canal, technical progress, building of railroads. The demonetization of silver has a share in it, but not a preponderating one. Tc attempt the re-establishment of the 15½ ratio is to incur extraordinary perturbations and to upset contracts. The speaker insisted upon the correlation between protection and bimetalism.

Then M. Lalande, deputy from Gironde, resumed the discussion of bimetalism. He found in history the fixity of the ratio 1 to 15½. Silver money plays everywhere the chief part, and the quantities of precious metals are insufficient for the needs of nations, as is proved by the existence of paper money in Russia, Austria and South America. The gold monometalism of the English causes such an increase of the rate of discount, as from 2 to 4 and 5 per cent. for a simple withdrawal of 4,000,000 pounds sterling in gold from the Bank of England. He favored bimetalism with a revision of the ratio between the two metals every fifteen years.

Sir Meysey Thomson, Vice-President of the English Bimetallic League, declared his faith in the success of the league. Bimetalism was the opposite of protection, since protection aims to constitute distinctive privileges, while bimetalism grants to all without distinction the same rights and the same advantages.

The fifth session, Friday evening, was the most important. It began coldly, with a very theoretical discourse by M. Gustave du Puynode in support of the dangerous doctrine of exclusive gold monometalism. The scarcity of gold is not an obstacle. Abund-

ance of money is more burdensome than useful. The crisis has been much exaggerated; now it is over, and monometallic England has suffered least from it. Agriculture still suffers, but is mistaken in the remedy for its ills.

Mr. Dana Horton, delegate from the United States to the preceding monetary conferences, brought the discussion back upon more practical ground. He insisted on the difference between the monetary federation now proposed and former monetary unions. The latter depended upon the form of the money, the coin; the proposed federation relates only to the metal. The idea is to establish a par of exchange between all countries, as it exists between all the cities of France. What reasons are there to deter England from adopting this idea and entering into a monetary understanding with France? Newton and Lord Liverpool were not hostile to silver. As far as concerns France, Mr. Horton showed himself satisfied with the progress he found in the opinions of economists with regard to silver. Has the demonetization of silver been a cause of the crisis? If so, what must be done to prevent any further demonetization of silver? With this question Mr. Dana Horton stepped down from the *Tribune*, and M. Emile de Laveleye stood in his place.

M. Emile de Laveleye took the floor for fifteen minutes, and kept it for an hour and a half; but nobody complained. He began by remarking upon the progress of bimetalist opinions, and enumerating the chairs of political economy won over to them. Then he took up the principal objection: Gresham's law, by virtue of which money of less value is always substituted in a country for money of greater value; as silver for gold. He said it was true, but Gresham's law applies only to payments abroad; it does not act within a country: in a bimetallic country there are not two prices for things on sale, one in gold, the other in silver. Gresham's law must be opposed by what M. de Laveleye and M. Cernuschi have called Newton's law: if the same ratio of value between the two metals were established in different countries there would no longer be any reason for exporting gold or silver from one to another. It matters little what the ratio is, so long as it is everywhere identical. In striving for an international understanding, it is evident that the United States, for example, are not moved by the desire of selling their precious metals in Europe; they have not enough for themselves and import more than they export; their motive is more elevated, they wish to create a parity of exchange between all the commercial powers, and therefore they seek to establish a fixed international ratio between the two metals. It may be objected that

law cannot create value, but it can certainly create an unlimited market that influences value. M. de Laveleye then examined the question of the stability of value in money; he found it greater in bimetalism than in monometalism, a point demonstrated by Stanley Jevous, although he was a monometalist. What would have been done in 1850 if gold had been the only money? If it must come to monometalism, M. de Laveleye would prefer it established upon silver, which he considers more monetary than gold. Its greater weight is of no consequence; it would be deposited in the banks, and paper would circulate in its place. Scarcity of gold exists neither in France nor in England, but it may be noted in all the other countries. Belgium, which is a rich country, is in want of precious metal; it could not redeem in gold the silver it has coined, if the Latin Union were to be liquidated. Everywhere this penury of gold is a great obstacle to the resumption of specie payments. Justice has been appealed to, but where is the justice invoked? All the public loans, and a large number of private loans have been contracted under the system of bimetalism; by passing them under that of monometalism, which gains a greater purchasing power to gold money, the debts are aggravated, the debtors are put at a disadvantage. The demonetization of silver is a revolutionary measure, a certain cause of protection. England has been able to endure its gold monometalism only because it was supported by the bimetalism of France, but if the Bland bill should be suspended in the United States, and Belgium should sell silver to procure gold, we shall see whether England can continue to be uninterested in the monetary question.

This interesting speech was much applauded, and M. Frédéric Passy took the floor. He declared that he knew, properly speaking, no monometalists. Although placed in this category, he was simply an adversary of the double standard. He did not believe it possible to impose a fixed ratio upon two values that are variable independently of one another. The ratio of 1 to 15½ is no more a natural ratio than 5 per cent. is the normal rate of interest. He favored limiting payments in silver to 200 francs, but that need not prevent its being paid and received in any amounts at its commercial value. This is the commercial rule that has not been followed, and silver accumulates in such great quantities in the bank, because the door has not been opened wide enough to let it come out. The holders of silver would only part with it at the ratio of 15½, and they have seen the depreciation become more and more aggravated; by not consenting in time to a small loss, they risk suffering and bringing upon us a catastrophe. The truth is that payments now are not

made so much in gold and silver as by compensation. The London Clearing House compensates from $30,000,000,000 to $36,000,000,000 a year. The result is that England uses but a very small sum in specie for its settlements. So it is not astonishing that a withdrawal of $20,000,000 in gold is a sufficient warning to the Bank of England to raise its rate of discount. It is none the less true that there is an advantage in using the dearest, most portative and convenient metal, which is gold, and in reserving the secondary metal, silver, for fractional coin. If silver is no longer necessary to us, let us send it to the backward nations that still need it. Even if an understanding could be brought about between the governments, the nations outside would suffer the law of the market, and this fact would suffice to establish a commercial ratio different from the conventional ratio. It is impossible to prevent large masses of gold and silver from being furnished on other than the market terms. Maintaining artificially the price of a merchandise is the idea of the State's omnipotence; the idea that things do not obey natural laws. This negation of constant laws has in all ages engendered the illusions of false science. Then true science comes, corrects these illusions, observes the facts, formulates the laws, and says: "Above all, touch not, for every time you do so, you commit an error and an injustice."

On Saturday morning, as on Friday morning, the Congress did not sit, these two mornings being devoted to visits to the Bank of France and the Mint. The last session was held at 2 P. M. on Saturday, September 14. Professor Foxwell, of London University, spoke in English, his remarks being translated by M. Arthur Raffalovich. He was astonished at the turn the debates had taken; he expected a discussion of practical measures, and not a dispute about monetary principles. There was a great difference between the particularist bimetallic systems of the last century, which each nation adopted differently to gain an advantage over rival nations, and the modern bimetalism that aims to constitute a good international money. The English bimetallic movement has its chief center in Manchester, and not in the City of London, which is too much absorbed in business. In France less attention is paid than in England to the fall in prices. Recognizing the social side of this question turned the speaker into an enthusiastic bimetalist. Stability in prices is desired in England, but continued and increasing cheapness is not stability. The workman wants higher wages. Then higher prices are advantageous to all classes and stimulating to commerce. There is not money enough; silver has not varied, it is gold that has grown dearer

The *statu quo* is only a state of transition. We must choose between the rehabilitation of silver or its demonetization.

M. Ottomar Houpt followed the young bimetalist professor. The depreciation of silver is far from having come to an end. This much-talked-of dearth of gold is nowhere to be seen. The gold reserve of the banks is constantly growing. M. Soetbeer, the highest monetary authority, is not a bimetalist. If he has admitted logically that, in case of an international understanding, the fixed ratio of value might subsist, he has plainly declared that such an understanding seemed to him a Utopia.

Mr. Fielden, an English manufacturer, then rose to affirm that the manufacturers in England are in favor of bimetalism.

Mr. E. Koch, a German, thanked the French Government and the Committee of Organization for having prepared this Congress. He said M. Cernuschi's argument had not and could not be refuted.

M. Clément Juglar replied to the accusations of incompetence made by the bimetalists against the economists, by alluding to the bankers and money-changers who are interested in the quality of the precious metals, in order to profit by the differences that do not fail to come between gold and silver. He showed how frequent and considerable these differences were during the real reign of bimetalism, until 1850. It was only after gold had been discovered in California and Australia, after bimetalism had begun to wane, that these differences in value were reduced. Since the demonetization of a part of the silver of Germany, there has been a fall in prices from 1873 to 1879, then a modest recovery, but very marked, from 1879 to 1882, then a new fall from 1882 to 1886, then finally a recovery since 1887. Wages are far from having followed the same fluctuations. It is therefore impossible to ascribe these movements in prices to the sole influence of the precious metals.

M. Léopold Dreydel said that the French monetary system had vindicated itself under critical circumstances. He opposed the coinage of silver.

M. Théodore Mannequin believed it possible to have exactness in political science, and in monetary science particularly.

It was late, and everybody was conscious that the two parties had about exhausted their great guns. MM. Boissonnade, Lamas, Léon Wals, and d'Albrecht renounced their rights to speak, and handed in written remarks, that will be published in the proceedings. It was found impossible to consider the last three articles of the programme (monetary unions, maintenance of the monetary circulation, fractional currency, etc.) M. Maguin thanked the Congress for facilitating his task as President. M. Moret, of Prendergast, thanked the President and other officers, and the Congress was dissolved.)

During the last sitting a letter was read from M. Cernuschi. He enclosed ten thousand francs to be given as a prize to the author of the best memoir upon the question: What would be the present and future effect on the reciprocal value of the metal silver and the metal gold, if England, Germany, the United States, and France were simultaneously to introduce a monetary system, with free and gratuitious coinage, and with a bimetallic monetary unit of a silver coin equal in weight and fineness to a five-franc piece, and of a gold coin equal in weight and fineness to a United States gold dollar? Sir Meysey Thomson offered a second prize of one hundred pounds sterling.

And now what will be the result of this International Monetary Congress? It could settle nothing; it had wisely declined to take any vote; its mission was simply to enlighten the economic world and governments upon the state of competent opinion concerning the monetary question. I believe that in this respect the Congress will not be without fruit. The foreign bimetalists were mistaken about the opinion of the economists of France; they believed them disciples of Walowski and all ready to make common cause with their leagues. They have been speedily undeceived. The French economists are not theorists, and the experience of the Latin Union has not been lost upon them. They protest against any measure that would sacrifice the monetary situation of France and the general interests of commerce and production to the passing interests of England and the United States. To the surprise of us all, the foreign bimetalists, instead of adducing precise and demonstrative facts, kept to generalities, to vague lamentations on the suffering of the people, to declarations of the necessity of a remedy, and to doctrinal theories destitute of proofs. The French economists answered them by appealing to experience, formulating objections, and demonstrating the practical impossibilities of bimetalism. They refused to be called monometalists; they all declared themselves willing to accept silver money, but on condition of limiting it as a legal tender. To these strong reasons there was really no answer. We confidently await the verdict of economic opinion and the decision of the governments.

THE AUTHORITY AND LIABILITY OF BANK OFFICERS.*

SAVINGS BANK TRUSTEES OR DIRECTORS.

This chapter may be appropriately opened by an inquiry concerning the nature of a savings institution. In New England and New York, savings banks have been more popular than in other portions of the country, and the courts in those States have been the most frequently required to determine the authority, duty and liability of their officers. "A savings bank," says J. Devens, of the Supreme Court of Massachusetts, "in this Commonwealth is an institution formed for the purpose of receiving deposits of money for the benefit of depositors investing the same, accumulating the profit or interest thereof, paying such profit or interest to the depositor, or retaining the same for his greater security, and further, of returning the deposit itself. The regulations as to the payments of interest and return of deposit are prescribed partly by statute and partly by the institution itself. There is no capital stock, and there are no stockholders who are entitled to receive profits from the business. All these belong to the depositors, and nothing is deducted therefrom except the necessary expenses of transacting the business. Its affairs are administered by a board of trustees, the securities in which the deposits shall be invested are prescribed by law, and returns are made to Commissioners of Savings Banks, who may examine the institution at any time, so that the conduct of its affairs may be constantly under public supervision. Although termed a bank, it has few characteristics of a commercial bank of discount and deposit, a large part of whose business consists in dealing in exchange and negotiable paper for the benefit of its stockholders, and to which, when done by its proper officers, the rules of such dealing are applicable. It affords a convenient mode of taking care of sums individually small (as only deposits to a limited amount are permitted), but often large in the aggregate, and its purpose is a public advantage without any interest in the members of the corporation. (*Commonwealth* v. *Reading Savings Bank*, 133 Mass. 16, 19; *Huntington* v. *Savings Bank*, 96 U. S. 388. "A savings bank is a trustee for its depositors. Its affairs are managed by trustees, who are required to give no security for the faithful discharge of their trust. It receives the funds of widows and orphans, and the small savings of the laboring classes. The first great object to be accomplished is security," J. Libbey, in *Newport Savings Bank* v. *Case*, 68 Me. 396, 403.)

The duties of a savings bank director or trustee have been declared, perhaps by no one with more brevity and accuracy than by Chief Justice Beasley: "The duty belonging to such a situation is a plain one—to care for the moneys intrusted to them in the manner provided in the charter, and to exercise ordinary care and prudence in so doing." (*Williams* v. *McKay*, 40 N. J. Eq. 189, revsg. 38 *Id.* 373.)

"As corporations are created by public acts of the Legislature, and all their powers, duties, and obligations are declared and clearly defined by public law, parties dealing with them must take notice of those powers and the limitations upon them, at their peril; and will not be allowed to plead ignorance of those powers and limitations in avoidance of the defense of *ultra vires*." (Walton, J., in *Franklin Company* v. *Lewiston Savings Bank*, 68 Me., p. 45, citing *Pearce* v. *Madison & Ind. R.*, 21 How. 441; *Andrews* v. *Insurance Co.*, 37 Me. 256.)

If trustees are so in fact, their acts are binding between the bank and third parties, whether they have been legally elected or not. (*Greene* v. *Sprague Manufacturing Co.*, 52 Conn. 330; see *De Wolf* v. *A. & W. Sprague Manufacturing Co.*, 49 *Id.* 282.) If, therefore, they should join with other creditors in accepting a trust mortgage of property from a debtor, they could not nullify its acceptance on the ground of irregularity in their election, or a lack of consideration. (*Id.*)

The relation between a depositor and trustees is that of a beneficiary. (*Hun.* v. *Cary*, 82 N. Y. 65; see *Williams* v. *McKay*, 40 N. J. Eq., p. 198. Nor is a contrary doctrine maintained in Spering's Appeal, 71 Pa. 11, see review of this case in *Williams* v. *McKay*, *supra*.) Says J. Andrews: "The depositors have no voice in the management. The directors or trustees are designated in the charter or the certificate of incorporation, and constitute a self-perpetuating body. There is nothing like a private trust between the corporation, or its trustees, and the depositors in respect to the deposits." (*People* v. *Mechanics and Traders' Savings Institution*, 92 N. Y. 7, 10, revsg. 28 Hun. 375.) If, therefore, they should publish a notice declaring themselves and the "stockholders personally responsible for its debts," it would not form a contract with persons who might deposit in the institution. Such a publication could not be considered as an agreement without disregarding the distinction between an *ex parte* statement and a contract. (*Westervelt* v. *Demarest*, 46 N. J. Law 37.) But if the publication was false, it would lay the foundation of an action for deceit. (*Id.*) Nor would the Statute of Limitations avail the trustees unless the deceit was practiced before the statutory period. (*Id.*)

One of the most important duties of savings bank directors or trustees is to invest the money of depositors. The States have

enacted many laws regulating the kind and amount of security that must be taken, and other safeguards for the protection of depositors. In making these investments, of course, the trustees act for the bank; indeed, as J. Libbey says, "it can act in no other way." (*Newport Savings Bank* v. *Case*, 68 Me. 396, 404.)

"They should never be allowed to make speculative or hazardous investments. Establish the rule that a savings bank may do so; that it may invest its funds and deposits in violation of the provisions of law; that it may loan to its own trustees on their personal security, and sell to one or more of them its assets, without prejudice or the loss of any rights, unless it appears that loss results therefrom, and disaster and bankruptcy must be expected, followed by a loss of public confidence in these institutions, which, when properly managed, accomplish so much good. A policy calculated to hazard such vast interests as are held in charge by these institutions, in this State, cannot be sanctioned, unless clearly declared by the Legislature." (J. Libbey in *Newport Savings Bank Case*, 68 Me. 396, p. 403.)

"Trustees of savings banks are under a positive duty to see to it that the funds of the bank are not invested contrary to law, and a disregard of such obligation is a breach of duty and a ground of liability. A trustee of a bank cannot, however, close his eyes and remain passive while his associates are wasting, by improvident investment, the moneys of the corporation, the entries in respect to which all appear upon the books with which he is presumed to be cognizant. (See note to *Lacy* v. *Hill*, 20 Eng. 755.) It is his duty not only actively to oppose such conduct, but to invoke the needful measures to restrain its continuance, and by timely action seek to recover back the moneys." (Van Vorst, J., in *Paine* v. *Barnum*, 59 How. Pr. 303, p. 311, citing *Crane* v. *Hearn*, 26 N. J. Eq. 378; *Styles* v. *Gray*, 1 MacN. & G. 422; *Hanbury* v. *Kirtland*, 3 Sim. 265.)

On one occasion the managers of a savings bank were required, not only by statute, but also by order of the court, to invest the deposits in Government bonds and other specified securities. In plain violation of these requirements, a very large amount of deposits was given for safe keeping to a firm who agreed to pay interest thereon, and to keep enough "good securities" to cover the amount. The firm failed, and the bank having become insolvent in consequence of the losses sustained through them, a receiver was appointed. He settled with the firm, receiving a very considerable part of their indebtedness to the bank, and then sued the managers for the balance. They defended on the ground that his release to the firm also included their liability. But the court thought otherwise. "The act of the managers," said Bird, V. C., "was illegal in every sense, and consequently void. It was

in every way directly in violation of the statute. If it was illegal for the managers to do what they did, it is impossible for me to conceive of a method by which that legality could be overcome. The insistment leads to this conclusion: The managers did an unlawful act, but being done over by their successor, it becomes lawful. No amount of repetitions or re-affirmations will confirm such contracts. (*Chesterfield* v. *Jannsen*, 2 Ves. Sr. 125; 1 Atk. 354; Story on Agency, § 240.) If ever this doctrine found a strong illustration it is in this case now under consideration. And it impresses me that it would be against public policy to tolerate, in such cases, the doctrine of ratification. Certainly the court would not ratify or approve such an illegal and fraudulent act.

"Again, it is claimed that this agreement shows a release of [the firm] by the receiver, which takes away the right to compel contribution by the managers in case they should be obliged to pay. If I am correct in my conclusions that the managers were wantonly and willfully guilty of an illegal and fraudulent act, the doctrine of contribution cannot be invoked, and consequently the agreement to settle and adjust all differences worked no injury to any one. I think, in such cases, there is no contribution" (*Wilkinson* v. *Dodd*, 40 N. J. Eq. 123, pp. 137, 138, *affd.* 41 *Id.* 566); the court citing *Attorney-General* v. *Wilson*, 1 Craig and Ph. 1, 28; *Attorney-General* v. *Leeds*, 4 Jur. 1174; *Miller* v. *Fenton*, 11 Paige 18; *Andrews* v. *Murray*, 33 Barb. 354; *Moore* v. *Appleton*, 26 Ala. 633; *Heath* v. *Erie R. Co.* 8 Blatchf. 347; Pomeroy, Eq. Juris. § 1031; Lewin on Trusts 768 (2d Am. Ed.)

In another case, the trustees loaned $50,000 to three persons on their notes, with the collateral security of promissory notes of a foreign corporation. These were secured by trust deeds of the corporation on improved lots outside the State, and not worth more than $10,000. One of the trustees was a large stockholder in the corporation, and the loans were, in truth, intended to be made to it. These facts were known to the trustees, or could, with reasonable diligence, have been ascertained by them. The transaction was "held in every view in which it might be regarded as *ultra vires*, and the trustees who sanctioned the same were liable for breach of duty, and must make good the loss." (*Paine* v. *Barnum*, 59 How. Pr. 303, p. 310.) The court citing *Ackerman* v. *Emmott*, 4 Barb. 626; *Clough* v. *Bond*, 3 Mylne & Craig 490; 1 Potter on Corp. § 324.)

In New York, if trustees should purchase of one of their number bonds and mortgages owned by him, and based on unproductive property of uncertain value, and not worth twice the value of the mortgages, the transaction would exceed their authority, and they would be liable. (*Paine* v. *Irwin*, 59 How. Pr. 316;

Paine v. *Mead*, *Id.* 318.) "Such dealing," said Van Vorst, J., "by trustees with a co-trustee is in itself open to just objection; but the transaction is in violation of the prohibition contained in section six of the charter of the bank, to the effect that no trustee shall directly or indirectly borrow any of the funds of the bank, or in any manner use the same except to pay necessary current expenses. Trustees who sanction such use of the money by a co-trustee equally, with him, violate the law." (*Id.*)

If trustees have no authority to lend money on promissory notes, and no recovery can be had on the securities (*Pratt* v. *Short*, 79 N. Y. 437; *Thalimer* v. *Brinckerhoff*, 20 Johns. 386; *New York Firemen's Insurance Co.* v. *Ely*, 2 Cow. 678; *Bank* v. *Alvord*, 31 N. Y. 474; *Crocker* v. *Whitney*, 71 *Id.* 161; *New York State Loan & Trust Co.* v. *Helmer*, 77 *Id.* 68), the money itself may be recovered. The illegality of the securities will not produce a forfeiture of the money. (*Rome Savings Bank* v. *King*, 102 N. Y. 331, affg. 32 Hun. 270; *New York State Loan & Trust Co.* v. *Helmer*, 77 N. Y. 437.) J. Andrews remarked in *Pratt* v. *Short* (79 N. Y. 437, 446): "It is no doubt the general rule of law that no right of action can spring out of an illegal contract. . . . While the law will not enforce the prohibited contract, it will take notice of the circumstances, and if justice and equity require a restoration of money or property received by either party thereunder, it will, and in many cases has given, relief." Applying this principle to the case of the savings bank before the court, he continued: "The risk of losing the benefit of securities taken in violation of the charter would naturally induce care on the part of the managers of the corporation in confining investments to the authorized securities, but to hold that the illegal action of the directors in investing in unauthorized securities not only debarred a recovery thereon, but also put the fund itself thus illegally used, and which the restriction was intended to protect, beyond the power of reclamation from the hands of the borrower, would seem to contravene rather than support the policy upon which the restriction was founded." (See *Pratt* v. *Eaton*, 79 *Id.* 449; *Robinson* v. *Bland*, 2 Burr, 1,077; *Utica Insurance Co.* v. *Scott*, 19 Johns. 1; *Utica Insurance Co.* v. *Kip*, 8 Cow. 20; *Utica Insurance Co.* v. *Caldwell*, 3 Wend. 296; *Utica Insurance Co.* v. *Bloodgood*, 4 *Id.* 652; *Mercein* v. *People*, 25 Wend. 64; *Tracy* v. *Talmage*, 14 N. Y. 189; *Curtis* v. *Leavitt*, 15 *Id.* 97.)

A savings bank was authorized by charter to invest its deposits in specified securities, including public bonds and stocks, and mortgages on real estate, but not promissory notes. The trustees were also directed "to invest, as soon as practicable, in public stocks or public securities, or in bonds and mortgages, . . .

all sums received by them beyond an available fund of not exceeding twenty-five thousand dollars, or not exceeding one-third of the total amount of deposits with said institution, at the discretion of said trustees, which they may keep to meet the current payments of said corporation, and which may by them be kept on deposit, on interest or otherwise, or in such available form as the trustees may direct." Under this provision the Supreme Court of New York decided that the trustees might keep, at their discretion, to meet current payments, one-third or less of the total deposits, and that from this fund they might lend on the promissory notes of borrowers. The same question was raised before the Court of Appeals, but not decided by that tribunal. Its soundness may be questioned; indeed, the Supreme Court were not very positive. (*Rome Savings Bank* v. *Kramer*, 32 Hun. 270, affd. 102 N. Y. 331 on another ground.)

In *Cutting, Receiver*, v. *Marlor* (78 N. Y. 454), the receiver sued Marlor for the amount of a loan. He acknowledged the loan, but claimed that the value of the securities which he had left as collateral should be deducted. These had been taken and converted by the president, who, with a manager, had sole control of the bank. The president took the securities left with the bank as collateral, and used them in his own business; there was no examination of them; no meetings were held; and, in general, the trustees exercised no care over the institution. They were regarded grossly negligent of their duties, and the bank was liable for the securities thus abstracted by the president.

Passing to the limitations on their authority we may remark that "the character of the corporation cannot exonerate it from the legal responsibilities involved in the business which it was created to transact, and it must be liable for the acts of its officers done in the regular performance of their duties. (*Reed* v. *Home Savings Bank*, 130 Mass. 443.) But its character is of importance in deciding what the duties of its officers are, and in determining whether the acts done by them were in the performance of such duties. Its officers cannot assume responsibilities or enter into transactions or contracts, express or implied, so as to involve the bank, unless such acts are clearly incidental to the duties imposed upon them." (J. Devens in *Commonwealth* v. *Reading Savings Bank*, 133 Mass. p. 19.)

Trustees cannot purchase property on credit. "No such power is expressly conferred upon them; nor do we think it can be sustained as an incidental power." (Walton, J., *Franklin Company* v. *Lewiston Savings Bank*, 68 Me. 43, p. 46; *Mutual Savings Bank* v. *Meriden Agency Co.*, 24 Conn. 159.) Consequently, a company that loaned money to a savings bank to pay for stock taken by the trustees in another company, and which was pledged for the

payment of the loan, could not recover the same. (*Id.*) In this case the court further remarked that, "If a corporation can purchase any portion of the capital stock of another corporation it can purchase the whole, and invest all its funds in that way, and thus be enabled to engage exclusively in a business entirely foreign to the purposes for which it was created. A banking corporation could become a manufacturing corporation, and a manufacturing corporation could become a banking corporation. This the law will not allow." (*Id.* p. 46; *Sumner* v. *Marcy*, 3 W. & M. 105.)

Nor can trustees exchange a loan to a bank, whether made in violation of law or not, into a deposit. (*Rosenbach* v. *Manufacturers' & Builders' Bank*, 69 N. Y., 358.) The object of changing the loan into a deposit in this case was to give the savings bank a preference over the creditors of the defendant bank, to which it would have been entitled if the deposit had been lawful. On the other hand, if they should borrow money the lender's right to recover would not be defeated by their misuse of it. After making the loan, he is not required to follow it and have the money applied to bank purposes to insure its recovery. (*Donnell* v. *Lewis County Savings Bank*, 80 Mo. 165; *Thompson* v. *Lambert*, 44 Iowa 242; *Mills* v. *Gleason*, 11 Wis. 470; *Merchants' Bank* v. *State Bank*, 10 Wall. 604; *Lexington* v. *Butler*, 14 Wall. 282; *Ringling* v. *Kohn*, 6 Mo. aff. 333.)

If a trustee should give a mortgage to make up a deficiency in the assets of a savings bank, caused by losses on loans, he could not afterward deny its validity on the ground that no consideration was given therefor. (*Best* v. *Thiel*, 79 N. Y. 15.) It may be remarked that when this principle was first applied, the trustee gave the mortgage after the bank superintendent had informed the trustees that they were liable, and that their individual liability would be enforced unless the deficiency was repaired. The depositors were induced to leave their deposits in consequence of this action, and "the clearest principles of justice and morality" required that the validity of the mortgage should be sustained.

In declaring dividends, trustees are forbidden by statute in New York, and other States, from declaring them in excess of the profits earned by their bank. (Laws of 1875, Ch. 371.) If, however, a smaller dividend is voted, in good faith, than the profits earned without deducting the expenses, but not received, the trustees are not liable. (*Van Dyck* v. *McQuade*, 86 N. Y. 38, revsg. 57 How. Pr. 62, S. C. 45, N. Y. Sup. Ct. 620.) Moreover, when a dividend is declared and credited to a depositor, he can retain it, thus preferring him to the other creditors of the bank. (*Id.*)

In dealing with a debtor, the authority of trustees has been

expounded, to some extent, in a recent case worthy of mention. It covers the ground of their authority to accept trust deeds and assignments. The debtor was insolvent, and so was the bank, if the debtor's obligations could not be collected. But it was supposed that these obligations could be collected within three years, that the bank's embarrassment was temporary, and in the end would pay all of its depositors. The trustees accepted a trust mortgage from the debtor to secure the bank's claim. "In that condition of things," said the court, "it was undoubtedly the duty of the trustees, in the exercise of a sound discretion, to do all that could be done to protect the interests of the depositors. Acting upon the light they had, they deemed it best to accept the provisions of the trust deed, and avail themselves of such payments as the trustee might be able to make. They may have misjudged; their action may have been unwise; but we cannot say that it was a gross breach of trust, so much so as to raise a presumption of fraud. . . . They are not to be judged wholly by subsequent events. If they acted in good faith, without negligence, and according to their best judgment, we cannot say that their acts were unauthorized." (*Greene* v. *Sprague Manufacturing Co.*, 52 Conn. 330, p. 360.) And if the bank should be in an embarrassed condition, and its affairs should be under State investigation, the trustees would have authority to accept such a deed. (*Id. Greene* v. *Sp., etc.*, 49 Conn. 282.) Trustees, too, may assent to an assignment of the property of a debtor. (*Id.*)

If the affairs of a savings bank are managed by committees selected from the trustees, they must exercise reasonable circumspection over the committees, and will be responsible for their wrongful acts if neglecting to do this. In *Williams* v. *McKay*, (40 N. J. Eq. 189), the president and other members of the committee for a long period had systematically violated the bank's charter in lending its deposits. Their conduct was regarded by the court as presumptively known to the trustees, who were not permitted, therefore, to escape. Said Ch. J. Beasley: "Doubtless such officers had the right to rely, in many respects, on the skill and diligence of their committeemen, and if, exercising a reasonable circumspection, they were unaware of the misconduct or neglects of such agents, they would not be responsible for the consequences. But so plain was their duty to oversee the business done by such committeemen, that it seems to me they are chargeable, *prima facie*, with a knowledge of what was doing, or had been done, in all important matters by such bodies. That they themselves thought this duty of general supervision was incumbent upon them is perfectly manifest from the entire tenor of the by-law prescribing the conduct of business at the semi-annual meetings, and providing that at such times should be read

the reports of the treasurer and committees, and of the minutes of the finance committee."*

The wrongful acts of the committeemen were the making of illegal loans for a long period of years. The directors were regarded as grossly negligent in not discovering these things. The Chief Justice further remarked: "I entirely repudiate the notion that this board of managers could leave the entire affairs of this bank to certain committeemen, and then, when disaster to the innocent and helpless *cestius que trustent* ensued, stifle all complaints of their neglects by saying, 'We did not do these things, and we know nothing about them.' Plainly, such was not the opinion of Lord Hardwicke, when, in the case of *Charitable Corporation* v. *Sutton* (2 Atk. 400), he said: 'Committeemen are most properly agents to those who employ them in the trust, and who empower them to superintend and direct the affairs of the corporation. If some persons are guilty of gross negligence, and leave the management entirely to others, they may be guilty by this means of the breaches of trust that are committed by others.' "

An instructive case has been decided in New Jersey. A savings bank could lend no money on mortgage, except real estate worth at least twice the sum invested, above all incumbrances. It was the duty of the finance committee to attend to all applications for loans. A member of the committee was about to draw money from the bank to buy a third mortgage, when the president requested him to let the bank have it. He did so, and the mortgage was transferred to the bank. The property was then worth much more than all the mortgages. The first mortgagee afterward foreclosed, took the property, and the receiver of the

* The Chief Justice further remarked: "The only guaranty given to depositors consisted in the reputation of its managers with respect to probity and fiscal ability, and such guaranty was a mere snare if more than two-thirds of such officers were to have no substantial part in the management. Doubtless such officers had the right to rely in many respects on the skill and diligence of their committeemen, and if, exercising a reasonable circumspection, they were unaware of the misconduct or neglects of such agents, they would not be responsible for the consequences. But so plain was their duty to oversee the business done by such committeemen, that it seems to me, they are chargeable, *prima facie*, with a knowledge of what was doing, or had been done, in all important matters by such bodies. That they themselves thought this duty of general supervision was incumbent upon them is perfectly manifest from the entire tenor of the by-law prescribing the conduct of business at the semi-annual meetings, and providing that at such times should be read the reports of the treasurer and committees, and of the minutes of the finance committee. From these considerations I think it must be conceded that these officers had no special dispensation from the exercise of that degree of care and vigilance that the law generally acts of persons holding similar positions. (See *Land Credit Company* v. *Lord Fermoy*, 5 Chan. App. 763, 770.)

bank demanded indemnity from the member of the finance committee who had sold the mortgage to the bank. As he had acted in good faith he was not responsible for the loss. (*Williams* v. *McDonald*, 37 N. J. Eq. 409; see *Williams* v. *Riley*, 34 *Id.* 398.)

Having shown the limitations to their authority, and when they render their bank liable for exceeding it, we shall next consider when they are personally liable for their conduct. One of the best considered cases determining the measure of fidelity, care and diligence which trustees owe to a savings bank and its depositors is *Hun.* v. *Cary* (82 N. Y. 65 affg. 59 How. Pr. 426.) Judge Earl, who delivered the opinion of the court, said: "The relation existing between the corporation and its trustees is mainly that of principal and agent, and the relation between the trustees and the depositors is similar to that of trustee and *cestui que trust*. The trustees are bound to observe the limits placed upon their powers in the charter, and if they transcend such limits and cause damage, they incur liability. If they act fraudulently, or do a willful wrong, it is not doubted that they may be held for all the damage they cause to the bank or its depositors. But if they act in good faith within the limits of powers conferred, using proper prudence and diligence, they are not responsible for mere mistakes or errors of judgment.

"When one deposits money in a savings bank, or takes stock in a corporation, thus divesting himself of the immediate control of his property, he expects, and has the right to expect, that the trustees or directors, who are chosen to take his place in the management and control of his property, will exercise ordinary care and prudence in the trusts committed to them—the same degree of care and prudence that men prompted by self-interest generally exercise in their own affairs. When one voluntarily takes the position of trustee or director of a corporation, good faith, exact justice, and public policy unite in requiring of him such a degree of care and prudence, and it is a gross breach of duty—*crassa negligentia*—not to bestow them. . . . It seems to me that it would be a monstrous proposition to hold that trustees, intrusted with the management of the property, interests and business of other people, who divest themselves of the management and confide in them, are bound to give only slight care to the duties of their trust, and are liable only in case of gross inattention and negligence; and I have found no authority fully upholding such a proposition. It is true that authorities are found which hold that trustees are liable only for *crassa negligentia*, which literally means gross negligence; but that phrase has been defined to mean the absence of ordinary care and diligence

adequate to the particular case." (See opinions cited by the court from *Scott* v. *De Peyster*, 1 Edw. Ch. 513, 543; Spering's Appeal, 71 Pa. 11; *Hodges* v. *New England Screw Co.*, 1 R. I. 312, S. C. 3 R. I. 9; *Liquidators of the Western Bank* v. *Douglas*, 11 Session Cases Scotch 3 series 112; *Charitable Corporation* v. *Sutton*, 2 Atk. 405: *Litchfield* v. *White*, 3 Sandf. 545.)

In this case the bank had averaged about $70,000 of deposits during the first six years of its existence. Its expenses had exceeded its income. In the sixth year the trustees purchased a lot for $29,250, paid $10,000 in cash, and agreed to build a banking-house thereon which should cost $27,000, and mortgaged the lot for $30,500. The object of building the banking-house was to increase its deposits. The bank failed in 1875. The lot was worth less than $1,000, and was swept away by foreclosure. At the time it was purchased the trustees knew that the assets were insufficient to pay the bank's debts. The trustees were regarded not simply wrong in judgment, but improvident and recklessly and unreasonably extravagant, and failing in that measure of reasonable prudence, care and skill which the law requires.

Nor is the degree of liability lessened because the service is rendered gratuitously. (*Hun.* v. *Cary*, 82 N. Y. 65.) In *Williams* v. *McKay* (40 N. J. Eq. 189), the trustees were unpaid, "but the duty," said Ch. J. Beasley, "of bringing to their office ordinary skill and vigilance was none the less on that account, for to this extent there is no distinction known to the law between a volunteer and a salaried agent. These defendants held themselves out to the public as the managers of this bank, and by so doing they severally engaged to carry it on in the same way that men of common prudence and skill conduct a similar business for themselves. This is the measure of the responsibility of officers of this kind."

A novel case has been decided in Ohio. Five persons applied for a savings bank charter, as the law required, and who afterward organized and elected themselves and five others trustees, who thereby became a board of managers. One of them was elected president and another cashier. Yet the business done was exclusively of a general banking character. One depositor, who received a certificate for his money on which the bank promised to pay ten per cent. interest, sued the trustees as bankers, who were conducting the business under the name of the Farmers' Savings Bank. The court held that all of them were *prima facie* partners, and liable for the deposit. (*Redenour* v. *Mayo*, 40 Ohio St. 9, S. C. 29 *Id.* 128.)

The fraud and gross negligence (which is quite generally regarded as similar or equivalent to fraud) which render trustees liable may be their own direct action or the action of those employed

by them. Many of the illegal investments of savings banks have been made by their trustees; in other cases they have been liable for the conduct of the treasurer, manager and other officers. Thus, in the case of *Paine* v. *Mead* (59 How. Pr. 318) the officers loaned money exceeding an amount authorized by charter, on vacant and unproductive land, not worth twice the sum loaned. "The transaction," said the court, "was at the time entered on the books of the bank, and although made by the bank officers, it is presumed to have been done with the knowledge and assent of the trustees. They are legally chargeable with notice of the acts of the officers in and about the business of the bank, especially when they are entered on the books, and if they would escape liability they must dissent from and oppose illegal or improvident action, and seek to remove officials who do them. The trustees are responsible for the acts of officers whom they place and retain in position. But the complaint contains allegations charging the trustees with knowledge and approval and ratification of the act. This renders them liable. Their defense, if any, must be interposed to the merits."

The liability of trustees for the conduct of the officers employed by them was considered by Pres. J. Sharswood in *Maisch* v. *Saving Fund*, 5 Phila. 30. "If it should appear that all the usual means were resorted to, to keep a check upon the officers, that a committee or committees of examination or of investment were periodical, appointed or otherwise, that such committee made false reports and statements, the responsibility may come to be narrowed down to such committee and the officers." (*Maisch* v. *Saving Fund*, 5 Phila. 30.)

But a trustee is not liable who has never taken his seat, or participated in the conferences held by the trustees. (*Maisch* v. *Saving Fund*, 5 Phila. 30.) Nor are they liable if the losses caused by their illegal action have been repaired by themselves or others. Nothing can be recovered of them, even if the losses have been paid by strangers. (*Hun.* v. *Van Dyck*, 26 Hun. 567.)

Whenever the trustees have defrauded, the depositors may sue for the deficiency caused by their mismanagement, if the bank itself will not proceed against them (*Chester* v. *Halliard*, 34 N. J. Eq. 341; *Leffman* v. *Flanigan*, 5 Phila. 155); but they cannot unite in suing the trustees for fraudulent misrepresentations. They cannot jointly sue the trustees for these, because their claims are individual; but they can jointly sue them for mismanagement, because this is a breach of trust. (*Chester* v. *Halliard*, 34 N. J. Eq. 341.) If the bank is insolvent then the receiver is a necessary party, for the damages recovered would be paid to him for distribution. (*Id.*)

The legality of the conduct of trustees must be determined by

the law of the State in which their bank exists, and not the law of the State where some of the property in which the bank is interested may be situated. (*Greene, Receiver*, v. *Sprague Manufacturing Co.*, 52 Conn. 330.) Thus a savings bank existed in Rhode Island, and so did a debtor, who, however, owned land in Connecticut. The debtor conveyed to the bank and other creditors the land in question, the conveyances were accepted by them, and were declared valid by the court of Rhode Island. The conveyances, a trust mortgage and assignment, were attacked by the receiver of the bank in Connecticut. But the court held that "the transaction being in the State of Rhode Island, where all the parties resided, and from whose laws the trustees received their power, and to whose laws they were responsible, the sole question for them to consider was the validity of the deed there, and not its validity in every other State where there might be property of the mortgagors that the deed assumed to convey. In Connecticut the question can be raised of the sufficiency of the deed to carry the title to land here; but whatever question is thus raised stands wholly outside of and unaffected by any question as to the validity of the action of the trustees in accepting the deed." (*Id.* p. 362.)

As the relation between the directors or trustees of a saving's bank and the depositors is that of trusteeship, the statute of limitations will not be a bar against a charge of mismanagement on their part which had occurred more than six years before the filing of the proceeding against them. (*Williams* v. *McKay*, 40 N. J. Eq. 189; *Williams* v. *Reilly*, 41 *Id.* 137.) Says Beasley, C. J., in *Williams* v. *McKay* (40 N. J. Eq. 189), "Looking upon the present controversy as growing out of a trusteeship, it seems to me incompatible with such a conclusion to hold that the statute in question will begin to run upon the vacation of his office by the manager, because such act has not changed the essential nature of the transaction, for the right of the depositor remains, as before, a purely equitable one, which he cannot enforce in a court of common law. And it is the accrual of the right of action at law which calls the statute, by force of its own terms, into play. Lapse of time, therefore, is not an absolute bar to an equity of this nature, but lapse of time is often a strong, and sometimes a conclusive circumstance in the administration of the law of equity." (See *Williams* v. *Page*, 24 Beav. 654, cited by the court.)

REPORT OF THE CONTROLLER OF THE CURRENCY.

The report of Mr. Lacey, the Controller of the Currency, covers the year ended October 31, 1889, at which time there were in existence 3,319 National banks, the largest number in operation since the beginning of the system. These associations possess an aggregate capital of $620,174,365. The last reports of condition exhibit their resources and liabilities on September 30, 1889. The number reporting at that time was 3,290. A summary of these reports shows: Capital, $612,584,095; surplus, $197,394,761; undivided profits, $84,866,869; gross deposits, including amounts due banks, $1,950,935,161; loans and discounts, $1,805,729,739; all of which items show an increase over any previous date. The amount of circulation outstanding was $203,662,732, of which $131,225,172 was secured by United States bonds, and the rest, $72,437,560, was represented by deposit of lawful money in the Treasury. These banks held $194,972,900 in United States bonds (of which $146,471,700 were to secure circulating notes), $164,326,449 of specie, and $86,752,093 of legal-tender notes.

Within the year 211 banks were organized, having an aggregate capital of $21,240,000. These banks deposited with the Treasurer to secure circulation $4,378,550 United States bonds, upon which were issued $3,912,975 in circulating notes. Pennsylvania has now the largest number of associations in operation; Massachusetts leads in point of capital stock, and New York in respect to deposits and volume of business. Within the year forty-one banks went into voluntary liquidation, and only two failed, leaving the net additions to the new system 168, as against 90 last year. Notwithstanding this gratifying increase the Controller says the system has not kept pace with the necessities of the people for increased banking facilities. This is made evident by the marked increase in the percentage of State banks organized in the last five years.

The Controller reports that of the 4,148 associations which have entered the system only 130 have become insolvent, and that out of a total of $53,374,660 of claims proved, $35,090,572 have been paid, and assets remain undistributed valued at $3,439,300, reducing the loss to creditors of failed banks of the entire system during the 27 years to $14,844,788, upon average deposits for the 27 years of $985,614,815, making the average annual loss only 0.055 per cent. upon the average annual deposits. Not only are the interests of depositors fully protected in the National system, says the Controller, but the minimum of loss is realized in the handling of the checks, drafts and certificates that are used in the transfer of bank credits, and which form about 95 per cent. of the actual currency of the country. Congress is therefore asked to preserve a system which has so admirably served the purposes of the Government, and is so completely satisfactory to the people, by relieving it of the unnecessary burdens now imposed by law.

It is demonstrated by tables that there is an actual loss resulting to National banks by reason of their being obliged to deposit bonds and take out circulation, wherever the current rate of

interest is greater than 4.76 per cent. As the prevailing rate in all of the States west of the Alleghanies is in excess of that named, it follows, says the Controller, that in the greater number of States, the enforced deposit of bonds to secure circulation is an impediment in the way of organization of new banks, and has a tendency directly to diminish the volume of currency issued by the banks already in existence.

Of the 146,471,700 United States bonds, held as security for the circulation of National banks on September 30, $51,174,417 is in excess of the minimum requirements. This excess on October 4, 1888, was $79,879,220, showing a decrease during the last twelve months of $28,704,803. It is deemed certain by the Controller that this withdrawal of bonds held in excess of the minimum requirements will continue so long as the present conditions exist, and it is asserted that legislation is necessary to prevent a contraction of the volume of National bank currency.

In the opinion of the Controller, the laws governing National banks should be so amended as to produce the following modifications:

1. The minimum deposit of bonds to secure circulation should be fixed at ten per centum of capital in respect to associations having a capital of $300,000 or less, and for all banks having a greater capital, a minimum deposit of $30,000 in bonds should be required.

2. Circulation should be issued to the par value of the bonds deposited.

3. Semi-annual duty on circulation should be so reduced as to equal one-fourth of one per cent. per annum.

These changes in the law, it is held, would do little more than save the National banks from loss on account of circulation, if the present premium on United States bonds is maintained.

Upon a careful survey of the entire field it is the opinion of the Controller that the proposed legislation would tend to arrest the present contraction rather than accelerate it, because (1) the present excess now held at a loss will probably increase if a profit is apparent; (2) the banks now holding an excess will not avail themselves of the privilege of withdrawal conferred by the reduction of the minimum; (3) the organization of new banks will be nearly or quite doubled, and the deposit of bonds received from this source will be maintained even under the reduced requirements; (4) the withdrawal of bonds by reason of banks going into voluntary liquidation will be greatly reduced; and (5) the addition of 10 per cent. in circulation will apply to all bonds now on deposit, as well as those which may hereafter be pledged, and would add nearly $15,000,000 to the circulation upon present holdings.

The reduction of the duty on circulation is commended, upon the ground that the present tax is unjust to the banks, because it is imposed on account of a privilege now valueless, and the revenues of the Government are in excess of its requirements.

The gain accruing to the Government by reason of National bank notes lost and unredeemed is estimated at not more than one per cent., nor less than one-half of one per cent. of the total issue.

In the Controller's opinion the adoption of the amendments proposed will afford the relief now necessary. He does not recommend any issue of long-date bonds, which would defer the pay-

ment of the present issues as they mature, but does favor a reduction of interest upon existing bonds to 2¼ per cent., by the prepayment to holders of the difference between that rate of interest and the 4 per cent. interest which the bonds now carry.

THE NATION'S FINANCES.

The following is a synopsis of the Report of the U. S. Treasurer J. N. Huston, for the last fiscal year:

The year is characterized as a remarkable one in the history of the public finances, both the revenues and the expenditures having been exceeded but few times since the foundation of the Government. The former amounted to $387,050,058, and the latter to $299,288,978, inclusive of $17,292,362 paid in premium on bonds purchased. The surplus revenues June 30 were $87,761,060, a decrease of $23,580,193, as compared with the year before, counting premium on bonds as an ordinary expenditure. On June 30, 1888, there was in the Treasurer's custody, in cash and effective credits, the sum of $764,729,335, and a year later the sum of $760,643,871. The current liabilities decreased in the interval from $148,291,347 to $127,931,880, and the reserve from $229,805,600 to $193,097,047. The gold in the Treasury in excess of certificates outstanding was $193,610,172 in 1888, and $186,257,490 in 1889. Notwithstanding the loss of gold, both in the aggregate and in the amount not covered by certificates, amounting to nearly 4 per cent., the position of the Treasury was strengthened in every respect save the amount of reserve. The total assets, the liabilities, and the reserve all fell off about 14 per cent. At the beginning of the year the free gold was $45,000,000, and at the close, $58,000,000, in excess of the demand liabilities. The unavailable funds, exclusive of upward of $28,000,000 on deposit, with the States under the law of 1836, amounted at the end of the year to $1,415,433, having been decreased by an appropriation of $24,016 to cover losses in the New York Sub-Treasury, and increased by a loss of $10,000 at San Francisco. The Treasurer suggests that the present method of keeping the accounts, by which he is charged with funds that do not exist, should be changed so that the books would at all times show the true state of the Treasury without real or apparent discrepancies.

The changes that took place in the currency were an increase of about $34,000,000 in the stock of silver, a contraction of $41,000,000 in the National bank circulation and a loss of $25,750,000 of gold. Of the three the first two are not unusual, but the last is new. The amount of the loss is less than 4 per cent. of the stock, and the fact of the loss itself is not considered significant, in view of the large number of Americans that have visited Europe the past season, and the rapid influx of gold during the two years preceding the last. The total stock of gold, silver and circulating notes was $2,085,334,571 in 1888 and $2,099,968,718 in 1889. It would seem from these figures that there has been an increase of the circulating medium, but if the certificates of deposit, which are included, to set aside, and the actual moneys disposed of according to ownership, the foregoing figures will be reduced to $1,698,904,649 for 1888, and $1,666,095,420 for 1889, making apparent a contraction of about $33,000,000 in the total currency of the country. As the holdings of the Treasury decreased in the interval in the sum of

$41,000,000, the circulation increased about $8,000,000. The public lost $18,000,000 of gold and $30,000,000 of notes, and gained $56,000,000 in silver.

The increase of the circulation of silver certificates was about $56,000,000, having kept pace with the rate for the two previous years. The new issues of small denominations appear to have fully supplied the needs of the country.

The coinage of the standard silver dollars has proceeded without any incident worthy of remark. The shipments to and from the Treasury have been about as usual, but the expenses of handling have recently been considerable. As the efforts to increase the circulation have proved futile, no extraordinary inducements have been held out to the public to take them, and it is suggested that it might be well to stop paying the cost of transportation from the Treasury. It is claimed that in this way the silver dollar would have the advantage of being held strictly on a par with the other currency, while the step would not give the public any just cause for complaint.

During the year the National Banks withdrew $66,340,900 of their bonds, held by the Treasury as security for circulating notes or public moneys. The deposits amounted to $25,243,700. There remained at the close of the year $148,121,450, belonging to 3,262 banks, as security for circulation, and $45,222,000 belonging to 270 banks, as security for deposits. In the last ten years the number of active banks has increased nearly 60 per cent., while the amount of bonds held to secure their notes has decreased in about the same proportion. The minimum limit of bonds for the present capital of the banks is only about fifty or sixty millions below the amount now on deposit. The amount of public moneys held by depository banks ran down from $58,712,511.11 to $47,259,714.39. the result mainly of the voluntary acts of the banks in surrendering the deposits and withdrawing their bonds. The semi-annual tax on circulation amounted to $1,410,531 for the year.

The decrease of $41,000,000 in the National bank circulation was the largest that has taken place within any one year since this currency was first issued. The contraction which began in 1883 with the redemption of the 3 per cent. bonds has amounted to $150,000,000, of which $100,000,000 fell to the last three years. The outstanding notes amounted to $211,000,000 on June 30, with $78,000,000 of lawful money on deposit for further reductions. In proportion to the circulation the redemptions were unusually heavy. but there has been a distinct falling off since February. An investigation of the causes which have produced the large accumulation of funds in the Treasury for the retirement of these notes leads to the conclusion that, unless unfavorable conditions should arise, the amount will continue to run down until it reaches an unimportant figure. The net deposits during the year amounted to $32,484,415, of which sum $29,583,580 was for the reduction of the circulation of active banks.

The report closes with some criticisms on the inferiority of the provisions for the safety of the public funds and the conveniencies for the transaction of business, and makes certain recommendations for improvements in this respect.

REPORT OF THE DIRECTOR OF THE MINT.

Edward O. Leech, the Director of the Mint, has submitted to the Secretary of the Treasury a report on the operations of the mints and assay offices for the fiscal year ended June 30, 1889.

DEPOSITS AND PURCHASES OF GOLD AND SILVER.

The value of the gold deposited was $48,900,712.04, of which $31,440,778.93 consisted of the product of the mines of the United States, against $32,406,306.59 deposited during the prior fiscal year, indicating a falling off in the gold product of about a million dollars. Foreign gold coin and bullion were melted down of the value of $6,583,992.65.

The silver received aggregated 35,627,273.69 standard ounces, of the coining value of $41,457,190.97 Of the silver received, 32,895,985.50 standard ounces, of the coining value of $38,278,964.79, was classified as of domestic production. The silver purchased for the silver dollar coinage during the year, on offers to the Treasury Department, aggregated 28,557,109.79 standard ounces, costing $23,998,763.47, an average cost of $0.9337 per ounce fine.

The average price of silver in London during the year was $0.9316 per ounce fine.

The total amount of silver acquired for the silver dollar coinage, including small purchases and partings, aggregated 29,409,845.59 standard ounces, costing $24,717,853.81.

The profit on the coinage of silver dollars during the year was $9,370,062.20, and on subsidiary silver coins, $32,987.65; total seigniorage, $9,403,049.85.

The total coinage of silver dollars under the "Bland" Act to November 1, 1889, was $343,638,001, and the total profit on the silver coinage to July 1, 1889, $57,378,254.18. The net profit (after deducting expenses for distribution and wastage) for the eleven years ended June 30, 1889, was $56,349,737.57. The number of silver dollars in circulation, November 1, 1889, was 60,098,480, and the amount held by the Treasury in excess of certificates outstanding was 6,219,577. The number of silver dollars distributed from the mints during the year was 14,141,319, an excess of 2,089,215 over the amount transferred in the preceding year. 42,000,000 silver dollars were transferred from the mint at Philadelphia, and 8,000,000 from the mint at New Orleans to the Treasury at Washington for storage during the fiscal year.

The coinage executed at the mints was as follows:

COINAGE OF FISCAL YEAR 1889.

Denomination.	*Pieces.*	*Value.*
Gold	1,639,285	$25,543,910 00
Silver dollars	33,793,860	33,793,860 00
Subsidiary silver	6,477,134	721,686 40
Minor coins	51,516,861	906,473 21
Total	93,427,140	$60,965,929 61

Gold and silver bars were manufactured as follows:

Gold	$22,241,121 42
Silver	6,709,246 13
Total	$28,950,367 55

Medals were manufactured at the mint at Philadelphia as follows:

Gold	75
Silver	546
Bronze	188
Total	809

Gold bars were exchanged for gold coin, free of charge, principally at the assay office at New York, during the year, mainly for export, of the value of $57,507,812.42.

The Director sets forth at some length the causes of the recent large movement of gold from the United States.

Appropriations and Expenditures.

The amount appropriated for the support of the mints and assay offices during the fiscal year was $1,095,650, of which $994,989.71 was expended. In addition, there was expended from the appropriation for the coinage of the standard silver dollar, $224,155.05, and from an unexpended appropriation, $116.60, making the total expenditures $1,219,261.36.

The net expenditures of the refineries was $153,022.12, against earnings amounting to $130,755.91. The total earnings of the mints from all sources amounted to $10,351,701.47, and the total expenditures and losses to $1,502,665.60, leaving the net profits for the year, $8,849,035.87.

Imports and Exports of Gold and Silver.

Gold.

Imports:		
Foreign bullion	$1,705,450	
Foreign coin	7,175,789	
Foreign ores	87,287	
Total foreign	$8,968,526	
United States coin	1,403,619	
Total gold imports		$10,372,145
Exports:		
Bars	$50,786,393	
Domestic coin	4,143,939	
Domestic ores	80,961	
Total domestic	$55,011,293	
Foreign bullion re-exported	31,933	
Foreign coin re-exported	4,990,020	
Total foreign	$5,021,953	
Total gold exports		$60,033,246

Silver.

Imports:		
Foreign bullion	$5,713,049	
Silver in foreign ores	6,004,165	
Foreign silver coin	12,687,823	
Total foreign	$24,405,037	
United States coin	277,343	
Total silver imports		$24,682,380
Exports:		
Domestic bullion	$25,217,903	
Domestic coin	66,759	
Total domestic	$25,284,662	
Foreign coin re-exported	$11,373,972	
Foreign bullion and ore re-exported	58,149	
Total foreign	$11,432,121	
Total domestic and foreign		$36,716,783

LOSS OF GOLD AND SILVER TO THE UNITED STATES BY EXPORT, 1889.

Gold	$49,661,101
Silver	12,034,403
Total	$61,695,504

The imports of silver-lead ores into the United States during the fiscal year amounted to 118,322 tons, containing 58,679,609 pounds of metallic lead, valued at the custom houses at $931,229, and silver, $4,871,116.

The Director estimates the metallic stock of the United States to have been, on July 1, 1889:

Gold	$680,063,505
Silver	420,548,929
Total	$1,100,612,434

The amount of paper and metallic money in circulation in the United States (outside of the Treasury) on July 1, 1889, was $1,380,418,091, against $1,372,240,256 at the close of the preceding fiscal year, an increase in the circulation of $8,177,835.

The total metallic stock on November 1, 1889, was estimated to have been:

Gold	$684,194,686
Silver	431,184,953
Total	$1,115,379,639

The consumption of gold and silver in the United States in the industrial arts, for the fiscal year, is estimated to have been:

Gold	$16,000,000
Silver	8,000,000
Total	$24,000,000

Of the gold, about $10,000,000 represented the new product used for industrial purposes.

The product of gold and silver in the United States for the calendar year 1888, was:

	Fine ounces.		*Value.*
Gold	1,604,841		$33,175,000
		Commercial Value.	*Coining Value.*
Silver	45,783,632	$43,000,000	$59,195,000

The product of gold and silver in the world for the calendar year 1888 was:

Gold	$105,994,150
Silver	Commercial value, $103,556,000; coining value, 142,439,150

The coinage of the world for the calendar year 1888 was:

Gold	$134,720,639
Silver	149,737,442

Deducting re-coinages reported, and the coinage of Mexican dollars, the net coinage approximated:

Gold	$109,000,000
Silver	95,000,000

Of the latter, about 80 per cent. was full of legal tender coins executed by the mints of the United States, India, and Japan.

The Director recommends legislation looking towards the discontinuance of the coinage of the $3 and $1 gold pieces and the 3-cent nickel pieces, and the withdrawal from circulation of pieces of those denominations now outstanding.

The report is replete with interesting statistics as to the coinage, production and movement of the precious metals in the principal countries of the world.

REDUCTION OF THE GOVERNMENT DEPOSITS IN THE BANKS.

A reporter of the *Public Ledger*, of Philadelphia, has been talking with Mr. Murray, President of the United States National Bank of New York, concerning the withdrawal of the Government deposits from the banks. Mr. Murray explained to him how, in his opinion, this should be done. As the Secretary of the Treasury is likely to reduce them, Mr. Murray's views are both timely and valuable.

"Secretary Windom would no more call the $46,000,000 deposited in the National banks," said Mr. Murray to me this afternoon, "than you would deliberately pull out the stopple of a water basin in order to let the escaping sewer gas poison your wife and children. That is a strong statement, but it is true, nevertheless. To do so would compel every bank of deposit to call suddenly on its customers for the payment of their loans, and business would come to a standstill. The bankers would endeavor to market their Government bonds, which are held as security for the public money, but who would be able or willing to purchase $46,000,000 of bonds at once? The market would be deluged with Government bonds, with no ready purchasers. The situation would be critical in the extreme. Now do you think that the banks of deposit haven't considered all the possibilities of any Government policy? Do you think that we bankers would sit still with our arms folded if we dreamed for an instant that the Secretary would carry out such a suicidal policy as that? I am perfectly well assured of what will actually take place. I am persuaded that there will be a change from Secretary Fairchild's policy, but it will be brought about as smoothly and with as little friction as the famous refunding operation conducted by Secretary Windom in Garfield's administration."

"This is how it will be done," continued Mr. Murray. "Every $110 deposited in the national banks by the Government is secured by a Government bond of the par value of $100, but which is worth in the market, say, $127. These bonds are held by the Government, but the banks receive the regular 4 per cent. interest upon them. It will be seen, therefore, that in every bond the Government has an equity of $110 and the bank of deposit an equity of $17. Now, then, when the Treasury Department determines to withdraw its deposits from the banks, will it demand the $110 in cash and return the bond? No; for that would produce the disastrous effects described. On the contrary, the Secretary will say: 'I want the public money back, but I will see that you have a market for your bonds. I will pay you $127 for each $100 bond.' This proposition accepted, what will be the result? Why, the Government will retain the bonds held as security and cancel them, thus reducing the public debt, and will pay to the banks $17 on every bond, which is the difference between the $110 deposited in the bank and $127, the value of the bond. Therefore, instead of $46,000,000 being withdrawn from the banks and from public circulation, there would be an actual increase of seven or eight million dollars in the funds of the banks and just that additional amount of money out of the public Treasury and in the channels of trade. Can anything be more simple than that? Why, instead of Wall Street being scared by the situation, it has not a particle of reason for apprehension. Instead of being a bear argument the Treasury policy is really a bull argument, as it increases the amount of money in circulation. I marvel that Wall Street has not seen this in its

true light. You may well put as the headline over your article, 'What fools these mortals be.' There might, of course, arise a question of dispute between the banks and the Secretary as to the price to be paid for the bonds. But the banks are in the position of a man who has a big mortgage on his house. The individual holding the mortgage offers to buy the house. The owner declares that the price offered is not high enough. 'Then,' says the mortgagee, 'if you will not sell I will foreclose,' and the owner, not being able to pay the amount of the mortgage, has to submit. But while the banks are in that position, they firmly believe that the Secretary will deal fairly in the matter of price. I should not be surprised at any time to find on my desk a circular from the Secretary containing the proposition I have outlined, and should be no more disturbed by it than I am by the most ordinary transaction of my bank."

I understand from another source that the Secretary's idea is to reduce the Government deposits in the lines named by Mr. Murray. This, it is said, will be done in blocks of perhaps $5,000,000 at a time, and nothing will be done to disturb the money market in its present sensitive condition.

SILVER LEGISLATION.

The proposition for the substitution of the present silver certificates in place of the legal-tender and National bank notes, and the increase of silver coinage, was referred by the action of the Convention of the American Bankers' Association at Kansas City, to the Executive Council, composed of 21 leading bankers, representing eighteen different States. At their meeting in New York on October 16th and 17th, the Executive Council, by a vote of twelve to three, voted against the proposition, but gave each member of the Council the privilege of presenting his views for publication with the report.

The report has just been published, and contains the views of Messrs. Gage, of Chicago; Camp, of Milwaukee; Smith, of Baltimore; Potter, of Boston; Harris, of Minneapolis; Culbertson, of New Albany, Indiana; and Knox, St. John and Murray, of New York.

We give below the paper presented by John Jay Knox, who is the Chairman of the Executive Council.

REPLY OF JOHN JAY KNOX,

CHAIRMAN OF THE EXECUTIVE COUNCIL, PRESIDENT OF THE NATIONAL BANK OF THE REPUBLIC, OF NEW YORK CITY, TO THE PROPOSITION FOR THE SUBSTITUTION OF SILVER CERTIFICATES FOR LEGAL-TENDER AND NATIONAL BANK NOTES.

The proposition of Mr. St. John involves the withdrawal of the legal-tender note, the disbursement of the one hundred millions of gold pledged as security for the redemption of these notes, the increased issue of silver certificates from two millions worth to four millions worth per month and finally, the giving to these silver certificates the quality of legal tender.

I.—The redemption of the legal-tender notes, and the disbursement of the gold held for that purpose.

The early retirement of the legal-tender notes was a part of the plan of Secretary Chase and of the administration of President Lincoln. One of the principal reasons for the organization of the National Banking system was to provide a market for Government bonds and to facilitate the refunding of the floating debt, including the legal-tender

notes. The National bank note was to be the permanent paper circulation, the Treasury legal-tender note was to be temporary only, to cover the exigencies of the war.

On March 18, 1869, an act to strengthen the public credit was passed, in which "the United States solemnly pledges its faith to make provision at the earliest practicable period for the redemption of the United States notes in coin." After the passage of this act, the maximum amount of 449 millions of dollars of legal-tender notes was reduced to 382 millions, and subsequently, under the Act of January 14, 1875, which authorized the increase of National bank notes, the amount was reduced to 346 millions, which is now outstanding.

The writer in his reports as Comptroller of the Currency for a series of years, advocated the retirement of the Government notes, and the issue of National bank notes in place thereof. His views have undergone no change, and he still believes that a well-secured bank currrncy combines in a high degree uniformity, elasticity, convertibility, and safety, which are the highest attributes of a perfect monetary circulation for a great and prosperous country. He is in favor of the retirement of these notes if a better currency can be substituted therefor, but it would be an act of bad faith for the Government to exchange these notes for an inferior currency. It pledged itself when it issued these notes to pay them in gold coin, in the same manner that it pledged itself to pay in gold the bonds which it issued during the war. On March 18, 1869, * it renewed its pledge to make provision for the redemption of these notes in coin. From the foundation of the Government up to the year 1878, the total coinage of silver dollars was only eight millions; and there were no silver dollar pieces in existence on March 18, 1869, except in the cabinets of the coin collector and laboratory of the metallurgist.

The word "coin" in all the statutes at that time could not, therefore, refer to the silver dollar. The word meant gold coin, for that was the only kind of coin then in circulation, or in possession of the banks or in the vaults of the Government. It was so interpreted by every Republican administration, and the administration of President Cleveland, not being satisfied with the form of the statement of the public debt of Secretary Chase, of Secretary Fessenden, of Secretary McCulloch, and of Secretary Sherman, devised a new form of statement.

Daniel Manning, the Secretary of the Treasury of President Cleveland, took the 100 millions of gold which had been held in the general fund of the Treasury for many years as a reserve, and set it aside, so that it could not be used for general expenditures, thus proclaiming to all the world that it was to be held for the redemption of the legal-tender notes.

* March 18th, 1869, an Act was passed "to strengthen the public credit," in which the United States "solemnly pledges its faith to make provision at the earliest possible period for the redemption of United States notes in coin."

Quotation from Act of Congress "to provide for the resumption of specie payments," approved January 14th, 1875:

"And on and after the first day of January, Anno Domini eighteen hundred and seventy-nine, the Secretary of the Treasury shall redeem, in coin of the United States, legal-tender notes, then outstanding, on their presentation for redemption at the office of the Assistant Treasurer of the United States in the City of New York, in sums of not less than fifty dollars. And to enable the Secretary of the Treasury to prepare and provide for the redemption in this Act authorized or required, he is authorized to use any surplus revenues, from time to time, in the Treasury not otherwise appropriated, and to issue, sell and dispose of at not less than par, in coin, either of the descriptions of bonds of the United States described in the Act of Congress approved July fourteenth, eighteen hundred and seventy, entitled 'An Act to Authorize the Refunding of the National Debt,' with like qualities, privileges and exemptions to the extent necessary to carry this Act into full effect, and to use the proceeds thereof for the purpose aforesaid."

Extract from Section 12, Act of July 12th, 1882:

"That the Secretary of the Treasury shall suspend the issue of such gold certificates whenever the amount of *gold coin and gold bullion in the Treasury reserved for the redemption of the United States notes* falls below $100,000,000."

Not only does the Act of March 18, 1869, as has been shown, pledge the faith of the Government for the redemption of the legal-tender notes in gold coin, but the act providing "for the resumption of specie payments, of January 14, 1875, provides for the redemption of these notes in coin at the office of the Assistant Treasurer in New York, and authorizes the Secretary of the Treasury to sell at not less than par in coin a sufficient amoun of bonds for the purpose of providing the means for redeeming such notes. Under this act, Secretary Sherman in the year 1878 sold a large amount of four and one-half and four per cent. bonds for gold, for resumption purposes, and on the day of the resumption, the Secretary held more than 40 per cent. in gold of the United States notes then outstanding. Since that time there has been continually on hand in the Treasury this fund of 100 millions, and it cannot be used without bad faith unless a proportionate amount of legal-tender notes are retired. The Act of July 12, 1882, refers in plain terms to this "$100,000,000 *of gold coin and gold bullion in the Treasury, reserved for the redemption of United States notes.*"

The Resumption Act is still in force, and gives the Secretary of the Treasury unlimited power to sell the same kind of bonds, if necessary to provide gold for the redemption of these notes. When these notes are retired, gold certificates may be issued if additional paper currency is desired, and no legislation is required for this purpose, except for the issue of notes of a denomination of less than twenty dollars.

For many years silver bullion has been purchased in large amounts and coined, but there is no good reason why gold certificates should not be issued upon the gold in the Treasury, as well as to use gold for the purchase of silver, as a basis for silver certificates. Common prudence would seem to dictate that at least one-half of the certificates issued, should be based on gold coin held in the Treasury. Both of the great political parties, as we have seen, are committed, and all the traditions of the Government are against the use of the gold, which is held for a specific purpose, namely, the redemption of the legal-tender notes.

II.—Increase of the purchase of silver bullion for coinage from two to four million dollars worth per month.

The proposition is to purchase four millions of dollars worth of silver monthly instead of two millions as at present, to take the place of the legal-tender notes and National bank notes, and this is to be coined into standard silver dollars. The amount of National bank notes outstanding October 1, 1889, was 203 millions, and the amount of legal-tender notes 346 millions, making a total of 549 millions. If the value of the standard silver dollar is 75 cents, then 60,000,000 of such pieces will be coined annually for nine years, and at the end of that period we shall have in the Treasury vaults 540 millions to be added to the existing coinage of 343 millions, making a grand total of 883 millions, upon which silver legal-tender certificates are to be issued. The result of this operation of exchanging the present legal-tender and National bank notes for another and inferior kind of paper currency will not be a saving, but an expenditure of 278 millions in addition to the $100,000,000 now held as a reserve for the present legal-tender notes. We have now in the Treasury 283 millions of standard silver dollars, upon which 277 millions of certificates have been issued; 60 millions of standard silver dollars are also in circulation, and 6 millions in the Treasury upon which no certificates have been issued.

The larger part of the 283 millions of silver dollars now in the vaults of the Treasury will probably remain there permanently, unless they are brought out for the purpose of being sold, or for recoinage. No one, not even the most persistent advocate of silver, proposes to use any

large amount of the silver dollars, in business transactions. If a tender was to be legally made of a thousand dollars, Treasury notes or gold coin would always be used in preference, because they can be more conveniently handled than seventy-one pounds of silver dollars. No business man would continue to manufacture millions of ingots or planchets of silver at an expense of two per cent., or $2,000,000 on every 100,000,000 manufactured, when the bullion itself could be more safely held in large masses. The bullion in mass is a safer collateral than the coin. A sufficient amount of silver dollars is already in the Treasury, to pay every certificate, that is likely to be presented during the next century. Why then continue to convert silver bullion, if it must be purchased, into coin? No reason can be given except one of sentiment.

It would seem that the very first step in legislation should be a bill to stop the coinage of the two millions a month which we are now purchasing, and issue certificates upon the bullion, thus saving the expense of coinage. Certainly if four millions a month of silver is to be bought during the next nine years, and 550 millions coined, we should, as an ordinary act of prudence, save the eleven millions of dollars of cost of coinage, and issue certificates directly upon the bullion. Such a change would combine economy with safety, even if the certificates were issued upon a basis of 412½ grains.

Mr. St. John says: "We need not be mindful of what sum we coin of silver, so long as we continue to retire the same sum of paper, because we thereby merely substitute silver of some intrinsic value, *for paper of mere waste paper worth.*" It is thus he characterizes the 203 millions of National bank notes, secured by United States bonds, by the resources of the National banks, and by the individual liability of shareholders! It is thus he characterizes the 346 millions of legal-tender Treasury notes for the redemption of which $100,000,000 of gold is held as a reserve, for the redemption of which is pledged in addition the property of every citizen, the resources of the whole United States! We object to the substitution of the present silver certificates for this paper "of mere waste paper worth," because it is plainly a substitution of an inferior circulating note for one that is more elastic, more readily convertible, and more certain of redemption at full par value than the silver certificate.

Mr. St. John is sanguine that the purchase of 48 millions worth of silver annually for nine years and its coinage at great expense will rapidly enhance the value of silver. Equally sanguine were the advocates of silver coinage ten years ago, when we commenced the purchase of $24,000,000 annually, but the result has not justified their hopes; for there has been a steady decline in its value. The rise of silver expected may not follow upon the purchases of the Government. A largely increased production may prevent it. The hoards of silver held by other countries, and by France as well as by Germany, are a continual menace upon the market. The probability of a change of legislation in this country in reference to the purchase of silver, the certainty that the purchase of silver will cease at the end of nine years, even if this plan should be adopted, will have the effect to prevent the rapid enhancement of its value. Even if there should be a temporary rise, the increased smeltage of inferior ores consequent upon the increase in price, and the danger of the disappearance from the market of a purchaser like the Government, will combine to prevent the return of the relationship of silver to gold—of 16 to 1—of fifteen years ago.

We do not assent to the proposition that legislation can be obtained compelling the Secretary of the Treasury to increase the purchase of silver to $4,000,000 a month. Even if such legislation should pass we

may reasonably expect the President of the United States to interpose his veto, or at least decline to give it his approval, as President Grant declined to approve legislation of a similar character in the year 1874.

We do not believe that the National bank notes are all to be retired. It is probable that legislation can and will be obtained authorizing the issue of circulation to the banks at the rate of par on bonds worth 127 in the market, and authorizing each bank to reduce the bonds required to be held as a basis for circulation to a minimum amount of $5,000. This would give the banks freedom of action in reference to their own issues, and probably result in continuing the present excellent National bank circulation until the four per cents. are all retired in the year 1907.

If more silver certificates are to be issued, particularly in such immense amounts, we insist that they shall not be issued upon the basis of a 412½-grain dollar, but upon bullion of the full value of 100 cents in the market. If the Government is to enter upon this policy the compromise should not be such as that proposed, but such that no man, rich or poor, can lose a penny by the action of his own Government, when it may finally cease to buy and to coin silver, as the French Government has already done. If the Government is to enter upon such a policy we insist that it shall buy its silver at the best rates at the time of purchasing and redeem its certificates at the value of the bullion, or in the standard dollars at the option of the holder at the time of redemption. In this way the Government, and not the individual, would profit when the price of silver advances, and the Government, and not the individual, undergo the loss when it declines, just as merchants or other dealers suffer loss and gain in the purchase or sale of other commodities. So long as the gold standard continues, the redemption of these new bullion certificates would be made as at present. If gold payments are suspended they would then be redeemed, as they ought, without loss to the holder.

III.—Silver certificates a legal tender.

Finally, the proposition is to make these silver certificates, which are termed "warehouse receipts," a legal tender. The proposition giving the legal-tender quality, to circulating notes, as I have said elsewhere, was discussed by the people of this country previous to the adoption of the Constitution. It was, perhaps, the most difficult question that was considered by the Fathers in the Convention that prepared and finally adopted the Constitution of the United States.

This question involves such serious, such far-reaching consequences, that its discussion has been avoided by all the great financiers, by all the public men of this country from the outset. From time to time it has been brought before Congress and laid aside as impracticable and unwise, but finally placed upon the statute book, not as a measure of choice, not because any considerable number of members of Congress believed in it, but because they reluctantly came to the conclusion that it was a measure necessary to provide for carrying on a civil war unequaled in the history of nations.

The Supreme Court of the United States, itself presumed to be composed of the greatest men in the country and of the greatest jurists of these times, have twice reversed their own judgment on this subject. First, they decided that the Legal-Tender Act was unconstitutional; secondly, they decided that the unconstitutionality of the legal-tender notes was based upon the war powers of Congress, and their third decision—to the surprise of the country—was that Congress has power to issue legal-tender circulating notes to an unlimited extent in time of peace as well as in time of war.

The legal-tender note which we have is a promise to pay. It is a

promise to pay one hundred cents in gold—a promise made by this great nation, which it is bound to keep or be disgraced, as you or I would be disgraced if we should not meet our obligations. For this promise to pay it is proposed to substitute what Mr. St. John—not myself—calls warehouse receipts, of the intrinsic value of 71½ cents.

A new doctrine is proposed, never before heard of, either in or out of Congress, to make, not a promise to pay (of the nation) a legal tender, but what is called a silver warehouse receipt, a legal tender, which you and I shall be forced to take in full payment, no matter what may be its value.

This proposition involves the financial history of this country from the time of Alexander Hamilton down to the present date.

The whole volume of business of this country was carried on from its organization to the year 1862 without any legal-tender paper money. All political economists and all financiers of note agree that the giving of the quality of legal tender to paper money by any nation is a great mistake. No other nation ever gave this quality to 300 millions of paper money, whether issued by itself or by its authorized fiscal agent. More than two-thirds of the population of the globe use silver as a currency, the greater portion of whom have never even heard of legal tender in their business transactions. We all know that, except for the late war, there would not be a dollar of legal-tender paper money in this country. We are in favor of the retirement rather than the increase of legal tender. But this proposition is to keep on buying silver bullion monthly for nine years, upon a rising market created by the purchaser; to give the legal-tender quality to 890 millions of certificates which now represent an intrinsic value of 71½ cents to the dollar. Certificates issued by the Government should be received in payment of public dues, but should not be a legal tender in payment of private obligations.

There is really no prejudice among bankers or among business men anywhere against silver coin or silver as a material for money, but they do object to all experiments, and particularly to experiments upon a large scale, to be continued for a series of years, which are almost sure to result in degrading the standard of money.

The policy of Congress and the legislation of late years has been to increase the circulation of the present over-valued silver dollar of 412½ grains, and it was the policy of the last administration, if not of the present, in order to strengthen the gold balance, to encourage the retirement of the National bank note, and the small denominations of legal-tender notes, to make room for the circulation of the paper representative of a forced silver coinage, in every respect an inferior currency to the forms of paper for which it has been substituted. If Congress will provide for the issue of certificates, whether gold or silver, based upon a true standard of value, the banks of the country will not, under the circumstances, object to the substitution of such a certificate for their own circulating note.

The capital and deposits of the banks are loaned to millions of the people, and often at rates much lower than the rates fixed by law. The gold coin and the other assets of the banks belong to the depositor first, and then to the stockholders, who, as a rule, are not rich men, but men of moderate means. And it is the depositors, rather than the banker, who suffer most from an inferior currency.

It is the duty of the officers of banks to insist that the borrower shall pay in dollars having the same intrinsic value as those that were borrowed, in order that depositors may be paid in dollars like those which were deposited. To do less than this would be gross negligence. "Strict justice and a rigid performance of contracts are the proper foundations of all monetary institutions."

SHALL SILVER REPLACE THE U. S. LEGAL-TENDER NOTES?

The following letter has been addressed by Mr. St. John, President of the Mercantile National Bank of New York, to the President of the Chamber of Commerce:

With Congress about to assemble, the admitted importance of this question (upon which our bankers are by no means agreed) must excuse this submission to the business community, of points at issue which can only be determined by the representatives of the people.

Legislation has been suggested to double the Government's present monthly investment in silver and apply the resulting coin to the retirement of U. S. legal-tender notes and surrendered notes of national banks, and to appoint the gold certificates and silver certificates full legal tender. In this proposition I have not aimed to promulgate the one wisest policy of finance that could be adopted by the United States; nor have I even therein intimated what I would esteem most eminently wise were it permitted me to dictate the scheme. But—will the people not relinquish the present annual increase of the sum of circulating money, which is due to the present coinage of silver? Then to maintain that increase, and secure the proposed gold increase additional, we need modify our proposition merely to require that *one-half the sum of coin* resulting from the doubled investment monthly shall be applied to the retirement of the legal tenders and surrendered bank notes.

Congress will assemble in December. The two questions likely to engage earliest attention—intimate associates from the outset—will be *first:* what means shall be adopted to reduce the excessive income of the Government? and *second:* what shall be our public policy as to the coinage of silver?

Assuming that our representatives in Congress are representatives in fact of their sundry constituents, then these joint important issues are to find solution only in a *compromise* on the part of (1) those who cherish genuine timidity of too abundant silver money; (2) those who abhor contraction of the volume of our circulating money; (3) those who advocate free coinage of silver; (4) those who at all hazards will preserve our protective tariff system.

Among the people the first named of these are numerous and influential, and will be under the stimulant of fear. The last named are at once, and may be perhaps eventually, the associates of these first; the same section of the country affording the overwhelming protective tariff influence, and the influence of dread of too abundant silver. The aforesaid second and third parties to the struggle are allies naturally; and if their natural antagonists can by any means be separated, at that moment these inflationists and silver advocates become at once the preponderant power.

With the past ten years recalled, for its possibility of ever impending peril of too abundant silver money, to be weighed against the certainty of hazard of the protective tariff system, a compromise must offer and be accepted, with each of all contending parties conceding something in sacrifice of preferences, or the one most likely result is the adoption of free coinage of silver. After a fifteen years' treatment of silver by the world, unique in its history and to which the world's experience is now adjusted, Omniscience alone can now foresee the result of a single-handed opening of the mints of the United States to free coinage of silver, be there peril in it or be there none.

The hereinbefore referred to proposition for legislation has been offered as such a compromise, and in order that it may prove possibly acceptable, notwithstanding its proposal to retire the U. S. legal-tender notes, I essay these lines for support of it, as follows:

I have submitted figures to demonstrate that there is no longer any profit to the national banks upon their present issue of circulating notes, and that the actual loss is greatest to national banks located where current rates are highest for ordinary loans of money. Therefore it is fairly to be assumed that the last of these national bank notes will shortly disappear, if Congress will afford a slight amendment of the banking law. And because the U. S. Supreme Court's "legal-tender decision" of 1884 is justly interpreted as empowering the Congress at any time, or times, to appoint an issue of U. S. legal-tender notes as our domestic money, and without even the requirement that the notes shall be redeemed in coin, therefore we are reasonably assured that no bank note, successor to the present issues of the national banks, will ever, in all the future, be allowed to issue and circulate as money in the United States. It is from the standpoint of this conviction that I—officer of a national bank—have sought a hearing; and because, if I mistake not, the question before us for immediate determination is therefore merely this, viz.:

Is there sufficient present inducement to retire the now outstanding issue of U. S. legal-tender notes?

Among inducements to retire the now outstanding U. S. legal-tender notes, the following have been mentioned and supported with argument at length:

First. To retire these U. S. notes, by replacing them with silver to circulate in coin or at the owner's option by certificate, will avoid contraction, not only, but will actually increase the volume of our money by the release of a proportionate sum of the Treasury reserve meanwhile maintained for the notes which are thus retired and canceled. Those of the people who most esteem these notes value money in use at not less than 10 per cent. per annum, while they now must contemplate an employment of the Government's surplus income at but 1½ per cent. per annum in the continued buying of the interest-bearing 4½ per cent. debt. These of the people will not be likely to resent the proposed employment of a modest portion of the annual surplus income for the retirement of legal tender notes by means which actually increase the sum of our circulating money by the sum, in all released, of $100,000,000 gold.

Second. The plan proposed to retire the U. S. notes will importantly enhance the price of silver, and maintain that advance for a period of at least nine years. To enhance the price of silver importantly is to increase the world's cost of that commodity which upon arrival at the mints of India, and the payment of a moderate seigniorage, becomes at once India's legal-tender money. To increase the cost to England of India's legal-tender money, is to increase the cost to England of the products which India's money buys. Thus, to enhance the price of silver is to diminish England's advantage of trade with India for supplies of products which the United States can furnish her. To enhance the price of silver is, therefore, to enlarge the foreign demand for our spare grain and cotton.

Third. Our proposed enhancement of the price of silver is thus to increase our exports. To repay us for our spare products, the foreigner cannot obtain our legal-tender silver at a farthing less than 100 cents in gold. He cannot ship us silver bullion, unless our mints be opened free to silver. The whole tendency of our proposed enactment is, there-

fore, to forbid the attraction of foreign silver, if the foreigner can spare silver; and, unless he can repay us for our products by increased shipments to us of foreign-manufactured goods, to not only banish gold, but to become entitled to foreign gold. Thus, to enhance the price of silver, and thereby the more abundantly to clothe the Englishman with our spare cotton and feed him with our spare grain, both at his increasing cost and to the increasing of our prosperity, may afford him an "inspiration from the paps which give him suck"; and the one real stumbling block to the opening of the mints of all Europe to legal-tender silver is thereupon removed. The whole tendency of the adoption of our proposed enactment is therefore toward our dictating, as to the coinage of silver, the policy of the world.

Fourth. The proposed retirement of the legal-tender notes, and voluntarily surrendered bank notes, by replacing them with silver, will bring us practically to gold and silver only as our money. As we have now afloat six distinct kinds of more or less potential moneys, this achievement of our proposition need not be despised. Upon that accomplishment we reach a point from which the business communities of all sections of the country shall be agreed, if demand for an increase of the circulating medium shall be warranted, that it may be met forthwith by a further increase of the Government's investment and coinage of silver. To double the present monthly investment, under present and prospective conditions, will likely enhance the price of silver some fifteen cents per ounce, or more. Further to increase the investment will be further to enhance the price; until by and by, and perhaps at no late day, the price of silver shall be thereby maintained in the markets of the world at not less than the parity of 100 cents for the bullion in our silver dollar coin. Thereafter, we need only await the first real stringency in the money market to behold certain of the now conspicuous antagonists of silver become the foremost of petitioners for the opening of our mints as free to silver as now they are to gold.

Fifth. At the date of issue of the now outstanding U. S. legal-tender notes, for many years before and until they had been already ten years afloat, the United States did not coin either gold or silver for own account; but our statutes permitted any possessor of silver or gold to lodge it at any mint, and for every sum of 4½ grains $\frac{9}{10}$ fine silver (our present dollar coin), or 25$\frac{9}{10}$ grains $\frac{9}{10}$ fine gold, to demand a dollar of the United States. The Congress did not undertake to predict which of either coin the citizen would choose to pay his taxes with, internal or import dues; but his election to pay in the money which he might most readily obtain was a reasonable expectation then and now. Therefore these U. S. notes were made to promise coin. Let it be remembered, also, that the silver certificate, which is obtainable by any holder of our silver dollar, is merely the Government's warehouse receipt for the legal-tender coin, dollar for dollar, the coin being held absolutely idle while the certificate is afloat and the certificate dead upon its return and while remaining in the Treasury. We propose that the silver certificates issued under these terms of law shall be appointed legal tender, in order that the possessor of this representative of the actual coin shall possess wherewith to legally tender payment for any debt.

Sixth. With these two points (of *Fifth*), together considered, it must be discovered that our proposition has merely offered to substitute the legal-tender coin for the outstanding legal-tender paper, which, for a quarter of a century, has promised it. Further, that the means proposed to thus fulfill our promises as a people is not to effect a contraction of the currency, but is actually to expand its volume, in addition

to the present sum of annual increase by silver coinage, or without that addition by the release from the Treasury of $100,000,000 gold. The adoption of our proposition thus offers us utter and entirely safe independence of the outside world during a period of at least nine years—twenty years, if it be safe to apply only one-half the doubled investment to the retirement of legal tenders and bank notes—provided only that continental Europe shall not meanwhile open her mints to silver free.

Seventh. If we have not yet entitled our proposition to be thought conservative, the majority of the Council of the American Bankers' Association having denounced it as "fraught with danger," would it not appear excusable if one not better posted should suppose the accusation just which a Senator of the United States submits to me, viz.: that "the bankers always manage to throw themselves solidly against everything desired by the people of the United States"?

Finally, your patience, already strained, would fail me utterly to enumerate the statements which have excited many general fears of silver (which until recent years I myself have shared), and in order to submit facts to banish some of them. I therefore conclude with an intimation as to only two of them, viz.: The supposed overproduction of silver, and Europe's threatening flood of silver, but address myself more directly to the patriotic among our mine owners and associate advocates of silver.

In order that the United States, independent of Europe, may adopt free coinage of silver without immediate peril, and without the possibility of demand from the people that we shall by and by reverse that action; and because to reverse that act after what, under such necessity, it shall meanwhile have occasioned us, will forbid a second favorable treatment of silver thereafter, I submit, before we adopt alone free coinage of silver, that we first test the influence of high-priced silver upon India and China, the greedy accumulators for years of the world's spare silver, and now, perhaps, a huge joint storehouse of return supply. If neither need be feared as likely to discharge her hoard, or to refuse additions to it, at the enhanced price, China now absorbing Mexico's dollars about as rapidly as coined, let the fact be once established and thereupon and thereafter it will be idle to impute error to the advocate of free coinage of silver by the United States alone. For the entire world's coinage of silver in every one of seven years past has annually exceeded the entire world's production of silver for the year. This cannot much longer continue; worn out silver plate and old accumulations will not afford it. Germany's idle hoard of silver for sale, and partly sold, when France had paid her vast sums of gold, is now, long since, become Germany's legal-tender money afloat and in bank among her people. Her silver being coined at an over-valuation of three per cent. as compared with our silver coin, she must needs tax her people for three per cent. of additional bullion and all transportation charges—and the same must be said of France and her Latin Union—if Europe's standard silver money shall be offered at our mints, for exchange into money current only here, were our mints opened to them absolutely free.

Advocates of the immediate adoption by the United States of free coinage of silver, sirs, if it be yours to dictate the measure which shall become our law, let me beg of you to urge the adoption of the proposition before you as originally stated or as herein amended, or some other measure equally safe, and as certain to enhance the price of silver; and I will risk repute for arrogance of opinion, provided your views are sound, to predict for you only a moderate test of patience with your fondest hopes not long deferred. Very respectfully yours,

WM. P. ST. JOHN.

RIGHTS OF DEPOSITOR.

SUPREME COURT OF INDIANA.

Lamb receiver, v. *Morris.*

A depositor of a certain bank instructed it to charge to his account a note upon which he was surety, and which was payable to the bank. The note was not so charged, but it was agreed that the bank should at any time thereafter have the right to make such entry, and that the note should be held by the bank to be collected for the benefit of the depositor. The account of the depositor was at no time to be drawn down to an amount less than the amount of the note. *Held*, that such agreement gave to the bank a right which it would not otherwise have had, and that the depositor became the owner of the note.

MITCHELL, J.—The questions for decision in the present case arise out of the following facts: On the 26th day of May, 1881, Alfred and John C. S. Harrison were partners engaged in a general banking business in the city of Indianapolis. They loaned to Joshua G. Adams $1,500, for which he executed his note due in 90 days, with Nathaniel N. Morris as surety. The note was not paid at maturity, and the evidence shows that payment was requested of Morris, who thereupon instructed the proprietors of the bank to charge the amount due on the note to his account, he having at the time an amount of money on deposit in the bank in excess of the sum due on the note. For prudential reasons, suggested by the bank, it was agreed that for the time being the note should not be charged up to Morris' account, but that the bank should consider an amount of the account equal to the sum due on the note as subject to be applied in payment thereof at any time, and that the note should remain and be held thenceforth by the bank, and be collected from Adams for Morris' benefit. The account was at no time to be drawn down to an amount less than that due on the note. Morris actually had to his credit from that time forward, a balance in excess of the amount due on the note, and this balance was used by the bank in its general business, the same as was the money left by other depositors. The matter remained in this condition until July, 1884, when the bank failed, and its assets were taken in charge by the Marion Superior Court, and placed in the hands of a receiver, at which time Morris had to his credit upwards of $4,000. The Adams note came to the hands of the receiver as part of the assets of the bank, and the latter collected from the principal maker about $1,400, which amount Morris claims should be paid over to him; he, as he alleges, having paid the note to the bank as surety for Adams. The foregoing, among other facts, were set up in an intervening petition by Morris, who asked that the receiver be ordered to pay over the money so collected from Adams to him. The judgment at special term, which was adverse to the petitioner, was reversed on appeal to the general term, and the receiver now prosecutes this appeal.

Whether or not the petitioner may require the receiver to pay over the money collected by the latter from Adams depends entirely upon the force and effect of the agreement between him and the bank. On the receiver's behalf it is contended that the rights of the parties were in no wise affected by the agreement; that without the agreement the bank had the right to appropriate a sufficient amount of Morris' deposit to the payment of the note after it became due; and that the agreement therefore conferred no right which the bank did not have before it was made. This position was untenable. It is a peculiarity of a

deposit of money in bank that the moment the money is deposited it becomes the property of the bank, and the bank and the depositor assume the legal relation of debtor and creditor. (*Bank* v. *Millard*, 10 Wall, 152; *Carr* v. *Bank*, 107 Mass. 45; *Bank* v. *Henninger*, 105 Pa. St. 496; Morse, Banks, 3d Ed. §289.) The general rule in keeping the account of a depositor is that as money is paid in and drawn out a balance may be considered as struck at the date of each payment or entry, on either side of the account; and it is the right of the bank, in case the depositor becomes indebted to it by note or otherwise, and the deposit is not specially applicable to a particular purpose, or there is no express agreement to the contrary, to apply a sufficient amount thereof to the payment of any debt due and payable from the depositor to the bank. (*Bank* v. *Hill*, 76 Ind. 223; *Bank* v. *Peck*, 127 Mass. 298; *Bank* v. *Henninger*, *supra*.) This results from the right of set-off, which obtains between persons occupying the relation of debtor and creditor, and between whom there exists mutual demands. It is familiar law, however, that mutuality is essential to the validity of a set-off, and that, in order that one demand may be set off against another, both must mutually exist between the same parties. Accordingly it is settled that a bank can claim no lien upon the deposit of one partner, made on his separate account, in order to apply it on a debt due from the firm; nor can the joint and several note of three persons be paid out of the individual deposit of one, unless he be the principal, and the others sureties, or unless it becomes necessary in order to do complete equity or avoid irremediable injustice. (*Watts* v. *Christie*, 11 Beav. 546; *Dawson* v. *Bank*, 5 Pike, 283; *Sefton* v. *Hargett*, 113 Ind. 592, 15 N. E. Rep. 513; Morse, Banks, § 326.) It follows that, in the absence of a contract giving it the right to do so, the bank could not have applied money due the petitioner, as a depositor, to the payment of the note upon which he was surety, any more than it could have successfully pleaded the note as a set-off in case the petitioner had brought suit to recover the balance due him on deposit.

Did the agreement change the previously existing relations between the parties in respect to the deposit account, and confer upon the bank any new rights, or impose upon it any new duties, in respect to the deposit? That it did seems clear beyond any question. In the absence of a special agreement, it is the right of a depositor, so long as the balance of his account exceeds the amount of any debts due and payable by him to the bank, to draw his check against the amount, and the bank is bound to honor his check, even though it may hold notes upon which the depositor is surety, unless circumstances of an extraordinary character exist. Hence, as we have seen, the petitioner had the right, in the absence of any agreement, to check out his entire balance. (*Bank* v. *Legrand*, 103 Pa. St. 309.) A bank deposit is subject, however, to any arrangement which the depositor and the bank may make concerning it, so long as the rights of third parties are not injuriously affected. (*Howard* v. *Roeben*, 33 Cal. 399; *Chiles* v. *Garrison*, 32 Mo. 475; *Bank* v. *Smith*, 66 N. Y. 271; *McEwen* v. *Davis*, 39 Ind. 109; Morse, Banks, § 188.)

A case in all respects parallel in principle to the present arose out of the following facts: A depositor having a balance to his credit requested his bank to pay a debt for him, agreeing that the balance should be applied in repayment. The bank paid the debt, and the depositor gave his note for the amount to the bank. Before the balance was actually applied, and the account adjusted, the bank failed, holding the depositor's note, which, with the other assets of the bank, were taken possession of by a receiver. In an action by the receiver

to collect the note it was held that the agreement effected an equitable appropriation of the balance of the deposit account to the payment of the note. (*Chase* v. *Bank*, 66 Pa. St. 169.)

In *Coats* v. *Donnell*, 94 N. Y. 168, it appeared that the cashier of a bank in Kansas City orally agreed with a banking-house in the city of New York that, if the latter would accept drafts amounting to $35,000, which the Kansas City bank had drawn upon it, the Kansas City bank would keep on deposit with the New York house an amount equal to the drafts drawn, and that the drawers should have a lien on the fund, with the right to appropriate so much of it as remained unpaid on the acceptances. Shortly after the arrangement was consummated the Kansas City bank failed, and made an assignment for the benefit of its creditors. The assignee brought suit to recover the amount of the deposit from the banking house in New York. It was held that the agreement authorized the bank to appropriate the deposit to the payment of the acceptances.

It is an uncontroverted fact in the present case that the petitioner directed the bank to charge the amount of the note and interest to his account, and, although it was arranged at the suggestion of the bank that the actual entry should not be made at the time, it was agreed that it might be made at any subsequent time, and that the bank should retain the note, and collect it for the depositor's benefit. This amounted to an equitable satisfaction of the note, so far as respects the petitioner, and made it his property. The agreement was upon a sufficient consideration, and after it was made the depositor had at no time the right to draw his account without leaving an amount equal to the sum due on the note. A court of equity proceeds upon the principle that all agreements are considered as performed which are made for a valuable consideration in favor of persons entitled to insist upon their performance. (Snell, Eq. 45; 1 Pom. Eq. Jur. § § 364, 365.) The depositor having fully performed his part of the agreement, equity will regard that as done which ought to have been done. Receivers and assignees take the property which comes into their possession as such, subject to all legal and equitable claims of others. (*Cook* v. *Tullis*, 18 Wall. 332; *Stewart* v. *Platt*, 101 U. S. 731; *Smith* v. *Felton*, 43 N. Y. 419; *In re Bank*, 2 Low 487.)

Casey v. *Cavaroc*, 96 U. S. 467, is not in conflict with anything herein decided. There was nothing in the conduct of the petitioner upon which to predicate an estoppel *in pais*.

The judgment of the general term is affirmed, with costs.

LEGAL MISCELLANY.

NEGOTIABLE INSTRUMENT—ATTORNEY'S FEES.—In an action by a surety against the maker of a note which stipulates that, in case of suit by payees, a certain per cent. shall be allowed as attorney's fees, the surety, having paid such note, is subrogated to the rights of the pavees, and his affidavit for attachment, averring the indebtedness to be the amount of the principal, interest, and attorney's fees, is not at variance with the petition setting out such note. [*Carpenter* v. *Minter*, Tex.]

PARTIES—CORPORATION.—While the name of "People's Bank" in which plaintiff brought suit, would not of itself show the legal capacity of the plaintiff, yet if the note was given to the bank by that name the makers could not deny its right to bring suit thereon. [*Bair* v. *People's Bank*, Neb.]

USURY.—Voluntary services rendered by middlemen, through whose agency a loan was procured, in looking after the payment of taxes on the mortgaged property, and in collecting and remitting accrued interest on the loan, will not render the loan usurious, the services, though beneficial to the middlemen, and being rendered in pursuance of a known custom of their business. [*Riley* v. *Olin*, Ga.]

USURY—COMMISSIONS.—Where the money actually lent belonged to none of the middlemen engaged in procuring the loan, that the notes and mortgage were made payable to one of them, who shared in the commissions paid by the borrower, will not infect the loan with usury, the lender knowing nothing touching the payment or agreement to pay commissions, and having acted in person in contracting to make the loan, fixing the terms thereof, and accepting the security, and having parted with the full amount of the loan and delivered the money to one of the middlemen engaged in procuring it. [*Hughes* v. *Griswold*, Ga.]

USURY.—Payments made upon a usurious debt are to be deducted from the principal and lawful interest, where the suit is upon renewal notes executed after such payments, but without purging out the usury. [*McGee* v. *Long*, Ga.]

NEGOTIABLE INSTRUMENTS.—A note sued upon, so altered as to be payable one year after date, with interest from date, instead of payable one day after date, with interest after maturity, is admissible in evidence, on proof of the genuineness of the signature thereto, before evidence explaining such alterations, which appear upon its face, is introduced. [*Stayner* v. *Joyce*, Ind.]

NEGOTIABLE INSTRUMENT—CONFLICT OF LAWS.—Where notes are executed and made payable in one State, and the maker resides and intends to use the money borrowed in another State, where the property mortgaged to secure the payment of the notes is situated, the *locus contractus* is the State in which the notes were executed and made payable. [*Central Trust Co.* v. *Burton*, Wis.]

PRINCIPAL AND SURETY—CONTRIBUTION.—Where the maker of a note gives his sureties a mortgage to secure its payment, and the property is sold and the proceeds applied on the note, the maker cannot dispute the satisfaction of such mortgage in an action against him by a surety who has paid part of the note. [*Stone* v. *Hammell*, Ca..]

JUDGMENT—USURY.—After judgment upon a promissory note bearing legal interest according to its face (no plea of *non est factum* or of usury having been filed to the action), it is not competent for the debtor or his wife to prove by extrinsic evidence, in order to avoid the effect of a waiver of homestead or exemption, that the note was altered by the creditor before suit was brought, from an usurious rate to a legal rate of interest. Such extrinsic evidence would be inconsistent with the judgment. [*Stewart* v. *Stisher*, Ga., 9 S. E. Rep.]

LIEN—PLEDGES.—A., having sold an agricultural product of this State, in the City of New Orleans, to B., on five days' credit, and B. having, within the five days' limit, pledged the bills of lading therefor to C., and, as against the assertion of A.'s lien, C. having set up a claim of ownership: *Held*, that C. cannot subsequently, and in the same suit without any change of pleading, abandon his claim of ownership, and assert, in argument, a lien and privilege resulting from his pledge. [*Cohen* v. *Haynes*, La., 6 South. Rep.]

TRUSTEE.—A trustee who deposits trust funds in a bank, and takes a certificate of deposit therefor payable to himself, is responsible for loss caused by the bank's failure, though the instrument creating the trust directed that the money should be deposited in that bank. [*Corya* v. *Corya*, Ind., 21 N. E. Rep. 3.]

ECONOMIC NOTES.

REDUCTION IN COST OF TRANSPORTATION.

Even the severest critics of the railway concede that transportation is far cheaper than in the days of the pack horse and the canal, but the marvelous extent to which it has decreased in cost is not generally appreciated. An interesting letter, recently published in the New York *Tribune*, after going into the matter at some length, concludes by saying: "From 1861 to 1865 prices rose more than 100 per cent., but rail rates rose not 40 per cent. Consequently the same amount of transportation which, at the charges of 1861, would have purchased 215 tons, bushels, or pounds, would have purchased at the charges of 1865 only 162 tons, bushels, or pounds. From that time to 1869, prices and rail rates fell nearly in correspondence, and the same transportation at the charges of 1869 would have purchased only 169 bushels, tons, or pounds. But from 1869 to 1879, though prices fell nearly 50 per cent., rail charges fell yet more, so that the same transportation at the charges of 1879 would have purchased only 119 bushels, tons, or pounds. Since 1879 the rate with reference to prices has not varied widely; it fell in 1882, when prices were advanced by short crops, so that the same transportation would have purchased only 102 tons, bushels, or pounds, but rose again to 117 in 1886. In 1887 it declined to 107 tons, bushels, or pounds for the same transportation, and was doubtless a little lower in 1888, but is now higher than in 1886, the year before the enactment of the interstate law, prices having declined lower than in that year, while railroad charges have slightly advanced."—*Railway World.*

CONDITION OF RUSSIAN PEASANTS.

The peasant proprietors in Russia, says a writer in the *Nineteenth Century*, can neither pay the money owing to the Government for their land, nor even the State and communal taxes, and are flogged by hundreds for non-payment. In one district of Novgorod, fifteen hundred peasants were thus condemned in 1887. Five hundred and fifty had already been flogged, when the inspector interceded for the remainder. Widespread famine is found over a great part of the country. Usurers, the bane of peasant proprietors in all countries, are in possession of the situation. The Koulaks and Jew "Mir-eaters" supply money on mortgage, then foreclose, and, when the land is in their possession, get the work done for nothing as interest. These bondage laborers, as they are called, are in fact slaves, and are nearly starved, while the small pieces of land are often reunited into considerable estates, and their new owners consider they have only rights, and no duties. Meantime, as forced labor is at an end, and free labor is of the worst possible kind, the old land-owners can get nothing done. They have tried to employ machines, bought by borrowing from the banks, and are now unable to repay the money. The upper class has been ruined, with no advantage to the peasant.

THE CLAIMS OF COMPETITION.

Nothing is clearer than that rivalry and competition are not merely actual but inevitable elements of human life. And, therefore, is it our wisdom not to pretend that they do exist, and even less to pretend that there is something so naughty in them that they ought not to exist, and least of all, to pretend that, though they are naughty, they are neverthe-

less necessary, and we must compete and strive and struggle to excel and outwit our neighbor just as hard as we can, only taking care not to let anybody see what we are doing, or suspect in us the competitive spirit. In a word, this is just one of those questions which wants to be ventilated with a strong breeze of candid and courageous common sense, and there could be no fitter moment for opening the windows and letting such a breeze blow through than just now. Let us understand, then, that competition—a strife to excel, nay, if you choose, downright rivalry—has a just and rightful place in the plan of any human life. A prize fight is probably the most disgusting spectacle on earth, but it has in it just one moment which very nearly approaches the sublime; and that is when the combatants shake hands with each other and exchange that salutation as old as the classic arena, "may the best man win." It is the equitable thing that the best man should win. When we turn to the most august and eventful conflict which human history records, we find it described as the winning of a prize, the reaching of a goal, the conquest of an adversary. Of course it is possible to suppose such a thing as a life without rivalries and competitions, and to look forward to a time, when, amid other conditions, they will be at once needless and incongruous, but in such a life as ours is now—in a life, that is to say, which so plainly has discipline and education for its end—to take all rivalry and competition out of it would be to rob it of one of the mightiest and most wholesome agencies for the ennobling of human character.—*Scribner's Magazine.*

PROFITABLE SILVER MINING IN SOUTH AMERICA.

The Huanchaca mine is a fissure vein which was worked by the Spaniards, and before them by the Incas. About fifteen years ago the mine was reopened by a company of Bolivian and Chilian capitalists, and with such extraordinary success that the shares are now about 400 per cent. above par. Owing to the great scarcity of fuel on the table-land of Bolivia, the mining company has constructed a railroad, 640 kilometers long, from the port of Antofogasta to the mine, a feat unexcelled by any of our mines. The railroad crosses the desert of Atacama and the Cordillera at an elevation of 14,000 feet. The mine proper is at an elevation of 13,600 feet above the sea level, and the mountains surrounding it are from 17,000 to 18,000 feet high. The mine has a fine exhibit at the Paris Exposition, in the shape of a tunnel ten meters long, which tunnel is built entirely of ores from Huanchaca. The entrance of the tunnel is an exact reproduction of the tunnel of St. Leon in Pulacayo. Mr. Wendt is making purchases of a splendid mining and smelting plant in this country, and with the saving this will effect in operation, and the reduction in freights the railroad referred to above will bring about, these profits will be greatly increased. The following table shows the magnificent output of this property and the large profit it has earned, even under the disadvantages of extremely high cost of fuel and absence of railroads:

PRODUCTION OF SILVER.

Years.	*Gross Value.*	*Net Profit.*	*Years.*	*Gross Value.*	*Net Profit.*
1873.....	$231,238.25	$153,292 50	1881.....	$3,191,630.18	$742,439.93
1874.....	267,276.87	122,977.92	1882.....	6,034,289.49	3,146,789.46
1875.....	164,607.07	64.931.50	1883.....	5,136,788.08	2,564,521.77
1876.....	870,872.87	.....	1884.....	4,934,439.51	2,174,677.00
1877.....	1,565,784.49	470,059.42	1885.....	4,858,989.32	2,080,038.83
1878.....	2,037,025.10	989,814.42	1886.....	6,258,320.63	2,161,210.82
1879.....	2,215,882.03	742,190 84	1887.....	4,569,377.55	1,170,996.17
1880.....	2,489,143.42	851,972.47	1888.....	5,334,535.10	2,048,750.49
Total...	.....	.....	.....	$50,559,599.96	$19,484,663.54

—*Engineering and Mining Journa* .

IDAHO.

This territory has an area of 85,000 square miles, and is traversed by various spurs of the Rocky Mountains. The principal river is the Snake, which takes its rise in Montana, runs south about two-thirds the length of the territory, thence west, thence north, forming the western boundary line, forming an acute semi-circle until it empties into the Columbia. The volume of water at Weiser will equal that of the Hudson from Catskill to New York, though not affected by tides. It is wider in many places than the broadest part of the last-named stream. Imagine the Hudson flowing through low valleys from ten to sixty miles in width, its waters confined with dams, above which canals and ditches are made to convey water out upon these bottom lands or flats to give the earth moisture, and the reader will get an idea of the proposed method of making productive the lands of Southern Idaho. Apply this to the Salmon River, the Clearwater, the South Boise, Middle Boise and North Boise, the Poyette, Weiser and Lemhi, and a dozen other large streams, and it is possible to form some conception of the monster improvements necessary to render Idaho an agricultural country much exceeding its present capacities. The northern part of the territory is heavily timbered, and has more rain, but as one travels southward the amount of timber continually becomes less, until, as the Nevada line is approached, timber is only found upon the mountains, and the plains are dry and parched during the four or five hot months, when scarcely a cloud can be seen in the sky. When irrigating canals and ditches are made there will be plenty of rain, caused by moisture arising from the lands. Colorado had a similar climate thirty years ago, but when the land was rendered tillable by the turning of rivers upon deserts, the whole face of the country became changed, and now rain is likely to fall at any time. So it will be here. If this had been a territory where poor men could come and make a farm, as was the case in Illinois, Iowa, Kansas and Nebraska, Idaho would have been filled up long ago, for it is more than a century old as a territory. As it is, one must either find water in close proximity to land or buy water of a ditch company, which is little better than an Eastern gas company.

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money have been as follows:

QUOTATIONS:	Nov. 4.	Nov. 11.	Nov. 18.	Nov. 25.
Discounts	7 @ 8	6½ @ 7½	6½ @ 7½	6½ @ 7½
Call Loans	7 @ 8	7 @ 3	20 @ 6	7 @ 5
Treasury balances, coin	$157,671,325	$157,532,255	$157,753,126	$157,703,768
Do. do. currency	3,847,153	8,813,916	8,822,383	8,797,065

Sterling exchange has ranged during November at from 4.84½ @ 4.85½ for bankers' sight, and 4.80½ @ 4.81½ for 60 days. Paris—Francs, 5.20⅝ @ 5.18¾ for sight, and 5.23⅛ @ 5.21⅞ for 60 days. The closing rates for the month were as follows: Bankers' sterling, 60 days, 4.80¾ @ 4.81; bankers' sterling, sight, 4.85 @ 4.85¼; Cable transfers, 4.85½ @ 4.85¾. Paris—Bankers', 60 days, 5.23⅛ @ 5.22½; sight, 5.20⅝ @ 5.20. Antwerp—Commercial, 60 days, 5.26¼ @ 5.25⅝ Reichmarks (4) — bankers', 60 days, 94¼ @ 94⅜; sight, 95¼ @ 95⅜. Guilders—bankers', 60 days, 39⅞ @ 39 1/16; sight, 40 1/16 @ 40⅛.

BOOK NOTICES.

Monopolies of the People. By CHARLES WHITING BAKER, C. E., Associate Editor of the *Engineering News*. New York and London: G. P. Putnam's Sons. 1889.

In his preface, Mr. Baker says that he has endeavored to present, "first, the results of a careful and impartial investigation into the present and prospective status of the monopolies in every industry; and, second, to discuss in all fairness the questions in regard to these monopolies—their cause, growth, future prospects, evils, and remedies." The author has certainly kept true to his purpose, and we have a really able discussion of one of the most important subjects of the day. On page 204 he gathers up the salient decisions reached in his investigation, which may be best expressed in his own language. "We have discovered that a great industrial revolution is in progress, by which mining, manufacturing and transportation, to a very great extent, and other industries, to a considerable extent have been, and are being, concentrated in the hands of a very few competitors. We have found that by the laws of competition this reduction in the number of competitors greatly increases the intensity of competition, and the resulting waste and instability of price, and finally brings monopoly into existence. This monopoly we have determined to be serious infringement upon the rights of the people, and we have found that the losses due to intense competition and the fruitless attempts to defeat monopoly by adding new competing limits, have wasted the wealth of the nations in uncounted millions." To remedy these evils the author proposes, not to abolish monopolies and create new competitors, but introduce State regulation. Mr. Baker sees clearly the difficulties in applying it; nevertheless, he thinks the experiment should be tried. It is not too much to say that this book is one of the most thoughtful and valuable contributions on the subject that has appeared, and is worthy of attentive study. It will quicken thought, whether the reader falls into the author's way of thinking or not.

Trade and Transportation Between the United States and Spanish America. By WILLIAM ELEROY CURTIS. Washington: Government Printing Office. 1889.

This publication, prepared and issued under the auspices of the State Department, is subdivided into three parts. Part I. is devoted to Trade; Part II. to Transportation; Part III. deals with Topics of Discussion. Mr. Curtis collected the material for his work as a special agent of the State Department, and the matter is specially designed to aid or facilitate the members of the Pan-American Congress. It may, however, be read profitably by our merchants, manufacturers and business men. This book shows that there are within easy reach more than 50,000,000 of people who are producers largely of invaluable staples that are materially needed by our own people, and who are growing year by year larger importers of foreign wares. They consume more than they produce. As yet their mechanical

industries are so meager that a few steamers, as Mr. Curtis says, would carry the entire annual product of their factories. However, they already produce breadstuffs in competition with our grain fields. Indeed, Chili is the competitor with California for the trade in flour, not only in Peru, Ecuador and Bolivia, but in Central America, while both the Argentine States and Uraguay from the East Coast are large exporters of wheat and dressed meat, with immeasurable possibilities, being specially favored by the existence of great water ways, that enable vessels, as it were, to reach the wheat fields and cattle ranches. Already there is a magnitude of commerce on the part of Spanish America, that, as far back as 1884, was as follows:

Exports	$550,324,550
Imports	460,661,665
Excess of Exports	$89,662,885

Only the Argentine Republic exported less ($19,419,877) than she imported. In 1886 the exports of Spanish America were reported probably at $499,484,511, with imports of $473,695,941. Brazil having the largest commerce, and that of the Argentine Republic second, with Cuba as third. In this large commerce the people of the United States have had but a petty share, except as an importer of Cuban sugar, Brazilian coffee and Argentine hides and wool.

European Glimpses and Glances. By J. M. EMERSON. New York: Cassell & Company. 1889.

This is a brief account of what an intelligent American saw in Europe during a few months of travel. Hundreds of such books have been written, but all find readers, and serve, doubtless, a useful purpose. The book covers parts of Germany, Switzerland and Italy—ground best known to the American traveler.

The New Revenue Act of Pennsylvania, and Parts of Previous Acts Still in Force Levying Taxes for State Purposes. By RUFUS E. SHAPLEY, Philadelphia: T. & J. W. Johnson & Co. 1889.

Mr. Shapley, whose eminent ability is a guaranty that anything he might produce would be valuable, states in the preface all that need be said concerning this publication. After the passage of the act of 1889, he remarks, he found it necessary for his own professional convenience to prepare an annotated copy of the act, showing what parts of previous acts had been left unrepealed, and at the same time referring to all decisions of the courts construing the various scattered acts from which it had been copied. "Believing that such an annotated copy of the act of 1889, with explanatory notes, would materially assist judges, lawyers, boards of revision, county commissioners, assessors and taxpayers throughout the State in ascertaining exactly what laws are to-day in force taxing corporations and individuals for State purposes, I have allowed what was intended for my own use to be put into print, and have added two chapters containing some practical information for corporations and individuals as to the taxes to which they are now liable and the reports which they are required by law to make."

Involuntary Idleness. An Exposition of the Cause of the Discrepancy existing between the Supply of, and the Demand for, Labor and its Products. By HUGO BILGRAM. Philadelphia: J. B. Lippincott Company. 1889.

The aim of this treatise is to search for the cause of the lack of employment. This, the author says, is obviously due to the fact that the supply of commodities and services exceeds the demands, while the supply and demand in general ought to be equal. He then seeks for the "factor" which destroys this natural equation, and he discovers that it is a lack of paper money. "The inability of the debtor class to meet their obligations increases the risk of business investments, and the accumulation of money in the hands of the financial class depriving the channels of commerce of the needed medium of exchange, a stagnation of business will ensue, which readily accounts for the accumulation of all kinds of products in the hands of the producers and for the consequent dearth of employment. . . . . This analysis leads to the inference that an expansion of the volume of money by extending the issue of credit money will prevent business stagnation and involuntary idleness." Thus once more, for the ten thousandth time, a writer endeavors to convince others that there is a magical power in money to do what it never has done, and what it never can do.

A Practical Plan for Assimilating the English and American Money as a step towards a Universal Money. By the late WALTER BAGEHOT. Second Edition. London: Longmans, Green & Co. 1889.

Bagehot is one of the ablest English economists of this century. No other in any country ever had such a complete knowledge of the theory, history and practical every-day working of economic principles as he. He has left his stamp on every economic subject he touched; and we are the wiser for his work. In this brochure or monograph he describes among other things the use of an international monetary unit in trade quotations. How much easier would be the task of ascertaining the values of things. This use as well as many others have led to frequent efforts to establish a monetary unit by the leading nations of the world. One of the plans which has found not a few advocates is a gold coin containing the same quantity as the ten franc piece, with the same proportion of alloy and which would be within three-quarters of a penny of eight shillings in value. Bagehot's plan was "to make the pound 1,000 farthings, instead of 960, and its scale would run thus in our present money:—

	£.	s.	d.
Unit	1	0	10
1/10	0	2	1
1/100	0	0	2½
1/1000	0	0	0¼

Every sum in the old currency would be exactly representable in the new. There would be no difficulty in penny bridge or ferry tolls. The penny might continue to subsist as a coin, though it would not be a part of the decimal scale, just as the sou exists in France, and is the basis of countless dealings, though it is neither the tenth nor the hundredth of a franc. It could at once be written in the new money of account, just as the sou can be at once written in the present French money."

The Theory of Credit. By HENRY DUNNING MACLEOD, M. A. In two volumes. Vol. I. London: Longmans, Green and Co. 1889.

The author of this work holds a peculiar place among economists. His works on "The Theory and Practice of Banking," and his "Elements of Banking," possess great merit, but his other works are regarded with less favor. The author possesses an acute mind, and is more inclined to analysis and criticism than to construction. His chief delight is in trying to find errors in the teachings of others, and this tendency is clearly seen in the present work. To a considerable extent it is a reproduction of his "Principles of Economical Philosophy." In some places that work has been expanded, in others, portions have been eliminated. Any one, however, who is familiar with that, will recognize at once how largely the present work is a reproduction. Notwithstanding all his faults, Macleod is a valuable and interesting writer. His style is always clear, and if his definitions are often quite as imperfect as those so mercilessly attacked by him, nevertheless what he says will quicken the mind of the reader. One of his principal merits, in our judgment, is his suggestiveness. His criticisms if not accepted, start the reader into new explorations, and he rejoices in the end that he has been led to make them. For this reason, if for no other, the book before us is well worth reading.

Dépréciation des Richesses. Par Alph. Allard.

The basis of this work is a memoir read before the Academy of Moral and Political Sciences in France. The author describes the evils from which the world has suffered during the last fifteen years, and ascribes them to the demonetization of silver. A large quantity of evidence is massed to sustain his proposition, and is presented with great force. Then follows a discussion of the memoir by members of the Academy, to which Mr. Emile de Laveleye has added a reply. Like all of the distinguished author's writings, his reply is a strong and brilliant defense of bimetallisim. We have been hoping to find space for some extracts from this interesting work; it is deserving of an English translation.

The reports of the New York Clearing-house returns compare as follows:

1889	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits*	*Circulation*	*Surplus.*
Nov. 2...	$396,142,000	$72,797,600	$28,852,300	$402,117,700	$4,056,200	$1,120,475
" 9...	397,760,200	73,369,700	26,280,700	401,645,000	4,061,300	*760,850
" 16...	395,826,200	75,046,100	26,441,000	403,748,900	4,077,200	549,875
" 23...	395,219,000	75,496,100	26,103,100	400,456,000	4,080,200	1,485,200
" 30...	395,993,000	75,832,900	26,199,300	400,561,400	4,056,700	1,891,850

The Boston bank statement is as follows:

1889.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*
Nov. 2.....	$155,345,400	$9,824,500	$5,058,600	$135,333,800	$2,545,000
" 9.....	156,241,100	9,799,600	5,196,100	135,905,900	2,546,100
" 16.....	155,361,500	9,462,500	4,907,800	134,869,100	2,539,600
" 23	154,121,300	9,698,100	4,954,400	132,160,200	2,537,900
" 30.....	152,879,700	9,328,600	4,671,200	129,871,300	2,537,900

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1889.	*Loans.*	*Reserves.*	*Deposits.*	*Circulation.*
Nov. 2.....	$98,133,000	$24,922,000	$95,841,000	$2,135,000
" 9	98,069,000	24,424,000	95,156,000	2,126,000
" 16	97,545,000	23,167,000	94,627,000	2,135,000
" 23.....	97,059,000	23,115,000	93,665,000	2,135,000
" 30.	96,778,000	23,303,000	94,143,000	2,133,000

*Deficiency.

BANKING AND FINANCIAL ITEMS.

REFUNDING THE DISTRICT DEBT.—Treasurer Huston, *ex-officio* Commissioner of the Sinking Fund of the District of Columbia, has made a report to the Secretary of the Treasury, showing that the debt of the District, June 30 last, was $20,142,050, a net decrease of $1,964,600 in principal, and a net decrease of interest charges of $137,158 since July 1, 1878. He calls attention to the fact that more than $2,500,000 in District bonds mature in 1891, and nearly $1,000,000 more in 1892; and recommends, in order to provide for the refunding of these bonds, that Congress be asked to authorize the issue of registered bonds, bearing interest not to exceed four per cent., to be redeemable at pleasure after two years, to be negotiated in the same manner as United States bonds.

HARRISBURG, PA.—Colonel William Livsey celebrated the 57th anniversary of his birth on the 13th of November, and received from Governor Beaver a commission as State Treasurer, to fill the unexpired term of the late Captain Hart. Colonel Livsey, who was cashier under Samuel Butler, was elected State Treasurer in 1883, and at the expiration of his term was appointed Cashier under Colonel Quay. When the latter was elected to the United States Senate Governor Beaver appointed Livsey to the vacancy, and now he falls into line again as the successor of Captain Hart.

HOW FAR A CENT WILL GO.—When Mr. Alfred Shaw rolled out an 1889 penny to the length of about fifty inches he supposed he had reached the limit. He was surprised to read that a roller, named Williams, had succeeded in drawing one out to seventy and three-quarter inches. The other day Mr. Shaw tried again. He carefully prepared his 20x60 rollers, took a penny and forged it slightly by hand, and started in to beat the record. He has succeeded, and now has glued to a broad white ribbon a ribbon of the alloy of which the cent was made, which measures eighty-four inches long, seven-eighths of an inch wide and three ten-thousandths of an inch in thickness. Mr. Williams' cent only measured three-quarters of an inch in width.—*Milwaukee Sentinel.*

NEW YORK CITY—A NEW TRUST COMPANY.—The State Trust Company, with the arms of the State of New York for its shield, has a capital of $1,000,000, and among its directors are some of the best known financial men in the country. The surplus is $500,000, and the shares are of the par value of $100. Willis S. Paine, for six years Superintendent of the Banking Department of New York, is president. William L. Trenholm, first vice-president, was United States Controller of the Currency under Mr. Cleveland. He is the president of the American Surety Company. William Steinway, the well-known piano manufacturer, is second vice-president. Among the other directors are Henry H. Cook, Charles R. Flint, the well-known merchant, who has large interests in South America; William B. Kendall, general manager of the Bigelow Carpet Company; Charles Hauselt, president of the German Emigrant Society; Frederick Kuhne, the banker; Edwin A. McAlpin, the manufacturing tobacconist; Charles Scribner, of Charles Scribner's Sons; George W. Quintard, of the Quintard Iron Works; Henry Steers, president of the Eleventh Ward Bank; Forrest H. Parker, president of the Produce Exchange Bank; George Foster Peabody, the banker; William A. Nash, William H. Van Kleeck, George W. White, Charles L. Tiffany and Andrew Mills.

SMALL NOTES.—The United States Treasury is experiencing an unusual and an immense demand for small notes, which is an indication of unusual business activity. The large shipments have brought about a clash with the express companies, the United States Express Company refusing to transport the money at less than regular rates. The company claims that their contract with the department for the transportation of government moneys and securities does not apply to shipments like these to banks and bankers. Department instructions to the Assistant Treasurer at New York, of August 7 last, have been modified accordingly. Future

shipments will be made upon receipt of notice of deposits of legal-tender notes and silver certificates with the Assistant Treasurer at New York, with the understanding that the express charges will hereafter be collected by the express company. The notice to bankers that such remittances will be forwarded at government contract rates has been recalled.

SAN FRANCISCO.—"Nineteen years of unalloyed prosperity," says the *Daily Alta California*, "have firmly intrenched the First National Bank of San Francisco in the public confidence, and presage a further career of unvarying success." The occasion for saying this is the removal of the bank to its new quarters. The *California* adds: For more than a year past the beautiful new home of the bank has been in process of construction, and as story after story was added, more and more the shapely structure became an object of admiration to every passer-by. Its architecture indicates solidity and strength, as becomes a moneyed institution, and yet, withal, its beauty never tires the eye, but is a constant source of pleasure. This city has, it is true, not many business blocks of attractive exterior or convenient interior, but one such building as the First National Bank has just erected will go far to redeem the town from that stigma.

KINDERHOOK, N. Y.—In the summer of 1838 a movement was set on foot to have a bank in the village of Kinderhook, which had just been incorporated. The articles of association provided for commencing business on the Wednesday after the first Tuesday in January, 1839, and terminating on the Wednesday after the first Tuesday in January, 1889. In 1865 it ceased to be a State bank and became the National Bank of Kinderhook. It started with a capital of $113,525, which was increased from time to time until 1857, when it was $250,000, and so remained to 1879, when it was reduced to $125,000. When the bank started it had 56 stockholders; it closes with 96. Of the 56, four were women; of the 96, forty-seven are women, showing that women are taking a more important position in the affairs of the world than they did fifty years ago. More than three-quarters of the stock is now held by the descendants of the original subscribers. The meeting of the stockholders held on the 25th of September, 1889, was organized by the election of Edson R. Harder as chairman, Lewis L. Morrell as secretary, and Frank Palmer and A. Melgert Vanderpoel as tellers. Upon a ballot being taken on the question of going into voluntary liquidation and closing up the business of the bank, 2,204 of the 2,500 shares of stock voted for, and 5 against it, and 291 did not vote or were not represented. In closing up the business of the bank it will be necessary to keep it open as usual until January 1, 1890, and perhaps longer, to enable depositors and the creditors of the bank to receive their money when demanded, and also to enable those who have notes due the bank, or made payable there, to pay the same.—*The Rough Notes*.

ST. LOUIS.—The Western Trust Company has been incorporated under the laws of Missouri, with authorized capital of $400,000, and will undertake to act as executor, administrator, guardian, trustee, receiver, fiscal and transfer agent and registrar of stocks and bonds, and will loan money on approved real or personal securities. George Elliott is president; E. J. Dunn, treasurer; George S. Robertson, secretary, and Chapman Bradford, of Dallas, Tex., vice-president.

ST. LOUIS.—John C. Russell, of Terrell, Texas, who is managing the affairs of the National Bank of the Republic, the new bank soon to be located here, has returned from the East. The location of the bank, Mr. Russell says, has not yet been selected, but it will be on Olive, between Broadway and Fourth, or on Broadway, between Market and Washington avenue. "Mr. Russell," says the Dallas *Morning News*, "who will be made president of the new institution has been identified with Terrell for many years and is recognized throughout the State as one of the best financiers in it. He feels somewhat elated over the fact that one of its foremost men should be selected to perfect the organization of such an institution as the new Bank of the Republic is destined to be. He carries with him the best possible letters from the leading banks in Dallas, Fort Worth, Temple and other points, attesting to his business qualifications, financial strength, etc., and will unquestionably prove an acquisition to the business community of St. Louis. It is not often that Texas capital seeks investment abroad, and possibly would not in this instance, but for the fact of Mr. Russell being a leading factor in the enterprise."

BIRMINGHAM, ALA.—Isaac H. Vincent, ex-State Treasurer of Alabama, who is now serving a fifteen-year sentence in the coal mines for the embezzlement of $223,000 of the State's money, wants a pardon. He does not want an ordinary pardon, and will not allow his friends to intercede with the Governor in his behalf. He wants the people of this State to pardon. Vincent proposes to ask the Legislature to submit the question of granting him a pardon to the people at the next election, and let them vote on it. If a majority vote for a pardon he thinks he should be free, while if a majority vote no pardon he will serve out his sentence. Vincent has been in the mines two years, and with the usual allowance for good conduct, his sentence will expire in ten years.

MEXICO.—Banking facilities for the rapid transaction of business, which have been demanded for years, are now to be provided by the organization of the International and Mortgage Bank of Mexico, succeeding the Banco Hipotecario Mexicano. The new bank will have a capital of $5,000,000 in $100 shares, of which $2,500,000 will be offered to the public, and $1,500,000 be used in the absorption of the old company. Liability ends with the full payment of the shares. The bank will introduce into Mexico the system of the United States, being authorized to accept, draw, purchase, sell, discount and negotiate bills of exchange, drafts, bills, checks, and all sorts of commercial paper, payable in Mexico or other countries. It will also afford facilities for making advances on consignments of merchandise; will issue mortgage bonds on income-producing property in Mexico, and will issue registerable certificates for gold or silver, in coin or bars. It is believed these certificates will enter into public circulation. The bank also has the Government guarantee for all its property of immunity from attachment, confiscation or extraordinary tax, or levy in case of war or disturbance. Subscriptions will be received for stock at $110 per share, Mexican money in Mexico; $80 in the United States, and £80 8s. in London; opening October 14 and closing October 18, a deposit of $5 a share being required on application. The officers will be: Senor Pedro Martin, who has been a successful banker in Mexico for thirty years; vice-president in Mexico, M. L. Guiraud; vice-president in New York, H. B. Hollins; cashier, Morris S. Belknap; solicitors, Senor Rafael Donde in Mexico, Lowrey, Stone & Auerbach in New York, and Freshfields & Williams in London.

CLINTON, MO.—At the annual meeting held by the stockholders of the Brinkerhoff-Faris Trust and Savings Company, Mr. John H. Lucas, of Osceola, was elected as director in the place of Mr. Brinkerhoff, who retired in consequence of his age. In his letter announcing his retirement, he says: "I candidly and heartily recommend the new management of our company with Mr. Lucas as my successor, Mr. Geo. Wm. Benn, vice-president, and Mr. Faris as secretary and treasurer, as heretofore. The president and secretary are both in the prime of life and have had large experience in all things pertaining to this business, and are most worthy of the confidence and unstinted patronage of the public, and will be found tireless in doing their whole duty by their patrons."

KANSAS CITY, MO.—"The removal of the Merchants' National Bank of Kansas City," says the Kansas City *Gazette*, "from its cramped and dingy quarters, into the New York Life building, will stand as one of the most important business advances of the year. With this settlement in what is probably the most commodious and magnificent banking room in the West, the capital stock of the Merchants' National was increased from $500,000 to $1,000,000. The Merchants' National is owned and officered by several of the leading men of Kansas City, all of whom have been successful, and whose careers have been marked by integrity of character, and usefulness to the public and the business interests intrusted to them."

NEW YORK CITY.—Mr. James V. Lott, lately discount clerk in the Mercantile National Bank, has been appointed assistant cashier.

THE CANADIAN BANKS.—There will be an early session of Parliament next year, probably about the middle of January. The Cabinet has been engaged for a week or two in preparing various measures for legislative consideration. Parliament will be asked to pass a new banking law, the charters of the Canadian banks expiring in January, 1891. Business men with few exceptions favor the adoption of the American national banking system, on the ground of its simplicity and the additional security it affords stockholders and depositors.

THE BONDS OUTSTANDING.—General W. S. Rosecrans, Register of the Treasury, in his annual report shows that during the year 21,500 bonds, amounting to $103,894,350, were issued and 85,149 bonds, representing $231,811,450 were canceled. The total amount of bonds outstanding is $762,428,812, of which amount only $10,362,850, or 1.36 per cent., are held abroad, an increase, however, of 22 per cent. as compared with last year, due to the more rapid redemption of domestic as compared with foreign holdings. Of the $555,734,112 held by home persons and corporations, individuals and trustees hold $332,503,112, a decrease of $53,724,000 during the fiscal year. The amount held by insurance companies, etc., is $46,864,000, a decrease of $152,000, and that held by savings banks, mutual benefit and other institutions, is $176,367,000, a decrease of $14,738,700. Of individual and trustee bondholders there are about 39,000, holding on an average $8,526 each in bonds, a reduction of only $228 in the average amount held by such persons at the close of the fiscal year 1888. There are now outstanding in Treasury notes, certificates, etc., $813,865, very little of which will probably ever be presented to the Government for redemption, because lost or destroyed, thus making the Government a gainer to the extent of nearly $1,000,000.

NORRISTOWN, PENN.—Business at the Tradesmen's National Bank, Conshohocken, which has been suspended since the discovery of the defalcation of Cashier William Cresson, a few weeks ago, has been resumed with $50,000 capital. Cresson's successor at the bank is Isaac Roberts. The directors feel much encouraged at the action of more than 90 per cent. of the depositors in not withdrawing their deposits, and it is believed that the resumption will be a success.

CHARLESTON, S. C.—The Palmetto Dime Savings Bank was found on the morning of Nov. 21st, with a huge red seal pasted on its front door. Most of the retail merchants on King street do business with the bank, and hundreds of children, clerks and poor people deposit their savings there. The news spread like wildfire that the bank had failed, and the excitement was intense until it was ascertained that the red seal was a practical joke. It has been learned that six King street stores have been pasted with the bogus red seals within the last three months. The victims of the red seal fiend held a meeting and engaged a detective to hunt out the joker. They have also offered a reward for his capture.

CANADA.—The Merchants' Bank of Canada have moved that the Government make a requisition on the United States authorities for the surrender of David Campbell, of the firm of Campbell & Son, of Montreal, on a charge of forgery. Campbell was arrested in New York, and is now held for extradition. The necessary steps have been taken by the Governor-General's office to bring the matter before the British Minister at Washington.

DEATHS.

ALDEN.—On November 21, DARIUS ALDEN, President of Granite National Bank, Augusta, Me.

BALLANTINE.—On November 22, aged sixty-eight years, DUNCAN BALLANTINE, President of First National Bank, Andes, N. Y.

GILMAN.—On November 16, aged sixty-two years, JOHN S. GILMAN, President of Second National Bank, Baltimore, Md.

MOORE.—On October 20, aged sixty-five years, GEORGE W. MOORE, President of Mechanics' Savings Bank, Hartford, Conn.

SLOKOM.—On November 13, aged seventy-two years, SAMUEL SLOKOM, President of National Bank of Christiana, Christiana, Pa.

TAYLOR.—On October 27, aged seventy-one years, A. H. TAYLOR, President of Tishomingo Savings Bank, Corinth, Miss.

THOMPSON.—On November 22, aged seventy-nine years, JOSIAH THOMPSON, President of First National Bank, East Liverpool, O.

VAN DEVENTER.—On November 16, aged eighty-four years, JEREMIAH R. VAN DEVENTER, President of First National Bank, Plainfield, N. J.

VOORHEES.—On November 27, aged fifty-three years, JOHN ENDERS VOORHEES, President of Farmers' National Bank, Amsterdam, N. Y.

WORKMAN.—On October 9, aged seventy-six years, THOMAS WORKMAN, President of The Molsons Bank, Montreal, Quebec.

CAPITAL, REAL ESTATE, VALUE OF SHARES AND DIVIDENDS, OF NEW YORK CITY BANKS.

	Capital.	Surplus.	Par.	No. Shares.	Gross Value per Share, '89.	Real Estate.	Assessed Value Shares, '89	Dividends, per Cent.			Last Div.	Book Value Shares, '89	Last Sale Stock Reported.		Individu'l Deposits. Net.	Due Banks.
								1886.	1887.	1888.						
	$	$				$									$	$
America, Bank of	3,000,000	1,875,000	100	30,000	138.00	600,000	118	8	8	8	July '89...4	163	Nov. 27, '89.	199½	8,983,600	2,172,900
American Exchange Nat.	5,000,000	1,667,500	100	50,000	112.00	500,000	102	7	7	7	Nov. '89..3½	135	Nov. 13, '89.	159½	11,760,700	6,800,000
Bowery	250,000	394,700	100	2,500	197.93	19,800	190	11	12	12	July '89.. 6	257	July 24, '89.	265	2,635,700	....
Broadway National.	1,000,000	1,582,200	25	40,000	53.50	320,000	46	20	16	16	July '89.. 8	258	Nov. 25, '89.	300	4,036,500	1,071,800
Butchers & Drovers' Nat.	300,000	284,500	25	12,000	40.00	84,000	33	8	8	8	July '89...4	195	Nov. 27, '89.	197	2,004,600	34,800
Central National	2,000,000	561,100	100	20,000	103.61	452,000	81	7½	8	7½	July '89...3½	128	Sept. 16, '89.	143	5,105,600	4,562,200
Chase National	500,000	715,000	100	5,000	147.00	....	147	8	6	6	July '89...3	243	Feb. —, '87.	225	4,301,800	7,902,800
Chatham National	450,000	595,800	25	18,000	41.08¼	1,500	41	14	12	12	July '89...3	232	Oct. 9, '89.	312	4,543,300	1,100,400
Chemical National	300,000	6,056,000	100	3,000	1650.36	277,100	1558	100	100	100	Sep. '89. 25	2119	Nov. 27, '89.	4305	21,367,500	6,037,100
Citizens' National	600,000	384,100	25	24,000	34.00	216,000	25	7	7	7	July '89...3½	164	Nov. 13, '89.	188	2,767,800	220,700
City National	1,000,000	2,412,400	100	10,000	272.83	388,300	234	10	15	15	Nov. '89..5	341	Sept. 11, '89.	500½	11,616,000	1,611,500
Clinton	200,000	9,100	100	2,000	100.00	...	100	New	New	New	None	104	None		317,000	....
Columbia	200,000	75,800	100	2,000	97.00	....	97	None	None	None	July '89...3	138	Feb. 8, '88.	114½	2,137,700	404,700
Commerce National	5,000,000	3,258,200	100	50,000	139.66	633,000	127	8	8	8	July '89...4	165	Nov. 8, '89.	200	11,076,200	3,993,400
Commercial National	300,000	55,200	100	3,000	94.00	....	94	None	None	6	July '89...3	118	Nov. 13, '89.	102	1,095,700	502,800
Continental National	1,000,000	280,400	100	10,000	101.44	654,000	36	7	7	7	July '89...3	128	Oct. 30, '89.	130	2,893,200	2,226,100
Corn Exchange	1,000,000	1,105,600	100	10,000	170.03	140,000	155	10	10	10	Aug. '89. 5	211	Nov. 27, '89.	240½	5,576,000	91,600
Deposit, Nat. Bank of	300,000	47,200	100	3,000	98.00	....	98	..	..	..	None	116	Jan. 3, '89.	108	567,300	131,200
East River National.	250,000	123,700	25	10,000	30.24	82,400	22	8	8	8	July '89...4	150	Oct. 5, '89.	172¾	1,399,500	....
East Side	100,000	22,600	100	1,000	110.00	....	110	None	None	None	None	123	Mar. 20, '89.	125	276,600	1,100
Eleventh Ward	100,000	145,700	25	4,000	45.00	20,000	40	8	8	8	July '89.. 4	246	Jan. 9, '89.	226	1,439,600	....
Empire State	250,000	55,400	100	2,500	100.00	...	100	None	None	None	None	122	None		519,700	....
Fifth National	150,000	264,300	100	1,500	218.50	54,750	182	6	6	6	July '89...3	276	Dec. 19, '88.	236	1,681,100	163,800
Fifth Avenue	100,000	717,100	100	1,000	581.00	....	581	None	None	None	None	817	May —, '85.	625	4,262,300	....
First National	500,000	6,089,400	100	5,000	1051.30	501,500	951	40	40	40	J'ly '89 ..25	1326	May —, '84.	540	5,008,800	16,316,600
Fourth National	3,200,000	1,410,600	100	32,000	112.00	512,000	96	8	7	7	July '89...3½	144	Nov. 27, '89.	170½	10,184,900	8,044,700
Fourteenth Street	100,000	57,600	100	1,000	141.00	....	141	None	None	None	None	158	None		442,200	....
Gallatin National	1,000,000	1,378,800	50	20,000	97.16	343,000	80	10	10	10	Oct. '89...5	238	April 24, '89.	265	3,375,000	710,800
Gansevoort	200,000	3,800	100	2,000	New	....	New	None	None	None	None	102	None		38,800	27,700
Garfield National	200,000	293,000	100	2,000	166.00	....	166	None	None	None	None	246	None		3,302,200	100,400
German American	750,000	217,600	75	10,000	81.66	16,600	80	6	6	6	Aug. '89...3	129	Nov. 16, '89.	125	2,250,000	223,800
German Exchange	200,000	423,200	100	2,000	226.00	62,000	195	None	3	10	May '89.12	321	Sept. 7, '87.	265	3,271,900	3,100
Germania	200,000	381,500	100	2,000	223.00	44,000	166	9	9	8	May '89...5	290	May 29, '89.	277	2,885,500	....
Greenwich	200,000	108,000	25	8,000	28.00	16,000	26	6	6	6	May '89 ..3	154	Jan. 30, '89.	139½	1,295,300	....
Hamilton	150,000	60,200	100	1,500	125.00	...	125	None	None	None	None	140	None		195,100	19,000
Harlem	100,000	9,500	100	1,000	89.00	....	86	None	None	None	None	109	None		409,600	108,600
Hanover	1,000,000	1,200,000	100	10,000	142.33	3,300	144	7	7	7	July '89...3½	225	Nov. 25, '89.	335	6,005,800	12,541,100
Home	100,000	[illegible]	100	1,000	132.00	20,000	[illegible]	None	None	None	May '89...3	126	None		[illegible]	[illegible]

Irving National					New		New	None	None	None	None					
Knickerbocker	100,000	New	100	6,000	155.63	276,180	109	10	10	10	July '89...5	185	Nov. 27, '89. 245	2,259,300	778,900
Leath'r Manufactur's Nat.	600,000	513,500	100	1,000	92.00	....	92	None	None	None	None	107	Feb. 13, '89..100	345,500	2,700
Lenox Hill	100,000	7,200	100	3,000	121.00	....	121	None	None	None	None	182	Feb. 9, '87..133	3,461,800	574,600
Lincoln National	300,000	247,800	100	2,000	89.00	20,000	79	6	3	3	Jan. '87...3	111	Oct. 23, '89..101	924,900	....
Madison Square	200,000	21,800	100	2,000	89.00	20,000	79	6	3	3	Aug. '89..3½	160	Oct. 16, '89..184	7,967,000	2,607,900
Manhattan Co	2,050,000	1,240,600	50	41,000	65.58	556,780	52	7	7	7	July '89...4	194	July 10, '89..202	4,255,000	281,700
Market & Fulton Nat	750,000	699,800	100	7,500	157.00	180,000	133	8	8	8	July '89...4	189	June 19, '89..200	4,988,100	2,639,500
Mechanics' National	2,000,000	1,775,300	25	80,000	38.70	456,000	33	8	8	8	July '89...5	211	Mch. 7, '88..172	2,484,700	300,000
Mechanics & Traders'	200,000	222,200	25	8,000	32.00	16,000	30	8	9½	10	July '89...3	179	May 15, '89..195	3,566,200	5,377,400
Mercantile National	1,000,000	790,000	100	10,000	128.63	155,300	113	6	6	6	July '89...3½	143	Nov. 27, '89..157½	4,764,600	3,481,700
Merchants' National	2,000,000	855,000	50	40,000	53.00	560,000	44	7	7	7	July '89...3	119	Sept. 25, '89..120	2,297,300	2,303,200
Merchants' Exch. Nat	600,000	118,400	50	12,000	47.00	168,000	33	6	6	6	July '89...5	260	Feb. 13, '89..361	4,395,800	341,000
Metropolis, Bank of the	300,000	482,300	100	3,000	184.40	13,200	180	7	8	8	July '89...3	334	Nov. 2, '86..200	2,138,200	107,600
Mount Morris	100,000	233,700	100	1,000	212.50	5,500	207	6	6	6	July '89...4	407	April 10, '87..260	1,859,500	....
Murray Hill	100,000	307,000	50	2,000	130.00	10,000	125	16	16	16	July '89...4	138	Nov. 14, '89..155	2,842,300	23,800
Nassau	500,000	191,000	50	10,000	54.33	3,300	54	8	8	8	Nov. '89..4	112	Dec. 7, '87..116	760,000	46,700
New Amsterdam, Bank of	250,000	31,400	100	2,500	90.00	....	90	None	None	None	None	181	Nov. 13, '89..243	10,233,300	2,288,300
N. Y. Nat. Banking Asso.	2,000,000	1,611,600	100	20,000	147.00	580,000	118	10	10	10	July '89...5	211	July 10, '89..445	3,131,700	....
New York County Nat	200,000	221,900	100	2,000	100.00	34,000	83	8	8	8	July '89...4	143	Jan. 11, '89..130	1,405,200	178,300
N. Y. National Exchange	300,000	130,600	100	3,000	113.00	51,000	96	6	6	6	Aug. '89..3	139	Nov. 21, '89..150	2,996,600	3,840,100
Ninth National	750,000	297,700	100	7,500	104.24	496,000	38	7	7	7	July '89...3½	123	Oct. 6, '86.. 96	721,800	10,000
Nineteenth Ward	100,000	22,700	100	1,000	92.00	....	92	None	None	None	None	169	Oct. 30, '89..187½	3,417,400	1,011,200
North America, Bank of	700,000	482,000	70	10,000	96.33	3,300	56	6	6	6	July '89...3	147	Oct. 30, '89..150	2,478,700	128,700
North River	240,000	114,100	30	8,000	30.00	56,000	23	8	8	8	July '89...4	222	Nov. 27, '89..225	1,949,400	....
Oriental	300,000	362,300	25	12,000	44.00	96,000	36	10	10	10	July '89...5	186	Nov. 27, '89..198½	3,047,200	....
Pacific	422,700	325,700	50	8,454	71.50	63,000	64	8	8	8	Nov. '89...2	205	Nov. 27, '89..259	11,255,800	12,591,300
Park National	2,000,000	2,114,800	100	20,000	141.00	800,000	101	8	8	8	July '89...4	228	Feb. 23, '88..185	2,785,800	27,400
People's	200,000	256,000	25	8,000	42.85	70,000	34	10	10	10	July '89...5	155	Nov. 16, '89..143	2,884,800	1,509,800
Phenix National	1,000,000	549,000	20	50,000	25.1188	5,940	25	6	6	6	July '89...3	118	Oct 16, '89..112¼	2,587,000	677,600
Produce Exchange N. Y.	1,000,000	176,800	100	10,000	100.00	....	100	6	5	5	Oct. '89...2	158	Nov. 27, '89..177½	5,494,800	9,971,600
Nat. Bank of the Republic	1,500,000	867,700	100	15,000	122.76	505,400	89	6	6½	7	July '89...3½	106	None	336,500	....
Riverside	100,000	5,800	100	1,000	88.00	....	88	None	None	None	None	141	Nov. 27, '89..130½	1,753,200	132,900
St. Nicholas	500,000	202,700	100	5,000	121.26	6,300	120	8	6	6	July '89...3	127	Aug. 16, '89..140	2,164,800	2,073,500
Seaboard National	500,000	132,200	100	5,000	100.00	....	100	5	6	6	July '89...3	125	June 7, '89..135	1,554,600	600
Seventh National	300,000	75,400	100	3,000	100.33	990	100	6	6	6	July '89...3	180	Feb. 6, '89..350	5,035,700	1,200
Second National	300,000	240,800	100	3,000	114.33	990	114	None	10	10	July '89...5	148	Oct. 23, '89..156½	2,457,800	1,184,100
Shoe & Leather National	500,000	239,100	100	5,000	114.00	240,000	66	8	8	8	July '89...4	138	May 4, '87..235	1,945,400	....
Sixth National	200,000	75,400	100	2,000	90.00	....	90	8	8	8	July '89 ..4	142	Nov. 16, '89..115	3,277,500	227,900
State of N. Y., Bank of	1,200,000	506,400	100	12,000	109.00	228,000	90	8	8	6	Nov. '89..3	100	None	New	....
Stuyvesant	....	New	..	....	New	....	New	..	..	..	New	127	Jan. 9, '89..115	2,613,300	5,824,300
Third National	1,000,000	267,400	100	10,000	91.13	11,300	90	6	6	5½	July '89...2½	122	Nov. 25, '89..100	1,890,600	1,079,100
Tradesmen's National	1,000,000	219,700	40	25,000	41.34	283,500	30	6	6	6	July '89...3	127	1888..145½	656,400	900
Twelfth Ward	200,000	55,600	100	2,000	104.00	....	104	None	None	None	None	105	Jan. 9, '89.. 99	212,600	....
Twenty-third Ward	100,000	4,600	100	1,000	94.00	....	94	None	None	None	None	119	None	921,400	....
Union Square	200,000	38,200	..	...	New	....	New	None	None	None	None	202	July 27, '89..210	1,799,200	4,149,600
United States National	500,000	513,400	100	5,000	158.00	....	158	8	8	8	July '89....2	107	Nov. 20, '89.. 94¾	7,575,500	4,851,100
Western National	3,500,000	262,700	100	35,000	88.70	24,000	88	None	None	None	None	215	Dec., '88.....243	2,505,300	....
West Side	200,000	230,100	100	2,000	154.00	....	154	10	10	10	July '89...5				

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from November No., page 406.)

	Bank and Place.	*Elected.*	*In place of.*
N. Y.	City, Mercantile Nat. Bank.....	J. V. Lott, *Ass't Cas* ...	Chas H. Bogert.
"	. Tradesmens Nat. Bank.....	Joel W. Mason, *P*.....	Nathaniel Niles.
CAL....	First Nat. Bank, San Diego....	Jerry Toles, *P*.....	J. H. Bible.
CONN...	Mech. Savings Bank Hartford.	Daniel Phillips, *P*.....	G. W. Moore.*
"	.. Phœnix Nat. Bank, Hartford.	F. L. Bunce, *Cas*.....	Ed. M. Bunce.
		H. H. White, *Ass't Cas.*	.....
"	.. WoodburyS'gs Bank, Woodbury	Edward Cowles, *P*.....	Geo. B. Lewis.
GA.....	First Nat. Bank, Cedartown...	C. L. Hardwick, *P*.....	.....
IDAHO..	First Nat. Bank, Pocatello.....	J. F. Johnson, *P*.....	J. H. Bible.
ILL.....	Farmers Nat. Bank, Genesee...	C. Dunham, *V. P.*	E. G. Gilbert.
"	.. Streator Nat. Bank, Streator.	J. C. Ames, *V. P*.....	W. S. Cherry.
IND.....	Lawr'ceNat. BankN. Manchester	John W. Mills, *Cas*.....	D. C. Harter.
"	.. Farmers State Bank, Sullivan..	W. E. Crawley, *Cas*....	M. B. Wilson.
IOWA ..	Charter Oak Bank, Charter Oak.	Paul G. Riedesel, *Cas*....	J. G. Shumaker.
		J. W. Stehm, *Ass't Cas*..	.....
"	.. Commercial Nat. Bank. Waterloo.	W. W. Miller, *P*.....	J. D. Platt.
		Wm. L. Illingsworth, *V.P.*	F. C. Platt.
KAN....	Peoples Nat. Bank, Clay Center.	Wm. Docking, *Cas*.....	F. H. Head.
"	.. Finney County Nat. Bank, Garden City.	W. S. Smith, *Cas*.....	A. H. Adkison.
		W. E. Jones, *Ass't Cas*..	.....
"	.. Cottonwood ValleyNat. Bank, Marion.	Isaac Good, *P*.....	Levi Billings.
		J. N. Rogers, *V. P*.....	Isaac Good.
		R. G. Hannaford, *A. C*..	.....
"	.. State Bank, Summerfield.....	Frank Thomann, *P*.....	Jno. A. Gilchrist.
"	.. Wilson State Bank, Wilson....	B. S. Westfall, *P*.....	M. P. Westfall.
ME.....	GardinerSavingsBank, Gardiner	I. J. Carr, *P*...	Weston Lewis.
MD. ...	Second Nat. Bank, Baltimore...	Chas. C. Homer, *P*.....	John S. Gilman.*
MICH...	Concord Nat. Bank, Concord..	Horace Walcott, *Cas*....	Henry F. Stone.
"	.. Mecosta Exchange Bank, Mecosta.	Amos S. Johnson, *P*. ...	.....
		F. J. Pierce, *Cas*.....	.....
MINN...	First National Bank, Hastings.	L. S. Follett, *P*.....	.....
		Denis Follett, *Cas*.....	L. S. Follett.
MISS....	Tishomingo S'gsBank, Corinth.	J. W. Taylor, *P*.....	A. H. Taylor.*
MO.....	First Nat. Bank, Nevada	H. L. Tillotson, *P*.....	E. E. Kimball.*
MONT ..	First National Bank, Great Falls.	L. G. Phelps, *V. P*.....	A. E. Dickerman.
		A. E. Dickerman, *Cas*...	L. G. Phelps.
NEB....	Ansley Banking Co., Ansley.	C. J. Stevens, *P*.....	B. F. Hake.
		Geo. W. Fowler, *Cas*....	C. J. Stevens.
"	.. State Bank, Daykin.	John B. Wright, *P*.....	S. J. Alexander.
		A. C. Maynard, *Cas*.....	W. E. Maynard.
"	.. GoodrichBros. B'k'gCo., Fairb'y.	L. W. Goodrich, *Cas*....	Wm. L. Wilson.
"	.. Bank of Henderson, Henderson.	Geo. W. Post, *P*.....	.....
"	.. Bank of Howard, Howard.....	S. A. Robinson, *Cas*.....	S. W. Jackson.
"	.. Bank of Indianola, Indianola.	C. S. Quick, *P*.....	F. L. Brown.
		J. F. Welborn, *Cas*.....	C. S. Quick.
"	.. F'm's & M't's Bank Linwood.	L. Folda, *Cas*.....	Geo. F. Smith.
"	.. RedCloudNat. Bank, RedCloud.	W. A. Sherwood, *Cas*...	P. A. Beachy.
"	.. State Bank, Republican City.	B. D. Mills, *P*.....	Geo. W. Burton.
		Chas. W. Whitney, *Cas*.	B. D. Mills.
"	.. Shelton Nat. Bank Shelton....	A. H. Sterrett, *Cas*.....	Mark G. Lee.
"	.. KeyaPayaCo. Bank, Springview.	W. C. Brown, *Cas*.....	.....
"	.. First Nat. Bank, Sutton.	Henry Grosshans, *P*.....	L. D. Fowler.
		Theo. Miller, *Ass't Cas*..	.....
"	.. First Nat. Bank, Tobias.	Wm. Burke, *P*.....	S. F. Nunemaker..
		L. E. Southwick, *V. P* .	Wm. Burke.
		M. Jaggar, *Ass't Cas*....	.....
"	.. Commercial B., Weeping Water.	T. M. Howard, *Cas*.....	J. M. Roberts.
N. J....	Hudson Co. N. B., Jersey City.	Richard C. Washburn, *P*.	.....

* Deceased.

	Bank and Place	*Elected.*	*In place of.*
N. Y.	.. Albany City Nat. Bank, Albany.	Edgar Cotrell, *V. P.*.... Jonas H. Brooks, *Cas.*...	Geo. I. Amsdell. Amos P. Palmer.
"	.. AlbanyCityS'gs I'stit't'n, Albany	J. H. Brooks, *Treas.*...	Amos P. Palmer.
"	.. Farmers Nat. B., Amsterdam..	Wm. J. Taylor, *Cas.*....	D. D. Cassidy.
"	.. First Nat. Bank, Andes.....	David Ballantine, *P.*....	D. Ballantine.*
OHIO	.. First Nat. B., Bowling Green..	J. R. Hankey, *V. P.*....	.....
"	.. First Nat. Bank, Cincinnati....	W. S. Rowe, *Cas.*.....	Theo. Stanwood.
"	. Second Nat. Bank, Cincinnati..	Wm. Albert, *Cas.*.....	W. S. Rowe.
"	. Painesville Nat. B., Painesville.	C. H. Frank, *Cas.*.....	.....
"	.. Clinton Co. N. B., Wilmington.	D. B. Van Pelt, *V. P.*...	M. Rombach.
PENN.	.. Nat. Bank of Christiana, Christiana.	I. W. Slokom, *P.*..... S. Slokom, *Cas.*.....	Samuel Slokom.* I. W. Slokom.
"	.. Peoples Nat. Bank, Lancaster..	H. W. Hartman, *V. P.*..	Robt. A. Evans.
"	. Valley Nat. Bank, Lebanon....	T. T. Worth, *P.*.....	Geo. Hoffman.
"	.. First Nat. Bank, Selins Grove..	Jas. K. Davis, *P.*.....	Geo. Schnure.
"	.. YoungsvilleS'gsB'k, Youngsville	N. G. Mead, *P.*.....	John Hall.
TENN.	.. Third Nat. Bank, Chattanooga.	W. E. Baskette, *P.*... .. W. H. Hart, *Cas.*.....	John A. Hart. W. E. Baskette.
"	Jonesb'oB'k'g& Tr'Co., Jonesb'o	E. A. Shipley, *Cas.*....	Wm. G. Mathes.
TEXAS	.. First National Bank, Cuero.	W. H. Graham, *V. P.* Lee Joseph, *Cas.*	..... W. H. Graham.
"	.. Peoples National Bank, Ennis.	T. C. Jasper, *V. P.*.... J.W.Weatherford, Jr *A.C.*	J. F. Mulkey. .....
VT.	.... Howard Nat. B., Burlington...	F. E. Burgess, *Cas.*....	F. H. Fisher.
VA.	.... Front Royal Nat. Bank, Front Royal.	D. C. Cone, *Cas.*..... Jas. A. Sommerville, *A.C.*	Jas. H. French. D. C. Cone.
"	.. BankofPortsmouth, Portsmouth	J. L. Bilisoly, *Cas.*... ..	E. A. Hatton.
WASH.	First National Bank, North Yakima.	Edward Whitson, *P.*.... A. W. Engle, *V. P.*.....	J. R. Lewis. Edward Whitson.
W. VA.	.. S'th Branch Val. N.B., Moorefield	Garrett Cunningham, *P.*	A. Sommerville.
ONT.	.... M'rch. B'kof Canada, Kingston.	H. A. Harvey, *M'g'r*...	F. Brownfield.
"	.. M'rch. B'kofCanada OwenSound	J. C. Patterson, *M'g'r*..	A. St.L.Mackintosh
"	.. Merch. Bank of Canada, Perth.	C. G. Morgan, *M'g'r*...	James Gray.
"	.. Merch. BankofCanada, Renfrew.	F. A. W. Lister, *M'g'r.*	C. G. Morgan.
"	. Merch. BankofCanada, Windsor.	F. S. Jarvis, *M'g'r*	W. Kingsley.
QUEBEC	Molsons Bank, Montreal.....	John H. R. Molson, *P.*.	Thos. Workman.*
"	.. Merch. B'kofCanada, Sherbrooke	C. W. Walcot, *M'g'r.* .	John A. Ready.
N. S.	.... Halifax B'k'g. Co., Antigonish..	J. M. Brough, *M'g'r*....	D. C. McDougall.
"	.. Bank of Nova Scotia, Halifax..	John Doull, *P.*.....	John S. Maclean.

* Deceased.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from November No., page 403.)

State.	*Place and Capital.*	*Bank or Banker.*	*Cashier and N.Y. Correspondent*
N. Y.	CITY.....	Interstate Nat. Bank....	.....
	$200,000	Robt. H. Weems, *P.* John Francis, *V. P.*	Francis F. Stone, *Cas.*
ALA.	.... Pratt Mines....	Merch. & Miners Bank..	Continental National Bank.
	$25,000	W. M. Drennen, *P.* L. A. May, *V. P.*	John A. May, *Cas.*
ARIZ.	.... Florence	Pinal County Bank	Chemical National Bank,
		Wm. E. Guild, *P.* H. B. Tenney, *V. P.*	Thos. L. Power, *Cas.*
CAL.	.... Eureka.....	Bank of Eureka.....	.....
		Wm. Carson, *P.* J. K. Dollison, *V. P.*	Chas. P. Soule, *Cas.*
"	.. Eureka.....	Sav. B. of Humboldt Co.	.....
		Wm. Carson, *P.* J. K. Dollison, *V. P.*	Chas. P. Soule, *Cas.*

State. Place and Capital.	*Bank or Banker.*	*Cashier and N. Y. Correspondent.*
COL.... Denver.....	American Nat. Bank....	Importers & Traders Nat. Bank.
$250,000	Isham B. Porter, *P.*	Howard Evans, *Cas.*
	Jesse M. Armstrong, *V. P.*	
" .. Denver.....	Hartford Loan & Tr. Co.	Importers & Traders Nat. Bank.
$186,300	Jas. G. Batterson, *P.*	John W. Barrows, *Cas.*
	John W. Barrows, *V. P.*	
DAK.... Groton	Brown County B'k'g Co.	Chase National Bank.
$25,000	Daniel B. Johns, *P.*	Roys A. Mather, *Cas.*
	Wm. A. Burnham, *V. P.*	
D. C.. Washington....	West End Nat. Bank....	.....
	Wm. R. Riley, *P.*	Chas. P. Williams, *Cas.*
	Geo. A. McIlhenny, *V.P.*	
GA..... Brunswick.	Merch. & Traders Bank..	National Park Bank.
$100,000	J. M. Madden, *P.*	A. H. Lane, *Cas.*
IDAHO.. Moscow.....	Commercial Bank.....	Chase National Bank.
$50,000	I. C. Hattabaugh, *P.*	I. A. Funk, *Cas.*
ILL..... Belvidere.	Peoples Bank.....	National Bank of Republic.
$50,000	Wm. D. Swail, *P.*	John Greenlee, *Cas.*
	F. S. Whitman, *V. P.*	Robt. L. Griffin, *Ass't Cas.*
" .. Raritan.....	Exchange Bank.....	.....
$10,000	(R. H. Barnes.)	R. H. Barnes, *Cas.*
IND..... Batesville.....	Bank of Batesville.....	Hanover National Bank.
$25,000	Wm. C. Wingate, *P.*	Jos. A. Hassmer, *Cas.*
	Geo. F. Schloesser, *V. P.*	
" .. Indianapolis ...	Capital Nat. Bank	.....
$150,000	Medford B. Wilson, *P.*	Wm. D. Ewing, *Cas.*
	Josephus Collett, *V. P.*	
IOWA... Pringhar.....	First Nat. Bank.....	.....
$50,000	Frank H. Robinson, *P.*	Geo. R. Slocum, *Cas.*
" .. Sioux Centre...	Bank of Sioux Centre . .	Chase National Bank.
$11,250	Wm. Hoese, *P.*	Peter Egan, Jr., *Cas.*
" .. Sioux City.....	Corn Exchange Nat. Bank	.....
$250,000	John C. French, *P.*	W. H. Vernon, *Cas.*
	C. B. Oldfield, *V. P.*	
" .. Sloan.....	Sloan State Bank.....	National Bank of Deposit.
	J. W. Whitten, *P.*	O. J. Irish, *Cas.*
	A. W. Chapin, *V. P.*	
KAN.... La Cygne.....	Citizens Bank.....	National Bank of Republic.
$50,000	A. Friedman, *P.*	Geo. S. Turner, *Cas.*
	Robt. Kincade, *V. P.*	A. R. Cary, *Ass't Cas.*
" . Mound Valley..	Mound Valley Bank.....	Chemical National Bank.
$25,000	(C. M. Condon)	Jas. O. Wilson, *Cas.*
" .. Oketo.....	Oketo Bank.....	Hanover National Bank.
$6,000	Z. H. Moore, *P.*	
" .. Sedan	Sedan Nat. Bank.....	Hanover National Bank.
$50,000	Chatham T. Ewing, *P.*	Marshall E. Richardson, *Cas.*
	J. C. Casement, *V. P.*	
LA..... Lake Charles.	First Nat. Bank.....	W. L. Moody & Co.
$50,000	Abraham U. Thomas, *P.*	A. L. Williams, *Cas.*
	L. Kaufman, *V. P.*	
ME..... Pittsfield.....	Pittsfield Nat. Bank	.....
$50,000	Albion P. McMaster, *P.*	Joseph Walker, *Cas.*
	John W. Manson, *V. P.*	
MD..... Elkton.....	Second Nat. Bank.....	.....
$50,000	Wm. T. Warburton, *P.*	Isaac D. Davis, *Cas.*
	Wm. M. Singerly, *V. P.*	
" .. Frostburgh.....	First Nat. Bank.....	Ninth National Bank.
$50,000	Lovelace M. Gorsuch, *P.*	Albert E. Krise, *Cas.*
	Davisson Armstrong, *V.P.*	
MICH... Elsie.....	Elsie Bank.....	National Bank of Republic.
		Thomas P. Steadman, *Cas.*
" .. Holland.....	First State Bank.....	
	Isaac Cappon, *P.*	Isaac Marsilje, *Cas.*
	John W. Beardsley, *V.P.*	
" .. St. Johns	Clinton Co. S'v'g Bank..	.....
$35,000	Albert J. Baldwin, *P.*	P. E. Walsworth, *Sec. & Treas.*
	Josiah Upton, *V. P.*	R. E. Dexter, *Ass't Sec. & Treas.*
" .. White Cloud...	White Cloud Exch. Bank.	.....
$20,000		Phil. M. Roedel, *Cas.*

State.	*Place and Capital.*	*Bank or Banker.*	*Cashier and N. Y. Correspondent.*
MINN.	Dassel.....	Buck, Hoover & Co.....	Chatham National Bank.
	$15,000		Elmer E. McGrew, *Cas.*
"	Duluth.....	Security Bank.....	Mercantile National Bank.
	$100,000	Joseph Selwood, *P.*	W. P. Lardner, *Cas.*
		F. W. Paine, *V. P.*	
MISS.	Starkville.....	Peoples Savings Bank...	Hanover National Bank.
	$25,000	H. L. Muldrow, *P.*	A. C. Ervin, *Cas.*
		W. W. Scales, *V. P.*	
MO.	Everton.	Bank of Everton.....	.....
	$1,300	(Geo. W. Wilson)	G. W. Wilson, *Cas.*
"	Festus	Citizens Bank.....	United States National Bank.
	$5,000	Frank W. Brickey, Jr. *P.*	Thos. B. Maness, *Cas.*
		S. T. Waggener, *V. P.*	
"	Hamilton.....	First Nat. Bank.....	.....
	$50,000	Peter A. Switzer, *P.*	C. A. Deaderick, *Cas.*
		John T. Stagner, *V. P.*	
"	Independence ..	First Nat. Bank.....	Hanover National Bank.
	$100,000	Matthew W. Anderson, *P.*	Wm. A. Smythington, *Cas.*
		H. C. St. Clair, *V. P.*	
"	Stewartsville....	First Nat. Bank.....	.....
	$50,000	Andrew J. Culbertson, *P.*	Jos. Chrisman, *Cas.*
NEB.	Beatrice.....	German Nat. Bank.....	Chemical National Bank.
	$100,000	Andrew W. Nickell, *P.*	Wm. A. Wolfe, *Cas.*
		M. B. Thrift, *V. P.*	
"	Bennington	Bank of Bennington.....	.....
	$10,000	Chas. E. Stratton, *P.*	Chas. R. Woolley, *Cas.*
		Samuel Stratton, *V. P.*	
"	Hayes Center ..	State Bank.....	Chemical National Bank.
	$25,000	G. W. Cruzen, *P.*	John B. Cruzen, *Cas.*
"	Lexington	Dawson County Nat. Bank	.....
	$50,000	Geo. W. Blakeslee, *P.*	Ed. S. Swain, *Cas.*
"	Sterling.....	First Nat. Bank.....	.....
	$50,000	Wm. M. Rothell, *P.*	Johnson P. Renshaw, *Cas.*
		Wm. Freeborn, *V. P.*	
"	Winside.....	Winside State Bank.....	Chemical National Bank.
	$20,000	Claude B. French, Jr., *P.*	Willey M. Gue, *Cas.*
N. J.	Keyport.....	Peoples Nat. Bank	....
	$50,000	Thomas Burrows, *P.*	
N. Y.	Alleghany.....	Dye Bros.....	Chase National Bank.
			Mason M. Dye, *Cas.*
"	Mt. Vernon....	Peoples Bank.....	Lincoln National Bank.
		Henry C. Smith, *P.*	Geo. E. Archer, *Cas.*
		Jas. S. Van Court, *V. P.*	Thos. F. French, *Ass't Cas.*
OHIO.	Bellevue.....	Wright Banking Co.....	National Park Bank.
	$25,000	John Wright, *P.*	Geo. A. Wright, *Cas.*
		J. A. Wright, *V. P.*	
"	Cleveland.....	Produce Exch. B'k'g. Co.	.....
	$100,000	R. R. Herrick, *P.*	Chas. O. Evartt, *Cas.*
		Wm. H. Gabriel, *V. P.*	
"	Mariette.....	Citizens Nat. Bank.....	.....
	$50,000	Harlow Chapin, *P.*	Edward M. Booth, *Cas.*
		Theo. F. Davis, *V. P.*	
"	New Holland...	Union Bank.....	United States National Bank.
		E. W. Bowman, *P.*	John K. Brown, *Cas.*
		W. H. Slayback, *V. P.*	
"	Zanesville.....	Peoples Savings Bank...	.....
	$25,000	T. F. Spangler, *P.*	Wm. J. Atwell, *Cas.*
		Willis Bailey, *V. P.*	
		C. Stolzenback, *V. P.*	
ORE.	Grants Pass....	First N. B. of Southern Ore.	.....
	$50,000	J. C. Campbell, *P.*	R. A. Booth, *Cas.*
"	Oregon City...	Commercial Bank.....	Hanover National Bank.
	$100,000	D. C. Latourette, *P.*	Frank E. Donaldson, *Cas.*
		H. B. Latourette, *V. P.*	
PENN.	Middleburgh ...	First Nat. Bank.....	.....
	$50,000	G. Alfred Schoch, *P.*	J. N. Thompson, Jr., *Cas.*
TENN.	Chattanooga...	Southern Bank & Tr. Co.	Gilman, Son & Co.
	$50,000	Fred. McK. Stafford, *P.*	Geo. E. Rix, *Cas.*

State.	*Place and Capital.*	*Bank or Banker.*	*Cashier and N. Y. Correspondent.*
TEXAS..	Abilene.....	Farm. & Merch. Nat. B.	.....
	$50,000	F. W. James, *P.*	Jas. P. Massie, *Cas.*
" ..	Belton.....	Citizens National Bank..	.....
		B. A. Ludlow, *P.*	Louis H. Tyler, *Cas.*
" ..	Clarendon	Bank of Clarendon.....	Bank of N. Y. N. B. A.
	$30,000	Chas. Goodnight, *P.*	Wm. H. Cooke, *Cas.*
		H. W. Taylor, *V. P.*	
" ..	Galveston.....	Galveston Nat. Bank....	.....
	$500,000	R. S. Willis, *P.*	T. J. Groce, *Cas.*
" ..	Throckmorton .	W. H. Peckham Bank..	
		W. H. Peckham, *P.*	
VA... ..	Estillville	Bank of Estillville.....	.....
	$50,000	John M. Johnson, *P.*	Isaac P. Kane, *Cas.*
WASH..	Colville.....	Stevens County Bank....	.....
		J. S. Moore, *P.*	Benj. P. Moore, *Cas.*
" ..	Rockford.....	H. W. Collins & Co.....	.....
	$4,500		
W. VA..	Clarksville.....	West Virginia Bank.....	.....
		R. T. Lowndes, *P.*	W. H. Freeman, *Cas.*
			R. S. Hornor, *Ass't Cas.*

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Monthly List, continued from November No., page 470.)

No.	*Name and Place.*	*President.*	*Cashier.*	*Capital.*
4147	Peoples National Bank..... Keyport, N. J.	Thos. Burrows,		$50,000
4148	German National Bank..... Beatrice, Neb.	Andrew W. Nickell,	Wm. A. Wolfe,	100,000
4149	First National Bank..... Frostburgh, Md.	L. M. Gorsuch,	Albert E. Krise,	50,000
4150	Sedan National Bank..... Sedan, Kan.	Chatham T. Ewing,	M. E. Richardson,	50,000
4151	First National Bank..... Hamilton, Mo.	Peter A. Switzer,	C. A. Deaderick,	50,000
4152	Interstate National Bank..... N. Y. City, N. Y.	Robt. H. Weems,	Francis F. Stone,	200,000
4153	Galveston National Bank..... Galveston, Texas.	R. S. Willis,	T. J. Groce,	500,000
4154	First National Bank..... Lake Charles, La.	A. U. Thomas,	A. L. Williams,	50,000
4155	First National Bank..... Pringhar, Iowa.	Frank H. Robinson,	Geo. R. Slocum,	50,000
4156	First National Bank ..... Middleburgh, Pa.	G. A. Schoch,	J. N. Thompson, Jr.,	50,000
4157	First National Bank..... Independence, Mo.	M. W. Anderson,	Wm. A. Symington,	100,000
4158	Capital National Bank..... Indianapolis, Ind.	M. B. Wilson,	Wm. D. Ewing,	300,000
4159	American National Bank..... Denver, Col.	I. B. Porter,	Howard Evans,	250,000
4160	First National Bank..... Stewartsville, Mo.	A. J. Culbertson,	Jos. Chrisman,	50,000
4161	Dawson County Nat. Bank.... Lexington, Neb.	G. W. Blakeslee,	Ed. S. Swain,	50,000

No.	*Name and Place.*	*President.*	*Cashier.*	*Capital.*
4162	Second National Bank..... Elkton, Md.	Wm. T. Warburton,	Isaac D. Davis,	50,000
4163	First National Bank..... Sterling, Neb.	Wm. M. Rothell,	Johnson P. Renshaw,	50,000
4164	Citizens National Bank..... Mariette, Ohio.	Harlow Chapin,	Edward M. Booth,	50,000
4165	First National Bank..... Cozad, Neb.	Geo. O. Brown,	Thos. E. Bennison,	50,000
4166	Farmers & Merch. Nat. Bank.. Abilene, Texas.	F. W. James,	Jas. P. Massie,	50,000
4167	Citizens National Bank..... Belton, Texas.	B. A. Ludlow,	Louis H. Tyler,	50,000
4168	First N. Bank of Southern Ore. Grants Pass, Ore.	J. C. Campbell,	R. A. Booth,	50,000

CHANGES, DISSOLUTIONS, ETC.

(*Continued from November No., page 407.*)

ALA.... Jasper..... Walker County Bank has retired from business;no successors.
" .. Sheffield..... First National Bank has made application for a receiver.
DAK.... Groton..... The Farmers Bank has been succeeded by the Brown County Banking Co.
ILL..... Woodstock .... First National Bank has gone into voluntary liquidation.
IOWA... Sloan..... Sloan Bank has been succeeded by State Bank of Sloan.
" .. Vail..... Traders Bank is closing out its business.
KAN... Hartland.. .... The Bank of Hartland reported suspended.
" .. Mound Valley.. Condon & Gandy have been succeeded by the Mound Valley Bank.
MICH... Nashville.. .... Farmers & Merchants Bank will be succeeded by the First National Bank, same officers.
MINN.. Duluth.... .... Paine & Lardner have been succeeded by the Security Bank.
MO..... Hamilton.. .... Hamilton Exchange Bank, now First National Bank, same correspondents.
" .. Independence. . Anderson-Chiles Banking Co. has been succeeded by First National Bank.
NEB.... Benedict..... Commercial State Bank reported closed.
" .. York..... .... Citizens State Bank reported closed.
N. C... Mt. Airy..... Exchange Bank has been placed in the hands of a receiver.
PENN... Conshohocken . Tradesmens National Bank has resumed business.
" .. Pittsburgh. .... Lawrence Bank reported failed.
TEXAS.. Clarendon. .... O. P. Wood Mercantile & Banking Co. has been succeeded by the Bank of Clarendon.
" .. Galveston..... Texas Banking & Insurance Co. has been succeeded by Galveston National Bank.
" . San Antonio... J. S. Thornton & Co., now Thornton, Wright & Co.
W. VA. Clarksburg . .. Bank of West Virginia is now the West Virginia Bank.
WIS.... Reedsburg. .... Exchange Bank (Samuel Ramsey) has gone out of business.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, NOVEMBER, 1889.

Opening, Highest, Lowest and Closing Prices of Stocks and Bonds in November.

GOVERNMENTS.	Interest Periods.	Opening.	Highest.	Lowest.	Closing.
4½s, 1891 ... reg.	Quarterly — Mar.	104⅜	104⅜	104⅜	104⅜
4s, 1891 ..... coup.		105½	105½	105½	105½
4s, 1907 ..... reg.	Jan.	127	127	126	126
4s, 1907 ..... coup.		127	127	127	127
	Feb.				
6s, cur'cy, 1895, reg		117½	117½	115	115
6s, cur'cy, 1896, reg.	Jan.	120	120	117½	117½
6s, cur'cy, 1897, reg.	&	123	123	120½	120½
6s, cur'cy, 1898, reg.	July.	125½	125½	123	123
6s, cur'cy, 1899, reg		128	128	125	125

RAILROAD STOCKS.	Opening.	Highest.	Lowest.	Closing.
Atlantic & Pacific	4¾	6¼	4¾	5⅝
Buff. R. & Pitts	—	22	22	—
Canadian Pacific	69	74	68¼	73
Canada Southern	55⅞	56¾	53½	53¾
Central of N. J	124	124	115½	119½
Central Pacific	—	35⅜	34	—
Ches. & Ohio	25	28	24⅞	26½
Do 1st pref.	64¼	67½	63⅜	65½
Chic. & Alton	—	135	132	—
Do pref.	—	—	—	—
Chic., B. & Q.	106½	107½	103⅜	104¾
Chic., M. & St. P.	70¾	72	67½	69¾
Do pref.	113	114	111	—
Chic. & N. W.	112⅝	113⅞	108⅞	110⅛
Do pref.	—	143¾	142	—
Chic., R. I. & P.	98⅜	100¾	96¼	97⅝
Chic., St. L. & P.	—	16½	14⅝	—
Do pref.	38¼	39⅝	38	—
Chic., St. P., M. & O.	—	35	32¼	32¼
Do pref.	—	98½	98	98
C., C., C & St. L.	74½	76	66½	72
Col. Coal & Iron	32½	35⅞	31¼	34¼

RAILROAD STOCKS.	Opening.	Highest.	Lowest.	Closing.
Col., H. Valley & Tol.	17	22	17	20⅝
Col. & H. C. & I.	—	20	17	—
Del. & Hudson	149	150¾	145¼	—
Del., Lack. & W.	141⅞	143½	139⅛	140½
Den. & Rio Grande	—	17¼	16	—
Do. pref.	—	51½	50	—
East Tenn. V & G.	—	10½	10	—
Do 1st pref.	—	75	69	69
Do 2d pref.	21¾	23¾	21¼	22⅜
Houston & Texas C	—	3	1¾	—
Illinois Central	117	118½	116½	—
Indiana, Bloom. & Western	—	—	—	—
Lake Erie and Western	18⅜	19	17½	17¾
Do pref.	—	65½	62½	63½
Lake Shore	107⅝	107¾	105⅞	106⅜
Long Island	—	91	90	90½
Louisville and Nashville	82	87¼	81¼	84½
Louisville, N. Alb & Chic.	—	—	—	—
Manhattan Consol	104	104½	101	101½
Marq. H. & O.	—	—	—	—
Do pref.	—	—	—	—
Memphis & Charleston	—	60	60	—
Michigan Central	97	97½	95	—
Mil., L. S. & W	—	99½	95	—
Do pref.	—	115¾	112	—
Minn. & St. Louis	—	5	4	5
Do pref.	—	10	9	—
Mo., Kan. & Texas	—	11	9¾	10⅛
Missouri Pacific	71¼	71¼	66	67⅜
Nash., C. & St. L.	—	103	100	102½
N. Y. C., & Hudson	107	107	106	106½
N. Y., C. & St. L.	16¾	18⅜	16¼	17¼
Do pref.	—	72¼	67	—
N. Y., L. E. & W.	28¾	29	27⅝	28
Do pref.	—	67¼	65¾	—
N. Y. & New Eng.	46⅜	46⅜	43½	44¼
N. Y., Ont. & W.	18½	22⅞	18¼	21⅜
N. Y., Sus. & W.	8½	8½	8	—
Do pref.	34¼	34¼	32½	32½

MISCELLANEOUS.	Opening.	Highest.	Lowest.	Closing.
Norfolk & Western	—	22½	19	19⅞
Do pref.	—	61¾	55¼	59⅝
Northern Pacific	32	34	30⅞	31¾
Do pref.	73¾	77⅛	72⅝	75
Ohio & Mississippi	23	23⅝	21⅛	21¼
Ohio Southern	—	—	—	—
Oregon Impt	—	48	41¼	—
Oregon R. & N.	100½	101½	100	100
Oregon Short Line	—	58¼	52½	55¼
Oregon & Trans-Con	33⅜	36¾	32½	34⅝
Pacific Mail	32¼	35½	32¼	34¼
Peoria, Decatur & Evansville	—	20⅝	19	19½
Philadelphia & Reading	43	43¼	39⅜	40¾
Pullman Palace Car Co.	186	190	183½	186¼
Rich. & W. P. Term.	23¼	24⅞	20¾	21¾
Rome, W. & Ogd.	—	102½	99	102½
St. Louis, A. & T. H.	45¾	46¼	42¾	42½
Do pref.	—	115	115	—
St. Louis & San Francisco	—	25¼	14	15¼
Do pref.	56	56¼	39	—
Do 1st pref.	—	108½	93	93
St. Paul & Duluth	29	31	29	—
Do pref.	81	81	81	—
St. Paul, M. & M.	116½	120½	103½	106⅜
Southern Pacific Co.	36½	36¾	35⅜	35¾
Tenn. Coal & Iron	62	85¼	59	78
Texas & Pacific	20	21¼	19½	19¾
Union Pacific	68¼	71¼	66⅞	68½
Virginia Midland	—	39	36⅞	—
Wabash, St. Louis & Pacific.	16½	17½	16	16½
Do. pref.	31⅜	33⅛	30½	31⅜
MISCELLANEOUS—				
Express—Adams	—	153	151	—
American	—	117½	116	117¾
United States	85¼	88	84½	—
Wells-Fargo	138	141	137	—
Western Union	85	85	82	82¾
Silver Bullion Cert.	—	—	—	—

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CHICAGO GAS TRUST DECISION.

The decision of the Supreme Court of Illinois in the Chicago Gas Trust case is far more significant than any other decision since the war on trusts began. In most of the trust cases the courts have decided against the companies on the ground that neither persons nor corporations had a right to enter into a conspiracy for the purpose of raising prices. The decision in the Illinois case, however, is wholly different; the corporation, though called a trust, was a corporation in the sense in which that word is generally used. The corporation existed for the manufacture and supply of gas, just as railroad corporations, or manufacturing or other corporations exist for specific purposes named in their charters. Though called a trust, it was a single company, having one object in view, possessing a coherent membership and issuing stock directly to its stockholders, like any other joint stock company. It differed, therefore, in no respect from the ordinary joint stock company or corporation, with which we are all familiar. Now, the Sugar Trust, the Cotton Oil and Lead Trusts, and similar combinations, are different companies or individuals that have united for the purpose of enhancing prices, or controlling, so far as possible, the prices of the things produced by them. The dissimilarity, therefore, between the Chicago company and the other companies mentioned is very clear, and for this reason the decision is much more important than any other that has been made.

What, then, have the Supreme Court of Illinois decided? Clearly

that a corporation cannot attempt to create a monopoly or to prevent competition. To do this is pronounced to be an unlawful purpose, and consequently no corporation can exist having such a purpose. To understand more definitely the decision of the court, the following extract may be given:

"The purpose for which a corporation is formed under the General Incorporation Act must be a lawful purpose. So far as the appellee [the Gas Trust Company] was organized with the object of purchasing and holding all the shares of the capital stock of any gas company in Chicago or Illinois, it was not organized for a lawful purpose, and all acts done by it toward the accomplishment of such object are illegal and void. Whatever tends to prevent competition between those engaged in a public employment, or business impressed with a public character, is opposed to public policy, and therefore unlawful. Whatever tends to create a monopoly is unlawful, as being contrary to public policy."

It will be seen, therefore, the effect of this decision is that a corporation cannot be formed or exist, having for its aim the manufacture or sale of anything for which an unreasonable price is demanded. The significant feature of the decision is this—that a corporation possesses less power in this respect than an individual. No doubt an individual could, if he pleased, manufacture and sell quinine, for example, for any price he pleased. Suppose a dozen manufacturers, each working on his own account, should engage in the manufacture of quinine separately, and suppose they should increase the price to an extortionate extent, yet without any combination or agreement among themselves. No law can interfere with them. They have a perfect right to sell at any price they please; of manufacturing as much or little as they please, or of retiring from business altogether; but if they should unite into a corporation to do this thing, then the law says that they cannot do as a corporation what they have all along been permitted to do as individuals. This is the effect of the Illinois decision.

Concerning the reasonableness of this decision, no one should question it; but, as we have seen, the logic of the decision should apply as much to persons as to a corporation. If persons in a corporate capacity are not permitted to manufacture and sell at monopoly prices, certainly they ought not to be permitted to do so as individuals. In other words, the rights which persons are supposed to have as individuals they ought to possess as corporations; they ought to be the same in both cases. If it is expedient to deny the right to individuals when acting in a corporate capacity, is not the argument equally strong for taking away the right from them when acting as individuals?

If it was taken away, or abridged, then we should come in sight once more of the old laws against forestalling, and the series

of laws to increase prices with which people in this country were familiar during colonial times, and especially during the dark days of the revolution. That was one of the favorite devices of preventing excessively high prices, and while the people did question their wisdom, no one questioned the right of the State or municipality to enact them; so criticism was directed to their inadequacy, and not the right of enacting them.

The logical outcome of this Illinois decision is to land us practically on the same ground as that occupied and held by the people of this country during a hundred years ago, and before. Probably any laws which were aimed against individual monopolies now would prove as inefficacious as they were in those days; and yet, as we have before said, the logical outcome of this decision ought to require the application of this principle to all, regardless of the fact whether they are engaged in this business as corporations or as individuals. The principle is a broad one, and covers all, regardless of their mode of action, and there is no reason for drawing a distinction between them on any other ground.

The evil of trusts we have previously described—the attempt to secure an undue profit from the advance on commodities. So long as producers are willing to produce and sell at a reasonable profit no one complains. The war against trusts has arisen—not because people primarily are opposed to them, but because the persons engaged in them are seeking, through this method, to extort too large profits from the public. Just now it appears that some of the trusts are trying to convert themselves into a corporation, but if the Illinois principle should be applied in Kentucky and in New York, and in other States where the trusts are going through this transformation, it will be seen that the managers and partners will be no better off under a corporate plan than they were under their original trust plan, and they are doomed.

What, then, is the outcome of the whole matter? We expect to see the trust companies in due time fall, unless they shall grow wise enough to determine on the principle of obtaining a fair price, and no more, for their products. If wisdom should return to them, even at this late hour, they doubtless could go on; but if they continue in their evil ways, getting the largest profits possible from the public, then we expect the courts will continue to wage war on them until they are broken down. Whether continuing in a trust or in a corporate form, their end will be the same. After that will come competition, like that which existed before the trusts were created. Possibly it may exist in a sterner and more wasteful form than before. This will lead to bankruptcy and ruin, and from this chaos will arise a second

crop of trusts, or corporations, or organizations, which, having learned much from their former experience, will doubtless seek to get no more from the public than they ought to have, and, consequently, will live. Why has the Standard Oil Company lived so long? Simply because, so far as the consumers are concerned, they have manufactured an honest quality of oil and sold it at a very low price. Had the Standard Oil Company treated the consumer as it has treated those who have sought to compete with it in business, this trust or organization would have been smitten long ago. But it is thriving wonderfully, and because it adopted the principle of selling an honest product, and at a reasonable figure. If the trust companies of a later day had followed in the same wake they would doubtless have been flourishing to-day, and the public would have had very little to say against them. It is simply because they have violated this simple and plain rule that the public are making a vigorous war against them, and determined to down them.

The Illinois decision, therefore, is far-reaching. The doctrine is most wholesome, for it lies at the foundation of good government, and rests on an immutable moral basis. It is an ideal toward which people should strive in their dealings with one another. It is one of the highest principles that has been enunciated by any court for a long time, and is one which should be constantly kept in sight as the true goal toward which individuals and corporations should aim in their dealings. Observe this, and much of the evil and suffering in the world would cease.

Paris International Exhibition.—The following figures give a fairly accurate idea of the receipts and expenditures of that great enterprise. The gross expenses, which had been estimated at $8,600,000, were actually $8,300,000. The receipts from the Credit Foncier Guarantee Fund were $4,300,000; from sales of privileges, $400,000; from sales of materials of construction (estimated), $200,000; from State subsidy, $3,600,000; Paris municipal subsidy, $1,400,000. The total receipts therefore were $9,900,000. Deducting from this sum the expenses, $8,300,000, there is a remaining surplus of $1,600,000, which will be handed over to the National Treasury, which had guaranteed to make good the deficit if there should be any. The financial organization of the World's Fair of 1892 in New York will differ in many respects from that of Paris; and the circumstances bearing on the Exposition will also differ widely in the direction of opportunities of greater profit.

A REVIEW OF FINANCE AND BUSINESS

FOR THE PAST YEAR, AND THE OUTLOOK FOR THIS.

The month and year just ended, have neither been generally prosperous nor disastrous; and the business of this country has been neither good nor bad; but half and half. No important changes, nor new features have occurred or developed, during the month of December, as they seldom do, at the close of the business, as well as the calendar year. The conditions and tendencies existing the previous month, and explained in the last issue, have continued, practically unchanged, to the end of a year that has probably been more disappointing and unsatisfactory, from a business point of view, than any of the past five; partly because more had been expected of it; and partly because the substantial and permanent improvement in the iron trade, during 1888, which has hitherto been regarded as the infallible index of other industries, has not extended beyond some of its allied interests, while it has utterly failed to pull its closest ally—the coal trade—out of the worst Slough of Despond into which it has fallen since 1876–77. Yet this industry has been neither the largest nor the darkest spot on the sun of prosperity. The woolen manufacturing interests have had a still worse year than the coal trade; and its prospects seem permanently bad, while those of the coal trade are expected to improve with colder weather, temporarily at least, although this winter, so far, has beaten the record of last, even, for mildness and reduced domestic consumption of fuel. These two great industries are enough of themselves to block the wheels of activity in many other trades, were they free themselves, from brakes upon their own recovery, which some are not.

WOOLEN MANUFACTURES AND TRADE.

It was in the woolen industry and trade that the first set-back occurred to the "improved business prospects for 1889," with which everybody entered the last new year. Until the heavy failures of last spring of the woolen manufactures' commission houses, which had been carrying their mills until they could not carry themselves, the public was not aware of this very rotten spot in our great manufacturing industries. On the other hand it had been led to believe that they were in a fairly prosperous condition, or at least able to run full time and capacity, and get a new dollar back for an old. True, they had been running as above, but they had not only not gotten back a new for an old dollar, they had not gotten back enough in many cases to keep their backers from going under.

In other words, they had been piling up goods at five per cent. higher prices for wool than the previous year, while they had not only not been able to get a corresponding advance on their goods, but unable to work off the large accumulations at the prices of 1888. When their bankers failed, and the credit of both was impaired, so that they could not borrow the funds to hold longer, in the face of a hardening money market, they had to let go, and accept their losses of two years in one. This lesson changed the whole policy of these producers, and they curtailed their production to the demand, or, as one of them put it, "no orders no goods," and mills were shut down when their orders were filled. Since then, with wool back again to old prices, manufacturers are able to fill what demand there is at old prices and make a living. But they have kept within the wants of their trade, and as a consequence the stock of woolen cloths is now the smallest in years, which is true of woolen goods, although the trade in the latter has not been affected like the "cloth" trade, or at least, to any such extent. Woolen "goods" have not been over-produced or consumption has increased sufficiently to take an increased production of domestic makes, which have taken the place of foreign, while of cloth, this is not true, as only the ready-made clothing trade for men, take American cloths, while the retail trade of the country are more generally using American wool dress goods for ladies' wear. Mills that are running on these goods have been fully occupied, and there is no accumulation of goods, while the cloth mills have been unable to change on to these goods without a complete change of machinery. This branch of the woolen trade, therefore, is in good shape, as well as that in cotton goods, of which there are also small stocks, except of some specialties that have been overdone, which always occurs. The cotton mills have had a very good year; and the prospects are good for another.

THE PAST AND FUTURE OF THE COAL TRADE.

While the coal trade is not yet so demoralized as in the last period of its depression, named above—1876-77, its prospects for the coming year seem even worse than for the past, by so much as the period of this stagnation has been, and still further may be, protracted. Suppose the "hard winter" prophets should redeem their reputation, which has suffered thus far so severely, and the next three months should be enough colder to consume more coal. How much would this help the coal companies, whose depots and side tracks and cars are filled with unsold coal from tide-water to their mines? So complete had this blockade become that the stoppage of work at the mines was not a matter of policy, but of necessity. So soon, therefore, as the accumulations at the tide-water termini and the coal depots along their

lines of railroad should be reduced, there would be an avalanche back, with which to keep the markets supplied until near, if not quite spring, without mining another ton. Not only are their depots, tracks and cars overflowing, but all the canal boats used in the coal trade, between New York and the mines in Pennsylvania, are utilized for storage by the coal companies. On the authority of a coal dealer, the Erie Railroad alone, which has become an important producer, though less so than the older coal roads, has 280 canal boats at Rondout filled with coal it cannot sell, for which it is paying $3 per day each, or $840 simply as storage. But the coal roads, which control the mines and are dependent upon them for tonnage and hence for reported or withheld earnings, and the consequent prices of their several stocks, in which the officers of some of these roads are supposed to form Bull pools—these roads, we say, would no sooner find this end of their lines relieved of the glut of coal, than they would begin mining again, and thus keep the supply in excess of the demand under the most favorable circumstances of the coldest weather possible for the next three months. What then? They will be in as bad or worse shape than they were last spring, with their financial necessities greater and more urgent than a year ago, with a repetition of last summer, at the best. This is upon the assumption that the anthracite coal combination, which exists, though in secret, despite inter-state law, shall hold together another year. But suppose it should not, as it did not in 1876, with still stronger influences then to keep it together, and suppose we should have as mild weather for three months to come, as for last year? Where then will the coal trade be, and where will the prices of coal go to before they find bottom? Let anyone who remembers the auction sales of 1876-77 judge for himself. Even now trouble is reported among the coal dealers who are loaded up, and prophecies of failures among them are already heard in the trade. Where, then, is there any immediate help in sight for these companies for 1890, if, with universal activity in the iron trade during 1889, the production of anthracite ran behind that of 1888 by 2,000,000 tons? The truth seems to be that the substitution of bituminous coals for making steam, and of natural gas for the manufacture of iron, has become so general that instead of an annual increase of 2,000,000 tons in the consumption of anthracite, as used to be calculated upon, the anthracite producers may have to face a permanent reduction, as they have in the past year.

GOLD IMPORTS AND THE BANK OF ENGLAND.

The advance in the Bank of England rate of discount from 5 to 6 per cent. on the 30th ult. was very unusual, in that it was made on Monday instead of on Thursday as usual. Also from the fact that this is the first time the rate has been so high as 6 per

cent. since February 23, 1882. In every year until 1889 the rate was as low as 2 per cent. at some time, but during the present year the lowest was 2½ per cent., which ruled from April 19 to August 2, after which there was a gradual advance to the present 6 per cent. rate. The effect here was to reduce the rate for sterling exchange actually below the gold exporting point without any gold being imported. This was of course directly due to the pinch in money, which was bid up to 40 per cent. on this action. Bankers sold sterling exchange to get cash, while exporters refused to accept the decline for commercial bills. The Bank of England refused to deliver gold bars for export, and delivered only sovereigns, which prevented the movement.

THE STOCK AND MONEY MARKETS.

The market for railway stocks has been little more than a weather-vane of the money market, except as influenced by the heavy traffic, mild weather all over the country, and the increased dividends declared the past month. But the latter have only been of momentary effect, to be followed by a reaction the next time the money market worked tight, either under the withdrawal of deposits or the calling in of loans to pay January dividends and interest, or the locking up of funds by the Bears in stocks in order to manipulate them down by manipulating money up. Yet there has been quite a Bull movement in dividend stocks during the month, while the non-dividend payers and even the Trust stocks have been less depressed, since the late heavy and general liquidation, as the whole list, except the coal stocks, was inclined to go up, had it not been for the fear of tighter money, which has gone below 5 per cent. and up to 40 per cent. during the month. This bullish tendency has also been checked by a good deal of foreign selling, chiefly from London, since the shock to South American securities was given by the revolution in Brazil, and the fear of an unsettled political period in that country and consequent financial disturbance in the adjoining countries, whose debts are held largely in London. This uneasy feeling has led to the selling of our securities in anticipation of monetary troubles in the stock market of London, while the Bank of England has taken the unusual course of advancing its rate to 6 per cent., in order to prevent exports of gold to this country. This coming home of our securities is given as the reason we have not already imported gold from Europe to pay for the heavy exports of the past three months. Also why the price of sterling exchange has not fallen sooner, below the gold importing point. The condition of our banks improved in the earlier part of the month, but their loans have been expanded and their surplus reduced during the latter part, until their reserve is practically exhausted. Yet this is expected to change after the return of the

first of January disbursements, although the return movement of currency from the country has been still further delayed, and by some is not now expected until February or March. The settlement of the war between the railroads and the State of Iowa, and the abandonment of the hostile attitude towards the railroads by other Western States, has given increased confidence in the Granger stocks again, which, with their abnormal earnings, led by the Burlington, has caused better buying for investment, as well as of the trunk line stocks on larger dividends. But coal stocks have been sold by everybody, except the inside pools, which had to support them.

THE LARGEST JANUARY DISBURSEMENTS EVER KNOWN.

A calculation made shows that the total interest and dividend payments for 1889 will amount to about $340,461,000, against $316,730,000 in 1888, of which $238,370,000 was interest on bonds, and $102,091,000 dividends on stock. Interest disbursements were $27,980,961 larger than in 1888; the payments on dividend account were $4,250,310 less, leaving the total disbursements $23,730,651 less than last year. Dividend payments were, however, only slightly less than in 1887, and were much larger than in any preceding year. Moreover, except in payments of dividends credited to 1888, the disbursements on this account in 1889 were earned, whereas last year they were not in very many instances. Interest payments this year have been on a largely increased total bonded debt of the roads, the average rate having been reduced, whereas the stock debt has not been greatly augmented. Expenditures in the way of new equipment and betterments have also been notably large this year, so that the roads will begin the new year in much better physical condition than they did in 1889. Large increases in dividends have already been declared, which, while they are credited to the present year in the annual statements of the roads, still will be actually disbursed in 1890, and go to swell the payments of that year. Hence the January disbursements, both of interest and dividends, will be the largest ever known.

OUR EXPORT TRADE AND PRODUCE MARKETS.

While it is the fashion among writers upon financial and commercial subjects, who evolve their ideas from their inner consciousness, and know nothing about them practically, except what they read or learn from antiquated statistics of the changes constantly going on in the currents of trade, to croak about our loss of the breadstuffs, export trade, and of produce generally, because of American speculation keeping prices above an export basis, the fact, however, is just the contrary. Speculation is dying out, while our export trade in breadstuffs has not

been so large in years as it has so far on this crop year; and the same is true of provisions generally, as the freight blockade of our export railroad docks in this city attest, and the pre-engagement of the steamers leaving this and other Atlantic ports till into next April and May, at rates two to four times higher than the past three or four years. The truth is, legitimate trade is large, both for home and export in all the produce markets, for prices are low, and speculation is rather on the side of the buyer, or the Bear, than of the Bull, based upon "these enormous crops." The prospects for a continuance, and even an increase of this export activity, after the first of the year, are still brighter, barring the scarcity and high rates of ocean freight. Indeed, the trade generally expect a larger export trade in breadstuffs and provisions the first half of 1890 than for the last half of 1889, as prices are all very low, and stocks on the other side are lower than for some years, and decreasing.

THE COTTON TRADE AND MOVEMENT

on this crop have been the most active in years, partly due to speculation in Liverpool, where an attempt to corner that market caused an unusually active demand for our new crop as soon as it could be picked, since when it has been going forward to Europe in an enormous volume that has swelled our exports more than in any other branch of trade, because the price has been satisfactory and the market on its merits. The crop was large, though not likely to be as much in excess of last year as the early estimates, and this has kept prices here and abroad on a normal level. While American spinners have taken less so far than a year ago, yet the outlook for the balance of the crop year is favorable to legitimate trade, though speculation is dull, as the big traders have had enough for the present of trying to control the markets on both sides of the water, since all recent attempts have been disastrous to those who attempted it. The fact that American cotton mills have not stocked up this year, while in active operation, insures their buying more on the last half of the crop year.

Port stocks are now 752,000 bales, and the interior stock 390,000, against 920,000 and 438,000 same week last season, showing a deficit in the visible stocks as reported by the Cotton Exchange of 216,000 bales. Exports for the month past have been again on a large scale, which accounts for this further depletion of our visible stocks

IN OTHER BRANCHES OF TRADE,

the volume of business has been on a more extended scale as a rule the past year, yet the margin of profits has been generally as small in commercial as in manufacturing lines, while some of the minor trades have been poor. The one grand exception, out-

side the iron trade, which has been unusually active and profitable, has been the transportation interests, by land and water, inland and ocean. These have had a harvest the past year, especially the ocean carrying trade between Europe and America, while the prospects are equally good for all, at least for the first half of the coming year, or until the balance of our 1889 crops shall have been moved. The ocean steamers are engaged ahead into March, and in cases into April and May, to carry out these crops. The earnings of these interests are reflected in the increased dividend and interest disbursements of the year, which are given above.

THE PETROLEUM TRADE

has also been in very good position the past year, both at home and abroad, with steadily increasing consumption and decreasing stocks, on which crude has gone above the dollar mark again, apparently to remain until production shall increase. The legitimate situation continues strong, but speculation is dormant. The exports of crude, refined, naphtha, etc., from the Atlantic ports from January 1 to the last of the month, were 619,427,000 gallons, an increase of 92,896,000 gallons. The visible supply for the seven principal northern continental ports December 6 was 740,000 barrels, a decrease of 41,000 barrels. Quantities taken for consumption from the same ports July 1 to December 6, 1889, 2,662,000 barrels, increase 507,000 barrels. This very large increase in consumption is explained by the fact that since May last the receipts of Russian oil have been decreasing. In October there were no receipts from Batum at Hamburg, Amsterdam, or Bremen, while the receipts at Antwerp were but 7,300 barrels. There were no receipts in Spanish ports; Italian ports took 21,000 barrels, and Trieste and Fiume 17,000 barrels. During October the exports from Batoum to eastern Asia were 514,000 cases. At the same time, the operations in our own new territory were not satisfactory, and recourse to the older and abandoned wells has been had, with good results, showing that since pumping has been suspended the deposits have accumulated, if not increased.

FINANCIAL FACTS AND OPINIONS.

Secretary Windom's Proposition Concerning Silver.—One of the most clearly seen results in the recent silver discussion is a difference of opinion on matters concerning which none, or but very little, ought to exist. For example, if a new and large demand for steel rails springs up in any quarter which is likely to continue, the price, it is expected, will advance everywhere, and not be confined to the place or country where the new demand arose. One would suppose that this familiar principle would apply to silver as well as to any other thing which is bought and sold, but there are those who deny this. They say that if the Secretary's plan was adopted all the silver would come here. But why? He would not pay more than others for it; and, for aught we can see, their demand will not be in the least degree lessened for it, simply because a new customer, or an old customer for a larger amount, has gone into the market. The wants of Europe will be just the same as before. Why not? And if they are, and a demand arises for more silver, and continues, why will not the price rise and be maintained, like the price of other things under similar conditions?

With respect to the current of opinion, one of the most significant utterances is that by Mr. Coe, President of the American Exchange National Bank. In a letter to the *Independent*, asking for his opinion, he says: "If it were possible to secure the requisite legislation, I should prefer to see our Government discontinue the present compulsory coinage of silver into pieces of 412½ grains *called* dollars. But as this seems impracticable, then Mr. Windom's plan to place silver currency upon a strictly commercial basis by retaining it as bullion and issuing certificates for so many dollars' *worth* of silver at its actual value at the time received, and making those certificates redeemable upon the same basis, is a most commendable one. It would save the useless expense now incurred in coining large silver pieces to be buried away in Treasury vaults (about two cents each); and, what is of infinitely greater importance, it would combine both honesty and policy by placing silver upon its market value in the world, thereby making it fairly exchangeable in commerce with all other products of industry, and giving it equal facility for payments at home and abroad. The manifest fairness of Mr. Windom's proposition is observed when no compulsory legislation is asked to make it practicable."

The Washington correspondent of the New York *Commercial Bulletin* has given the following consensus of opinion on the plan:

It is rather surprising to find how favorably it is received among some of the Eastern Republicans who have heretofore been considered the

representatives of the anti-silver sentiment. Senator Dawes, of Massachusetts, who is considered a good deal of an authority on financial matters, says that, so far as he has been able to examine it, he considers the scheme a good one. Governor Dingley, of Maine, who is also an authority on the Republican side, and who would probably be chairman of the Committee on Banking and Currency if he were not to go on Ways and Means, thinks the scheme is practicable, and that it does not involve any great danger of inflation. Mr. Joseph H. Walker, of Worcester, who has written a pamphlet on the subject of finance, and who usually has clear-cut opinions, makes the two assertions that, with a proper banking system, inflation is impossible, and that it is impossible for any injury to come to the banking and currency system of the country by the adoption of Mr. Windom's proposition. Such expressions as these would indicate that the Eastern Republicans are ready to accept the Secretary's proposition as a basis of compromise, and that, if an attempt is made to unite the party upon it, it will not encounter opposition from them. On the other hand, Senator Stewart, of Nevada, hails the declaration of the President and Secretary Windom as in favor of the remonetization of silver and in accord with the Republican platform, which denounced the other party for its efforts to demonetize silver. He is not quite satisfied with what he calls treating silver as "a collateral security for the issue of paper," instead of as "a money metal," but he thinks that the Administration is aiming at the same ends that he seeks, and is gratified thereby.

A New National Currency.—The New York *Journal of Commerce* says that the providing of a solid basis of security for National bank circulation could be easily done if the silver question was settled. If this was once out of the way every one would see that the issue of bank notes on the security of a paid-up capital, with a joint guarantee of all the banks that entered into the arrangement, would be the most convenient and useful currency that could be devised. This may be illustrated by supposing that the forty-eight National banks of this city entered into such an arrangement. The institutions would first be accepted by the Comptroller of the Currency at Washington and authorized to do business, as is done under the present system. Then let each institution desiring it be furnished as now with its registered notes, but instead of this being limited to a deposit of bonds, let it be say up to fifty per cent. of the paid-in capital of the bank, upon the whole of which it should stand as the first lien. Then establish an office of redemption, where each bank should be required to redeem its issues at par in legal-tender coin.

The banks should have the right to call for a thorough examination of any one of the number, and no one should be permitted to issue notes whose capital was impaired, or which could not show a clean record. Make a provision that each bank issuing notes shall receive at par the notes of every other bank, and shall be responsible *pro rata* to its own issue for any loss to the bill-holders through the failure of any one to provide the means of redemp-

tion. Who does not see that these issues, although not a legal tender, would be at par at all times throughout the country? Now extend this system to every part of the Union. Let every bank willing to come into the arrangement be duly examined as to the genuineness of its claims, and then be furnished with its portion of the registered currency.

The Supply of Money.—The following statement of the amount per capita of each kind of money in actual use outside the Treasury since the resumption of specie payments, January 1, 1879, is taken from the New York *Tribune*. It appears that for nine years the total circulation per capita has been remarkably steady, never rising one dollar above nor falling one dollar below its present amount:

Date.	Coin Per Capita.				Paper Per Capita.						Tot'l.
	Gold.	Silv $	Fraction'l.	Total.	L. T.	L. T. C.	Bank Notes.	Certificates Gold.	Certificates Silver	Tot'l	Per Capita.
1879, Jan. 1....	2.04	.12	1.42	3.58	5.75	.72	6.52	.44	.01	13.44	17.02
1880, Jan. 1....	3.60	.34	1.19	5.13	6.55	.20	6.86	.23	.08	13.93	19.06
1880, July 1....	4.56	.39	1.09	6.04	6.25	.29	6.73	.16	.11	13.54	19.58
1881, July 1....	6.08	.56	1.02	7.66	6.11	.22	6.74	.11	.76	13.94	21.60
1882, July 1....	6.68	.59	.99	8.26	5.82	.25	6.57	.09	1.01	13.74	22.00
1883, July 1....	6.24	.64	.95	7.83	5.61	.24	6.30	1.08	1.31	14.54	22.37
1884, July 1....	5.99	.70	.80	7.49	5.38	.21	5.81	1.25	1.69	14.34	21.83
1885, July 1....	5.85	.66	.74	7.25	5.16	.51	5.29	2.16	1.73	14.85	22.10
1886, July 1....	5.98	.87	.77	7.62	5.09	.30	5.08	1.27	1.47	13.21	20.84
1887, July 1....	6.11	.89	.79	7.79	5.16	.14	4.49	1.48	2.30	13.57	21.36
1888, July 1....	6.17	.88	.79	7.84	4.64	.23	3.87	1.89	3.16	13.79	21.63
1889, July 1....	5.77	.83	.79	7.39	4.61	.27	3.18	1.79	3.94	13.79	21.18
1889, Nov. 1....	5.72	.92	.82	7.46	4.82	.19	2.99	1.84	4.22	14.06	21.52

Condition of the National Sinking Fund.—It has been recently stated that the sinking fund had been overpaid already by $700,000,000, so that there was no obligation of law to apply any further revenue to that fund for fourteen years to come. But this assertion is contrary to the very explicit language of the act for funding the floating debt of the United States, approved February 25, 1862, which provided (Section 5) as follows:

Section 5. And be it further enacted, That all duties on imported goods shall be paid in coin, or in notes payable on demand, heretofore authorized to be issued and by law receivable in payment of public dues, and the coin so paid shall be set apart as a special fund, and shall be applied as follows;

First—To the payment in coin of the interest on the bonds and notes of the United States.

Second—To the purchase or payment of 1 per centum of the entire debt of the United States, to be made within each fiscal year after the first day of July, eighteen hundred and sixty-two, which is to be set apart

as a sinking fund, and the interest of which shall in like manner be applied to the purchase or payment of the public debt as the Secretary of the Treasury shall from time to time direct.

Third—The residue thereof to be paid into the Treasury of the United States.

No language could be more explicit. No matter how many bonds in the past have been paid or purchased, the law expressly requires the Secretary of the Treasury "within each fiscal year" to purchase or pay bonds to a certain amount. It is not now in order to discuss the wisdom or expediency of this enactment, because it was made as a solemn pledge of the public faith, in order to induce persons to take the bonds and notes of the Government in its darkest hours of trial, and it had the effect desired. Every administration of both parties, and every Congress, from the day this act was passed to the present time, has regarded it as a sacred pledge, not to be set aside at this time because it may not now appear necessary or expedient.

An International Clearing House.—The London *Economist* quotes from a correspondent of the *Times* of that city the suggestion of an international clearing house for gold. It is remarked that the National banks of Norway, Sweden and Denmark have already put into practice this expedient, and save the expense of actual gold shipments by the use of drafts for international trade balances. The suggestion is made that such a plan be initiated for the international monetary transactions between Great Britain and other European States, notably France. The *Economist* looks upon the idea with some favor, as a tentative proposition. It is not a novel proposition, however. Theoretically it offers so great inducements that economists have not neglected to suggest it. But it has never been seriously advocated among financiers in the leading financial nations. The reason is, that the clearing house system is considered applicable only to a limited area. The plan of leaving the actual cash in one or more central depositories and paying balances by draft upon such depositories, is a sure reliance only when the gold is within easy reach. Practically, this is the case in transactions between Copenhagen and Stockholm. This state of affairs would not exist between London and New York, for instance. It might prevail between London and Paris, were it not for the alienation of the two localities politically and financially. Where any distrust prevails regarding these important particulars, it would be difficult, if not impossible, to arrange for the payment of balances in other ways than by actual transfer of cash.

Unit of Value.—There is no matter of greater importance perhaps before the Pan-American Congress than the adoption of a

unit of value for use in those countries and our own. All of them are silver using countries, but many of them are seriously burdened with a depreciated paper currency. In all, the Spanish silver dollar, which ought to be worth from two to four cents more than our own, has been depreciated by light coinage, or the issue of a paper currency has replaced it by a "dollar" worth from fifty to seventy-five cents. This is true of the most prosperous—the Argentine Confederation, where the local dollar is worth about seventy-five to eighty cents in coin; of the largest, Brazil, where the "dollar" is worth about fifty cents, and of the most thriving, Chili, where the local currency is worth sixty to seventy cents on a dollar; or, to put it differently, in all these countries gold is at a high and silver at a lower premium. All understand the difficulty of having various units of value in transacting business. Again and again the desirability of having a national unit of value has been discussed by economists. The real use of an international monetary unit, as Mr. Bagehot has shown, is that it would reduce all trade quotations to a common language. The adoption of such a common unit "involves what is not always seen, not only an identity of certain coins, but an identity of the common money of account." "Suppose that trade circulars," says Mr. Bagehot, to quote him in substance, "were all expressed in a single currency instead of being, as now, expressed in many currencies, would they not be far easier to understand? Our imports are liable to diminution because the mass of foreign traders do not comprehend our price language. Clever and knowing men can make their calculations, but ordinary men cannot. We have to pay the cost of their learning our price language. Some few know it—few, that is, in comparision with the mass of men—and they make a kind of monopoly, a source of irreducible profit out of it. Our exports suffer still more. An exporter of foreign goods cannot tell at a glance what money he will be entitled to nor in what form of currency he will be paid; a sort of uncertainty hovers over all the subject. The democracy of trade, if we may say so, is excluded by the present monetary complexity; little men used to small transactions cannot grapple with it. Yet the more traders are able to trade, the better and larger our trade will be." If the adoption of a universal international unit be impracticable, certainly it would be less difficult to establish a unit of value which shall be operative in the South American States and in our own. Why does not this body turn their attention to this most important matter? Certainly they would do well to consider it. It is by no means impossible to reach an agreement which might be adopted by the South American States and our Government. Surely the members should not adjourn before making an effort to perfect such a measure.

Banking in Cuba.—A report by Mr. S. H. Little, British Consul-General, says that banking, as understood in Great Britain or in the United States, does not exist in Cuba, as there is not a single Cuban bank in which money can be placed at interest, nor a savings bank in which the earnings of the working population can be deposited. The island has no gold or silver currency of its own. The chief financial problem is to supply the place of the notes of the Spanish Bank, representing nominally a circulation of $40,000,000, issued to meet the calls incident to the civil war. These have suffered rapid depreciation, and are not accepted in any important commercial transaction. It is singular that a country so large as Cuba, cultivated for so long a period, and containing a population who understand all the ways and methods of business of civilized nations, should be so poorly off for banking facilities. Doubtless the lack is the consequence of their peculiar method of employing labor, and of their thoughtless ways of doing things generally. It would seem as though an opportunity existed there for founding and conducting a bank on correct principles. As the Cubans do a large business with Americans and others, as well as among themselves, it would seem as though banking methods might be adopted and practiced with success.

London Banking.—A recent number of the London *Economist* contains a review of the banking interest, showing clearly how the revival in trade in Great Britain has affected the prosperity of banking institutions. The total deposits in English and British joint stock banks increased during the year ending last June from £359,000,000 to £386,000,000. In the whole United Kingdom, the increase was from £478,400,000 to £510,400,000. As was to have been expected, the larger part of this increase was actively employed in discounts and advances, the estimated increase on these accounts during the year in the English banks, joint stock and private, being £15,700,000. Including the Bank of England, the joint stock and the private banks of the whole United Kingdom, the *Economist* figures up total deposits and current accounts for July, 1889, as something over £620,000,000, as against £590,000,000 or somewhat more in the previous year. That the business brought in handsome profit to the banks appears from the average advance of the market value of the bank shares from a premium of 181 to one of 196. This is a good showing for the English banks; these figures, too, convey a vivid idea of the magnitude of the banking business in that country.

Responsibilities of Directors.—A decision has been made by a British court concerning the responsibility of directors, which cer-

tainly goes a long way in holding them responsible for their conduct. A company which had been authorized to loan on leaseholds had also loaned a large sum on a coal mine. Afterward a larger loan was made in order to save the property from foreclosure under a prior mortgage. Finally the corporation was obliged to take the property and manage it for a time at a loss. It appeared that two directors were active parties in the transaction. No bad faith or misconduct on their part was proved, but simply that they had shown a lack of wisdom in managing the affairs of the corporation. The Court declared them liable, and they were required to pay nearly $300,000 for their error. The rule in this country is very generally established that directors are not liable for errors in judgment, and it is not probable that such a severe rule of liability as was applied in this case would be applied to the directors of any corporation here, yet the decision is worth notice for the purpose of awakening directors to the need of attending to their business. Perhaps the greatest wrong of directors in this country is in not attending meetings, and neglecting the business of the corporations which they represent. It is no less true here than elsewhere, that a corporation, to be successful, must be managed by one man, to whom its affairs must be confided. Too much direction is likely to result in weakness of management and ill success. Nevertheless, directors have an important duty in watching the affairs of their corporation and preventing officers from doing things which are contrary to law. It often appears when losses have occurred that directors have simply been negligent in not attending to their business, rather than in actively assisting in the frauds or wrongs committed. If this decision in Great Britain shall have the effect of leading directors to be more watchful and of making sure that the law under which they should act is more strictly observed, it will serve a useful purpose.

THE AUTHORITY AND LIABILITY OF BANK OFFICERS.*

DIRECTORS.

SEC. I.

THEIR AUTHORITY AND DUTY.

Directors of a corporation are not the corporate body (*Miller* v. *Ewer*, 27 Me. 509, 518; *Ohio & Mississippi R. Co.* v. *McPherson*, 35 Mo. 13), though Ch. J. Shaw has remarked that they "constitute, to all purposes of dealing with others, the corporation." (*Burrill* v. *Nahant Bank*, 2 Met., p. 166.) Nor are they agents in the same sense as the president, cashier, and other officers. Like them, their authority is limited; consequently the law requires that all who deal with them must know the extent of it. (*Bedford Railroad Co.* v. *Bowser*, 48 Pa. 29, 37; *Village of Port Jervis* v. *First National Bank*, 96 N. Y., p. 559.) Says Ch. J. Ruger: "A director of a corporation is an agent with limited powers, and has no original and independent capacity to represent or act for the corporation of whose governing body he is a mere factor." (*Village of Port Jervis* v. *First National Bank*, 96 N. Y., p. 559.)

He does "not exercise a delegated authority," "in the sense in which the rule applies to agents and attorneys who exercise the powers especially conferred on them and no others." (Ch. J. Shaw, *Burrill* v. *Nahant Bank*, 2 Met., p. 166.) Of course, he may be delegated by the corporation to act for it in any special transaction. (*Village of Port Jervis* v. *First National Bank*, 96 N. Y., p. 559.) Thus, if mechanics are employed by a bank, who are superintended by one of the directors, the board may direct him to pay them. (*Branch of Bank of State of Alabama* v. *Collins*, 7 Ala. 95.) Payment either directly by the bank or indirectly through him would be proper. (*Id.*) A general authority, even, may be given to a director to act as agent; "but in the absence of such special authority he can act for his principal only as a member of its board of directors in conjunction with his associates." (Ch. J. Ruger, *Village of Port Jervis* v. *First National Bank*, 96 N. Y., p. 559; citing *National Bank* v. *Norton*, 1 Hill 572; *Fulton Bank* v. *New York & Sharon Canal Co.*, 4 Paige 127.)

Moreover, as directors are not the corporate body, but are, when acting as a board, agents of the corporation, they may exercise their authority beyond the limits of the existence of the corporation itself. (*Miller* v. *Ewer*, 27 Me. 509; *Ohio & Mississippi R. Co.* v. *McPherson*, 35 Mo. 13.)

Not only are they agents of the corporation (*Gardiner* v. *Pollard*, 10 Bos., p. 691; see *King* v. *Paterson*, 29 N. J. Law, p. 88), but also trustees for the stockholders. (*Atlanta Real Estate Co.* v. *Atlanta National Bank*, 75 Ga. 40.) Says J. Ligon: "The directors of a banking or other corporation are, in the management of its affairs, only trustees for its creditors and stockholders, and are bound to administer its affairs according to the terms of its charter, and in good faith. If they fail in either respect, they are liable to the party in interest who is injured by it for a breach of trust, and may be made to account with him in a court of chancery." (*Bank of St. Mary's* v. *St. John*, 25 Ala. 566, p. 611; citing *Attorney-General* v. *Aspinwall*, 2 Myl. & Cr. 625; *Same* v. *Kett*, 2 Beav.; *Attorney-General* v. *Corporation of Leicester*, 7 *Id.* 176.)

Having shown the nature of the agency exercised by directors, and that they are agents of the bank and trustees for the stockholders, we shall proceed to inquire into their qualifications, and how they are elected. If a charter requires that some of them shall be merchants, manufacturers or mechanics, they need not be thus actively engaged at the time of their election. (*Gray* v. *Directors of Mechanics' Bank*, 2 Cranch C. Ct. 51.)

If a charter prescribes that a stockholder shall not have over a specified number of votes, he cannot transfer some of his shares to other persons without consideration, for the purpose of casting through them more than the specified number. Such a transfer would be fraudulent and defeat the intention of the charter. (*Campbell* v. *Ellicott*, 6 Gill. & Johns. 94; see *Sabin* v. *Bank*, 21 Vt. 353.) But if directors, for a long period, have acquiesced in a subscription made by a person in the names of his children, who have voted on the stock without objection as their own, the subscription cannot then be regarded as fraudulent. (*Creed* v. *Lancaster Bank*, 1 Ohio St. 1.) Suppose the transaction had been a fraud, can the bank, inquired the court, knowing of it from the beginning, "now come in and show the fraud, and derive any benefit by such showing? We think not." (p. 14.)

If directors should advise or assist a stockholder in making transfers before their election, that his vote might be increased, their conduct would not affect the validity of the transfer. In *Sabin* v. *Bank* (21 Vt. 353, 361), in which a majority of the directors thus aided a stockholder, J. Redfield said: "As directors they had no right to make or advise any such operation. It was not supposed by any one that as directors they had any such authority, or that they professed to act upon any such ground."

If a stockholder should buy stock of a bank to increase his

votes for directors, and after the election should sell it to the bank, the transaction would be valid, especially if the bank had lost nothing by the sale and purchase. (*Taylor* v. *Miami Exporting Co.*, 6 Ohio 176.)

When a director has been elected by the forms of law he is an officer *de facto* if not *de jure*, and may transact the ordinary duties of a director. (*Smith* v. *Bank*, 18 Ind. 327.) Even if elected by a less number of votes than is required by charter, he has the right to act *de facto*, and his action will be binding on third persons. (*Baird* v. *Bank*, 11 Serg. & Rawle, 411.) Thus a charter required a majority of the whole number of directors to act in filling a vacancy in their board. Seven constituted a majority, but only five assemble and elected a director to fill the vacancy. His authority to act with the others and make an agreement between his bank and a third party was regarded valid. (*Id.*)

A board of *de facto* directors, who are in possession of the franchise, can maintain an action against persons claiming to be the board, for a trespass. (*Atlantic, Tenn. & Ohio R. Co.* v. *Johnston*, 70 N. Car. 348.) Nor can their acts be impeached collaterally. (*Id.*)

A *de facto* director may continue to act after selling his stock, and should he do so his acts will be valid with respect to third persons. (*San Jose Savings Bank* v. *Sierra Lumber Co.*, 63 Cal. 179.) So, too, if a director, who must also be a stockholder, fails, and the title to his stock passes to his assignee, he may continue to act as a director *de facto*, and bind the corporation by his acts with respect to third parties. "It is true," said J. Dyer, in the *Atlas National Bank* v. *The B. F. Gardner Co.* (8 Biss. 537, p. 543), "the statute of incorporation provides that the officers shall be stockholders, but that provision is directory, and . . . there is no statutory declaration that a vacancy shall be deemed to exist if the officer, before his term expires, shall cease to be a stockholder. It has been held that one who is elected an officer in a corporation, by the body in which the power to elect is vested, but by a less number of that body than the charter authorizes, is an officer *de facto*, and that his acts as respecting third persons are valid." (Citing *Bank* v. *Dandridge*, 12 Wheat. 64; *Despatch Line of Packets* v. *Bellamy Manuf'g Co.*, 12 N. H. 205.)

As they are presumed to be rightfully in office (*Bank* v. *Dandridge*, 12 Wheat. 64) they may incur the statutory liability for the debts of the bank, even though irregularly elected, "if in all other respects the evidence brings them within the category of legal default." (J. Clifford, in *Steam Engine Co.* v. *Hubbard*, 101 U. S. 188, 192, citing *Newcomb* v. *Reed*, 12 Allen 362; *Hagner* v. *Brown*,

36 N. H. 545, 563.) And if they are chosen and recognized by the proprietors of a bank, they cannot avoid its debts on the ground of their non-legal existence. (*Cooper* v. *Curtis*, 30 Me 488; *Little* v. *O'Brien*, 9 Mass. 423.)

When directors have been elected, an injunction will not be granted without an answer to restrain them from exercising their powers, if their election has been "colorable in point of law though it may afterwards turn out to have been fraudulent in point of fact." Said Ch. Kent: "A trustee is rarely, if ever, divested of his trust, until he has been heard in answer to the charges against him. Nothing but the necessity of the case, such as the danger of irreparable loss, can justify a departure from this rule of common justice." (*Ogden* v. *Kip*, 6 Johns. Ch. 160.)

This subject was considered by J. Bronson in the matter of the Bank of Danville (6 Hill 370). Its charter provided that its affairs should be managed by a board of directors or trustees, who should be elected at stated periods, and in a specified manner. "When once in office, they could not be removed by the stockholders until the next annual election, and hence the necessity for a summary power of removal where they had come in by an irregular election. But the general banking law does not in terms provide for any other officer than a president and cashier. If others are appointed, the nature and extent of their powers and duties, and the time and manner of making the appointment, are all left to conventional arrangement among the associates. And beyond this, the officer may be removed at pleasure. (Stat. of 1838, p. 249, § 18.) If the election or appointment is not made in pursuance of the agreement between the associates, those who are injured may perhaps have an action; or the courts may decide upon the title of the officer when the question comes up incidentally in some collateral suit or proceeding. But I cannot suppose that the legislature intended we shall have a summary jurisdiction for the enforcement of contracts; or that such a power would be given in any case where there could be no necessity for its exercise. If one of the old banks appoints a clerk, attorney, or other agent not specially provided for by the charter, we have no power to remove him; nor is there any reason why such a jurisdiction should exist, for the bank can make the removal at pleasure. And so it is with the directors or trustees which the stockholders of one of the new banks may agree to elect or appoint. The bank is not required by law to have any such officers; and whether the appointment is made in pursuance of the articles of association or not, the incumbents may be removed at the pleasure of the associates. (*Matter of the Bank of Danville*, 6 Hill 370.)

Having been elected, a director must accept or decline the office.

"Where no qualification is required," says J. Durfee, "and there is no usage to control, we think a person who is elected a bank director may be presumed to accept unless he declines. This presumption may doubtless be rebutted, and perhaps simple non-action for five months would be sufficient to rebut it in some cases." (*Lockwood* v. *Mechanics' National Bank*, 9 R. I. 308, p. 341.) And if they have never attended the meetings of the board, though their names have been published with their knowledge in the newspapers for several years, an acceptance of the office cannot be inferred. (*Hume* v. *Commercial Bank*, 9 Lea. 728; see *Griffin* v. *Beverly*, 2 C. & K. 644.)

In serving as directors they must meet and act as a board. Says J. Cowen: "The acts of a director or other officer of a corporation, unless official, or in respect to his agency, are no more operative as against the institution than the acts of any ordinary corporation; and these no more so than the acts of a stranger." (*National Bank* v. *Norton*, 1 Hill 572, 579.) Indeed, they "can act in no other way" (*Id.*) in their directorial capacity. Thus a bank debtor offered to give his stock of the bank in exchange for the debt, and a director wrote on the back of the offer: "The cashier will say to C. [the debtor] that the board agree to the above proposition." The court declared that the director could not bind the board without express authority. "It required the action of the board to make such a contract as that attempted to be established." (*Harper* v. *Calhoun*, 7 Hom. Miss. 203.)

By the National Bank Act, also, the directors can act only as a board. Their assent or determination when acting separately and individually is not the assent of the bank. (*National Bank* v. *Drake*, 35 Kan. 564, first trial, 29 *Id.*, 311, the court citing *Baldwin* v. *Canfield*, 26 Minn. 43; *First National Bank* v. *Christopher*, 11 Vroom 435; *Junction Railroad Co.* v. *Reese*, 15 Ind. 236; *In re* Marseilles Railway Co. L. R. 7 Ch. App. 161; *D'Arcy* v. *Tamor, &c., Railway Co.*, L. R. 2 Ex. 158; *Schunn* v. *Seymour*, 24 N. J. Eq. 143; *Cammeyer* v. *United German Churches*, 2 Sandf. Ch. 186; *Edgerly* v. *Emerson*, 3 Foster, 555; *Stoystown & Greensburg Turnpike Road Co.* v. *Craver*, 45 Pa. 386; *Keeler* v. *Frost*, 22 Barb. 400; Angell and Ames on Corp., § 504; Morawetz on Private Corp., § 247; Field on Corp., § 242.)

For the same reason the declarations of a director which are not made in an official capacity do not affect the bank. (*Soper* v. *Buffalo & Rochester R. Co.*, 19 Barb. 310, 312; *Pemigewassett Bank* v. *Rogers*, 18 N. H. 255.) Thus, if they should relate to the business before the board, and be made immediately after the adjournment, the bank would not be affected by them. (*Soper* v. *Buffalo & Rochester R. Co.*, 19 Barb. 310); nor if they related to past transactions. (*Franklin Bank* v. *Cooper*, 30 Me. 542, 555; *Polleys*

v. *Ocean Insurance Co.*, 2 Shepley, 141.) In the Pemigewassett Bank case R., a director, gave his note to the bank in payment of stock, and afterward a new one, signed also by M., P., and W. as sureties for the first. The parties having been sued, the sureties defended on the ground that the note was in truth given for R.'s debt, which had been created in violation of the statute which prohibited the directors from owing their bank more than a prescribed amount, and that the directors knew these facts. They attempted to prove that the directors regarded R. as the real debtor, that its collection had been delayed for his convenience, and to introduce declarations and written evidence of R.'s connection with the note. The court, in dealing with these declarations, said: "They were loose and casual expressions, in no one case forming any part of an official act of either of those parties. Had the change of the securities and the subsequent recognition of R. as the debtor been facts affecting those declarants personally, those declarations, so far as they related to those facts, would have been pertinent. But the bank, that is, the corporation, is a stranger to those declarations. This party never authorized the directors to make such. Nor is there any evidence that they were made in connection with the discharge of any duty that their office imposed on them, and whose proper and efficient discharge, according to the reasonable discretion vested in the directors, required the admission or denial of such facts under the circumstances under which the admissions were shown to have been made." (*Pemigewassett Bank* v. *Rogers*, 18 N. H. 255.) The court added: "Had the directors, as a board, for the purposes of this case, or for any other purpose connected with their duties, seen fit to make an official declaration of this sort, that would have presented a different question." (*Id.*, p. 261; *Woods* v. *Banks*, 14 N. H. 101.)

But if their declarations are made in their official capacity with a person respecting the business of their bank, for example, the settlement of an account, they are binding and may be used as evidence. (*Franklin Bank* v. *Cooper*, 30 Me. 543.)

Before meeting they must be notified where it is to be held, and in some cases the business which is to be transacted. This matter is largely regulated by charter, statute and by-law. Says Ch. Zabriskie: "The directors are a board and can act only when legally convened. For this, all must have notice." (*Johnston* v. *Jones*, 23 N. J. Eq., p. 228.) In a recent and well-considered case. J. Magie has said that, "as each director is entitled to take part in the exercise of the power, each is entitled to notice. Notice may be given by the adoption of rules fixing times for stated meetings; constructive notice will be sufficient, if some rule, legally prescribed, declares it sufficient; but for special meetings, in the absence of a rule for constructive notice, actual notice must be

given. In the absence of such notice, a special meeting will not be legally convened. These rules apply to the corporators of incorporated companies, the directors and any committee thereof." (*Metropolitan Telephone & Telegraph Co.* v. *Domestic Telegraph & Telephone Co.*, 44 N. J. Eq. 568, 573; Green's Brice's "Ultra Vires," 438, and notes; Angell & Ames on Corp., § 492; *Reeves* v. *Ferguson*, 2 Vroom 107.) In New Hampshire, however, the court have decided that if "a quorum . . . meet and unite in any determination, the corporation are bound, whether the other directors are, or are not, notified." (*Edgerly* v. *Emerson*, 23 N. H. 555, 569.) This decision is grounded in a provision, generally existing in the bank charters of the State, that four directors constitute a quorum for the transaction of business.

The notice need not always be in writing. If a cashier, obeying the directions of the president, should give personal notice to the directors without specifying the purpose of the meeting, it would be legal for ordinary business. (*Savings Bank* v. *Davis*, 8 Conn. 191.)

Having met, the important question is reached, What unanimity is required to render their action effective? And generally it may be remarked that a majority or quorum of the directors must be present, and action by a majority of these will be legal. In ascertaining, however, the constitution of the majority, *ex officio* members are not always counted. (*Miller* v. *Chance*, 3 Edw. Ch. 399.) Of course this rule may be modified by statute, charter or by-law. (*Edgerly* v. *Emerson*, 23 N. H. 555.) And whatever regulations are prescribed must be followed. (*Id.*) This subject has been elaborately considered by the Supreme Court of Rhode Island Says J. Potter (*Lockwood* v. *Mechanics' National Bank*, 9 R. I. 308, 333): "In case of a definite body, like a board of bank directors, a majority must be present at a regular meeting, or at a special meeting notified according to by-law, if there be any, or otherwise reasonably notified to all the members (excepting, perhaps, cases of absence at a distance,) without fraud or attempt at surprise, and at such meeting a majority of those present can act for the whole (2 Kent's Com. 293; Dana's Abr. 5, 150; *Sargent* v. *Webster*, 13 Met. 497; *Cahill* v. *Kalamazoo Ins. Co.*, 2 Doug. 124, 137), and the meeting will be presumed to be regular unless the contrary appears." (*Sargent* v. *Webster*, 13 Met. 497.)

In the same case the Judge has further remarked that "in all cases where an act is to be done by a corporate body, or part of a corporate body, and the number is definite, it has been held that a majority of the whole number is necessary to constitute a legal meeting; and that if the actual number is reduced from any cause, the number necessary to constitute a quorum remains the same; but that at a legal meeting, a majority of those present

may act. (Citing 2 Kent's Com. 293; *Cahill* v. *Kalamazoo Insurance Co.*, 2 Doug. 124, 137; note to *Ex parte* Wilcox, 7 Cow. 401; *King* v. *Bellringer*, 4 Term 810; *King* v. *Miller*, 6 *Id.* 268.)

When the law prescribes that a specified number of directors must act, how is the law to be regarded? If a charter. for example, should require seven directors to make a quorum, and the president had all the powers of a director, a meeting of six directors besides himself would be legal. (*Bank* v. *Ruff*, 7 Gill & Johns. 448.) But if a charter should require discounts to be made by the president and four directors, the president or cashier could not lawfully discount paper without the concurrence of a less number. (*Manderson* v. *Commercial Bank*, 28 Pa. 379.) And if a charter should prescribe that discounts must be made by a fixed number of directors, they cannot permit the president and cashier to exercise their authority for them. To do this would be a gross violation of the charter, which could not be excused on the ground of a lack of knowledge of its impropriety. (*Percy* v. *Millandon*, 8 Martin La. N. S. 32.)

Can directors delegate their authority to a portion of their number? If the charter declares that its "powers shall be exercised by a board of directors" consisting of a specified number, the board may delegate their authority to a quorum composed of less than a majority of all. A by-law, therefore, declaring that the ordinary business may be transacted by a quorum composed of five directors, while the whole number was twenty-three, would be valid. (*Hoyt* v. *Thompson's Executor*, 19 N. Y. 206, affg. 3 Bos. 267; first trial, 1 Seld. 320, revsg. 3 Sandf. 416.) Such a by-law would include authority, not only to transact the general business of the corporation, but, as incidental thereto, authority to pledge or assign its assets to secure a debt. (*Id.*)

Concerning the validity of the majority action, or even of all the members, without a meeting or consultation, each giving his assent at a different time from the others, contrary opinions have been given.* In one of the most thoroughly considered cases on the subject, J. Bellows said: "There are safeguards in consultation, and considerations of policy, as well as of construction, which, in the absence of special authority authorizing a different course, furnish an argument in favor of the position that an authority to two or more officers or agents of a corporation, in their discretion, to do certain acts, is not well executed by the assent of all, if given separately." (*Despatch Line of Packets* v. *Bellamy Manufacturing Co.*, 12 N. H. 205; *Edgerly* v. *Emerson*, 23 *Id.* 555; *King*

*In *Stamford Bank* v. *Benedict*, 15 Conn. 437, a cashier applied the proceeds of a note by the verbal directions of the directors and without any recorded vote of the board. His authority to do this was questioned. But the court declared that action by the directors was not necessary.

v. *Winevich*, 8 Durn. & East 454.) In a Mississippi case the Judge charged the jury that if an agreement was made by a cashier after consulting with two of his directors, releasing a person as maker or indorser of notes, it was binding. But the jury having decided that the agreement was not perfected, the court of review did not decide the question. (*Payne* v. *Commercial Bank*, 14 Miss. 24.)

Not infrequently directors delegate their authority to a committee, composed of some of their number, to sell or mortgage real estate, make loans, and transact other business. In executing the authority thus conferred on committees, questions have arisen concerning what they can do. If having authority to sell or mortgage real estate, they certainly can execute deeds of conveyance. (*Burrill* v. *Nahant Bank*, 2 Met. 163.) But "a finance committee," who had "a general authority in collecting and providing ways and means and negotiating financial operations, and the power of discounting," had no authority to mortgage the real estate of the bank. (*Leggett* v. *New Jersey Manufacturing & Banking Co.*, Saxton Ch. 541.) If a committee are authorized to make collections, they may institute proceedings to that end against an individual without an order specifying the mode of collecting that particular indebtedness. The consent of a majority of the board is not necessary. (*St. Louis Domicile & Savings Loan Association* v. *Augustin*, 2 Mo. App. 123.)

Their acts, also, may be ratified like those of a president or other officer. (*Burrill* v. *Nahant Bank*, 2 Met. 163.) Thus a committee, by authority of the directors, mortgaged the real estate of the bank to a creditor who had recovered judgment against it. In an action by the mortgagee to recover possession, it was held that, whether the committee had authority to convey or not, the directors by their subsequent conduct had ratified the committee's action. (*Id.*)

Having now shown that the authority of directors springs from united and formal action, we may remark that their proceedings need not be recorded, unless required by statute. In one of the best considered cases on this subject J. Bell has said: "Their proceedings are not required by law to be matters of record. If it appears that they are written or recorded in their books, those records or books must be produced, or their absence accounted for. If parol evidence of their notes, as they have been reduced to writing, is offered, it will be admissible only as secondary evidence. But the business of bank directors is not, more than that of towns, necessarily, or even usually, done by notes: neither is any written entry, or record of their action necessary to give validity to their proceedings. The rule is, as to bank directors and selectmen, as it is in the case of most joint agents, where no special

rule is prescribed by statute, that if the agents agree in adopting any particular course, their principals are bound by what they do, though there is no formality in the mode of ascertaining that agreement and nothing written in regard to it." (*Edgerly* v. *Emerson*, 23 N. H. 555, p. 566.) Their acts, therefore, may be proved by parol unless this kind of proof is forbidden by charter. (*Langsdale* v. *Bouton*, 12 Ind. 467; *Ross* v. *City of Madison*, 1 *Id.* 281.) Parol evidence may also be admitted to prove that a written order entered on the records of a board was rescinded by a subsequent verbal order of the board of which no record was made. (*Whittington* v. *Farmers' Bank*, 5 Harris & Johns. 489.) Nor must the parol proof show the day and year when the written order was rescinded, or that it was done at a regular meeting of the board. (*Id.*)

Of course their records and books are open to the inspection of all the directors. Nor have they authority to exclude, by resolution or otherwise, one of their number from inspecting them. Every director has an equal right in this matter. (*People* v. *Throop*, 12 Wend. 183). And a mandamus may be directed to the cashier commanding him to submit them to the director's inspection. (*Id.*)

Nor are directors now required to use a seal in all of their transactions. "The doctrine is now entirely exploded," says Ch. J. Sharkey, "that corporations can contract only under their corporate seal. They may contract by vote entered on the books of the corporation, and binding contracts may be implied from corporate acts, without either a vote, a deed, or writing, and they are bound by all contracts made by their agents within the scope of their authority." (*Peterie's Ex.* v. *Wright*, 6 Sm. & M., p. 707.) "The acts of the board of directors, evidenced by a written vote, are as completely binding on the corporation, and as complete authority to their agents, as the most solemn acts done under the corporate seal." (2 Kent's Com. 291, quoted by Ch. J. Norton in *Campbell* v. *Pope*, 96 Mo., p. 472.)

One of the earliest things done by directors, after organizing, is to adopt by-laws. At common law they have authority to make such as may be needful for governing the bank, for managing its business and property, and for prescribing the duties of its officers and clerks. These must be reasonable, consistent with the laws of the State where the bank exists, and promotive of the interest of the corporation, and must not be unequal, oppressive or vexatious. "Whether by-laws are reasonable and consistent with law is a question solely for the court." (*People* v. *Throop*, 12 Wend. 186; *Commonwealth* v. *Worcester*, 3 Pick. 462; *Village of Buffalo* v. *Webster*, 10 Wend. 100; *Dunham* v. *Village of Rochester*, 5 Cow. 462; Angel & Ames on Corp., ch. 9, p. 177-200.) In interpreting the charter of the Seneca County Bank (*Seneca County Bank* v.

Lamb, 26 Barb. 595, 597) Pres. J. Davis said: "It is limited in the authority it gives, to the making of by-laws, rules and regulations to operate upon and control the internal conduct of the business of the bank; to restrain and direct its own officers and servants in the management of its affairs, and not the public at large, nor the rights and interests of third persons. (*Mechanics & Farmers' Bank* v. *Smith*, 19 Johns. 115.) If allowed to have an operation beyond this, its validity cannot for a moment be sustained. The legislature cannot confer upon a moneyed corporation power to enact by-laws contravening, repealing, or in any wise changing the statutory or common law of the land."

Before defining the authority and duties of directors, it may be remarked that they are conclusively presumed to know the general condition and management of their bank, and every act of importance relating thereto, either at the time it occurred, or soon afterward. (Valentine, J., *German Savings Bank* v. *Wulfekuhler*, 19 Kan. 60.)

One of their most important duties is to appoint the officers, and especially the chief manager, whether he be the president or cashier. In some banks, as all know, the president is the chief officer, in others the cashier. In every bank, however, the cashier is an important officer, and the performing of his duties is his principal occupation.

In appointing a cashier, treasurer or other officer, the directors do not become sureties for his fidelity and good behavior. Said Vice Ch. McCounn, in a case in which this question arose with respect to the appointment of a secretary of an insurance company: "The law casts no such responsibility upon the directors of any corporation. If they select persons to fill subordinate situations who are known to them to be unworthy of trust or notoriously of bad character, and a loss by fraud or embezzlement ensues, in such case a personal liability rests upon them, but not otherwise." (*Scott* v. *Depeyster*, 1 Edw. Ch., p. 537.) In another well-reasoned case against directors to recover for the losses occasioned by the misappropriations of the cashier, J. Pryor said: "Bad faith or gross negligence is certainly necessary to render the director liable to a stockholder in a case like this. The directors were interested in the bank as shareholders. Their own interests prompted them to use at least ordinary diligence, and when trusting to the honesty and fidelity of their cashier, and at the same time exercising that character of vigilance that is usual and customary with bank directors, it cannot be said that there was, nevertheless, an absence of ordinary care, and such bad faith on their part as made them liable to the [stockholders]. If they had selected a cashier who was known to be of bad character, or incompetent to discharge the duties assigned him, it

would be such a disregard of the interests of the stockholder as to imply bad faith; but when they select a man who at the time is universally regarded as honest and capable, and for the reason that they are themselves ignorant of the business in which they are about to embark, they have done only what the stockholders themselves would have done under the circumstances, and acted as ordinarily prudent men would have acted with reference to their own business transactions. They had the right to repose confidence in the cashier, and particularly when through a period of seven years he had conducted the affairs of the bank with great success, and without giving any cause on the part of the most vigilant to suspect him of committing any acts upon which a suspicion of wrong might have been based." (*Dunn's Adm'r* v. *Kyle's Ex.*, 14 Bush 134, p. 141.)

Before beginning his duties a cashier is usually required to give a bond. One or more sureties must also sign with him. When they have been approved by a vote of the directory, and a bond has been executed by all, which is afterward found in the possession of the president, this will be deemed a sufficient acceptance to satisfy the law. (*Dedham Bank* v. *Chickering*, 3 Pick. 335.) A director can also be a surety on the bond of a cashier or other officer. "It may be," remarks Ch. J. Shaw, "in very bad taste, very indiscreet and ill-judged to thus put himself in a situation to express an opinion on his own sufficiency as a surety. But he cannot avoid his obligation if he should do such a thing." (*Amherst Bank* v. *Root*, 2 Met. 522.) He cannot, by statute, in Maine. (*Jose* v. *Hewett*, 50 Me. 248). And directors who have assumed this liability cannot escape by the easy method of reporting a cashier's transactions to be correct, followed by a resolution of the board discharging them. (*Percy* v. *Millandon*, 8 Martin Lea. N. S. 32.)

RELATIONS OF THE BANK OF FRANCE AND THE TREASURY.

By M. CHARDON.*

Early in the eighteenth century an extraordinary attempt made paper money known to France: Law's imagination, more fertile than safe, dreamed of putting in a bank the finances of the State and the better part of its foreign commerce. Two years of desperate stock-jobbing greatly modified the distribution of fortunes, but they left a knowledge of notes payable to bearer and a love of speculation. After the liquidation of the Royal Bank, the right of issuing bank notes returned to the Government; but more than half a century passed before an experiment was renewed that awakened such unpleasant memories. January 1, 1767, a bank of circulation and discount was authorized under the name of the Caisse d' Escompte, which was to make advances on the king's revenue. The establishment languished two years and then died. The Abbé Terray soon after refused his sanction to a new company; but, in 1776, another bank of discount and circulation was approved of, which the Swiss Pinchaud and the Scotchman Clouard founded in concert with Turgot under the name of Besnard & Co. The new bank was to discount commercial paper at the maximum rate of 4 per cent. Its capital was 15 million francs; 10 millions were to be lent to the State and repaid in thirteen annuities. The establishment went on very well during six years. But in 1783 d'Ormesson made a first loan of 6 millions; the bank had to issue more notes, and the holders were alarmed. By making the currency obligatory the Government helped out the concern, whose credit it had compromised. Soon Calonne was able to repay the 6 millions, and the bank regained public confidence, its circulation rapidly reaching 100 millions. Besnard & Co. obtained for thirty years the exclusive privilege of issuing notes, and their capital was raised from 15 to 100 millions; but they were invited to pay into the Treasury a guarantee of 70 millions, 5 per cent. interest being allowed on it. The 70 millions were paid in June, 1787; shortly after there came a new crisis; the directors demanded the repayment of the guarantee, which was promised; and the crisis passed without seriously shaking the establishment. The Government wanted to escape a like risk by allowing the bank to suspend the redemption of its notes. The directors saw the trap and took care not to avail themselves of the power given them.

M. Necker's second ministry opened with a demand for a se-

*Adapted from the *Annales de l' Ecole libre des sciences politiques*, by O. A. Bierstadt.

cret loan of 15 millions. In January, 1789, the bank had to lend 25 millions, and soon 6 millions were called for every month. These operations were enveloped in mystery, but Mirabeau got wind of them and was about to bring up the discount bank for discussion, when Necker anticipated him by proposing it should be changed into a National Bank, issuing 240 millions of notes under the guarantee of the State, and lending these 240 millions to the Treasury. The plan was adopted, but the bank's credit was impaired by this sudden transformation, and the Government sought a remedy in making its currency obligatory. Its intelligent directors struggled against the application of this remedy, and continued redemption, though in limited amounts. Soon, however, the State began drawing upon the bank again, and, in less than a year, called for 400 millions; it became a part of the financial administration, covering with the memory of its past prosperity the Treasury's repeated loans.

The confidence of the public waned from day to day, and the instrument was worn out, when the Revolution found a new resource in the assignat. Without capital and credit the discount bank became again a commercial enterprise, and for the redemption of its notes it had hardly any other assets than the promises of the State. Perhaps it might have lived through its critical situation, but the Government dreaded all competition with the assignat, and August 24, 1793, a decree suppressed the bank of discount. While Law had attempted to absorb the State for the profit of the instrument of circulation, the Revolution attempted to absorb the instrument of circulation for the profit of the State. The two attempts had the same fate. The issues of assignats ended in bankruptcy, and the right of issuing notes payable to bearer and at sight returned to the Government.

In the last years of the eighteenth century several commercial companies, at Paris, and even in the provinces, had exercised this right with varying fortunes, when it was learned that the members of the Government, in concert with a few capitalists, had decided to create a new bank of discount and circulation with a capital of 30 millions. In the ideas of its founders, the establishment was to regulate the commercial circulation and assure the credit of the State. The public at once called it the Bank of France, and this name was recognized by decree of the 28th of Nivôse, of the year VIII. The shares, however, were subscribed for slowly; private subscriptions amounted to 1,100,000 francs only, and the greater part of this amount was taken by members of the Government. In reality the bank was formed with a single stockholder, the State. Its first funds were the money of the tax-payers, and its first customer was the Treasury, which intrusted several financial duties to it. But its rules were made and

its chief officers were appointed without the aid of the Government.

Although M. Pérégaux, its first president, asserted its independence, the new establishment was not an ordinary commercial enterprise. Created by the Government, taking part in the financial operations of the Treasury, it was soon to receive from the law the most precious of favors. Similar establishments in existence since several years, and competition with which might have been dreaded by the bank, had willingly or unwillingly to consent to fusions disastrous to them. The monopoly existed almost in fact. At the first consul's suggestion, the law of Germinal 24, year XI., sanctioned it legally for fifteen years. Notwithstanding all, this much protected establishment made but slow progress, and advances to the Treasury remained its principal operation. From the year VIII. to the year XIII., they amounted to 622 millions. The better part of the bills and acceptances consisted of paper proceeding directly or indirectly from the Government. In December, 1805, 80 out of 97 millions were represented by the obligations of the receivers general. At this period the taxes were turned into the Treasury in the form of bonds, to run different times, or in notes at sight signed by the receivers general and payable month after month at their offices. The discount of this paper had been confided to the Company of United Merchants, which sent it for discount to the Bank of France. The bank took the notes of the receivers general on abnormal conditions, it discounted them at 6 per cent. and could not have discounted them elsewhere at 12 per cent.; in exchange it gave notes. The collapse of the Company of United Merchants raised the alarm; the holders of notes besieged the doors of the Rue de l'Oratoire; in a few days the depreciation attained 15 per cent. The affrighted bank asked for forced currency. Napoleon refused and declared redemption must be continued; but it was impossible, and the redemption of notes was limited to 600,000 francs a day at the most.

The bank stopped discounting for the public and devoted all its resources to the negotiation of the receivers' paper, which could only be disposed of at an exorbitant rate; every such negotiation caused an enormous loss; and the hour of failure was fast approaching, when the victory of Austerlitz changed everything and gave credit once more, as if by enchantment, to the obligations of the receivers general. But the lesson had been a sharp one. Napoleon judged that the bank was not strong enough for the negotiation of the Government's obligations and for other duties; he resolved to double its capital and to make the organization monarchical; but he was unwilling the secret of his military plans should be confided to it with that of his financial operations. Such were the ideas prevailing in the reorganization of

the Bank of France. The crisis just gone through resulted in increasing the Government's action upon the bank. There was every reason to believe that, taught by experience, the bank would no longer accept the paper of the Treasury except with extreme reserve. Where then were those facilities of credit to be found which had hitherto been the clearest result of the institution? In a report to the Legislative Body it was argued that the bank's best investment was still to make advances to the Treasury, and the interference of the Government was justified.

Hitherto the bank had been managed by a committee of three appointed from the directors by the stockholders; the law of 1806 gave to the chief of the State the nomination of the governor and of two assistant governors. The bank continued to have charge of the receipts and payments of the State. In reality the new law made the bank into a Government institution, with private parties having an interest in it. Dealings with the Treasury still formed the major portion of the bank's accounts. During several years it advanced to the Treasury 40 millions on the obligations of the receivers general, an advance renewable every three months. April 2, 1811, the Government made it discount 20 millions of obligations, on May 2 15 millions more. The evil effects of thus compromising the bank's credit were soon seen. In 1813 the bank hardly did any business except with the Treasury, and its operations amounted to 343 millions. The failure of the Government to meet its payments forced the bank to limit its redemptions to 500,000 francs, and to refuse discount to commerce at the very moment it was most needed. Commerce, however, was beginning to be interested in the institution and helped it through the crisis.

Alarmed by the preponderance of the Government, a meeting of the stockholders, in 1814, proposed, at the instigation of Laffite, to reorganize the bank into a commercial bank once more. The Government appeared willing, but political events made this, and many other projects forgotten. In 1818, a like plan was broached, but the Restoration had already given proof of its reserve in the management of the bank. When the Treasury had large sums discounted, it did so as a private party, without exceptional conditions, and paid regularly on time. Uneasiness was quieted, and the plan fell through. The bank tried to second the Government in its financial embarrassments. In 1818, when the loan of 14,600,000 francs of *rentes* was issued, the bank aided by advancing 100 millions to subscribers.

In the early years of its existence the bank had been charged by the State with the payment of the public debt. This service was withdrawn from it in 1810; the financial law of March 25, 1817, stipulated that the net products of the stamp registration

and the domains, and of the post-office and the lottery should be devoted to the payment of the perpetual debt and to the sinking fund. The same law authorized the Minister of Finances to treat either with the Bank of France or with the Caisse des Dépôts et Consignations for the payment of the perpetual debt and the charge of the sinking fund, by means of an assignment of the revenue above mentioned. Count Corvetto, Minister of Finances, gave the preference to the bank, judging this measure advantageous to the public credit. The board of directors received his overtures without enthusiasm, and showed a want of confidence not very flattering to the Government. They wished the funds to be paid directly to the bank, but the Minister offered delegations upon the receivers general up to the amount specified in the budget and the supplementary resources that might be necessary. These conditions were accepted; but, to preserve their liberty of action, the directors would only contract for each half-year separately. The indemnity granted the bank, both for collecting the funds and making the payments, was fixed at 1½ per cent.

The situation of the Treasury improved from the first half of 1819, and the bank ceased to have charge of the payment of the public debt in the departments, but kept it at Paris. From 1819 there was no further question of the sinking fund, in the agreements between the Bank of France and the Treasury. For the public debt, the bank made with punctuality and fidelity the payments indicated in the coupons delivered by the Treasury, and the result was economy to the Treasury and a favorable influence upon the public credit. In 1819 the bank received 250.000 francs for expenses in making Government payments, giving it no considerable profit; and in 1820 the expenses amounted to 200,000 francs. As business was not good, the weakness of commercial discounts forced the bank to seek elsewhere employment for a portion of its capital and credit to enable it to meet expenses and declare a dividend to its stockholders. In these circumstances the Minister of Finances proposed, May 13, 1820, the extraordinary discount of 100 millions of royal bonds to make the last payment to the foreign powers. The proposition was accepted for an amount of 60 millions. The bank received as a guarantee 5 per cent. *rentes* at the rate of 75 francs 50 centimes. These transactions with the Treasury continued, and during the early years of the Restoration the public loans, the payment of *rentes*, and the recoinage of money held a large place in the bank's accounts.

In 1826 the Treasury having no extraordinary need of funds, and the taxes being collected with ease, the Minister of Finances applied to the bank only for sums much smaller than in preceding years. In 1828 the taxes came in with increasing regularity; the Treasury called upon the bank to take charge of the

payment of the *rentes* gratuitously. The latter refused, and the Treasury resumed this duty. The State's credit was further strengthened in 1829, and the Treasury was able to negotiate its bonds at a lower rate than the bank's rate of discount, which was still 4 per cent. So it discounted at the bank only 32,500,000 francs. This led the directors to propose to the Minister of Finances to discount for him at 3 per cent., and for 3 months, the royal bonds he should deliver to the bank as he needed, for an amount of 50 millions, and to renew them during a year. The proposition was accepted, and, in 1830, the discount of royal bonds was a source of considerable profit to the bank, the operations running up to 291 millions, affording a profit of 1,836,409 francs. At the end of December the bank had in hand 81,716,249 francs of royal bonds, and 81,076,998 francs of commercial paper. In 1831 the stagnation of business obliged the bank to have recourse to dealings with the Treasury. It advanced 5,500,000 francs to the Minister of Finances on bills for customs payable in the departments, with interest at 5 per cent. and commission. The discount of Treasury bonds was continued at 4 per cent., and the transactions in them for 1831 amounted to 246,195,234 francs 15 centimes, giving a profit of 2,650,025 francs. This was a larger profit than in 1830, because the interest of that year was fixed at 3 per cent. On the 31st of December, 1831, the bank only held Treasury bonds to the amount of 31,733,625 francs. Business was dull; the resources which the abundance of unemployed capital offered the Treasury restricted the services the bank was called to render it. Their relations in 1832 were regulated differently from in former years; the bank continued discounting royal bonds to the amount of 12,983,833 francs; but, besides, the bank entered into an agreement with the Minister of Finances by which it engaged to make advances to the Treasury on accounts current, subject to 4 per cent. interest from the Treasury, but without reciprocity for the bank. These accounts current were secured by a sum of royal bonds delivered to the bank equal to the advances asked for. All the advantage was on the side of the bank, and its profits from the accounts were 726,553 francs 42 centimes. In 1833 business offered few discounts, and transactions with the Treasury were limited to the discount of 11,411,400 francs of royal bonds and advances on accounts current of not over 34 millions giving a very small dividend. In 1834 there was a slight improvement in business; advances to the Treasury diminished still more; and the bank's profits on them fell from 531,783 francs in 1833, to 251,308 francs in 1834. In 1835 the advances to the Treasury decreased further, amounting to hardly 25 millions, and a profit of 125,000 francs; the discount of Treasury bonds amounted to 8,570,000 francs, and gave 68,700 francs of profit.

[TO BE CONCLUDED IN THE NEXT NUMBER.]

THE SILVER SCHEME OF THE SECRETARY OF THE TREASURY.

Secretary Windom has made a very interesting report. While there are several parts of this document that call for comment and will receive it at a later date, we shall now confine our remarks to the proposed silver scheme, which is made in the following language:

"Issue treasury notes against deposits of silver bullion at the market price of silver when deposited, payable on demand in such quantities of silver bullion as will equal in value, at the date of presentation, the number of dollars expressed on the face of the notes at the market price of silver, or in gold, at the option of the Government; or in silver dollars at the option of the holder. Repeal the compulsory feature of the present coinage act."

Secretary Windom summarizes the advantages and disadvantages of this proposed measure as follows:

ADVANTAGES OF THE PROPOSED MEASURE.

FIRST—It would establish and maintain through the operations of trade a convenient and economical use of all the money metal in the country.

SECOND—It would give us a paper currency not subject to undue or arbitrary inflation or contraction, nor to fluctuating values, but based dollar for dollar, on bullion at its market price, and having behind it the pledge of the Government to maintain its value at par, it would be as good as gold, and would remain in circulation, as there could be no motive for demanding redemption for the purposes of ordinary business transactions.

THIRD—By the utilization of silver in this way a market would be provided for the surplus product. This would tend to the rapid enhancement of its value until a point be reached where we can with safety open our mints to the free coinage of silver.

FOURTH—The volume of absolutely sound and perfectly convenient currency thus introduced into the channels of trade would also relieve gold of a part of the work which it would otherwise be required to perform. Both of the causes last mentioned, it is confidently believed, would tend to reduce the difference in value between the two metals and to restore the equilibrium so much desired. It would furnish a perfectly sound currency to take the place of retired National bank notes, and thus prevent the contraction feared from that source.

FIFTH—It would meet the wants of those who desire a larger volume of circulation, by the introduction of a currency which, being at all times the equivalent of gold, would freely circulate with it, and thus avoid the danger of contraction which lurks in the policy of increased or free coinage of silver, by reason of the hoarding or exportation of gold.

SIXTH—It should not encounter the opposition of those who deprecate inflation, for, though the volume of currency may be somewhat increased, the notes would be limited to the surplus product of silver, and each dollar thus issued would be absolutely sound, and would represent an amount of bullion worth a dollar in gold.

SEVENTH—It would be far more advantageous to silver producers than increased coinage under existing law, for in both cases bullion would be paid for at its market value, and under the plan proposed a much larger amount could be used with safety, and while increased

coinage would arouse the fears and encounter the opposition of a very large and powerful class of people, it is believed that this measure would meet with their acquiescence.

EIGHTH—There would be no possibility of loss to the holders of these notes, because, in addition to their full face value in bullion, they would have behind them the pledged faith of the Government to redeem them in gold, or its equivalent in silver bullion.

NINTH—The adoption of this policy and the repeal of the Compulsory Coinage act would quiet public apprehension in regard to the over-issue of standard silver dollars, and the present stock could therefore be safely maintained at par.

TENTH—This plan could be tried with perfect safety, and, it is believed, with advantage to all our interests. Should it prove a successful and satisfactory plan for utilizing silver as money, other nations might find it to their interest to adopt it, without waiting for an international agreement, and should concerted action be deemed desirable it could then be more readily secured.

By this method it is believed that the way would be paved for the opening of the mints of the world to the free coinage of silver and the restoration of the former equilibrium of the money metals.

POSSIBLE OBJECTIONS AND CRITICISMS.

I may here conveniently note and answer in brief some of the objections which may be made to this proposition:

(1) Possibility of loss to the Government by a further depreciation in the value of silver bullion.

This danger is exceedingly remote. On the other hand, there is every reason to believe that a profit to the Government would be realized by the adoption of this measure. First, from the almost certain rise in the value of the silver on deposit, which would inure to its advantage; and second, from the destruction and permanent loss of notes, which would never be presented for redemption, the bullion represented by them then becoming the property of the Government.

But even if a loss arise by reason of a further decline in the value of silver, this would not be a valid objection to the measure proposed, for the reason that the Government, having assumed control of the currency of the country, is bound, at whatever cost, to supply a circulating medium which is absolutely sound. This duty has been fully recognized, in the case of our legal-tender notes, by the sale of $100,000,000 of four per cent. bonds in order to provide that amouut of gold, which now lies in the Treasury, as a reserve for their redemption. We have already paid out $40,000,000 interest on these bonds, as a portion of the cost of maintaining the outstanding $346,000,000 of United States notes, and we are still paying $4,000,000 a year for that purpose.

(2) It might be suggested that to issue Treasury notes on unlimited deposits of bullion would place the Government at the mercy of combinations organized to arbitrarily put up the price of silver for the purpose of unloading on the Treasury at a fictitious value.

This danger may be averted by giving the Secretary of the Treasury discretion to suspend temporarily the receipt of silver and issue of notes in the event of such a combination, and he might be authorized, under proper restrictions, to sell silver, if necessary, retaining the gold proceeds for the redemption of the notes.

The existence of such authority, even if never exercised, would prevent the formation of any effectual combination of this kind, for the reason that a combination to control the silver product of the world would be very expensive, requiring immense capital, and could not be successfully

undertaken in the face of the power lodged with the Secretary to defeat it.

This method of guarding against combinations and corners would be far better than the proposition to fix the price at which notes should be issued, at the average price of silver during any considerable antecedent period of time, as the latter would tend to prevent the normal rise in value, which is desired and anticipated from the adoption of this method.

(3) If it be objected to on the ground that it would degrade silver from its position as money, and reduce it to the level of a mere commodity, the reply is that silver bullion is now a mere commodity.

This policy would at once give to silver, through its paper representative, the rank and dignity of money in the most convenient and least expensive way in which it can possibly be utilized. The issue of notes based on bullion, as proposed, would have the effect of crowning it with the dignity of money as effectually as could the dies and stamps of a United States mint. Instead of degrading silver, this plan would tend to restore it to its former ratio with gold.

(4) It might be urged against this plan that it would open a tempting field for speculation by offering to speculators an opportunity, when silver had temporarily fallen but was likely to advance, to withdraw from the Treasury and hold for a rise the silver bullion covered by notes; or when there might be a possibility of a depression, to deposit it, wait for a fall in price, and then have their notes redeemed in an increased quantity of silver.

The answer to this objection is that the danger is by no means great, but should it prove so, the judicious exercise by the Secretary of the Treasury of his option to redeem in gold (either coin, bullion, or certificates), would effectually prevent the successful combination of such speculative operations.

(5) Unless the amount of silver bullion be limited, may not this policy result in an undue and dangerous increase in the volume of our currency? May we not be flooded with the world's excess of silver?

Fears of too large a volume of absolutely sound currency are not entertained to any considerable extent by our people. The dangers from such an expansion are not apparent, nor are they serious. It is only inflation from over-issue of doubtful or depreciated dollars that affords substantial grounds for apprehension.

As to the objection that we may be flooded with the world's silver, the proposed law itself, and the statistics in regard to the present product and the uses of silver, furnish a complete reply. Treasury notes would only be issued at the average price of silver in the leading financial centers of Europe and the United States, so that there could be no possible motive for shipping it from abroad. Why should any one pay the cost of transporting silver from Europe to exchange for our Treasury notes at the same price it would command in gold at home? Probably we should receive some of the surplus product of Mexico; but, as will be presently shown, the amount would not be dangerously large. It would not come from South America, because it would command the same price in gold in London that it would in notes in New York, and nearly all the product of South America goes, in the shape of miscellaneous ores and base bars, to Europe for economical refining.

In view of these facts, there would seem to be no sufficient reason for limiting the amount of silver bullion, which may be deposited for Treasury notes, and there are strong reasons against such limitation.

If deposits were limited to $4,000,000 worth per month, the amount of silver received might be somewhat smaller than under the proposed measure, which fixes no limit, but the difference in the quantity deposit-

ed would hardly compensate, in my judgment, for the effect which the restriction would have on the silver market.

Such a restriction would have a decided tendency to prevent the normal rise in price, because it might leave a surplus even of our own product, counting that which comes from Mexico to this country, and the mere fact of there being a limit to the amount that the United States would receive and issue notes upon would be a constant menace to the price of silver. Moreover, the limitation to $4,000,000 worth a month would necessitate a distribution of the amount which would be received at the different mints of the United States each month, so that when the full amount of the quota fixed for any one institution was full, no further deposits could be received that month, and the result might be to throw a large stock on the market in such localities, which of itself would have a tendency to depress the price.

If, however, any limitation be thought necessary, it would seem preferable to restrict deposits to the product of our own mines, or the mines of this continent, or to deposits of new bullion, as distinguished from foreign coin and foreign melted coin, rather than to limit the amount to be received to a specific quantity or value.

THE COUTTS' BANK.

A little way down the Strand, in London, within a stone's throw of the National Gallery, there is a long and somewhat grimy looking building, with iron railings running from one end to the other. Foreigners and country cousins on a visit to London, stare at it and ask, "What is it?" There is nothing on the face of it to show. There is a little, narrow door, but no name on it; several windows, but they show nothing except a want of washing. A constant stream of people may be seen passing in and out, like so many bees hurrying in and out of a hive, and generally there are two or three carriages waiting. It might be taken for a workhouse, only, as a rule, the visitors to those establishments are not carriage people, nor are ingress and egress quite so free as appears to be the case here. It might be—anything; for, as the Bluecoat school boy said to a patronizing old gentleman, in reply to the query, "Well, my little man, what might your name be?" "My name might be Beelzebub, but it isn't." If, to solve the difficulty, the aforesaid foreigners or country cousins were to ask the nearest policeman, "What is that building?" he would reply, "Coutts' bank."

They might then be informed that they were looking at one of, if not the oldest and richest banks in England, a bank which was old before joint stock banks were thought of. The oldest joint stock bank (with the exception of the Bank of England) cannot boast a longer existence than sixty years. Coutts' Bank, originally founded in 1692, will, in three years from the present date, have completed 200 years of official life. It speaks wonders for the ability and integrity which have from time to time been brought to bear upon the management of the institution, that, after two centuries of ceaseless activity, it not only continues to exist, but that its prosperity and renown continue to increase.

Despite its somewhat meager external appearance, the interior embraces a series of spacious, and even handsome offices, and the ever-growing requirements of the business have caused the bank to stretch itself out at the rear, right and left, into the Adelphi and the adjacent

neighborhood. It has in particular absorbed a house in James street, Adelphi, where Lord Beaconsfield and his father once resided. The lease is still extant by which the house was conveyed from Mr. Isaac Disraeli to Mr. Thomas Coutts. Another interesting document in the possession of Messrs. Coutts & Co. is the marriage certificate of George IV. and the unfortunate Mrs. Fitz-Herbert. The underground premises for the storage and safe custody of plate checks, jewelry and valuables of various descriptions, run along the entire extent of the ground occupied by the bank, and go down so many flights below the surface that it is calculated to give one a very fair notion of the bottomless pit.

Just inside the door, by the porter's lodge, stands a stalwart gentleman in blue, brave in buttons, heroic in helmet and terrible with truncheon, in short, a policeman, ready to attend to any chance visitors with larcenious tendencies for bank notes, or who may wish to "try it on" with a forged check. Happily, his services are not often required, although there are certain "chevaliers d'industrie," who make a specialty of watching people who leave banks with notes or gold, and kindly endeavor to save them the trouble of carrying them all the way home.

Stepping on through the swinging doors we find ourselves in what is technically called "the shop." This is a large and lofty apartment, where the payment of checks, bills and other negotiable documents takes place. On the right is the counter where busy cashiers daily pay away and receive hundreds of thousands of pounds—so vast are the proportions modern banking has assumed. Going straight on, we cross a bridge which connects the Strand with the Adelphi premises. Here we see a spacious room of more handsome proportions than "the shop" we have just left.

The partners sit here, and all around are doors leading to different departments where the inner work of the bank is done. At the end is the "bank parlor," that important feature of all banking establishments where anxious customers are, for example, informed that they can be accommodated with a loan of £20,000, or, under more happy circumstances, inform an official of their wish to lodge that sum.

The bank parlors (for there are more than one) contain portraits of some of the former partners, the older ones being easily distinguished by their peculiar coiffure—or the want of it—men never seemed to brush their hair in those days. There is also a portrait of the Baroness Burdett-Coutts, who has been connected with the fortunes of the house for more than fifty years.

Perhaps the most famous of the partners was Thomas Coutts, who entered the house in the year 1761. In *Chambers' Journal* we read that "Thomas Coutts became the first banker in London. Great from his wealth and munificence, mingling in the highest circles, and yet never forgetting Edinburgh, which he visited on one occasion with Sir Walter Scott, his friend and kinsman, when he was complimented with the freedom of the city." Mr. Coutts had three daughters. The first married the Earl of Guildford, the second the Marquis of Bute, and the third Sir Francis Burdett. The daughter of Sir Francis Burdett was created a peeress in 1871, with the title of Baroness Burdett-Coutts.

There is also a portrait of Mr. George Robinson, who recently died at the advanced age of 94, after no less than seventy years of active service. He entered the office as a clerk in 1815, was eventually taken into partnership, and continued until almost the close of his life to take an active part in the management of the bank's affairs. Dulce et decorum est pro patria vivere, might well have been his motto.

In bygone days every house had its "sign," and Coutts' was known as

"The Three Crowns." The old sign, and the date of the founding of the house—"1692"—still appear on the checks. The sign originated from the fact that three royal families then, as now, banked here, viz.: Those of England, France and Belgium. Of the English royal family Queen Anne was the first to open an account with Messrs. Coutts & Co., and her signature is still preserved in one of the ledgers. From that time all the English sovereigns have banked here. The bank numbers among its constituents the creme de la creme of the aristocracy both of England and France. Of the latter suffice it to mention such names as the Comte de Paris, the Duc de Nemours, the Duc de Alencon, etc., etc.

The list of celebrated characters who have banked here would occupy a formidable space; Alexander Pope, Pitt, Fox, Sir Walter Scott, the Duke of Wellington, Thackeray, Charles Dickens, etc., etc., have all been familiar figures, in their day, at 59 Strand.

All the old ledgers, beginning with the one in 1692 (with the exception of one or two, irreparably injured by damp), are still carefully preserved. The penmanship in some of them, written before the era of steel pens, is very beautiful, but rather suggests to an irreverent mind that they must have taken "all day" over it.

The bank employs one hundred men, some of whom have been in the house for more than half a century, but of late years the staff has been gradually assuming a younger appearance than of yore at least this was the opinion of one of the old customers of the bank who called in some few months ago. He said that in former days he never used to do business with anybody under eighty years of age, but now when he came and asked for £10,000, a beardless boy of sixteen came forward and told him he could have it.

Coutts' adhere strongly to their old customs. One of them is the old-fashioned rule of clean shaving, dating from the time (some hundred years ago or more) when our fathers wore wigs and knee breeches, and shaved clean. This, no doubt, accounts for the particularly juvenile appearance of the younger men. There is a story current that the Comte de Paris, during a recent visit, noticed and greatly wondered at the universal absence of mustaches. Expressing his surprise to the Prince of Wales, and asking the reason, the prince good humoredly replied he supposed it was to make them look innocent.

There is a large library on the premises, the gift of the Baroness Burdett-Coutts. Here are illustrated papers and a file of the *Times*, and here some of the men occasionally meet after office hours for a quiet game of chess.

Another old custom which we may mention by way of conclusion, is that every year, some time in the afternoon or evening of the 24th of June, all the men adjourn to the luncheon room to eat strawberries, which are always provided for their delectation on that day. Nobody quite knows why, but nobody objects.—*Anthony J. Gavigan in the Sunday Argus, Fargo, Dakota.*

TAXATION OF NATIONAL BANK SHARES.

SUPREME COURT OF OHIO.

Miller, Treasurer, v. *First National Bank.*

There is no authority in the statutes of the State, nor of the United States, for listing and valuing the shares in a national bank in the aggregate, and placing such aggregate on the tax-list in the name of the bank. Such shares, when listed and valued for taxation, are required to be placed on the proper tax-list in the names of the respective owners.

The listing of the shares for taxation is provided for and secured by section 2,765, Rev. St., and the correction of returns made by the cashier of the bank to the county auditor is provided for by section 2,769 and not by section 2,782. (*Id.*)

The action below was by the treasurer of Hamilton county against the First National Bank of Cincinnati. The questions arise upon a demurrer to the petition on the grounds (1) that there is a want of proper parties; (2) that the petition does not state facts sufficient to constitute a cause of action.

MINSHALL, C. J.—It is evident that the relief prayed for against the stockholders in this case cannot be granted, as they are not parties to the action; and, unless the plaintiff is entitled to some relief upon the facts stated against the bank, the demurrer to the petition was properly sustained. And, as regards the bank, there is but one question in the case that needs to be determined—for the determination of it will dispose of all the others that have been raised—and that is, whether the shares of stock in a national bank are to be listed for taxation in the names of the shareholders or in the name of the bank. The power of the State to impose any tax upon such shares is conferred by the statutes of the United States. (Section 5,219, Rev. St.) This is not controverted. It is also true that the property of a national bank, other than its realty, cannot be subjected to taxation by a State or any of its subdivisions. The power conferred by the section just referred to is to include the "shares" in the valuation of the personal property of the "owner" or "holder" of such shares. A bank does not own the shares of its capital. It owns the capital, and the shares are owned by its stockholders. The capital is corporate property; the shares in it are the individual property of its shareholders. It is the latter that may be taxed, and not the former. No authority is conferred to assess them for taxation against the bank itself; and to so assess them would be but another form of taxing the capital of the bank itself, which no one contends could be done without the authority of Congress. A share in a bank is but a fractional part of its capital, owned by one who contributed an equivalent part of the capital, or his transferee; and the aggregate of all the shares held by individuals in a bank is equal to the aggregate of its capital; so that, if all the shares in a bank were assessed for taxation in its name, and payment of the tax required of it, the effect would be precisely the same as a tax upon the aggregate capital of the bank. Again, as the shares are to be assessed for taxation according to their true value in money, a tax so levied would extend to and include all the property of the bank—its personalty, in the valuation placed on the shares in its capital stock, and its realty, under the exception contained in section 5,219, Rev. St. U. S. It seems then, to follow, as a necessary result, that shares in a national bank must be assessed for taxation in the names of the owners of them, and not in the name of the bank

itself. The language of the statute under which the power is conferred on a State to tax such shares is such; and the power conferred must be confined to the language; or the exemption of the bank itself from taxation may be reduced to an empty expression. Nor do the statutes of the State, on the subject of taxation, contemplate or intend that such stock should be listed in the name of the bank. They contain special provisions for the listing of the shares of the stockholders in incorporated banks. They are required to be listed at their true value in money, and taxed in the city, ward, or village where located, and not elsewhere. The shares are not required to be listed by the shareholders themselves. This is done by the auditor of the county; and provision is then made for their equalization, and the hearing of complaints. To facilitate the enlistment of the stock, and its valuation for taxation, the bank is required to keep in the office where its business is transacted a full and complete list of the names and residences of its stockholders, and the number of shares held by each, open at all times during business hours to the inspection of all officers authorized to list or assess the value of such shares for taxation. (Section 2,764, Rev. St.) And then, annually, at the proper time in the month of May, the cashier is required to make out and return to the auditor a duplicate report "of the resources and liabilities" of the bank, "together with a full statement of the names and residences of the stockholders therein, with the number of shares held by each and the par value of each share." (Section 2,765, Rev. St.) This constitutes the listing of the stock for taxation, and is necessarily intended to be done in the names of the owners of it. No other reason can be perceived for the requirement that the names of the owners, and the number of shares held by each, shall be returned to the auditor. Having been thus listed, the auditor is required to fix the total value of the shares according to their true value in money, and deduct therefrom the value of the real estate included in the statement of resources, as the same stands upon the duplicate. This is evidently required for the purpose of arriving at the true value of the shares themselves, and constitutes their valuation by the auditor for taxation.

Provision is then made for their equalization by the annual county board, and finally by the State board of equalization; and it is to be noticed that a copy of the statement furnished by the cashier, of the names of the stockholders, and the number of shares held by each, as well as of the resources and liabilities of the bank, is in each case to be furnished by the county auditor, first to the county board, and then to the State board, and finally, on completion of the equalization by the State board, the auditor of State is required forthwith "to certify to the auditors of the proper counties the valuation, as equalized, of the shares of banks situate in such counties, which valuation shall be put upon the proper tax-lists." (Section 2,810, Rev. St.) It is the "shares" that are required to be put upon the proper tax-list; and, as shares belong to their respective owners, and not to the bank, it would seem a very reasonable construction to say that they are to be placed on the list in the names of their owners, and not in that of the bank, particularly in view of the fact that they have been required to be listed, valued, and equalized in the names of their owners. Again, unless the shares are assessed for taxation in the names of the shareholders, there would be no opportunity given a shareholder to have a deduction in his favor for any *bona fide* indebtedness on his part, and to which he would be entitled under the decisions in *Whitbeck* v. *Bank*, 127 U. S. 193, 199, 8 Sup. Ct. Rep. 1,121; *Hills* v. *Bank*, 105 U. S. 319; *Supervisors* v. *Stanley*, *Id.* 305. But if any doubt remained upon this point it would certainly be removed by the provisions contained in section 2,839, Rev. St., mak-

ing the tax a lien on the shares, and providing a remedy in case of its non-payment. The section is as follows: "Any taxes assessed on any shares of stock, or the value thereof, of any bank or banking association, shall be and remain a lien on such shares from the first Monday of May in each year until such taxes are paid; and, in case of the non-payment of such taxes at the time required by law by any shareholder, and after notice received of the county treasurer of the non-payment of such taxes, it shall be unlawful for the cashier or other officer of such bank or banking association to transfer or permit to be transferred, the whole or any portion of said stock, until the delinquent taxes thereon, together with costs and penalties, shall be paid in full; and no dividend shall be paid on any stock so delinquent, as long as such taxes, penalties, and costs, or any part thereof, remain due and unpaid." Each and every provision of this section contemplates an assessment upon shares in the name of the shareholder, and are inconsistent with any other practice. The lien is fastened on the shares, and, in case of the non-payment of the tax "by any shareholder," the consequence is visited upon him, and no one else. It is made unlawful for the cashier or any officer of the bank, on notice, to transfer or permit the transfer of his stock, or the payment of any dividends, to him, so long as the tax remains due and unpaid. This view would not interfere with any arrangement by which a bank may, under the provisions of section 2,840, Rev. St., as a matter of convenience to its shareholders and the public, agree to pay the taxes levied upon the stock of its shareholders, and deduct the same from dividends or other funds in its hands belonging to them. In such an arrangement the individual rights of shareholders are preserved, each being liable only for such taxes as may be assessed against stock held by himself. An agreement by the bank, in such case, to pay the taxes assessed against its shareholders, might be enforced as any similar agreement. The assumption would be supported by its possession of funds belonging to the party whose liability is assumed, and against which it would have the right to credit itself for the payment so made on behalf of the shareholder. Such an arrangement in no way infringes the exemption of the bank from State taxation, nor impairs its efficiency as one of the fiscal agents of the General Government, and finds full support in the principles announced by the Supreme Court of the United States in the decision of *Bank* v. *Com.*, 9 Wall. 353, where a statute of the State of Kentucky, requiring the bank to pay a tax levied on the shares of its shareholders, was sustained; the tax being paid from funds of the shareholder in its hands, and not from the assets or capital of the bank. What then was the nature of the suit brought by the treasurer against the bank? It was not for taxes that had been assessed against all or any of its shareholders, and which they or any of them had neglected to pay, and which it might have paid under the provisions of section 2,840, Rev. St., making it lawful for the bank to pay the taxes "assessed upon its shares . . . in the hands of its shareholders, respectively," deducting the same from any dividends that might be due or become due upon the same. The substance of the petition is that the cashier of the defendant, for the years named, made a return to the auditor, purporting to be a true return, of the resources and liabilities of the bank, but did not return any statement of the names of its stockholders, with the amount of stock held by each, and, instead thereof, returned a written statement that it would pay the taxes for and on behalf of the stockholders; and that it paid the taxes in accordance with said return; that the auditor ascertained that the return was false, and, proceeding to correct the same, ascertained the amounts omitted for each year, placed the same on the tax-list against

the bank, and opposite thereto, the taxes on the amounts omitted for the several years included. For this we fail to find any authority. Section 2,782, Rev. St., applies to the case where an individual has made a false return of his property subject to taxation, and authorizes its correction "by charging such person on the duplicate with the proper amount of taxes." The bank is not subject to taxation, and could therefore have been charged with nothing under this section. But an adequate remedy was provided for the case under section 2,679, and constitutes the only remedy where a cashier makes a false return to the auditor. Under this section the auditor may examine the books of the bank, and any officer or agent of it, under oath, together with such other persons as he may deem proper, "and make out the statement"; and any officer of the bank may be fined, not exceeding $100, for failing to make the statement, or for willfully making a false one. This would seem to be as efficient, as it is rigid, for the purpose of securing true returns of bank-shares for taxation.

A further claim is made that, the bank being charged on the duplicate with the amount of these taxes, the duplicate is, under section 2,859, Rev. St., *prima facie* evidence that the tax is due, and that the burden is on the defendant to show that it is not. But that section applies only to the case where taxes "stand charged against any person," and are not paid as prescribed by law. As a national bank cannot be taxed by the State, the fact that it may stand charged with a tax upon the duplicate of a county, furnishes no ground for an action of any kind against it. If they stand charged against its stockholders, or any of them, then an adequate remedy for their collection is provided in section 2,840 above referred to. The argument, based on the averment that the cashier stated in the return that the bank would pay the taxes for and on account of its shareholders, cannot avail here. For, conceding that this statement amounted to an agreement on the part of the bank to pay them, and that the agreement was a valid one, still it is averred that it did pay the taxes levied, in accordance with the return, and the agreement had that extent and no more. But it is apparent that the averment was made as setting forth part of the grounds on which the auditor acted in assuming to correct the returns that had been made by the cashier of the bank, and to charge it with taxes upon omissions for the years designated in the petition, and not as a ground for the recovery of a judgment against the bank for the breach of its agreement. No such judgment is prayed for, and, whilst the prayer is no part of the cause of action, still it may be looked at for the purpose of construing the averments of the petition. Judgments affirmed.

RIGHTS OF INNOCENT HOLDER OF STOLEN BONDS.

ENGLISH COURT OF APPEAL.

The London and County Banking Company Limited v. *The London and River Plate Bank Limited.*

The manager of the defendants' bank stole certain of their negotiable securities which came into the plaintiffs' possession for value. The manager afterward obtained the same securities from the plaintiffs by fraud, and handed them back to the defendants, who did not know of the theft or fraud.

Held, that the defendants were *bona fide* holders for value, and entitled to retain the bonds.

The plaintiffs were the London and County Banking Company, Robert Henry Capps, and John Record. The manager of the defendant company was Warden, who had access to securities deposited by customers of the defendants. Warden was engaged in speculations on the Stock Exchange, conducted for him by an outside broker named Watters, who conducted the operations through Capps, a member of the Stock Exchange, whose manager was Record. In 1882, Warden incurred a loss in the speculations above referred to, and handed to Watters securities belonging to the defendant company. Early in 1883 Watters consulted Warden about a speculation loss of his own, and Warden handed him securities belonging to the defendant company to cover that loss. Thereafter Warden and Watters were continually concerned together in similar speculations, and Warden constantly abstracted securities belonging to the defendant company to cover those losses.

The securities thus taken were from time to time wanted by Warden at the bank, to cut off coupons or for other purposes, and for audit. On the 1st October, 1883, they were wanted by Warden to exhibit them at an audit of securities on which the bank had advanced money to their customers. Warden gave Watters a list of the abstracted securities, and Watters undertook to redeem them. Among them were securities which had been deposited by Watters with Capps in the course of the business transactions between them, and accordingly Watters applied to Capps for them, and handed him his check for £13,000 in payment for them. Thereupon Capps obtained the securities to recover which this action was brought from different parties with whom he had deposited them, and handed them back to Watters, who handed them back to Warden, by whom they were replaced among the defendant bank's securities and exhibited to the auditors. Watters failed to redeem all the securities abstracted by Warden, and consequently the frauds were discovered, and eventually Warden and Watters were tried and convicted in respect of their dealings with securities of the defendants other than the securities in question. Capps had no knowledge of the frauds, and was a *bona fide* holder for value.

LORD ESHER, M. R.—In this case, which was tried before Manisty, J., a person named Capps is the real plaintiff, and the action arose in this way: Two persons named Warden and Watters seem to have been confederates in crime and fraud. Warden stole securities from the defendants' bank, and handed them to Watters to hand to Capps for consideration, and without any knowledge on the part of Capps of any

fraud. These negotiable securities were therefore in the hands of Capps as a *bona fide* holder for value. But when the time for the bank audit came it was necessary for Warden to produce all the securities in his custody, and among them those which he had stolen, and which were in the hands of Capps. On an application to Capps he was willing to accept, and did accept a check from Watters, and gave up the securities, which were produced at the audit as though they had always remained in the custody of the bank. Watters' check was not paid, and Capps brings this action, alleging that, under these circumstances, the securities belong to him. Now it is said that the property in the securities passed to Capps when he gave value for them without knowledge of any fraud, and I think this much is plain, that the property did so pass to Capps, and that the defendants are not entitled to rely on the mere fact that the bonds are now back again in their possession; they must do more than that, and must show some title which is good enough to enable them to hold them as against Capps. Then it is further argued on the part of Capps that he was induced to part with them by fraud, and that he is therefore entitled to disaffirm the transaction by which he handed them back. Without deciding anything about that, I will assume that Capps was entitled to disaffirm the transaction, and did so; there still remains another question. Assume that these negotiable instruments were the property of Capps, they have come into the possession of the defendants, and the defendants have given value for them without any knowledge of any fraud on Capps. The defendants had a right of action against Warden for the conversion of their property, and when that property was restored to them they lost that right of action. That is, in my opinion, a value moving from them. All that can be urged against this view of the case is that the defendants had no knowledge of the real facts, and therefore could not accept the restoration of the securities in satisfaction of their rights against Capps; but, in my opinion, the fact that the defendant had no knowledge of the real circumstances is immaterial. I think, therefore, that the defendants gave a valuable consideration, and that the case is within the ordinary rule applicable to holders of negotiable instruments for value without any knowledge of fraud, and that the title of the defendants is complete. I am of opinion that the judgment for the defendants was right, and that the appeal must be dismissed.

LINDLEY, L. J.—My brother Bowen desires me to say that he has read and concurs in the following judgment. In this case the plaintiffs unquestionably acquired the property in these bonds, and if the plaintiffs had continued to hold them, the defendants could not have recovered them, even if the defendants had prosecuted Warden, and he had been convicted of stealing the bonds from the defendants. (See 24 & 25 Vict. c. 96, s. 100, by which stolen negotiable securities in the hands of a *bona fide* holder for value are made an exception to the general rule which applies to the restoration of stolen property on the conviction of the thief.) But the plaintiffs lost possession of the bonds; the plaintiffs were induced to part with them by a fraud; and the bonds were restored to the possession of the defendants by the thief who had stolen them from the defendants in the first instance. The plaintiffs having thus lost possession of the bonds, seek to recover them from the defendants; and the question is, whether the plaintiffs are entitled to do so. It is remarkable that this question should be so free from all direct authority as it in fact is. The question has not apparently ever called for decision before. It is absolutely new, and must be decided on principle. The plaintiffs contend that, although the defendants are *bona fide* holders of the bonds, yet the defendants are not holders of

them for value; that the defendants have not acquired them for value, since the plaintiffs were induced to part with them by fraud, and that consequently the property in the bonds, which had certainly become vested in the plaintiffs, has never been divested from them. In order to deal with this argument it is necessary to consider the legal effect of the restoration of the bonds to the defendants by Warden, who had previously stolen them from the defendants. The legal consequences of the theft were: (1) to render Warden liable to conviction for a criminal offense; (2) to render him liable in a civil action to restore the bonds or pay their value to the defendants. In addition to his criminal responsibility he was under a civil obligation to the defendants to restore the bonds or their value to them. The existence of this civil obligation affords, in my opinion, the clue to the solution of the problem which has to be solved. When Warden restored the bonds which he had stolen, he was doing no more than he was bound to the defendants to do; he was discharging, or at all events partly discharging his obligation to them, and if the defendants chose to accept the bonds in such discharge, his obligation to the defendants would have been extinguished, if not wholly, at least to the extent of the value of the bonds restored. In the case supposed the defendants clearly would have been *bona fide* holders of the bonds for value—the value being the extinction of Warden's obligation to themselves; and in the case supposed the defendants would have acquired a good title as against the plaintiffs. But then it is said that the defendants did not in fact accept the bonds when they were restored in discharge of Warden's obligations, inasmuch as the defendants did not know that Warden was under any obligation in respect of them, and did not know of their restoration by him. All this is perfectly true, but it is not, in my opinion, decisive against the defendants. Their acceptance of the bonds in discharge of Warden's obligation, which existed in truth, although the defendants did not know it, may, and in my opinion ought, to be presumed in the absence of evidence to the contrary. This presumption is, I think, warranted by authority; for although the exact point has not been decided, an analogous point has. It was settled as long ago as the time of Lord Coke that the acceptance of a gift by a donee is to be presumed until his dissent is signified, even though the donee is not aware of the gift. (Butler and Baker's case, 3 Rep. 25a), and this doctrine has been applied even as against the Crown, and so as to defeat a title accruing to it before actual assent. (*Smith* v. *Wheeler*, 1 Vent. 128, referred to at length in *Small* v. *Marwood*, 9 B. & C. 300, and in *Siggers* v. *Evans*, 5 Ch. & Bl. 367.) In the last-mentioned case the presumption was held to apply to a gift of an onerous nature; and in *Standing* v. *Bowring*, 54 L. T. Rep. N. S. 191, 31 Ch. Div. 282, the presumption was also held to apply to a gift which the donor desired to revoke before the donee knew that it had been made. The presumption of acceptance in such cases is artificial, but it is founded on human nature. A man may be fairly presumed to assent to that to which he in all probability would assent if the opportunity of assenting were given him. Taking these decisions and this reasoning as guides, I am of opinion that, in the absence of evidence to the contrary, the defendants ought, in point of law, to be presumed to have accepted from Warden the bonds which he handed over to them in discharge of his obligation to them, which obligation existed to his knowledge, although not to theirs. It would be contrary to human nature to suppose that the defendants would not have kept the bonds if they had known of their theft from themselves, and of their restoration; and we know as a fact that the defendants have insisted on their right to

retain the bonds ever since they discovered the theft. If the above reasoning be correct, it follows that, as soon as the bonds were restored, the presumption of acceptance arose, subject to be rebutted by evidence of non-acceptance; and there being no evidence of non-acceptance, but, on the contrary, proof of acceptance at a later date, the presumption ought to prevail. Acceptance of the bonds at the date of their restoration being thus arrived at, satisfaction to some extent, if not in full, of the thief's obligation, follows, and the defendants' position as *bona fide* holders for value becomes unassailable. It is obvious that this reasoning applies not only to the bonds originally stolen and afterward restored, but also to the £2,000 preference bonds, which, though never stolen from the defendants, were given to them in substitution of bonds which were. It is not the restoration of the stolen bonds which is the important point; it is the handing over to the defendants of negotiable instruments, in performance of a civil obligation, which is the turning point of the case. Such a handing over is not a gift; the person to whom they are handed over is not a donee. A person from whom property is stolen has a right to demand restitution from the thief, whether the person robbed knows of the theft or not; and this right and the satisfaction of it by restitution places him in the position of a holder for value, and not in the position of a gratuitous donee. Whether he can retain what he has got as against other persons than the thief, depends primarily on the nature of the property handed to him. If such property is a negotiable instrument, he can, unless at the time of the handing over he has notice that it belongs to some third party. If the property handed over is not a negotiable instrument other considerations arise; but the present appeal relates only to negotiable securities, and does not involve the necessity of dealing with other kinds of property. I consequently forbear from pursuing this matter further. My judgment is based upon the ground that on the 1st October the defendants became holders for value of the bonds in question within the meaning of the doctrine laid down in *Miller* v. *Race*, 1 Sm. L. C. 9th edit. 491, and became such holders *bona fide*, and without notice of the plaintiffs' title or of any fraud upon them. This being so, it becomes unnecessary to examine, and I express no opinion upon, the other points alluded to by Manisty, J., and discussed by counsel before us.

Appeal dismissed.

ACCOMMODATION PAPER—NOTICE TO OFFICER OF THE BANK.

SUPREME COURT OF MINNESOTA.

Second National Bank v. *Howe.*

An accommodation note has no validity until it has passed into the hands of a third party for value.

Until it has been so negotiated, the maker can withdraw from and rescind his engagement upon it.

Notice to an active managing officer of an incorporated bank, given during banking hours at the usual place of business, is notice to the bank.

If, then, upon receiving adequate notice from the maker of the accommodation note that he rescinds and revokes the act, said officer falsely and fraudulently makes statements in reference to the solvency and financial standing of such payee, of a character calculated to and which actually misled the maker, and induced him to withdraw his previous revocation and rescission of the contract, and to consent to the negotiation of the note to the bank, the latter can be held responsible for the consequences, in case it subsequently receives the note from the payee; and it is not material that at the time of the notice, and when the false and fraudulent statements were made, the bank was not interested in or connected with the note.

COLLINS, J.—The plaintiff in this action is a corporation engaged in the banking business in the city of St. Paul, while the defendants are dealing in dry goods at the same place. The testimony which we are required to consider tends to establish that the note upon which the action is brought was given the evening before its date, as accommodation paper, to one McLain, to be discounted by him at the plaintiff bank the next day; that it was signed in the firm name by William Howe, one of the defendants, without the knowledge or consent of James Howe, his partner; that, upon being informed of the transaction, James promptly objected to the use of the firm name for McLain's benefit, and, at the opening of the bank next morning, was upon hand to notify its officers that the firm rescinded the engagement evidenced by the note. To the vice-president of the corporation, who was one of its managing officers, Howe stated that his firm was not indebted to McLain; that the note was given for accommodation solely; that the firm did not want it to go into the bank; that the firm would not be responsible for McLain's debt; and other matters of like import. It is quite clear, from the language used by Howe, that it amounted to notice that his firm revoked the act, but it nowhere appears that the bank was notified that the use of the firm name by one of the partners was repudiated by the other because it was unauthorized, and not within the scope of the partnership business, or otherwise. The testimony also indicates that the officer to whom this language was addressed assumed to know McLain's financial standing, assuring Howe that he need not be afraid of him, and that he was rich and responsible. Whereupon, and solely upon the strength of these assurances, Howe modified his rescission and revocation by authorizing the bank to take the paper if the vice-president knew McLain to be responsible. He left the bank with an injunction upon one of its managers not to take the note unless he knew its payee to be good, and immediately thereafter the note was presented by that person and discounted by the bank. Because of the position taken by the court at this point in the trial, no more witnesses were called by the defendants, but they offered to show that at the time of the conversation McLain was insolvent and in a failing condition—all of which was well known by the officer with

whom the conversation was had; and that the defendants were wholly ignorant of the facts in regard to his pecuniary condition. Upon objection being made to this by the plaintiff, the objection was sustained, and a verdict ordered against defendants; the court holding that the testimony already in, and that which was tendered, did not constitute a defense. In this we are of the opinion that the learned court erred, and that a new trial must be had.

This was accommodation paper, and had no validity until it was discounted or had passed into the hands of a holder for value. As between the makers and McLain, it was not binding, nor did it become an obligation of the defendants until negotiated. (*Tufts* v. *Shepherd*, 49 Me. 312; *Macy* v. *Kendall*, 33 Mo. 164; *Smith* v. *Wyckoff*, 3 Sandf. Ch. 77.) And until negotiated, the defendants could withdraw from and rescind their engagement upon it. (1 Daniel, Neg. Inst. § 191; *Downes* v. *Richardson*, 5 Barn. & Ald. 674; *Whitworth* v. *Adams*, 5 Rand., Va. 342; 2 Amer. & Eng. Cyclop. Law, 365, and cases cited.) The accommodation contract being revocable, and notice of the maker's withdrawal and rescission having been given to an officer of the bank before its presentation, the inquiry is as to the effect of this notice, and the legal bearing which the alleged statements and misrepresentations of the officer may have upon the situation.

This corporation must necessarily act through its representative officers—those to whom is intrusted the conduct of its business affairs. It is immaterial what the official position may be, if the person is actively engaged in the management of its interests. It appears from the testimony that the officer with whom Howe had the conversation was one of the prominent managers of the plaintiff bank, and actively engaged in its daily business. It must follow that his knowledge of McLain's insolvent and failing condition must be imputed to and was that of the bank, and that notice to him in regard to a business matter pertaining to the institution was adequate notice to it. It is impossible to distinguish or discriminate between the information which he possesses, or the acts which he performs, as an officer and as an individual, in any matters relating to the business he is controlling. The bank had notice, according to the testimony, of the nature before stated. If, then, the officer referred to made false and fraudulent assertions respecting McLain's solvency and financial standing, to Mr. Howe, which were of a character calculated to and which actually did mislead and induce him to withdraw his previous revocation and rescission of the accommodation contract and consent to its negotiation, the plaintiff bank cannot escape the consequences, and the issues presented by the testimony should have been passed upon by the jury.

It is not material, as seems to have been thought by the trial court, that the plaintiff should have been interested in or connected with the note at the time of the conversation, as the defendant's right to withdraw was absolute up to the moment the paper was negotiated and passed into the hands of a third party for value; notice of revocation and rescission served upon that party is all that can be required. This notice was given, but was ineffectual, for the reasons before mentioned.

We think we have already indicated that the court was right in sustaining the objection made to the testimony relating to Mr. Berkey's knowledge of McLain's embarrassed circumstances, and what he said about it. Mr. B. was a director only in the bank. It is not shown that he had any part in the management or a voice in the direction of its affairs. He did not speak for or represent it any more than any other stockholder, and in this respect he is unlike the officer alluded to, with whom Howe communicated. Order reversed.

DRAFTS SECURED BY MERCHANDISE.

SUPREME COURT OF ERRORS OF CONNECTICUT.

Wheeler et al. v. *New Haven Wire Co.*

A bank, to enable its customer to purchase goods in a foreign country, agreed to accept drafts drawn against the goods by the customer's agent, the customer agreeing to provide funds to meet such drafts at maturity, and assigning and transferring to the bank all goods for the cost of which bills should be accepted, and the proceeds of the goods and policies of insurance thereon, together with the bills of lading, as security for the payment of the drafts and of any other sums that might, at time of such purchase or any time before payment, be owing by the customer to the bank. When an order of goods was ready for delivery, the consular invoice and bills of lading were made out in the name of and delivered to the bank, together with a draft for the value, specifying the particular letter of credit. On acceptance of the draft, it was sold by the agent, and the proceeds paid to the seller, and the goods delivered by the bank to the customer, the latter executing a receipt acknowledging that it held the goods in trust for and as the agent of the bank, with power to sell, provided the proceeds were immediately turned over to the bank. *Held*, that the bank became the absolute owner of the goods, and that the delivery to the customer was a conditional sale; and that, upon the insolvency of the customer and appointment of a receiver, the bank was entitled to the possession of all goods in the hands of the receiver, identified as having been delivered by it upon the conditions in the trust receipt, the particular acceptance paying for which had not been met, or, where the particular acceptance had been met, acceptances for other goods under the same or other letters of credit had not been met

As to the proceeds of goods sold by the customer, which, instead of paying over to the bank, it had mingled with its own funds, the bank stood on the same footing as other creditors, without any right of priority.

Certain goods were sold and delivered to W. with power to sell, the proceeds to be turned over at once to the seller. W. sold the goods to a corporation, half of whose stock was owned by a corporation of which W. was manager and of the majority of whose stock he was owner. *Held*, that, as the corporations were distinct legal entities, the purchaser from W. acquired the title, though it knew of the trust upon which the goods were held, and that the original seller had only the rights of an unsecured creditor against W.

PARDEE, J.—This is an application to the Superior Court for the county of New Haven for an order compelling the receiver of an insolvent corporation to deliver specified articles of personal property to the applicants, of which they claim to be the owners, but which he holds as the property of the corporation. On or about September 7, 1887, Samuel A. Galpin, of New Haven, was duly appointed the temporary receiver of the New Haven Wire Company, a corporation located at New Haven. He was subsequently made, and still is, receiver, and as such duly holds possession of the property and effects of the corporation, and is proceeding to wind up its affairs, and dispose of its property and effects pursuant to law. As such receiver there came into his possession certain machines for the manufacture of nails, and about 2,635 tons of wire rods. He claims this property as that of the corporation. Concerning a portion of this property Baring Bros. & Co., of London, England, make application to the following effect: "The application of Baring Bros. and of Kidder, Peabody & Co. respectfully represents that said firm of Baring Bros. is a firm engaged in the business of banking at London, in the kingdom of Great Britain, and that said Kidder, Peabody & Co. are the American agents and correspondents of said Baring Bros. & Co., doing business in the city of New York; that the New Haven Wire Company is a corporation organized under the laws of the State of Connecti-

cut, and located in New Haven in said State; that one Samuel A.Galpin has been appointed temporary receiver of the assets, effects, and estate of said corporation, and has duly qualified as such, and is now in possession of the property and effects of said corporation,and is proceeding to wind up its affairs, and to dispose of its property and effects, pursuant to the statute in such case provided; that among the property and effects which have come into the custody of said Galpin as receiver, are certain bundles of wire rods, in all about one thousand tons thereof, and certain other property and effects, which are the proper goods and estate of your applicants, and to the immediate possession whereof your applicants are entitled, and which your applicants are desirous of having delivered out of the custody of said receiver, and into the possession of your applicants. Your applicants therefore pray your honor to order and decree that upon proof of ownership, and of the right to the possession of said wire rods and other property, said receiver be authorized and empowered to deliver the same to your applicants." Concerning another portion, Brown Bros. & Co., of New York, and Brown, Shipley & Co., of Liverpool and London, England, make application to the following effect: "Your applicants are the absolute owners, and entitled to the immediate possession of certain personal property, now situated in the yard owned and occupied by said corporation, to wit, twenty thousand bundles of iron and steel rods and wire, and seven boxes of nail machines; and are also the owners, and entitled to the immediate possession, of certain other personal property, to wit, fifty thousand bundles of iron and steel rods and wire, in which said corporation or said receiver may claim some equitable interest. Said receiver claims to have the custody of all of said property, and desires to have the order of this court before surrendering the same to your applicants. A large amount of the property of your applicants had been sold by said corporation prior to the appointment of the receiver, and not paid for, and the debts and choses in action accruing therefor, a more particular description of which your applicants are at present unable to give, are now held by said corporation or said receiver, and your applicants are entitled to have the same turned over and assigned to them. Said corporation, or said receiver thereof, now holds a large amount of cash on hand, proceeds of the sale of property of your applicants, which proceeds of such sales your applicants are legally entitled to receive. Your applicants therefore pray that inquiry be made into the truth of the allegations of this application, and, on finding them to be true, to order that said receiver deliver and turn over to your applicants all personal property in his custody or in the custody of said corporation belonging to your applicants, or which they are entitled to hold, and to assign and transfer to your applicants all choses in action and the evidences thereof to which they are entitled, and to pay over to them all cash on hand which they shall be found entitled to receive, or in some other way to grant relief to your applicants." Concerning another portion, Heidelbach, Ickelheimer & Co., of New York, make application to the following effect: "The application of Heidelbach, Ickelheimer & Co., bankers of the city and State of New York, respectfully represents that they are the owners of certain iron and steel rods of various sizes, and certain other property and effects, now in the custody and keeping of the customs authorities of the United States of America, and stored upon the premises in said town of New Haven, near the mills of the New Haven Wire Company; that other iron and steel rods, owned by other and different parties, are stored upon the same premises, which premises are attached to the mills of the said New Haven Wire Company, of which Samuel A. Galpin, of said New Haven, is the receiver; and that it is important to the

interests of your applicants, and of said receiver, and of all the other owners of iron and steel rods as aforesaid, that the specific property owned by each be designated in some proper manner, and the same removed or otherwise disposed of; wherefore your applicants pray that the foregoing matters be inquired into, and, upon the same being found to be true, an order may be made directing said receiver to deliver to them the above-described property, they paying the customs duties thereon; and that such other order may be made as to equity and justice may appertain." These applications were referred to a committee to find and report the facts pertaining to each; and upon the coming in of the report the question as to what order should be made in the premises was reserved for the advice of this court. Most of the facts found being common to the three applications, they were heard in connection.

It is a sufficiently full recital of the facts in the case of Baring Bros. & Co. to say that the New Haven Wire Company is a corporation in this State. E. S. Wheeler was the owner of a majority of its shares, and its manager. He individually carried on business at New Haven and New York under the name of E. S. Wheeler & Co.; also he and one Humphrey were commission merchants in Liverpool, England, under the name of E. S. Wheeler & Co. Kidder, Peabody & Co. were bankers in New York and Boston, representing in the United States Baring Bros. & Co., bankers in Liverpool and London. At its mill in New Haven the New Haven Wire Company manufactured wire, chiefly from rods purchased in Germany, to be paid for upon delivery. Being unwilling to furnish the capital and subject itself to the expense necessarily attendant upon placing money in Germany for the purchase of the rods, it availed itself of the credit of Baring Bros. & Co., through Kidder, Peabody & Co.; E. S. Wheeler & Co., of Liverpool, acting as its agent in the purchase of rods from the manufacturers. Baring Bros. & Co. agreed to accept drafts drawn by E. S. Wheeler & Co., of Liverpool, against rods, upon terms. Their acceptance would command money at low rates in all commercial centers. They were willing to furnish the credit for the lowest price, if they could have the highest degree of security. To this end they demanded and received a contract from the New Haven Wire Company in consideration of their advancements, the pertinent part of which is as follows:

"NEW YORK, February 16, 1887.

"Received from Messrs. Kidder, Peabody & Co., the original of the within letter of credit for ten thousand pounds sterling, say £10,000, stg. In consideration whereof we hereby agree with Baring Bros. & Co., and Kidder, Peabody & Co., respectively, to provide and furnish to Kidder, Peabody & Co., or Baring Bros. & Co., sufficient funds to meet the payment (in London) at or before maturity, of whatever bills may be drawn or negotiated by virtue of such credit, together with the commission upon the amount of such bills, which it is agreed shall be one-half of one per cent. on drafts at sixty days' sight or two months' sight; three-quarters of one per cent. on drafts at ninety days' sight or date; one per cent. on drafts at four months' sight; and one and one-half per cent. on drafts at six months' sight; and we also agree to give to and deposit with Kidder, Peabody & Co., sufficient and satisfactory security here at any time prior to the maturity of said bills, for the full payment thereof, if notified by Baring Bros. & Co., or by Kidder, Peabody & Co., to do so, and, in addition to such obligation, to give said security, all property as for cost of which bills shall be drawn under the within credit, and the proceeds thereof, and the policies of insurance thereon (which insurance to the amount of the value of such property we agree shall be duly effected, and which insurance we agree shall be satisfactory to Baring Bros.

& Co., and to Kidder, Peabody & Co.), together with the bills of lading for the same, are hereby, in consideration of this credit, sold, assigned and transferred to Baring Bros. & Co., and to Kidder, Peabody & Co. (subject only to our right to acquire title to the same by the complete and strict performance of this contract), as collateral security for the payment as above promised, and also of any other sums which may at the time of such purchase, or at any time before the making of the payment above promised, be owing by us to Baring Bros. & Co., or to Kidder, Peabody & Co.; it being understood and agreed that, as between us and Baring Bros. & Co., and Kidder, Peabody & Co., the parties authorized to draw bills under said credit are in all respects to be regarded as our agents, and that neither Baring Bros. & Co., nor Kidder, Peabody & Co., are to be under any responsibility to us in respect to the bills of lading or other documents which they have the right to require to accompany the bills drawn; nor shall any error in or nonconformity to,or deficiency of, bills of lading or other documents be any defense against our obligation for reimbursement in respect of bills actually drawn by the party designated for drawing bills under said credit, the provision for such bills of lading and other documents being intended merely for the purpose of affording additional security to Baring Bros. & Co., and Kidder, Peabody & Co. . . . ."

When, upon the order of E. S. Wheeler & Co., of Liverpool, the German manufacturer had completed and was ready to deliver a particular lot of rods, they caused it to be shipped, taking the consular invoice, and the bill of lading in the name of Baring Bros. & Co., and delivered these documents to them, together with a draft on them for the value of the rods mentioned in the bill of lading, as set forth in the invoice. The draft specified the particular letter of credit under which it was drawn. Upon the receipt of the invoice and bill of lading, they accepted the draft. E. S. Wheeler & Co., of Liverpool, at once sold it, and paid the manufacturer from the proceeds. Baring Bros. & Co. notified Kidder, Peabody & Co. of these transactions, and forwarded the invoice and bill of lading to them. The latter delivered the rods to E. S. Wheeler & Co., of New Haven, as agents for the New Haven Wire Company, upon condition of the execution and delivery by the latter to Kidder, Peabody & Co. of the following or a like receipt: "NEW YORK, May 26, 1887.

"Messrs. Kidder, Peabody & Co., New York—GENTLEMEN: We acknowledge receipt from you, as attorneys for Messrs. Baring Bros. & Co., of invoice and bill of lading of Galpin, sixteen hundred and forty bundles iron rods, wg. 40,640 kos. (Liverpool £401. 8. 10), and eleven hundred four bundles.

"Received the above. C. E. HERRING, May 26, 1887."

"Shipped by E. S. Wheeler & Co., on board steamship Rhynland, at Antwerp, and consigned to the order of Messrs. Baring Bros. & Co., and indorsed by you, as their attorneys, to us; and we hereby agree to hold the said goods in trust for them and as their property and subject to their order, with liberty, however, to sell the same, provided that in case of sale we account for and forthwith pay and deliver the proceeds or avails of said sale to Messrs. Baring Bros. & Co., and Messrs. Kidder, Peabody & Co., which we hereby agree to do; such proceeds belonging to Messrs. Baring Bros. & Co., and Messrs. Kidder, Peabody & Co., and not to us,the said goods being goods held for them as security under the agreement contained in the receipt signed by us for your letter of credit on them, No. 844; we agreeing, at our expense, to keep them covered by insurance against fire, for account of and loss payable to Messrs. Baring Bros. & Co., under and in pursuance of the terms of said agreement.

"THE NEW HAVEN WIRE CO.
"B. E. BROWN, Treasurer."

The decisions are so numerous, and by so many courts, to the effect that when a commercial correspondent advances money for the purchase of property, and takes possession, either actual or symbolical, he becomes the owner thereof, even when the advancement was made and the property was purchased at the request, and for the ultimate use and profit, of another, and there is an agreement to transfer title to that other upon the performance of conditions precedent, and ownership was taken solely for the protection of the advancement that such may be said to be the established rule.

In *Dows* v. *Bank*, 91 U S. 618, the marginal note is to this effect: "A party discounting a draft, and receiving therewith, deliverable to his own order, a bill of lading of the goods against which the draft was drawn, acquires a special property in them, and has a complete right to hold them as security for the acceptance and payment of the draft. Where such party forwarded the draft with the bill of lading thereto attached, to an agent, with instructions by special indorsement on the bill and by letter to hold the wheat in the bill mentioned, against which the draft had been drawn, until payment of the draft should be made, the agent had no power, prior to such payment, to make a delivery which would divest the ownership of his principal." And in the opinion it is said of a bank which had discounted drafts drawn against the property, and to which bills of lading were delivered with the drafts as security, that it became the owner of the property, and had a complete right to maintain ownership until payment.

In *Moors* v. *Kidder*, 106 N. Y. 32, 12 N. E. Rep. 818, it is said as follows: "Where a commercial correspondent, however, set in motion by a principal for whom he acts, advances his own money or credit for the purchase of property, and takes the bill of lading in his own name, looking to such property as the reliable and safe means of reimbursement up to the moment when the original principal shall pay the purchase price, he becomes the owner of the property, instead of its pledgee, and his relation to the original mover in the transaction is that of an owner under a contract to sell and deliver when the purchase price is paid. . . . The bill of lading is the evidence of title, and is sufficient to vest the ownership and absolute control in him to whose order it is drawn." Concerning a contract of a character similar to the one under consideration the court remarks as follows: "Swain, on his part, agreed to provide funds in London to meet such bills as should be drawn at their maturity, and that 'all property which shall be purchased by means of the within credit, together with the bills of lading for the same, are hereby pledged and hypothecated to Messrs. Baring Bros. & Co. as collateral security for the payment as above promised, and shall be held subject to their order on demand, with authority to take possession and dispose of the same at discretion, for their security and reimbursement.' The argument upon this provision rests upon the words 'pledged' and 'hypothecated' and 'collateral security,' and avers as a consequence that Swain was, within the contemplation of the parties, general owner of the shellac, and the Barings merely pledgees. . . . It has already been mentioned that a similar expression was used by the plaintiff in the Logan case (74 N. Y. 568), in the matter stamped upon the bill of lading describing the wheat as 'pledged' to the plaintiff, and as 'security' for the payment of the draft; and so little did the use of the inapt words affect the plain and unequivocal substance of the transaction in the mind of the court that the use of the word 'pledged' was not even made the subject of remark. . . . It is also to be noted that what is spoken of as 'pledged' is not merely the goods or the property, but the bills of lading also. These documents carry the title as well as the right of pos-

session, and the pledge or hypothecation is expressly applied to both. The meaning assuredly was that the title should pass."

In *Bank* v. *Pfeiffer*, 108 N. Y. 242, 15 N. E. Rep. 311, the marginal note is that the "discount of a draft drawn by a consignor upon his consignee, accompanied by delivery of a bill of lading to the party making the advance, passes to him not only the legal title, but in the eye of the law is regarded as an actual delivery and change of possession of the property."

In *Bank* v. *Logan*, 74 N. Y. 568, the marginal note is to this effect: "Where commercial correspondents, on the order of a principal, make a purchase of property ultimately for him, but on their own credit, or with their own funds, and such course is contemplated when the order is given, they may retain title in themselves until they are reimbursed. This may be done by taking the bill of sale in their own name, and, when the property is shipped, taking from the carrier a bill of lading in such terms as to show that they retain the power of control and disposition of it. The bill of lading confers upon the person in whose favor it is issued, or to whom it is transferred, the title to the goods, and this, although the transaction is not intended to give the permanent ownership, but to furnish security for advances of money or discount of commercial paper made upon the faith of it. Third persons dealing with the property thus shipped, though acting in good faith, in the regular course of business, and paying value, are affected by and chargeable with constructive notice of the contents of the bill of lading."

In *Barry* v. *Boninger*, 46 Md. 59, the marginal note is to this effect: "A cargo of sugar was imported by S. A. & Co. under letters of credit from the plaintiffs, and arrived in Baltimore under bills of lading in their name, in accordance with the agreement between them and S. A. & Co., contained in the letter of credit. Upon the arrival of the vessel, S. A. & Co. gave them a receipt for the sugar specified in the bill of lading, in which it was stated that they agreed to hold it on storage as the property of the plaintiffs, with liberty to sell the same, and account to them for the proceeds, until the drafts drawn by S. & B. on London, in pursuance of the letter of credit, and accepted by them against the cargo of sugar, should be provided for. The cargo was sold to M. N. & Co., of Philadelphia, through the defendants as brokers, but before it was all delivered S. A. & Co. failed. The defendants were then authorized to deliver the balance of the cargo, and draw for the proceeds. Upon the receipt of the money from the purchasers, the defendants retained out of it the amount due them by S. A. & Co. for brokerage in selling other cargoes imported by them, and not belonging to the plaintiffs. Held, that the property in the sugar was in the plaintiffs under the letter of credit and S. A. & Co.'s trust receipt; that, the property of the sugar so being in the plaintiffs, the defendant had no lien upon it for, and could not retain out of it, the amount due by S. A. & Co. for brokerage effected by them.

In *Forbes* v. *Railroad Co.*, 133 Mass. 154, the marginal note is as follows: "The transfer and delivery of an inland bill of lading of goods by the consignee to a person who advances money upon them, is not, in form or effect, a mortgage, but vests in such person a property in the goods which entitles him to maintain an action against one who wrongfully converts them."

In *Moors* v. *Wyman*, 146 Mass. 60, 15 N. E. Rep. 104, the plaintiff issued to a Boston firm letters of credit to bankers in London, under which the firm bought hides, taking bills of lading to the plaintiff's order by agreement, the plaintiff to have a lien on the hides, bills of lading, and policy of insurance, with authority to take possession and dispose of them at discretion, for his security or reimbursement. He indorsed

the bills of lading to the Boston firm, they signing an agreement that they received the hides as his agent, to be converted into leather for him, and were to deliver to him the identical leather into which the hides should be converted. The intention of the agreement was stated to be to protect and preserve unimpaired his lien. It was held that the plaintiff had a title—whether absolute or qualified did not matter—and that his indorsement of the bills of lading to the Boston firm did not release that title.

Undoubtedly, upon decisions by the English courts, when E. S. Wheeler & Co., of Liverpool, acting for the New Haven Wire Company, delivered to Baring Bros. & Co. consular invoices and bills of lading of rods on shipboard in the name or to the order of the latter, in exchange for the acceptances which paid for the rods, in pursuance of the agreement which procured the letter of credit, and for the purposes therein expressed, the ownership was in them. (*Wait* v. *Baker*, 2 Exch. 1; *Shepherd* v. *Harrison*, L. R. 5 H. L. 116; *Turner* v. *Trustees*, 6 Exch. 543; *Mirabita* v. *Bank*, 3 Exch. Div. 172; *Barber* v. *Meyerstein*, L. R. 4 H. L. 334.)

In the present case, by their acceptance of the draft of E. S. Wheeler & Co., of Liverpool, Baring Bros. & Co. in effect purchased and paid for the rods from their own money. By this act, and by the taking of the consular invoices and bills of lading for the same in their own name, in pursuance of the agreement, they became absolute owners thereof; absolute for all purposes of this application, notwithstanding the fact that they were under obligation to sell them to the New Haven Wire Company upon the performance by the latter of its agreement. They could have sold the rods to a third person, and have given him perfect title; leaving the wire company to its action for damages for a breach of contract to deliver to it. The possession of the bills of lading to their own order, and of the consular invoices, in addition to, and because of, the fact that they had advanced the money for the purchase of the rods therein described, made them owners with all attending rights. They had actual and exclusive possession, by symbol. It was the sole purpose of the New Haven Wire Company to cause rods to be laid down at its mill in New Haven, at the least possible outlay, with the right to redeem them, and convert them into wire. This it accomplished by its arrangement with Baring Bros. & Co. This accomplished, the conditions imposed were matters of no consequence to it. It was the sole purpose of Baring Bros. & Co. to obtain their commission and the highest security for their advancement. Therefore they became owners of the rods, under an agreement to sell and deliver upon performance of a precedent condition, because ownership gave the greatest possible certainty that they would suffer no loss. They relied upon that for repayment, refusing to rest upon the wire company, or upon E. S. Wheeler & Co. They did not desire to deal in rods as merchants, nor to manufacture them into wire, but the law permits ownership for security equally with ownership for profit. Although the New Haven Wire Company first moved in this series of transactions, and the end desired was profit to itself from the ownership and sale or use of iron rods, its intent to supplement and confirm by express contract the title which the law confers upon the commercial correspondent is quite plain. To prevent any inference of present ownership in itself from the fact that ultimate ownership and profit or loss were to be upon it, it proceeds to sell, assign, and transfer to the correspondents all property thereafter to be paid for by them upon its request; the meaning of which words, applied to rods thereafter to be purchased, perhaps manufactured, is that it will not make, nor allow any person to make in its name, any claim,

legal or equitable, to ownership thereof until repayment of purchase money to the correspondents. The contract binds these last to pay for the rods, and upon the performance of conditions precedent, to transfer title; and it binds the New Haven Wire Company to perform the conditions and take the title; and the phrases "collateral security," and "additional security," while they recognize and preserve to it this right to title upon performance, put no limitations upon ownership by the correspondents. A contract of purchase and sale is within legal protection, although the vendee takes title merely for protection, and agrees to resell upon the performance of conditions, if the transaction assumes that form in good faith. The intent of the parties stands clear in the light of the trust receipt. The wire company was able to obtain possession of the rods only upon its written agreement to hold them in trust for the applicants, and as their property, and subject to their order, with liberty to sell as the property of the applicants, and that in case of sale it would account for and forthwith deliver the proceeds to them, declaring that these belonged to them, and not to itself, and that it held the rods for them as security under the agreement contained in its receipt for the letters of credit. The ownership by the applicants, which is hereby so distinctly acknowledged, can be only that which resulted from their acts of payment, and of taking the bill of lading in their own name, in pursuance of that agreement.

The result is not varied by the fact that the German manufacturers permitted E. S. Wheeler & Co., of Liverpool, to have possession of bills of lading of rods on shipboard at Antwerp, either in their own name or that of the applicants. In all cases the former immediately indorsed and delivered them to the latter in exchange for their acceptances, sold these, and with the proceeds redeemed their obligation to pay the manufacturers cash upon delivery. In effect, through them, the manufacturers delivered the rods to the applicants for money paid by these last; and they, having, at the request of the New Haven Wire Company, paid the money and taken the bills of lading and consular invoices in their own names, became owners as perfectly as if they had dealt with the manufacturers without the intervention of E. S. Wheeler & Co., of Liverpool. Whatever of title, in form, was in these last, was theirs, upon the understanding of all parties, for the sole purpose of passing it to the applicants, for the reason that they had paid for the rods. As E. S. Wheeler & Co., of Liverpool, ordered rods at the request and for the ultimate benefit of the New Haven Wire Company, and as neither they nor their principal furnished either money or credit, the act of E. S. Wheeler & Co., of Liverpool, was in legal effect simply a requirement of Baring Bros. & Co. to perform their obligation to buy and pay for specified lots of rods. The applicants, being owners of iron rods, could make a conditional sale thereof, accompanied by delivery of possession, to the New Haven Wire Company, and yet retain the ownership until the fulfillment of all conditions. This upon the familiar principle that a man may condition as he will with his own, provided he does not violate any rule of law. Or as the rule is stated in Benj. Sales (2d Amer. Ed.), § 320: "When the buyer is by the contract bound to do anything as a condition, either precedent or concurrent, on which the passing of the property depends, the property will not pass until the condition be fulfilled, even though the goods may have been actually delivered into the possession of the buyer."

In *Harkness* v. *Russell*, 118 U. S. 663, 7 Sup. Ct. Rep. 51, it is declared that the rule "is established by overwhelming authority; namely, that, in the absence of fraud, an agreement for a conditional sale is good and valid, as well against third persons as against the parties to the trans-

action." (See, also, *Ballard* v. *Burgett*, 40 N. Y. 319; *Bean* v. *Edge*, 84 N. Y. 510; *Forbes* v. *Marsh*, 15 Conn. 394; *Lewis* v. *McCabe*, 49 Conn. 141; *Burbank* v. *Crooker*, 7 Gray, 158.) And this, notwithstanding the fact that the delivery is accompanied by permission to sell, provided the wire company shall sell as the property of the applicants, and hold the proceeds in trust for them. The conditions may be not only that the vendee shall pay the value of the property sold, but also that he shall pay all other indebtedness to the vendor. To the validity of the transaction it is only requisite that it shall be one of good faith, and not a cover for a pledge. A rule of law requires the vendee of personal property of which the vendor has had visible possession and use, to make such change of possession and use as will thereafter prevent the public from giving credit to the vendor upon the strength of an apparent continued ownership of that which has become the property of another, if he will protect himself in his purchase. But that rule does not render a conditional sale impossible. The conditional vendor continues in himself the ownership. In effect he has deposited his property in the hands of a bailee. And the law does not, as an universal rule, protect a man in the assumption that he who asks for credit is the owner of every article of personal property of which he has possession; it imposes upon the intending creditor the obligation to inquire into the character of that possession, and inasmuch as the inquiry is a necessity, it does not concern the public that the conditions are many; the answer will reveal all. The applicants severally, as owners, delivered possession of rods to the New Haven Wire Company, with permission to sell and hold the proceeds as their own, for them, and under an agreement to convey title to it, upon the performance of certain conditions precedent. Reception upon these terms required it to hold the rods of each applicant so delivered apart from all other rods, preserving power of identification; but, in fact, it mingled the rods of the several applicants in confusion, and identity was lost. After surrender upon the trust receipts, the applicants made no inquiry concerning the rods. They had not asked the wire company for any account, either of sales or of manufacture thereof, up to the time of the failure of E. S. Wheeler & Co. They did not know of the mingling of their rods with those of other owners, nor that the wire company had manufactured their rods into wire, before they were reimbursed for the acceptances which paid for them, except that Kidder, Peabody & Co. had knowledge of the sale of one lot of rods by the wire company in New York, before payment of the acceptance by which it was procured; and the proceeds were deposited with them for the purpose of keeping open the line of discount, and were not applied in payment of the draft drawn against the rods sold. With this exception, it was not proved that the applicants knew that the wire company sold rods before paying the draft drawn against them. They believed that the wire company and E. S. Wheeler & Co. would faithfully perform their obligations under the trust receipts. As a matter of law it was the privilege of the applicants to believe, and to rely upon the belief, that both the wire company and E. S. Wheeler & Co. would faithfully keep their promises. They were under no legal necessity to have knowledge of violations. The wire company, not having communicated information of violations, could not have based a claim of waiver thereon. No more can its creditors. Waiver is the intentional relinquishment of a right upon knowledge; it is to be proven as a fact. There is no finding of waiver; it is not for this court to find it. The right of a creditor to sequester a portion of the debtor's property by attachment, and thereby gain priority over other creditors, is suspended by the appointment of a receiver. That officer, as the agent

of the law, takes from the debtor's possession all his property for division among all creditors in equal proportions. The rights of all creditors are in him as their representative. It is quite unimportant whether the law effects this purpose by the agency of a trustee appointed by the Court of Probate, or by a receiver appointed by a court of law. Equally in either mode, whatever right any creditor could have enforced for his sole advantage, the law will enforce for him and all others in equal proportion.

The principle underlying the claims of the applicants results from decisions by the Supreme Court of the United States, by courts of last resort in New York, Massachusetts, and other States, and by courts in England, and may well find recognition here. Therefore we have not considered it necessary to discuss the question as to whether the contracts under review are to be regarded as having been made in New York or in Connecticut; the result being the same. In accordance with their agreement, the applicants made a conditional sale and delivery of rods owned by them to the New Haven Wire Company. The sale and delivery were upon one condition in fact; in form upon two, the last including the first; namely, that the wire company agreed to hold the rods in trust for them and subject to their order, with liberty, however, to sell them, provided that in case of sale it should account for and forthwith pay and deliver the proceeds or avails of the sale to them, which it agreed to do, declaring that such proceeds belonged to them, and not to it, and that the rods were held for them as security under the agreement contained in the receipt signed by it for the letter of credit. In the last-named document the New Haven Wire Company, in consideration of the credit, sold, assigned, and transferred to the applicants (subject only to its right to acquire title to the same by the complete and strict performance of its contract) as collateral security for the payment as above promised, and also of any other sums which might at the time of such purchase, or at any time before the making of the payment above promised, be owing by it to them. This last condition is all inclusive. It is, in effect, that the applicants should continue to be the owners of the rods—*First*, until the wire company should repay the money advanced for the purchase thereof; *second*, until the time when they should cease to have any claim upon, or be under any obligation undertaken in behalf of, it. The promise to pay any other sum which might at the time be owing by them to the applicants, covers any unredeemed acceptance made for any purpose or under any letter of credit. This is the force of the language used. Therefore, Baring Bros & Co. and Kidder, Peabody & Co. continue to be the owners, and are entitled to the possession of all rods now in the possession of the receiver which they can identify as being their property, as hereinbefore set forth, and as having been by them delivered to the wire company upon the conditions stated in the trust receipt, the particular acceptance paying for which has not been met by the wire company; also of all rods, under similar conditions, the particular acceptance paying for which has been met by the wire company, but where other acceptances for other rods made under the same letter of credit have not been met; also of all rods, under similar conditions, the particular acceptance paying for which, and all other acceptances under the same letter of credit, have been met by the wire company, but where other acceptances, for other rods, made under other letters of credit, have not been met. Therefore, Brown Bros. & Co. continue to be the owners, and are entitled to the possession, of all nail machines now in the possession of the receiver which they can identify as being their property, as hereinbefore set forth, and as having been by them delivered to the wire company

upon the conditions in the trust receipt, if any one of these remains unfulfilled under the interpretation thereof herein; also of all rods, under similar conditions, the acceptances paying for which have not been met by the wire company; also of all rods, under similar conditions, the particular acceptance paying for which has been met by the wire company, but where other acceptances for other rods made under the same letter of credit have not been met; also of all rods under similar conditions, the particular acceptance paying for which, and all other acceptances under the same letter of credit, have been met by the wire company, but where other acceptances, for other rods, made under other letters of credit, have not been met.

The legal effect of the conditional sale and delivery of rods to the vendee, with power to sell them as the property of the vendors, and deliver the proceeds to them, is that upon such sale the rods ceased to be security to the applicants; and, inasmuch as the wire company did not pay over to them the identical proceeds of any sale, but retained the proceeds of all sales, and mingled the money with and used it as its own, indistinguishably, it became their debtor, and they became its creditors, upon the same footing as all other creditors, without right of priority. After sale, their security was only the fidelity of the wire company to its agreement to hold the proceeds of their rods apart, and pay them over. Inasmuch as such sale and delivery of rods by the applicants to the wire company were upon two conditions, namely, that the applicants should continue to be the owners thereof until the wire company should furnish them with money to meet the acceptance given for the purchase of the rods; also until the time when they should cease to have any claim upon, or be under any obligation undertaken in behalf of, it, ownership could not pass before complete fulfillment—therefore, if the wire company should furnish the applicants sufficient money to meet the acceptance which paid for a specified lot of identified rods, the reception of the money would not, as a matter of legal necessity, constitute a waiver of the condition not fulfilled; it would be merely the acknowledgment of the receipt of money to be applied upon the indebtedness of the wire company to them. An intent to waive upon knowledge is a question of fact, and it is not found in the case before us. Therefore such identified rods would continue to be the property of the applicants until they should cease to have any claim upon, or be under any obligation undertaken in behalf of, the wire company.

Certain lots of rods purchased by Brown Bros. & Co. were by them sold and delivered upon conditions hereinbefore set forth, to E. S. Wheeler & Co., of New Haven, with liberty to sell the same, and in case of sale to pay over the avails, as soon as received, to the former. By virtue of this permission the latter sold the rods to the New York Wire & Wire-Spring Company. This sale made the latter corporation absolute owner of the rods. Of course, thenceforward the applicants had no right or title to or claim upon the rods. There remained to them only a claim upon E. S. Wheeler & Co., of New Haven, for the proceeds. They were creditors without privilege or priority—unsecured creditors. This, notwithstanding the fact that E. S. Wheeler owned a majority of the stock, and was the manager of the New Haven Wire Company, and the latter owned half of the stock of the New York Wire and Wire-Spring Company. The fact remains that E. S. Wheeler and the latter corporation are distinct legal entities; and as a matter of law the sale is as if it had been made to another individual, or to a corporation in which he was not an owner, and over which he had no control. It is of no legal significance that the latter corporation had knowledge of the trust upon which the New Haven Wire Company held the rods. The

former knew that the latter had permission to sell, and had the right to presume that it would fulfill the obligation to pay the proceeds to the applicants. There is no finding of fraud in the transaction.

Heidelbach, Ickelheimer & Co. are bankers and commercial correspondents in New York. As such, at the request of the New Haven Wire Company, they opened credit for it with C. J. Hambro & Son, bankers and commercial correspondents in London. It was the understanding of all parties that as the result of the series of transactions undertaken, Heidelbach, Ickelheimer & Co. should purchase, pay for, and become the owners of, rods, ultimately to be sold to the wire company upon conditions precedent. It was understood that they would put their own money into the hands of E. S. Wheeler & Co., of New Haven, to enable the latter to fulfill their obligations to pay the manufacturers cash upon delivery; that they would place their money in Liverpool through C. J. Hambro & Son, acting for them; and that the latter would for them demand and receive bills of lading and consular invoices to their order —symbolical possession of rods thus paid for. In further pursuance of the understanding, C. J. Hambro & Son passed this title, with possession, to Heidelbach, Ickelheimer & Co., who repaid the advancements. They then came into actual possession of rods for which they had paid, holding them as the sure means of regaining the cost. They are therefore the commercial correspondents for whose protection the rule exists. And this result is in accord with the written contract executed by the wire company, by which it agreed that all rods purchased under the letter of credit were pledged and hypothecated to them for repayment of such money as they should advance. Regardless of the number of agents who might be employed, the burden of paying their own money, and trusting solely to the rods for repayment, fell at last where in the beginning it was intended that it should fall. Hambro & Son were a link in the chain connecting the applicants with the German manufacturers. There might have been others, and yet the result remain the same. Upon the application of Heidelbach, Ickelheimer & Co. the applicants continue to be the owners, and are entitled to the possession of such rods now in the keeping of the receiver as they can identify as being their property (upon the rule set forth in the application of Baring Bros. & Co.), and as having been by them delivered to the New Haven Wire Company upon the same conditions as are stated in the trust receipt, although the wire company neglected to perform its agreement to sign a written declaration of trust. The parol declaration made as the consideration for the delivery of the rods to it is of complete validity. The several rules laid down in the matter of the application of Brown Bros. & Co. are to be applied to this application so far forth as they are pertinent thereto. Wherever, in reference to a specified lot of rods, upon the finding it remains possible that an applicant made a conditional sale and delivery thereof to E. S. Wheeler & Co., of New Haven, with power to sell, and that the latter did sell and deliver them to the New Haven Wire Company, in such case the lien of such applicant would have been discharged, and neither of them has entitled himself to possession, as neither has done more than prove a possibility of lien. The claims of Brown Bros. & Co., and of Heidelbach, Ickelheimer & Co., for rods identified as having been paid for by them, respectively, by the acceptance of drafts drawn under a letter of credit issued to E. S. Wheeler & Co., of New Haven, because of the exhaustion of letters issued to the New Haven Wire Company, which rods were by the applicants delivered to E. S. Wheeler & Co., of New Haven, upon their trust receipt, and by the latter invoiced to the New Haven Wire Company, are left open for an explicit finding as to which, of E. S. Wheeler & Co.

and the New Haven Wire Company, was made their debtor by the applicants, severally, in these transactions. In the progress of the business each one of the three applicants made conditional sales and delivery of rods owned by each to the New Haven Wire Company, the conditions being embodied in the trust receipts. Such receipt imposed upon it the obligation to preserve the power to identify the rods of each applicant until it had redeemed them from the conditions of the trust, and made them its own. The applicants relied upon it to perform, and believed it would perform, its duty in this respect. But in fact, not redeeming the rods, it nevertheless, without the consent or knowledge or fault of the owners, mingled the rods of all, and made identification by either owner impossible. These rods, in confusion, came into the possession of the receiver, together with the property of the wire company. In this proceeding each applicant asks for the return of the rods belonging to him. Of course their aggregated requests include all of the rods. But they have not joined. Each asks for himself, regardless of others. Each asks for a separate judgment for specified rods. Neither has made proof of the amount of his contribution to the mass. Neither has made it certain that any judgment can be rendered in his favor which will not include property belonging to another, under the present form of application. The Superior Court is advised to render judgments in favor of the applicants, severally, in accordance with the rule set forth in this opinion.

LEGAL MISCELLANY.

NEGOTIABLE INSTRUMENT—ESCROW.—One in whose hands a promissory note is placed in escrow, and who, by delivering it contrary to the terms of the escrow, compels the maker to pay the note to an innocent indorsee, is liable therefor in damages to the maker. [*Riggs* v. *Trees*, Ind.]

PAYMENT.—Suit having been instituted upon a promissory note against a defendent as assignor, he transmitted to the plaintiff by mail a draft in part payment upon said note, accompanying the same with a written request to dismiss such suit: *Held*, that the acceptance of the draft by plaintiff under the circumstances did not entitle the defendant to a dismissal of the suit as a matter of right, but that the plaintiff might prosecute the suit to judgment, notwithstanding such request. [*Hamill* v. *German Nat. Bank*, Colo.]

CORPORATIONS—STOCK.—As matter of law, when the stock of a corporation is not subscribed for up to the minimum amount of capital fixed by the charter, and none of it is paid in, if the corporators organize, elect themselves officers, proceed to business, contract debts up to and beyond the nominal capital, having paid in nothing whatever, they commit a legal fraud by so doing, and are liable to creditors to make good the minimum capital, together with interest thereon, should this be necessary to discharge the corporate debts. [*Burns* v. *Beck*, Ga.]

CORPORATIONS—CHARTERS.—Act Ill., March 29, 1869, incorporating "The Kendall County Banking Company," provided that the capital stock should be $50,000; that no increase of such stock should be made unless the amount thereof should be paid in; that before the corporation began business the stockholders should pay in full

the several amounts subscribed; and that the act should become void unless the corporation should organize and proceed to business within two years: *Held*, that a failure to subscribe and pay in $50,000, in two years forfeited the charter. [*People* v. *National Savings Bank*, Ill.]

CORPORATIONS—DIRECTORS.—The directors of a corporation, whose terms of office began after an indebtedness had been created against the corporation, and after default had been made by the previous board in failing to file, as required by law, a report showing the amount of the corporate indebtedness, are not liable under section 252 of the general statutes. [*Austin* v. *Burlin*, Colo.]

INTEREST.—A promissory note was given to be due five years after date, with interest from maturity at 12 per cent. Coupon notes were given for the interest on said note. When the note was given the highest rate of interest allowed by statute was 12 per cent., but before it became due the maximum rate had been reduced to 10 per cent.: *Held*, that the holder was entitled to the highest rate allowed by law when the note became due. [*Richardson* v. *Campbell*, Neb.]

NEGOTIABLE INSTRUMENTS—PAYMENT.—Under Rev. St. Ind., § 368, which provides that in an action on a note payable at a particular place, demand at that place need not be proved, but the opposite party may show readiness to pay at such place, an answer alleging that on the day the note sued on became due defendants paid to the bank where the note was made payable the amount due, and directed the note to be paid; and that they did not then know who held the note; and that long after the money was deposited the bank became insolvent—is bad, as the bank cannot be deemed the payee's agent. [*Glatt* v. *Fortman*, Ind.]

BAILMENT—LIEN.—Plaintiffs, having contracted with a certain person to manufacture paper for him, delivered the same upon his order to defendants, who had contracted to print a book thereon, but had refused to make such contract until assured by plaintiffs that they would deliver the paper upon such person's order. Both plaintiffs and defendants accepted from him in payment certain notes, which were discovered to be forgeries: *Held*, that as between plaintiffs and defendants, the paper was the property of the person with whom defendants had contracted, and, as they refused to rely upon his personal credit, they have a lien upon the whole of the paper for the work done. [*Conrow* v. *Little*, N. Y.]

CORPORATIONS—PROMISSORY NOTES.—In an action against a corporation upon a note signed by its officers, where it appears that the execution to the note was expressly authorized at a meeting of the board of directors, it will be presumed, in the absence of any proof to the contrary, that the board was rightfully in session at the time such authority was given. [*Hardin* v. *Iowa Ry. Const. Co.*, Iowa.]

NEGOTIABLE INSTRUMENT—WAIVER.—*Held*, that the facts constituted a waiver of defendant's right as indorser of the note to demand of payment and notice of non-payment. [*Cady* v. *Bradshaw*, N. Y.]

NEGOTIABLE INSTRUMENTS—FRAUD.—The indorsee of a note obtained by fraud must show, to recover thereon against the maker, that he received the note without notice of the fraud. [*Giberson* v. *Jolley*, Ind.]

ECONOMIC NOTES.

BUILDING AND LOAN ASSOCIATIONS.

The magnitude of the operations of the building and loan associations of the country is something which it is difficult to comprehend. For example, we are informed that there are 90 building associations in St. Louis, with a membership aggregating 23,000 persons. We learn, further, that these institutions have loaned to date over $9,000,000. Not less than 3,500 families have been supplied with substantial homes in that city through this instrumentality. This represents the work accomplished in the last seven years. St. Paul, Minn., another correspondent informs us, has 49 building and loan associations, the loans outstanding being upward of $3,000,000. These organizations are much younger than those in St. Louis, already referred to, but are healthy and active. One of our exchanges, specially devoted to the building and loan interest, estimates that the country at large contains 5,000 associations, with an average membership of 200 shareholders. In other words, it is estimated that 1,000,000 persons, or one-tenth of the number of voters in the nation, are shareholders in these institutions. It is further estimated that the membership of the so-called national associations is not less than 200,000. Assuming that one-third of these members are borrowing shareholders, and then estimating the business upon the basis of the ordinary share and the number of shares which an individual may be supposed to hold, there is afforded the opportunity of judging what an important part these institutions are playing in the economy of the country at the present time. An exchange asserts that 400,000 dwellings have been erected, or are in process of erection at the present time, by associations now in existence.

ANCIENT MONOPOLIES.

The Canadian *Law Times* prints an edict issued in 473 A. D. by the Emperor Zeno to the prætorian prefect of Constantinople (Code iv. 59:

We command that no one may presume to exercise a monopoly of any kind of clothing, or of fish, or of any other thing serving for food, or for any other use, whatever its nature may be, either of his own authority, or under a rescript of an emperor already procured or that may hereafter be procured, or under an imperial decree or under a rescript signed by our majesty; nor may any persons combine or agree in unlawful meetings that different kinds of merchandise may not be sold at a less price than they may have agreed upon among themselves. Workmen and contractors for buildings and all who practice other professions, and contractors for baths, are entirely prohibited from agreeing together that no one may complete a work contracted for by another, or that a person may prevent one who has contracted for a work from finishing it; full liberty is given to any one to finish a work begun and abandoned by another without apprehension of loss, and to denounce all acts of this kind without cost. And if any one shall presume to practice a monopoly, let his property be forfeited and himself condemned to perpetual exile. And in regard to the principals of other professions, if they shall venture in the future to fix a price upon their merchandise, and to bind themselves by agreements not to sell at a lower price, let them be condemned to pay 40 pounds of gold. Your court shall be condemned to pay 50 pounds of gold if it shall happen through avarice, negligence or any other misconduct that the provisions of this salutary constitution for the prohibition of monopolies and agreements among the different bodies of merchants shall not be carried into effect.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

NEGOTIABILITY OF A NOTE.

Is the following note negotiable?

$20,000 BUFFALO, N. Y., October 25, 1889.

Ninety days after date, for value received, I promise to pay to John Doe.....or order, Twenty Thousand.....100 Dollars, at the Bank of Buffalo, N. Y.

In New York Exchange. Duly Signed.

REPLY.—No rule is better established than this, that a negotiable instrument must be for the payment of money and money only. This rule is not only established by the common law, but also by statute in most of the States, though in some of them the rule has been somewhat extended.

Nevertheless, it has been held that a note like this is negotiable. In *Bradley* v. *Lill* (4 Biss. 473) a note was sued which read thus: "2,583. 51, Chicago, Ill., September 30, 1859. One year after date, I promise to pay to the order of myself, two thousand five hundred and eighty-three dollars and fifty-one cents in exchange, at the office of Messrs. Ashley & Norris, No. 52 Exchange place, New York," which was properly signed and indorsed by William Lill.

This instrument was declared to be negotiable. Said Judge Drummond: "I admit that under the general law a note must be payable absolutely in money. . . . This court has always held that the fact that a note is made payable in exchange does not prevent its being a promissory note." (See also Randolph on Com. Paper, vol. 1, § 96, pp. 118–120).

Notwithstanding this decision, we question the negotiability of the note. If the maker had been more definite in his promise, and had specified the exchange, we should not have questioned its negotiability; but he did not do this. Did he mean New York City exchange, or Albany, or Utica, or what place in New York? Again, there is a difference in the value of exchange, depending on the character of the parties thereto. Did he mean exchange drawn by himself, or that drawn by the Bank of Buffalo, or by what bank or person? Nothing is said. Suppose he should tender his own exchange drawn on an unknown individual? The note does not say bank exchange. We may presume that it meant good exchange, worth par; but, admitting this, the note furnishes no clue to the place on which it is to be drawn, and its value would certainly be somewhat affected by this circumstance. We therefore seriously question the negotiability of the note.

There are a considerable number of cases in which the maker of notes has promised to pay money "with exchange" on a place, for example, "with exchange on New York," which are held to be negotiable. *Smith* v. *Kendall* (9 Mich. 241) and *Leggett* v. *Jones* (10 Wis. 34) are of this character. But in our opinion this class of cases is easily distinguishable from that of *Bradley* v. *Lill*, though Judge Drummond evidently regarded them similar. We think they are unlike, for the reason that the principal sum to be paid was certain; the only uncertainty was the sum for exchange in the event that any should be added. There might be none whatever at the time the notes matured. But

wherever exchange was payable, it could be easily ascertained, it did not depend on the credit or solvency of anybody, but was a public, well-known fact. These distinctions between this class of cases and the one before us are vital. We think, therefore, that the note is not negotiable. Certainly no bank would take it in the usual course of business.

COLLECTION OF EXCHANGE.

I give you a copy of accepted draft, about which I would ask a question and be pleased to have it answered through your next magazine.

$5,000 EAST SAGINAW, MICH., July 15, 1889.

On October 15, after date, pay to the order of ourselves,
Five Thousand Dollars, with Exchange.

Value received, and charge the same to the account of
To J. S., A. B. C.
Darling, Ill.

This draft was accepted as follows: Accepted July 18, 1889, payable at the Bank of Darling, Ill., in Chicago exchange. Signed, J. S.

In the course of business the draft was sent to the First National Bank, of Darling, Ill., for collection, and presented by it to the payee for payment, October 18, who offered in payment a Chicago draft for $5,000. The collecting bank insisted that as the draft was drawn with exchange, the draft tendered in payment must also include the price of that amount of exchange, just as much as it must include the interest, if it was written with interest. Was the collecting bank right?

REPLY.—We suppose the draft meant exchange on Chicago, but this was not said. Had the draft thus specified the nature of exchange, it could have been collected, had the acceptor accepted the draft without qualification. In other words, when the exchange and even the attorney fees are added they can be usually collected. (See Dan. on Neg. Instruments, §45 and cases there cited.) But on this occasion the acceptor wrote a qualified acceptance and made the draft payable "in Chicago exchange." When, therefore, he tendered Chicago exchange for the amount promised he fulfilled his agreement. The party to whom the draft was sent to be presented for acceptance and collection ought not to have taken such a qualified acceptance without instructions. The fault is with that agent, and not with the acceptor.

COLLECTION OF EXCHANGE.

Will you give the law on exchange in the following case? A note is taken in the city of R—, payable in that city at the bank there, by an agent of a house in Chicago. The note is payable with 8 per cent. interest, with exchange and attorney fees; the agent sends the note to the house in Chicago, when due they send it to the bank in R— for collection, with interest and exchange. Can the exchange be collected?

REPLY.—We have considered the right to collect exchange in replying to other questions in this number. This question differs from those in this particular, that the note is payable in the place where the maker lives. Nevertheless, he promises to pay interest and also exchange, but his promise is not clearly expressed with regard to it. Suppose he had promised to pay for exchange on Chicago? His liability would have been just as clear as for interest. Can we infer that he meant exchange on Chicago? He certainly promised and intended to pay exchange on some place. But on what place? The maker negotiated with an agent. He knew for whom the agent acted and where his principal lived. We think it is fair to presume, therefore, that the maker had Chicago, the principal's residence, in mind when he gave the note.

BANKING AND FINANCIAL ITEMS.

BOSTON.—The Manufacturers' National Bank has opened its new, remodeled quarters on the northeast corner of Summer and Devonshire streets. The building is owned by the bank, which now occupies the entire first floor, which has been remodeled during the summer for its use. A magnificent square doorway has been made, with a marble and mahogany-finished vestibule. The banking rooms are finished in mahogany. The bookkeepers, clerks, tellers, etc., occupy the rooms in regular succession from the Summer street end. The president and cashier are at the extreme east end and the directors' apartments are at the extreme end. The quarters are admirably adapted for the rapid transaction of business. In addition there are private customers' rooms and a series of open wirework customers' rooms. Everything is furnished in a magnificent manner in mahogany, plate glass, brass and oxidized silver on brass. Perfect security is assured. The bank was incorporated in 1873. The capital is $500,000; the deposits average nearly $2,000,000. It has always been successful. A change in the management, which brought it five new men on Jan. 1, promises to make it even more successful than in the past. Its present board of directors are: N. P. Coburn, B. W. Munroe, H. H. Proctor, A. H. Batcheller, G. B. Nichols, A. Shuman, Otis Shepard, H. S. Potter, John Wales and Hon. Weston Lewis. The five new men added in January were Messrs. Nichols, Shuman, Shepard, Potter and Wales. Hon. Weston Lewis is president, and the cashier is F. E. Seaver.—*Boston Commercial Bulletin.*

DISTRIBUTION OF MINOR COINS.—The director of the Mint to-day issued the following circular: WASHINGTON, Dec. 12 Five-cent nickel and one-cent bronze pieces will be furnished, in the order of application, from the United States mint at Philadelphia, Pa., to points reached by the United States and connecting express companies, free of transportation charges, in sums of $20 or multiples thereof, upon receipt and collection by the superintendent of that mint of a draft on New York or Philadelphia payable to his order. To points not reached by express companies, delivery under contract with the Government being impracticable, these coins will be sent by registered mail at applicant's risk, registry fee to be paid by the Government. A supply of these coins will be kept on hand by the Assistant Treasurers of the United States at New York, Boston, Baltimore, Philadelphia Cincinnati, Chicago, St. Louis, New Orleans and San Francisco, and applications for them in these cities should be made to the sub-treasuries.

A BANKER MAYOR.—The Republicans of Boston have re-elected Mayor Hart, president of the Mount Vernon National Bank, by a majority of 5,000. Last year his majority was less than 2,000. Mayor Hart's administration for the last year has been of such a clean and straightforward character that a union of all the better elements of the voting population was easily possible.

NEW YORK CITY.—Not long since, a man who looked like a cattle dealer went into a New York City bank. He was a rough, uncouth-looking fellow, and wore a pair of overalls and a jumper, the former tucked into a pair of heavy cowhide boots. He went up to the receiving teller's window, in a hesitating sort of way, and inquired whether this was a bank. He then said that he was a cattle dealer and had purchased a lot of stock from a Western cattle raiser; the latter had promised to meet him that day and receive his money. Instead he had received a telegram from the Western man stating that it would be impossible for him to get to New York until the following day. To verify this, he produced the telegram, and then said that he had $6,000 in currency in his pockets, which he had intended to pay to the Western man. He did not think it safe to carry the money around in his pockets. Shoving his hands down into his trousers pockets he began to pull the money out. It came in bills of all denominations, and was crumpled and rolled up in wads of varying sizes. Finally, when he had fished it all out, he shoved the heap toward the teller and said: "Now can't you give me a receipt for this money and keep it for me until my man comes to-morrow?" The teller replied that he could give him a certificate of deposit, which would be just as good as cash for the cattle raiser and much more convenient to handle, or he could give him two certificates for smaller amounts.

The cattle dealer said that he knew nothing about certificates of deposit, but guessed they were all right. "Anyhow," said he, "I will take them provided you will exchange them for the money to-morrow if my man can't use them." The teller assented, remarking that he should of course have to make the customary charge for the accommodation. This being satisfactory to the cattle dealer, he was asked how he would have the certificates. He said that it made but little difference, and guessed that one for $5,000 and the other for $1,000 would answer all right. Accordingly, the certificates were made in that way and handed over to him. The next forenoon, soon after the opening hour, our new customer put in an appearance again, this time accompanied by a man who passed easily for a prosperous Western cattle raiser. After introducing his friend, he stated that the latter could not use the $5,000 certificate, as it was too large for him; but he could use the smaller one. They wanted, therefore, to get cash in exchange for the larger one. Our paying teller asked for the certificate of deposit, which they produced. The teller scrutinized it carefully, and then counted out $5,000 and handed it over to the cattle dealer, who immediately passed it to his friend in liquidation of his indebtedness. They then departed, and we have seen nothing of them since. We thought nothing further of it until last Saturday, when a certificate of deposit for $5,000 turned up for payment. On comparing it with the records we found that we had already taken up one certificate for the same amount, bearing the same date and serial number. We began to investigate, and soon found that we had been swindled by the two apparently unsophisticated cattle dealers. The $5,000 certificate which we had cashed for the two sharpers was placed beside the one which had come in for payment; they seemed identical, but when we placed a magnifying glass upon the one which had been cashed first we found that it had most beautifully "raised" or altered from $1,000, the amount for which we had drawn it, to $5,000, and it then dawned upon us that when we cashed the certificate for those two men that morning we in reality cashed it for $4,000 more than we had originally drawn it for. Of course the sharpers had retained the genuine $5,000 certificate, which they had no difficulty in negotiating. One of the prettiest features of the whole scheme is that the swindlers worked off the raised certificate on us, and when the genuine one came around we had to pay it.—*New York Sun.*

PITTSBURGH.—On the 9th of December occurred the death of William N. Riddle, formerly president of the Penn Bank, of this city, which failed several years ago for $2,500,000. Mr. Riddle was about 45 years of age, and unmarried. He had been in poor health ever since the bank's failure. He began life as a messenger boy, and by his cleverness and brightness won a place in the bank as clerk. Then he became cashier, and afterwards president of the institution. The embarrassment was brought about by oil and stock speculations, and hundreds of persons were caught for amounts ranging from a few dollars up to many thousands. Mr. Riddle was arrested and tried for embezzlement, but acquitted and held guiltless of fraud. Then he went to New York and engaged in the brokerage business, which proved profitable.

MONTREAL.—The following bank dividends for the current half-year were payable in December.—Montreal, 5 per cent, $600,000; Commerce, 3½ per cent., $210,000; Merchants, 3½ per cent., $200,000; Toronto, 5 per cent., $100,000; Quebec, 3½ per cent., $87,500; Imperial, 4 per cent., $60,000; Ontario, 3½ per cent., $52,500; Hamilton, 4 per cent., $40,000; Ottawa, 4 per cent., $40,000; Standard, 3½ per cent., $35,000; Jacques Cartier, 3½ per cent., $17,500; Ville Marie, 3½ per cent., $17,500; Traders, 3 per cent., $15,000.

DETROIT.—T. S. Anderson, president of the State Savings Bank, has sold out his stock in the bank and resigned his office. Some time ago negotiable paper from a tobacco company was presented at the bank, but Mr. Anderson refused to have anything to do with it, on the ground that he believed the use of tobacco to be wrong. M. S. Smith, president of the tobacco company, is vice-president of the bank, and he was provoked that the bank should refuse the paper of his company. General Alger, one of the directors of the bank, said that if things were to be run on that basis his stock was for sale. So the directors of the bank met and quietly informed Mr. Anderson that things were to be run on a new plan. Mr.

Anderson yielded and everything moved on smoothly for awhile. When the bank patrol was established by the police department the State Savings Bank adopted it along with the other banks in the city. The duty of the patrol is to make visits to the banks at night and Sundays. Mr. Anderson sent word to the patrol not to come to his bank on Sundays, for he did not believe in any man's working on the Sabbath. The directors of the bank strongly objected to leaving the bank without protection for twenty-four hours. So they met again and prevailed on Mr. Anderson to overcome his scruples and allow the patrol to make Sunday visits. But Mr. Anderson's conscience troubled him and he finally decided to retire. He has disposed of $80,000 worth of stock and will now seek some other business.

NEW YORK CITY.—The new Board of Directors of the United States National Bank consists of Logan C. Murray, who has been the president of the bank since it was organized; F. P. Olcott, president of the Central Trust Company; James W. Alexander, vice-president of the Equitable Life Assurance Society; Thomas E. Stillman, Thomas W. Pearsall, of Pearsall & Co., bankers; T. H. Hubbard, and William P. Thompson, president of the National Lead Trust. The bank has bought the marble building at 45 Wall street, and will move into it on May 1. The bank is greatly strengthened by the new board, and Mr. Murray is to be congratulated. He has made a most efficient executive, and has inspired great confidence during his incumbency.

SAN FRANCISCO.—The highest price ever paid for Bank of California stock was given last month for a small lot at private sale, at $290 per share. Holders have been asking $300 a share for some time, while bids of $285 have been received. The bank pays quarterly dividends, at the rate of one per cent. per month.—*Correspondence of N. Y. Tribune.*

REDEEMING MUTILATED COIN.—The Director of the Mint has authorized the superintendents of the mints to purchase mutilated coin when presented in sums of three dollars and upward at the price fixed by him for silver contained in gold deposits. Uncurrent coins should be transmitted to the mint by registered mail or express (prepaid), and the value will be returned in the same manner at the seller's expense and risk.

THE FIRST USE OF BANK NOTES.—The Chinese are credited with being the first to use bank notes. This was in the reign of the Emperor Ou-ti, who, being hard up, gave his treasurer to understand that this intolerable state of affairs must not continue. At that time it was customary for princes and courtiers on entering the royal presence to cover their faces with a piece of skin. Taking advantage of this custom, the treasurer caused a decree to be issued forbidding the use of any other skins for this purpose except those of certain white deer in the royal parks. Immediately there was a demand for pieces of these skins, which, being a monopoly, were sold at a high price, and the royal coffers re-filled. This high price enabled them to pass from one nobleman to another just like money. For all this, however, we decline to agree with some writers who compare these pieces of skin with bank notes. Bank notes are simply promises to pay, and have no intrinsic value. These skins had nothing in the nature of a promise about them, but did possess an intrinsic value due to the purpose for which they were used. More than 1,000 years ago, however, in the reign of Hian-tsong, the Chinese had bank-notes which they called "flying money." The temptation to over-issue these notes was too great, however, and we find that shortly after their introduction it took 11.000 min, or something like £3,000, to buy a cake of rice.

NEWARK, N. J.—By a decision of the Supreme Court, recently given, the City of Newark has no power to grant exemption from taxes on its loans. During the present year the city issued about $2,500,000 of temporary loan bonds, with the understanding that they should be non-taxable. The loans were taken by the savings banks at 3 1-8 per cent. As the city tax rate is 2.02, the banks net only about 1.10 per cent, while they pay depositors 3 per cent. A conference between savings bank officials and Controller Connelly and the tax officials has been held, and the matter has been discussed. It is understood that the board would exercise the discretion permitted by law, and refrain from making an assessment this year, as the city has virtually received the tax on the investment.

PUBLICATION OF BANK RETURNS.—The desirability of having more frequent

bank returns has often been noticed. Not long since a letter was written to the Comptroller by Mr. Kingman, Assistant Cashier of First National Bank of Chicago, who has taken an active interest in this subject. To this letter the Comptroller replied as follows:

"TREASURY DEPARTMENT,
"OFFICE OF COMPTROLLER OF THE CURRENCY,
"WASHINGTON, D. C., Nov. 4, 1889.

"Mr. H. M. Kingman, Asst. Cashier First Nat. Bank, Chicago, Ill.—My Dear Sir: I am in receipt of your favor of the 31st ult., calling my attention to the resolutions passed by the American Bankers' Association in September last at Kansas City, favoring the publication of reports of condition of National banks during the first half of each year. I realize the utility of such publication, and intend to incorporate a recommendation to that effect in my report for this year. I am much obliged to you for the suggestion you made in reference to the arrangement of the statements of condition. Very sincerely yours,

(Signed.) E. S. LACEY."

POTTSTOWN, PA.—The savings bank system was introduced in the public schools on the morning of Dec. 30. There are forty-two schools, with 1,876 pupils. About one-half of the scholars became depositors, and a total of $450.65 was deposited in the National Iron Bank this morning. The deposits ranged from 5 cents to $10. When a pupil has $3 in the bank interest on the amount will begin. The deposits are to be made every Monday morning.

A NEW BOOK ON NATIONAL BANKING.—The latest addition to banking literature is Mr. George M. Coffin's "Hand-Book for Bank Officers." This book is useful to those who desire to find in the smallest space many of the more important points in the national banking law. The most valuable feature is the explanation of the lawful money reserve; and to every new bank especially, not clearly understanding the subject, this information should be highly welcomed.

Sterling exchange has ranged during December at from 4.82 @ 4.85¼ for bankers' sight, and 4.78 @ 4.81¼ for 60 days. Paris—Francs, 5.21¼ @ 5.19⅜ for sight, and 5.25 @ 5.22½ for 60 days. The closing rates for the month were as follows: Bankers' sterling, 60 days, 4.78½ @ 4.79½; bankers' sterling, sight, 4.82½ @ 4.83½; Cable transfers, 4.83½ @ 4.84½. Paris—Bankers', 60 days, 5.24⅜ @ 5.23¾; sight, 5.21¼ @ 5.20⅜. Antwerp—Commercial, 60 days, 5.28¾ @ 5.27½. Reichmarks (4) — bankers', 60 days, 94 @ 94⅛; sight, 94⅞ @ 95. Guilders—bankers', 60 days, 39⅝ @ 39¾; sight, 39⅞ @ 40.

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money have been as follows:

QUOTATIONS:	Dec. 2.	Dec. 9.	Dec 16.	Dec. 23.	Dec. 30.
Discounts	6½ @ 7½	6½ @ 7½	6½ @ 7½	6½ @ 7½	6½ @ 7½
Call Loans	15 @ 6	7 @ 4	7 @ 4	9 @ 7	40 @ 4
Treasury balances, coin	$158,727,398	$159,617,913	$160,480,415	$161,010,205	161,621,060
Do. do. currency.	8,361,233	8,421,255	7,789,672	6,943,515	6,238,670

The reports of the New York Clearing-house returns compare as follows:

1889.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
Dec. 7	$394,221,100	$75,050,700	$25,299,500	$398,588,200	$4,035,400	$703,150
" 14	390,088,900	75,072,200	26,458,600	395,600,600	3,903,600	2,630,650
" 21	392,544,300	76,786,700	26,201,100	398,376,300	3,846,500	3,393,725
" 28	394,761,800	75,560,700	26,141,100	398,720,500	3,731,300	2,021,675

The Boston bank statement is as follows:

1889.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
Dec. 7	$151,162,200	$9,256,000	$4,895,800	$126,961,900	$2,544,900
" 14	150,146,300	9,353,300	5,261,700	130,200,800	2,537,500
" 21	150,014,800	9,163,400	5,114,700	129,134,700	2,541,300
" 28	150,022,000	8,724,300	5,298,400	127,402,200	2,544,100

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1889.	Loans.	Reserves.	Deposits.	Circulation.
Dec. 7	$95,783,000	$23,354,000	$92,443,000	$2,130,000
" 14	94,988,000	22,906,000	91,444,000	2,133,000
" 21	93,995,000	22,912,000	90,207,000	2,133,000
" 28	93,484,000	23,122,000	89,884,000	2,133,000

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from December No., page 491.)

	Bank and Place.	*Elected.*	*In place of.*
COL....	Trinidad Nat. B., Trinidad....	Geo. A. Metcalf, *Cas*....	E. D. Wight.
ILL.....	First National Bank, Quincy...	Geo. Bakewell, *Ass't Cas.*	Frederick Boyd.
IND.....	First National Bank, Connersville.	Chas. Mount, *P*.....	F. M. Roots.
		J. C. Mount, *Cas*.....	Chas. Mount.
IOWA...	Bennett State Bank, Bennett	F. D. Wingert, *P*.....	.....
		Jas. Hanna, *V. P*.....	.....
		M. G. Blackman, *Cas*...	.....
" ..	Boone County Bank, Boone.	A. J. Barkley, *P*.....	R. J. Hiatt.
		E. Favre, *V. P*.....	A. J. Barkley.
		J. J. Snell, *Cas*.....	Oscar Schleiter.
" ..	Farmers Savings Bank, Britt.	Jay D. Maben, *P*.....	.....
		Leslie B. Farrar, *V. P*...	.....
		Loren B. Sylvester, *Cas*..	.....
" ..	Bank of Glidden, Glidden.....	E. L. Welch, *Cas*.....	E. C. Halsted.
KAN....	Bank of Dorrance, Dorrance.	P. J. Bommer, *V. P*.....	.....
		Edward M. Coleman, *C*.	L. B. Hail.
" ..	State Savings Bank, Ellsworth.	J. J. Beyler, *P*.....	A. N. McLenann.
		A. N. McLennan, *V. P*..	.....
" ..	Stock Yards Bank, Kansas City.	M. W. St. Clair, *Cas*....	P. Connelly.
" .	Mead Co. Nat. Bank, Mead....	E. F. Rieman, *Cas*.....	.....
MD.....	Farmers Nat. Bank, Annapolis.	Geo. A. Culver, *Cas*.....	LouisG.Gassaway*
" ..	First National B'k, Frostburg..	E. Krise, *Cas*.....	O. L. Haverly.
MASS...	First Nat. B., Provincetown...	J. H. Dyer, *Cas*.....	R. W. Swift.*
" ..	Ware National Bank, Ware..	Henry K. Hyde, *Cas*	Wm. H. Cutler.
MICH...	Nat. B. of Commerce, Duluth..	W. P. Hurlbut, 2d *V. P.*	.....
" ..	First National Bank, Hancock.	J. N. Knight, *V. P*.....	Wm. Condon.
MINN..	First National Bank, Lu Verne.	S. W. Thompson, *P*.....	P. J. Kniss.
		N. Nelson, *V. P*.....	S. W. Thompson.
MO.....	Clark Exchange Bank, Clark...	W. L. Wright, *Cas*.....	E. R. Denham.
" ..	Payne & Williams Bank, Fayette.	R. P. Williams, *P*.....	Thos. J. Payne.
		Thos. J. Payne, *V. P*....	R. P. Williams.
		W. C Kirby, *Ass't Cas.*	.....
" .	B. of Garden City, Garden City.	E. G. Leadbetter, *P*....	J. H. Ferrell.
" ..	Kan.City Stock Yard B., K. C'y.	M. W. St. Clair, *Cas*....	P. Connelly.
" ..	Madison Bank, Madison.....	J. W. Atterbury, Jr., *Cas.*	E. T. Thomas.
NEB....	Rock County Bank, Bassett.	Alex. Altschuler, *V. P*...	.....
		Geo. A. Hillburg, *Cas*...	Alex. Altschuler.
" ..	Sheridan County Bank, Gordon.	Jos. W. Thomas, *P*.....	John G. Powell.
		G. W. Wattles, *V. P*....	.....
" ..	First National Bank, Minden.	J. V. Haughey, *Cas*.....	Rush H. Palmer.
		L. Newell, *Ass't Cas*....	Jas. A. Cline.
" ..	Merchants Bank, Neligh.	A. B. Beach, *V. P*.....	M. C. Remington.
		W. E. Davidson, *Cas*....	A. B. Beach.
" ..	NewmanGr'veS BNewmanGr've	Chr. Schavland, *Cas*....	A. S. Burrows.
" ..	First Nat. Bank, Ogalalla.....	F. G. Hoxie, *Cas*.....	J. A. O'Brian.
" ..	Union Nat. Bank, Omaha.....	Chas. E. Ford, *Cas*.....	J. W. Rodefer.
" ..	Bank of Paxton, Paxton.....	J. S. Kinne, *P*.....	L. A. Brandhoefer.
N. Y...	Nat. Exchange Bank, Albany..	T. W. Cantwell, *Cas*....	Jonas H. Brooks.
OHIO....	Citizens Nat. Bank, Ripley.....	J. C. Schumaker, *Cas*...	A. B. Morrison.
ORE....	First National Bank, Astoria.	John A. Devlin, *V. P*....	Geo. C. Flavel.
		Eben G. Rogers, *A. Cas.*	.....
PA.	Tr'd'smens N. B.,Conshohocken	Isaac Roberts, *Cas*..	Wm. H. Cressen.
" ..	Farm.&DroversN.B.Waynesb'g	Geo. L. Wyly, *P*.....	Chas. A. Black.
" ..	Wyoming N. B., Wilkes Barre.	Shelden Reynolds, *V. P.*	E. P. Darling.
TEXAS..	Farmers N. Bank, Hillsboro...	J. M. Duncan, *Ass't Cas.*	.....
VA.	Bank of Commerce, Norfolk.	T. A. Williams, *P*.....	Jas. E. Barry.
		J. E. Barry, *V. P*.....	.....
		Thos. U. Hare, *Act'g C.*	Geo. W. Wilson.
WASH..	First National Bank, Pomeroy.	M. F. Gose, *V. P*.....	Elmon Scott.

* Deceased

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from December No., page 494.)

State.	Place and Capital.	Bank or Banker.	Cashier and N.Y. Correspondent
N. Y.	CITY.....	Equitable Bank.....	.....
	$100,000	Jacob B. Tallman, *P.*	Nathaniel S. Bailey, *Cas.*
		P. J.Claässen, *V. P.*	A. A. Courter, *Ass't Cas.*
ALA....	Fort Payne.....	Rice Investment Co.....	.....
	$250,000	Wendell P. Rice, *P.*	Geo. E. Smalley, *Sec. & Treas.*
		Glenn E. Lathrop, *V. P.*	
"	.. Montgomery..	Farley National Bank..	Chatham National Bank
	$100,000	J. L. Hall, *P.*	L. B. Farley, *Cas.*
		Jacob Greil, *V. P.*	
COL....	Fort Morgan...	Morgan County Bank...	Chase National Bank.
		(Burton, Preston & Co.)	.....
"	.. Greeley.....	Weld County Bank.....	.....
	$25,000	John M. Wallace, *P.*	John B. Phillips, *Sec.*
		D. H. Gale, *V. P.*	A. J. Park, *Treas.*
"	.. Pueblo.....	Pueblo Savings Bank....	....
	$50,000	Alva Adams *P.*	Christopher Wilson, *Cas.*
		Wm. W. Strait, *V. P.*	
"	.. Salida..... ...	First National Bank.....	.....
		Louis W. Craig, *P.*	Frank O. Stead, *Cas.*
FLA....	Starke.....	Bradford County Bank ..	Kountze Bros.
	$10,000	J. M. Seidle, *P.*	N. W. Hackett, *Cas.*
"	.. Tampa....	Commercial B. of Tampa.	Inter-State National Bank.
	$30,000	O. J. Spafford, *P.*	L. E. Spafford, *Cas.*
GA.....	Camilla.....	Bank of Camilla	Hanover National Bank.
	$30,000	Thos. R. Bennett, *P.*	Jas. J. Twitty, *Cas.*
		D. K. Butler, *V. P.*	
"	.. Cedartown. ...	Commercial Bank.....	National Park Bank.
	$32,000	R. A. Adams, *P.*	Robt. O. Pitts, *Cas.*
		J. K. Barton, *V. P.*	
"	.. Madison.....	Bank of Madison.....	National Park Bank.
	$50,000	Geo. B. Stovall, *P.*	Horace T. Shaw, *Cas.*
		L. W. Burnett, *V. P.*	
"	.. Way Cross.....	South Georgia Bank.....	American Exchange Nat. Bank.
	$25,000	C. C. Grace, *P.*	John E. Wadley, *Cas.*
		Warren Lott, *V. P.*	
ILL.....	Chester.....	First National Bank.....	Hanover National Bank.
	$50,000	Chas. B. Cole, *P.*	John D. Gerlach, *Cas.*
		Thos. G. Chadwick, *V. P.*	
"	.. Rushville.....	Bank of Schuyler Co.	Chase National Bank.
	$25,000	Thos. Wilson, *P.*	J. M. Patterson, *Cas.*
		Geo. R. Hunter, *V. P.*	
"	.. Woodstock.....	State Bank of Woodstock.	Central National Bank.
	$25,000	Erastus E. Richards, *P.*	E. C. Jewett, *Cas.*
		Wm. H. Stewart, *V. P.*	
IND.....	Marion.....	First National Bank.....	.....
	$100,000	Geo. W. Steele, *P.*	W. W. Morrison, *Cas.*
		H. D. Reasoner, *V. P.*	
"	.. Valparaiso.....	State Bank of Valparaiso.	Third National Bank.
	$35,000	Wm. E. Pinney, *P.*	John H. Skinner, *Cas.*
		John Wark, *V. P.*	
"	.. Warsaw.	Farmers Bank.....	Hanover National Bank.
		(Albion Beck & Co.)	.....
IOWA ..	Elma..	Farmers Bank....	.....
	$10,000	Truman Robinson, *P.*	Geo. A. Burgess, *Cas.*
"	.. New Hartford..	New Hartford Bank.....	.....
	$21,000	Eugene Bourquier, *P.*	E. C. Bellows, *Cas.*
		F. W. Paulger, *V. P.*	
KAN....	Effingham.....	State Bank.....	Importers & Traders Nat. Bank.
	$20,000	Wesley Cummings, *P.*	Gilbert Campbell, *Cas.*
		G. W. Clawson, *V. P.*	

State.	*Place and Capital.*	*Bank or Banker.*	*Cashier and N. Y. Correspondent.*
KAN....	Grenola.....	Farmers Bank.	Gilman, Son & Co.
	$50,000	Wellington Barnes, *P.*	Patrick I. Brown, *Cas.*
		B. F. Boys, *V. P.*	John T. Dentors, *Ass't Cas.*
			Lewis Boys, *Ass't Cas.*
KY.....	Smiths Grove...	Farmers Bank.....	Pheonix National Bank.
		David Kirby, *P.*	J. R. Kirby, *Cas.*
" ..	Tompkinsville..	Dep. Bank of Monroe Co.	United States National Bank.
	$10,000	Wm. H. Botts, *P.*	Robt. T. Smith, *Cas.*
		John R. Leslie, *V. P.*	
MISS....	Canton.....	Mississippi State Bank...	Chemical National Bank.
	$100,000	Lawrence Foot, *P.*	B. L. Roberts, *Cas.*
		R. C. Smith, *V.P.*	
" ..	Friars Point....	Bank of Friars Point.....	Hanover National Bank.
" ..	Jackson.....	Jackson Bank.....	Hanover National Bank.
	$50,000	Wm.L. Hemingway, *P.*	A. M. Nelson, *Cas.*
		P. W. Peeples, *V.P.*	
MO.....	Hopkins.....	First National Bank.....	National Bank of Republic.
	$50,000	F. M. Widner, *P.*	E. C. Wolfers, *Cas.*
		A. Goodsill, *V. P.*	
" ..	Kansas City....	Abell NoteBrok.&B'd Co.	.....
	$125,000	M. B. Abell, *P.*	N. C. Abell, *Sec.*
" ..	Queen City.....	Hays Banking Co.	Kountze Bros.
	$8,000	Frank P. Hays, *P.*	Birney Dysart, *Cas.*
NEB....	Albion.....	Albion National Bank...	Chase National Bank.
	$50,000	Moses B. Thompson, *P.*	Willard Baker, *Cas.*
		L. Clark, *V. P.*	D. V. Blatter, *Ass't Cas.*
" ..	Alliance.....	First National Bank.....	Chemical National Bank.
	$50,000	O. M. Carter, *P.*	R. M. Hamilton, *Cas.*
		C. S. Montgomery, *V. P.*	D. M. Forgan, *Ass't Cas.*
" ..	Beatrice.....	Nebraska National Bank.	Kountze Bros
	$100,000	John Ellis, *P.*	H. L. Ewing, *Cas.*
		Warren Cole, *V. P.*	W. F. King, *Ass't Cas.*
" ..	Fremont.....	Fremont Savings Bank...	.....
	$12,000	Geo. W. E. Dorsey, *P.*	Wm. H. Harrison, *Cas.*
		H. C. Toncray, *V. P.*	
" ..	Gothenburg....	Peoples State Bank.....	Kountze Bros.
	$10,000	L. C. Lloyd, *P.*	Con. W. Lloyd, *Cas.*
" ..	Grant.....	First National Bank.....	.....
	$50,000		P. R. Johnson, *Cas.*
" ..	Mullen.....	First Bank of Hooker Co.	.....
	$6,000	D. W. King, *P.*	John E. Bahnsen, *Cas.*
" ..	Palisade.	Bank of Palisade.....	Kountze Bros.
	$5,000	Wm. C. Bullard, *P.*	J. F. Bullard, Jr., *Cas.*
		Francis M. Bullard, *V. P.*	
" ..	Rushville	First National Bank.....	Hanover National Bank.
	$50,000	J. W. Thomas, *P.*	W. B. McQueen, *Cas.*
		G. W. Wattles, *V. P.*	
" ..	Verdigre.....	Bank of Verdigre.....	.....
		Dwight E. Johnson, *P.*.	Elmer D. Johnson, *Cas.*
N. H...	Colebrook.....	Colebrook Guaranty S. B.	.....
	$25,000	Wm. R. Danforth, *P.*	Harry F. Bailey, *Treas.*
N. J....	Freehold.....	Central National Bank..	.....
	$50,000	Jas. S. Parker, *P.*	E. B. Bedle, *Cas.*
N. MEX.	Springer.....	Morton, A. & Co.....	Kountze Bros.
	$19,000		
OHIO...	Niles	First National Bank.....	.....
	$50,000	H. H. Mason, *P.*	Chas. R. Mayers, *Cas.*
" ..	Xenia.....	Central Bank	Chase National Bank.
	$50,000	J. S. McCampbell, *P.*	Geo. W. Kendall, *Cas.*
PA.....	Scranton.....	Traders National Bank..	.....
	$250,000	Samuel Hines, *P.*	A. B. Williams, *Cas.*
" ..	Washington....	Farmers & Mech. Nat. B.	.....
	$100,000	Geo. W. Roberts, *P.*	Walter L. Whitney, *Cas.*
TENN ..	Greeneville.....	First National Bank.....	.....
	$50,000	John M. Brabson, *P.*	Jas. E. Hacker, *Cas.*
" ..	Rockwood.	First National Bank.....	.....
	$50,000	Morton Fouché, *P.*	Thos. B. Clark, *Cas.*
		Thomas J. Brown, *V. P.*	.....

State.	*Place and Capital.*	*Bank or Banker.*	*Cashier and N. Y. Correspondent.*
TEXAS..	Flatonia.....	First National Bank.....	National Bank of Republic.
	$50,000	G. G. Moore, *P.*	H. A. Gladdish, *Cas.*
" ..	Rockdale.....	First National Bank.....	.....
	$75,000	C. H. Coffield, *P.*	J. E. Longmoor, *Cas.*
		B. Lowenstein, *V. P.*	
" ..	Victoria.....	First National Bank.....	Mercantile Nationla Bank.
	$150,000	John M. Brownson, *P.*	Theo. Buhler, *Cas.*
		Eugene Sibley, *V. P.*	
WASH.	Fairhaven.....	Bank of Fairhaven.....	National Bank of Deposit.
			Chas. W. Waldron, *Cas.*
" ..	Fairhaven.....	First National Bank.....	.....
	$50,000	Edward M. Wilson.	Chas. D. Francis, *Cas.*
		Jas. F. Wardner, *V. P.*	
" ..	Palouse.....	First National Bank.....	.....
	$50,000	A. M. Cannon, *P.*	Chas. Trevorbross, *Cas.*
" ..	Seattle.....	B'k of British Columbia..	W. W. Watson & Alex Lang.
		J. K. Wilson, *M'g'r.*	
" ..	Seattle.....	Bank of New York.....	American Loan & Trust Co.
		Wm. Van Fleet, *P.*	Frank A. Twichell, *Ass't Cas.*
		J. L. Murphy, *V. P.*	
" ..	Tacoma	B. of British Columbia..	Bank of Montreal.
		Fred. K. Low, *M'g'r.*	
" ..	Walla Walla...	Washington Bank.....	National Park Bank.
	$50,000	Bayard T. Byrns, *P.*	Frank M. Kendall, *Cas.*
WIS....	Oconomowoc...	Bank of Oconomowoc...	Importers & Traders Nat. Bank·
		Henry M. Ackley, *P.*	Benj. G. Edgerton, *Cas.*
		H. K. Edgerton, *V. P.*	
" ..	Oshkosh.....	German National Bank..	Hanover National Bank.
	$100,000	R. C. Russell, *P.*	

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(*Monthly List, continued from December No., page 495.*)

No.	*Name and Place.*	*President.*	*Cashier.*	*Capital.*
4169	First National Bank..... Rockwood, Tenn.	Morton Fouché,	Thos. B. Clark,	$50,000
4170	First National Bank..... Grant, Neb.		P. R. Johnson,	50,000
4171	First National Bank..... Fairhaven, Wash.	Edward M. Wilson,	Chas. D. Francis,	50,000
4172	First National Bank..... Salida, Col.	Louis W. Craig,	Frank O. Stead,	50,000
4173	Albion National Bank..... Albion, Neb.	Moses B. Thompson,	Willard Baker,	50,000
4174	First National Bank..... Hopkins, Mo.	F. M. Widner,	E. C. Wolfers,	50,000
4175	First National Bank..... Rockdale, Texas.	C. H. Coffield,	J. E. Longmoor,	75,000
4176	First National Bank..... Rushville, Neb.	J. W. Thomas,	W. B. McQueen,	50,000
4177	First National Bank..... Greeneville, Tenn.	John M. Brabson,	Joseph E. Hocker,	50,000
4178	Nat. Bank of Commerce..... St. Louis, Mo.	Wm. H. Thompson,	J. C. Van Blarcom,	500,000
4179	First National Bank..... Flatonia, Texas.	G. G. Moore,	H. A. Gladdish,	50,000
4180	Farley National Bank..... Montgomery, Ala.	J. L. Hall,	L. B. Farley,	100,000

No.	Name and Place.	President.	Cashier.	Capital.
4181	Farmers & Mech. Nat. Bank... Washington, Pa.	Geo. W. Roberts,	Walter L. Whitney,	100,000
4182	Central National Bank..... Freehold, N. J.	Jas. S. Parker,	Elihu B. Bedle,	50,000
4183	Traders National Bank..... Scranton, Pa.	Sam'l Hines,	A. B. Williams,	250,000
4184	First National Bank..... .... Victoria, Texas.	J. M. Brownson,	Theo. Buhler,	150,000
4185	Nebraska National Bank..... Beatrice, Neb.	John Ellis,	H. L. Ewing,	100,000
4186	First National Bank..... Palouse, Wash.	A. M. Cannon,	Chas. Trevorbross,	50,000
4187	First National Bank..... Chester, Ill.	Chas. B. Cole,	John D. Gerlach,	50,000
4188	Pittsburg National Bank..... Pittsburg, Me.	Albion P. McMaster,	Joseph H. Walker,	50,000
4189	First National Bank..... Marion, Ind.	Geo. W. Steele,	W. W. Morrison,	100,000
4190	First National Bank..... Niles, O.	H. H. Mason,	Chas. R. Mayers,	50,000

CHANGES, DISSOLUTIONS, ETC.

(*Continued from December No., page 495.*)

ALA.... Montgomery... Farley, Spear & Co., now Farley National Bank, same correspondents.

COL.... Salida..... ... Continental Divide Bank (L. W. & D. H. Craig) has been succeeded by the First National Bank.

DAK.... Valley City.... Farmers & Merchants National Bank has gone into voluntary liquidation.

GA..... Madison. ..... G. B. Stovall has been succeeded by the Bank of Madison, same correspondents.

ILL..... Chester.. ..... Chester Commercial Bank has been succeeded by the First National Bank.

IND ... Goshen..... Salem Bank (Hascall, Irwin & Co.), now Hascall & Irwin, proprietors.

IOWA... Bennett..... Bennett Bank, now Bennett State Bank.

" .. Britt..... Farmers Bank, now Farmers Savings Bank, same correspondents.

" .. Sioux City..... West Side Savings Bank has changed its name to the Home Savings Bank, same officers and correspondents.

" .. Washta..... Bank of Washta, now Washta State Bank.

KAN... Abilene.. ..... First National Bank reported failed.

" .. Anthony..... Harper County National Bank has gone into voluntary liquidation.

" . Dorrance ..... Bank of Dorrance has been incorporated.

" .. Effingham..... Bank of Effingham (Gilbert Campbell), succeeded by the State Bank of Effingham.

" .. Grenola. .. ... Barnes, Brown & Dentor have been succeeded by the Farmers Bank.

" . Topeka..... National Loan & Trust Co. has changed its name to the Topeka Safe Deposit & Trust Co.

MINN... Renville..... O'Connor Bros., now the Renville State Bank, same officers

MISS ... Canton..... Foot & Smith have been succeeded by Mississippi State Bank.

Mo.....	Fayette.....	A. F. Davis Banking Co. has been succeeded by Farmers & Merchants Bank, same officers and correspondents.
" ..	Hopkins.....	Bank of Hopkins has been succeeded by the First National Bank.
" ..	St. Louis.....	Bank of Commerce is now the National Bank of Commerce, same officers.
Mont ..	Virginia City..	Hall, Harrington & Co., now Hall & Bennett.
Neb....	Albion.....	Thompson & Baker, succeeded by Albion National Bank, same correspondents.
" ..	Alliance.	American Bank, now First National Bank.
" ..	Bassett.....	Rock County Bank has been incorporated.
" ..	Beatrice..... ...	Peoples Bank, now Nebraska National Bank.
" ..	Cozad..	Exchange Bank (Brown, Bennison & Co.) has been succeeded by the First National Bank.
" ..	Eustis.....	Farmers Bank has been succeeded by Farmers State Bank, same officers and correspondents.
" ..	Gordon..	Sheridan County Bank has been incorporated.
" ..	Kearney.	Commercial & Savings Bank has been incorporated
" ..	Nonpareil.....	Bank of Nonpareil has gone out of business, no successors.
" ..	Pawnee..	Nebraska State Bank reported assigned.
" .	Sterling.	Bank of Sterling, now First National Bank.
N. Y...	Malone..	Third National Bank reported suspended.
" ..	Whitneys Point.	E. B. Hemingway reported assigned.
Pa.	New Milford...	Simmers & Hayden reported assigned.
Tenn ..	Gallatin.	Bank of Gallatin reported assigned.
" ..	Shelbyville.....	National Bank of Shelbyville has gone into voluntary liquidation.
Texas..	Brady.....	McCullock County Bank, now First National Bank, same officers and correspondents.
" ..	Victoria.....	Brownson, Sibley & Co. succeeded by First National Bank.
Wis....	La Crosse.....	Union National Bank has gone into voluntary liquidation.
" ..	Oconomowoc...	H. K. Edgerton & Son have been succeeded by the Bank of Oconomowoc, same correspondents.

DEATHS.

Coolridge.—On December 28, aged seventy-nine years, John Templeman Coolridge, President of Columbia National Bank, Boston, Mass.

Griffin.—On December 8, aged fifty-nine years, William W. Griffin, President of First National Bank, Santa Fe, N. Mex.

Hayward.—On December 24, aged seventy-seven years, Chas. Hayward, President of Bangor Savings Bank, Bangor, Me.

Hudson.—On December 7, Marcellus G. Hudson, Cashier of Birmingham Trust and Savings Co., Birmingham, Ala.

Swift.—On December 5, aged forty-five years, Reuben W. Swift, Cashier of First National Bank, Provincetown, Mass.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, DECEMBER, 1889.

Opening, Highest, Lowest and Closing Prices of Stocks and Bonds in December.

GOVERNMENTS.	Interest Periods.	Opening.	Highest.	Lowest.	Closing.
4½s, 1891 ... reg.	Quarterly — Mar.	104⅜	105	104⅜	105
4s, 1891 ..... coup.		105½	105½	104½	105
4s, 1907 ..... reg.	Jan.	126	126⅜	126	126⅜
4s, 1907 ..... coup.		127	127⅜	127	127⅜
	Feb.				
6s, cur'cy, 1895, reg.		115	116¼	115	116
6s, cur'cy, 1896, reg.	Jan.	117½	118⅜	117½	118
6s, cur'cy, 1897, reg.	&	120½	121¾	120½	121½
6s, cur'cy, 1898, reg.	July.	123	125	123	124½
6s, cur'cy, 1899, reg		125	127½	125	127

RAILROAD STOCKS.	Opening.	Highest.	Lowest.	Closing.
Atlantic & Pacific	—	5	4¾	—
Buff. R. & Pitts	—	19⅞	19⅞	—
Canadian Pacific	—	75	72	75
Canada Southern	53	57½	52½	55
Central of N. J	118	125½	115½	125½
Central Pacific	33½	34	33⅜	—
Ches. & Ohio	25¼	27⅞	22½	26⅞
Do 1st pref.	64½	67	63	65⅛
Chic. & Alton	—	134¾	133	—
Do pref.	—	—	—	—
Chic., B. & Q.	104¼	108¾	102	107¼
Chic., M. & St. P.	68½	71½	67⅝	69⅜
Do pref.	112½	114⅞	112⅛	114⅜
Chic. & N. W.	109½	112	108¾	111
Do pref.	—	142¾	140½	—
Chic., R. I. & P.	97½	99½	96¼	97½
Chic., St. L. & P.	—	17	15	17
Do pref.	—	45¾	37	45¾
Chic., St. P., M. & O.	32¼	34¼	32	—
Do pref.	96½	99¾	96	—
C., C., C & St. L.	70¾	74½	67¼	70
Col. Coal & Iron	34¼	39⅞	33¾	39⅜

RAILROAD STOCKS.	Opening.	Highest.	Lowest.	Closing.
Col., H. Valley & Tol.	20⅜	21¼	19	—
Col. & H. C. & I.	—	17	16	—
Del. & Hudson	146¼	147¼	144¼	147¼
Del., Lack. & W.	139¾	140½	134¾	135⅜
Den. & Rio Grande	—	16¼	14¾	—
Do. pref.	48	49¾	48	—
East Tenn. V & G.	—	9½	9	—
Do 1st pref.	—	70	66	66
Do 2d pref.	22	22	21	—
Houston & Texas C	—	5	2½	—
Illinois Central	—	118¾	117½	117½
Lake Erie and Western	17½	18¼	17	17½
Do pref.	63	64½	61¾	—
Lake Shore	106⅜	108½	104¼	104⅝
Long Island	90¼	90½	89¾	—
Louisville and Nashville	83¾	87¼	82⅞	85⅞
Louisville, N. Alb & Chic.	—	39¾	37½	—
Manhattan Consol	101	104	99	102
Marq. H. & O.	—	9	9	—
Do pref.	—	91	91	—
Memphis & Charleston	—	65	60	—
Michigan Central	95	99¼	94	94¾
Mil., L. S. & W	—	99¼	98	—
Do pref.	—	115⅞	113	—
Minn. & St. Louis	5¾	6¼	5	—
Do pref.	9	12	9	—
Mo., Kan. & Texas	—	12¼	9	11½
Missouri Pacific	67⅝	74¾	65¾	72
Nash., C. & St. L.	102	104½	101	—
N. Y. C., & Hudson	107⅛	108½	106⅜	107
N. Y., C. & St. L.	17	17¾	16½	17¼
Do pref.	—	71½	70	70
N. Y., L. E. & W.	27¾	28⅛	25⅜	26¾
Do pref.	66¼	67¼	62	63
N. Y. & New Eng.	44½	46¼	41⅜	43¾
N. Y., Ont. & W.	20⅞	21⅛	18⅞	19¾
N. Y., Sus. & W.	8	8	7⅛	7¼
Do pref.	—	32¼	30	30½

MISCELLANEOUS.	Opening.	Highest.	Lowest.	Closing.
Norfolk & Western	19	19⅞	19	—
Do pref.	59½	60⅝	59	60
Northern Pacific	31	32⅞	29½	—
Do pref.	74⅝	77	72¼	74¾
Ohio & Mississippi	22⅝	22⅝	21	22
Ohio Southern	—	18¾	14	—
Oregon Impt.	—	48	42	—
Oregon R. & N.	100	100¾	100	—
Oregon Short Line	53	60	51	—
Oregon & Trans-Con	33¾	35½	32½	34¼
Pacific Mail	34¼	37⅛	33¾	36⅜
Peoria, Decatur & Evansville	—	20¼	17	—
Philadelphia & Reading	39¾	41	36	38⅝
Pullman Palace Car Co.	185	189½	182	188
Rich. & W. P. Term.	21⅝	22⅜	20	20⅞
Rome, W. & Ogd.	102⅛	106½	102⅛	—
St. Louis, A. & T. H.	—	43	40	—
Do pref.	—	—	—	—
St. Louis & San Francisco	15¼	16	14⅜	—
Do 1st pref.	38	40	37	—
Do 2d pref.	90	94½	85	—
St. Paul & Duluth	—	33	30	—
Do pref.	—	84⅞	79½	—
St. Paul, M. & M.	106	113½	105	112⅞
Southern Pacific Co.	36	36½	33	34¾
Tenn. Coal & Iron	75	86	68	86
Texas & Pacific	10½	21⅜	18¾	20⅞
Union Pacific	67¾	70⅛	66⅜	68½
Virginia Midland	—	—	—	—
Wabash, St. Louis & Pacific.	16¼	16⅜	14⅞	—
Do. pref.	30⅝	32¼	29½	31¼
MISCELLANEOUS—				
Express—Adams	—	153½	149½	—
American	118	119	113	115
United States	—	87	83½	85¼
Wells-Fargo	—	142	139	—
Western Union	83¼	86½	81⅝	83⅜
Silver Bullion Cert	—	—	—	—

THE

BANKER'S MAGAZINE

AND

Statistical Register.

VOLUME XLIV. FEBRUARY, 1890. No. 8.

BANKING LEGISLATION.

Mr. Lacey, the Comptroller of the Currency, has proposed three amendments to the National Banking law, which are now under consideration by the appropriate committee of Congress. These are to authorize National banks to issue circulating notes to the par value of the bonds deposited, to reduce the deposit of bonds from twenty-five to ten per cent. of the capital stock, and to reduce the tax on circulation to one-fourth of one per cent. per year. The first of these measures was reported to the House in the last Congress, and a large majority favored its adoption. It was defeated by persistent fillibustering.

The first measure is a perfectly safe one to adopt; and the only argument that can be advanced against it, if argument it can be called, is that it will increase the National bank circulation. But there are no small number who, however strongly they may desire a more ample supply of money, do not desire to have the banks furnish it. They are willing for men to delve for gold and silver, they are in favor of free coinage, national paper money, in short, anything except a currency flowing from the banks, and from which the issuers will derive the first and largest profits. This is the source of the hostility to the measure, and it must be noted, too, that they have been strong enough thus far to have their way.

Mr. Knox, who formerly filled Mr. Lacey's position, has proposed a measure concerning the National bank circulation, which, with his explanations, appear elsewhere in the present number. He

says that it does not conflict with Mr. Lacey's plan; and in one sense it does not. Mr. Lacey proposes that the circulation shall be limited to one-tenth of their capital, and Mr. Knox proposes seven-tenths as the limit. Mr. Lacey's reason for his limit is well understood—it is to enable the banks to continue, though having only a small amount of circulation; but Mr. Knox proposes that the banks shall have a much larger amount; and for the reason that, under the plan proposed, note issuing would be profitable. Mr. Lacey's reason for note-issuing is primarily to preserve the constitutionality of the system; Mr. Knox's reason primarily is one for money-making. Mr. Lacey's plan, therefore, will be the far more popular of the two; and surely if this cannot run the congressional gauntlet there is not the smallest hope of the passage of the other. Of course, from the bank's side, Mr. Knox's plan is far more desirable; but for that very reason there is a smaller chance for it, especially in the lower house. Any plan, whoever may be the author, which has for an end a considerable increase of bank-note circulation is sure to meet with strong opposition. This is the reason, as we all know, why the bill first above mentioned has not passed; simply because the banks would fare a little better than they do now; but if this be the objection to issuing notes to the par value of bonds, certainly it will apply more strongly to any measure looking to a larger increase of bank-note circulation. Of course, it would be a good thing for the banks if they could continue to issue notes on a basis that would give them a profit, and there are many reasons why this privilege should be accorded to them. The banks in the smaller places especially need such an additional profit to make their business fairly remunerative to them. If they could extract a profit from this source, many banks, doubtless, would be started in small places which are now without these helpful institutions. When well conducted, they are helpful to the community where they are located, and therefore any fair privilege whereby their growth will be promoted should be accorded to them. But the hostility to the issuing of bank notes is so great, that, in our judgment, the wiser policy is for the banks to perfect their system in other respects, leaving this matter of note circulation quite out of sight. If they abandoned it they would be in a more favorable position to secure other amendments and reforms needed to perfect the existing system. The difficulties which they now encounter would speedily pass away. It is singular that bankers do not more readily perceive this, though many of them do, and are quite willing to abandon this feature of the system.

Of course, it is said that more currency is needed, and therefore the banks should furnish it; but if Mr. Windom's silver scheme is adopted, then a very considerable increase will come in the form

of bullion certificates. This must be taken into account by those who are asking for more circulation. It is too early to form a judgment, but surely the current of favoring opinion is swelling Like every new plan, no one can forecast its effects; but if adopted the father of the plan will execute it, and we can with reason hope that he will do everything possible to make it successful. Within a year or two the results will probably be known. One of the grave objections to the scheme is the wide latitude of authority delegated to the Secretary; but there seems to be no escape from giving him less. Should the bill become a law, it will then be known in due time what checks and preventives ought to be imposed on the Secretary's discretion. We repeat, then, if this bill becomes a law and the circulation is expanded in this new form, there is less need of increasing the bank-note circulation. The additional bullion certificates would be quite enough to supply the needs of our rapidly growing country.

It is true, perhaps, that this increase would not be sufficient to supply the legitimate wants of the whole country and those of the speculators. If the Government should undertake to supply money enough to meet speculative wants it would have a great business on hand; but we contend that its duty is fulfilled when all the money needed by the legitimate business of the country is supplied. The great cry for money which is raised every autumn comes largely from the speculative classes, and for speculative purposes. We do not think the Government has any function to perform in feeding them. If there is not money enough to go all around, then the remedy should come, not by attempting to issue more, but by depriving those, if possible, of money, who make a wrong use of it; this we think is the wiser method of proceeding. It is well understood that the speculators every autumn borrow, partly to prevent others from getting money, and thus tightening the money market. So long as this sort of thing is done there is no use in trying to ascertain how much money is wanted with the hope of meeting the demand. It is possible for the Government to issue so much that the speculators would not again attempt to corner the money market. This, indeed, would be a blissful way of solving the question, but it is not a method born of wisdom. The more rational method is to restrict, so far as practicable, the use of money to real purposes; and if this were done, there would be fewer attempts to corner the money market, and no cry of tight money, or demand for a new supply.

A REVIEW OF FINANCE AND BUSINESS.

A DISAPPOINTING BEGINNING OF THE YEAR.

December was a poor month in general business, due in part to unseasonable weather, and in part to the conditions explained in our last, which seem still to be, both more important and permanent factors than the weather. All have continued to have their effect on general trade, and the dividing line of the new year has proved to be as imaginary as the parallels of latitude, which one crosses without knowing it. So those who consoled themselves through the stagnation of December that when they got into the new year business would pick up, have crossed the line between 1889 and 1890, to find not only the same conditions, but "more so." The prospects for improvement are improving, naturally, as the season of spring trade advances; yet they are by no means brilliant, except in a few branches, especially circumstanced. How this could be otherwise, with those who have had no winter trade because of the spring weather we have had all winter, it is difficult to see. The railroads have had the benefit of the mild weather which has given them the maximum winter traffic, together with the free movement of large crops, and the minimum of expenses without snow blockades and freshets, or interruption to traffic and damage to roadbed and property, instead of the maximum of expenses and the minimum of traffic, as usual in the winter. This is true of every system in the country, except the Pacific roads, which have suffered severely from these causes the past month, and some of the far northwestern roads. The iron industries have also made a good beginning of the new year, being carried over on the wave of prosperity from 1889. Hence there is no change nor new feature in either of these great interests. Neither in coal nor the woolen and woolen goods trades to which this unprecedentedly mild winter has been more of a curse than it has blessing to the iron trade and railroads. The losses of the two former may therefore be deemed to fully offset the extra gains of the two latter, and eat into their regular earnings, leaving a balance on the wrong side of the general prosperity balance sheet. Add to these unusual losses, those calamities of last summer by flood, and of last fall and this winter by fire, and last, but not insignificant, those by sickness and death from the prevalence of epidemic throughout the country, and it is no wonder that the new year has made a "bad beginning." Without being able as yet to see bright prospects of a "good ending," there is this consolation, that it cannot be much worse; for prices are too low and trade

too stagnant to furnish panic conditions, except in the injury to credits from slow collections and their losses. These have got to be made up, and those enormous losses of the past year paid, before we can look for general prosperity. Yet we are at so low an ebb that any change is likely to be for the better. This is about all that can be said of any of the other great industries not named above.

THE STOCK MARKET

has felt the influence of the January dividend payments, and has been creeping up in values and widening out a little in volume of business, helped on by the mild winter and abnormal winter earnings of the railroads, barring the coal stocks. Even they have improved on the general tendency to higher prices, and on a very heavy short interest. But the latter do not hold their gains, as the distrust of both their prospects, their condition and their management since the mask has fallen off the Reading directory, has frightened investors away from, if not out of those stocks, and many of their junior bonds. The move in the courts to oust the Corbin management is another straw on this poor old Reading camel's back, that must break at last, as all its friends want to get on and ride, instead of help it carry its load.

THE GRANGER RAILROAD FEUD.

In the early part of the month it looked as if the old feud between the Granger roads over the live stock rates from Kansas City to Chicago would precipitate a general Granger war. But it has not. The Chicago & Alton on the 25th of December gave notice that it would put the following cut rates on cattle into effect: East St. Louis to Chicago, 9 cents per 100 pounds; Kansas City to East St. Louis, 7½c.; all points in Missouri to Chicago, 12½c.; to St. Louis, 7½c. This caused greater dismay among the roads between Chicago and the Missouri River than anything that has happened since the Interstate Association was formed. Although the Alton had threatened to establish such a rate if the irregularities practiced by some of its competitors were not stopped, no one believed that it would actually do so. Hence it was feared that the most disastrous rate war of recent years was inevitable; and the opinion prevailed that, no matter what action was taken, the rates from all Missouri River points and all points east thereof would ultimately have to be reduced, to bring them in line with the 12½c. rate from Kansas City. Yet this is about all that has been heard from this rate war, and the threat is supposed to have had the desired effect, and averted it, as those stocks have been advancing until the end of the month, when they fell back on the formal announcement of the withdrawal of the Union Pacific and Northwestern from the Interstate Railway Association. Governor

Thayer, of Nebraska, has written a letter to the managers of all lines of Nebraska, railways, urging a temporary reduction of the freight rates on grain, so that the immense crops of that State might be moved to the markets with some profit to the producers, as present prices do not pay cost of raising them.

CONDITION OF THE ANTHRACITE COAL TRADE.

Although much has been made of the week of winter weather experienced the past month, the anthracite coal trade is in no better condition. Figures speak plainer than words, and here they are in the official comparative statement of the production of anthracite coal for the month of December and the year ending December 31:

December.	1889.	1888.	
Wyoming	1,392,029	1,524,578	—132,549
Lehigh	482,664	519,174	—36,510
Schuylkill	861,040	660,169	+200,871
Total	2,735,733	2,703,921	+31,812
From January 1 to December 31:			
Wyoming	13,647,925	21,852,365	—9,204,440
Lehigh	6,285,420	5,639,236	+646,184
Schuylkill	10,474,364	10,654,116	—179,752
Total	35,407,749	38,145,717	—2,737,968

Stock of coal on hand at tidewater shipping points, December 31, 1889, was 1,026,107 tons; on November 30, 1889, 771,334 tons; increase, 254,773 tons. Amount on hand December 31, 1888, was 652,156 tons. Of the total production in 1889, 52.67 per cent. was from Wyoming region, 17.75 per cent. from Lehigh, and 29.58 per cent. from Schuylkill. Eastern competitive tonnage, including all coal which for final consumption or in transit reaches any point on Hudson River or Bay of New York, or which passes out of capes of the Delaware: 1889, 12,217,862 tons; 1888, 13,657,604 tons.

Statement of shipments of anthracite (approximated) for week ended January 11, 1890, compared with same period last year:

	1890.	1889.	
Wyoming	209,688	316,834	—107,146
Lehigh	106,756	152,877	—46,121
Schuylkill	179,460	195,228	—15,768
Total	495,904	664,939	—169,035
From January 1	941,806	1,042,505	—100,699

\+ Increase. —Decrease.

THE INSIDE FIGHT IN THE SUGAR TRUST.

The rumors so long afloat of trouble among the insiders of the Sugar Trust stockholders, and its effect on the price of the stock, seem to be confirmed by the following from the Boston *Commercial Bulletin* of January 25.

"The shrinkage in Sugar Trust values has been due in a very large degree to the stock-jobbing operations of Theodore Have-

meyer, one of the trustees, and the richest of the refiners. He has, it is estimated, made an enormous amount of money by steady selling of his holdings. Some of the Boston people most heavily interested have refused to believe the accusations of stock-jobbing until within a fortnight. "Havemeyer was asked to explain, and came to Boston this week to do so. A meeting of the trustees was held in New York Thursday and Friday, and an attempt was made to oust Havemeyer. If an amicable settlement is not arranged, Havemeyer, who is the best sugar-refiner in America, and the richest, could seriously embarrass the Trust by competition." This is the last source of danger apprehended by those who invested their money in this stock last summer at 100 per cent. higher than recent prices, when the warning was made in these columns, that the insiders were unloading. Now the head and front of the Trust seems in shape to step down and out of it, and fight it from the outside. This would be a fool's revenge with a vengeance.

THE MONEY MARKET.

The enormous January disbursements noted in our last laid the ghost of a tight money market effectually, after the few early days of the month, and have since been reflected in the bank statements, which, on the 25th, showed an increase in the surplus reserve of over $7,000,000, and brought that fund up to $15,000,000; with this there was a decrease in loans of $3,200,000, and the total of loans stood at $400,000,000, while the net deposits were up to $423,000,000. The stock market had been rising while the loans were called in, which was one of the most significant features of the statement. For a long time previous it had been the other way. Whenever the banks contracted the stock market suffered. It may have been that the Wall street loans were not touched, and the reduction has been of loans outside. Sixty-day time money has been freely offered at 3 per cent., and three months' money at 4 to 4½ per cent. during the latter part of the month, while the rapid gain in specie near the end of the month by the Bank of England eased the English money market, which worked closer with higher rates during the month than our own. A special London cable stated that the Bank of England has begun to issue one-pound notes, based on the deposit of silver, but special private advices deny this, and state that the matter is still only under consideration.

The demand for mercantile paper has increased, and first-class double names are quoted at 5½ to 6 per cent. The foreign money markets have all ruled easier, discounts in London having declined to 4¼ to 4½ per cent. The currency movement has been in favor of this center, and the Treasury operations have resulted in large

gains to the banks, which are reflected in the increase of $7,250,525 in the surplus reserve, which is now $15,031,650, against $7,781,125 last week, $20,014,800 for the corresponding week in 1889, $23,258,825 in 1888, and $22,298,450 in 1887.

BONDS.

A dispatch from Washington says the Secretary of the Treasury will issue a call on the national bank depositaries for 10 per cent. of the public deposits held by them, payable about March 1. The banks now hold $32,202,500 of public money, so that the call is practically for $3,200,000. The reduction has been from about $49,000,000 in July which included the amounts of disbursing officers' balances.

Sterling exchange has ruled stronger but dull, with a small supply of commercial bills, as exports have not been so heavy as in December, when they were the largest for several years. The Treasury bond purchases have been quite free, but otherwise the market for United States bonds was dull, and on the announcement that the Treasury would cease purchases of the 4 per cents, the price of those bonds declined to 123½ per cent.

PRODUCTION OF PRECIOUS METALS FOR 1889.

The annual specie statement by Mr. Valentine, of Wells, Fargo & Co., has more interest than usual. His estimate of products of the United States, after deducting amounts shipped from British Columbia and the west coast of Mexico, is as follows for the past ten years:

	Lead.	*Copper.*	*Silver.*	*Gold.*
1880.....	$5,742,390	$898,000	$38,033,055	$32,559,067
1881.....	6,361,902	1,195,000	42,987,613	30,653,959
1882.....	8,008,155	4,055,037	48,133,039	29,011,318
1883.....	8,163,550	5,683,921	42,975,101	27,816,640
1884.....	6,834,091	6,086,252	43,529,925	25,183,567
1885.....	8,562,991	7,838,036	44,516,599	26,393,756
1886.....	9,185,192	9,276,755	52,136,851	29,561,424
1887.....	9,631,073	10,362,746	50,833,844	32,500,067
1888.....	11,263,630	18,261,490	53,152,747	29,987,702
1889.....	14,593,323	14,793,763	64,808,637	32,527,661

There has been no increase in gold production during the ten years, until the last year when it increased $2,500,000. The decrease last year in copper is considerable, but it is about balanced by the increase in lead. The greatest change is in silver, which Mr. Valentine reports as no less than $64,808,637 in value, against $53,152,747 in 1888. This is an increase of $11,656,000 during the last year alone, and $26,800,000 in ten years, or over 70 per cent.

The total increase in production of the precious metals since 1880, according to Mr. Valentine, has been from $77,232,512 to $126,723,384, or nearly 50 millions in nine years. Nearly 9 millions of lead and 14 millions of copper have been added, with 27 millions of silver but no gold. The same statement also shows the

production of Mexico, which was but $1,040,000 gold, hardly $100,000 more than in 1879-80, but $40,706,000 silver, against $26,800,000 in 1879-80, an increase of $13,900,000, or more than 50 per cent. But Mexican coinage of silver has meanwhile increased scarcely a million. The exports of silver bullion were about $26,700,000, and Mr. Valentine shows that the exports to Japan, China and the Straits from San Francisco were $18,423,398 during the year. The coinage of silver in 1889 was $35,496,683 in nominal amount, or less than 30 millions in commercial value.

THE PRODUCE MARKETS

have been more depressed and stagnant for January than they were in December. Instead of a "January boom" we have had a new year's liquidation of the Bulls, as we had a year ago, only less severe, because we started from a low basis this year, instead of a high one, as last. We have now about reached the lowest prices ever known in these markets on the whole list of breadstuffs, and in most cases we have broken all records for this season of the year. This is due to the large crops, slackened export demand in chief, but in part also to the open winter, which has permitted the largest winter movement of crops ever known. Europe, which seemed ready to come in and take all these staples, as fast as it could get ocean freights, has been scared off by our decline, and is only buying as compelled, in the face of reduced stocks and lighter supplies from other countries than usual, except this. Prices have now got so low that the poor farmers of the West are stopping shipments when they are not compelled by necessity to make them, as the more they sell at these prices the poorer they get, for they do not pay cost of production. Such prices are a national calamity, and more than eat up all the benefits of our enormous crops, of which the railroads and the consumers get all the benefit. Yet, like the merchant involved in debt, and "robbing Peter to pay Paul," they cannot stop raising crops; for if they do they cannot get anything to pay interest with, and would lose their farms, as the merchant would be unable to meet his bills if he did not keep buying on time at a premium, and selling for cash at a discount. The end in either case will be the same, though it may not be so soon reached in the case of the farmer. But it is only a question of time unless some relief is afforded, when the farmers of this country as a class will become tenants, as they are compelled to compete with every country in the markets of the world, while it costs them more to produce their crops than their successful competitors. The provision markets have taken the upward tack, however, since the new year, with cotton and railroad stocks; but it has been due to speculation in all these cases, and in provisions it has been led by the great Chicago packers, who have turned

Bull, after bearing hog products for a year, with the purpose of getting prices up on the spot in order to sell next summer's manufacture in anticipation of the largest summer supply of hogs on record, as a result of two of the largest corn crops ever raised two years in succession, and of the most favorable winter for breeding experienced in the history of the trade. But so far they have piped and only the shorts have danced, as the public sees a person of color in the packer's wood-pile, and has not bought. Of the other markets there is little of importance or interest to be said, except, like general trade, they are stupidly dull.

THE COTTON MARKET.

This market has enjoyed a return of life and speculative activity quite unexpected the past month, due to decreased receipts South, heavy exports, light stocks and reduced crop estimates, which caused an active Bull speculation first in Liverpool, then South and finally in this market. Exports continue large, and are now 600,000 bales in excess of last season. Total port receipts since September 1 are 4,876,000 bales, against 4,366,000 bales last year, and total exports in the same period amount to 3,600,000 bales, against 3,002,000 bales last year. The visible stocks in this country at the ports for the third week of January are 656,000 bales, and at the enumerated interior towns 322,000 bales, against 910,000 and 374,000 respectively last year, showing a deficit of 306,000 bales in the available supply, as compared with the latter date. The supply for Liverpool and London was then 1,217,000 bales, of which 983,000 were American, against 877,000 and 721,000 same date last year. The New York stock in warehouses was then 116,000 bales, against 192,000 last season. Sales of futures have been running 200,000 to 250,000 bales a day, and the South has been a heavy buyer. At the end of the month there was a sharp break on realizations.

THE PETROLEUM MARKET—NEW FIELDS AND OPERATIONS.

There has been great excitement in the oil fields the past month over new discoveries, which, if as great as believed, indicate that we are on the eve of an old-time oil fever. In Butler County, Pennsylvania, there has been a great scramble for leases in the vicinity of the new Taylor well, which is in advance of development, and for which $55,000 was refused. In the vicinity of Oil City and Franklin, small wells are being bored as a matter of straight business, devoid of speculation. Of these wells an Oil City correspondent writes as follows; "They once cost $3 to $4 a foot for boring. Now they are drilled at 45 cents a foot, all depths within 700 feet. Counting the cost of a derrick, an engine house at $400, a well 700 feet deep can now be had for $715.

Even a five-barrel well will pay to operate at this cost, and where several can be pumped with one engine the return is correspondingly greater. One 30-horse power engine is reported pumping sixty wells. Wells are being drilled deeper in all the old fields, and they are to be 'worked for all they are worth.' During 1889 there were completed 5,550 wells, against 1,504 in 1888. Of this number, 830 were dry holes, against 372 dry holes in 1888. The record of wells completed during 1889 is 280 more than in 1880, which was the most active previous year in the field. The lowest price for the year was 79½ cents a barrel on April 23, and the highest $1.12¾ on November 8 and 14. It is now steady around 107 with a quiet market, the excitement not yet having reached the market. The latest new discovery and excitement is over the striking of a 'gusher' at Johnstown, this State, while boring for natural gas."

THE NORTHWESTERN LUMBER TRADE FOR 1889

makes the poorest exhibit in a long time, and one which reflects the impoverished condition of the agricultural classes in the Northwest, who are the largest consumers, although other reasons combined to produce the result. The *Mississippi Valley Lumberman* makes the total product of the Northwest for the year, 3,467,436,593 feet, or a falling off of 756,401,775 feet from the product of 1888. Low water and the general dullness of trade are given by it as the chief reasons for the reduction in production.

OUR EXPORT TRADE IN GRAIN.

The export movement of breadstuffs has not been so heavy as in December, though liberal, chiefly on old purchases. But the December statement was the best in years. According to the Government report, the export of flour, wheat, and corn from the principal Atlantic and Pacific ports of the United States for the month of December, as compared with the same month of 1888, 1887, and 1886, was as follows:

	Flour, barrels.	*Wheat, bushels.*	*Corn, bushels.*
1889	1,122,603	6,096,105	6,421,351
1888	704,388	3,988,559	5,272,108
1887	1,149,836	4,226,316	2,178,973
1886	943,358	7,981,731	3,320,225

The export for six months ended December 31, 1889, as compared with the corresponding time of 1888, 1887, and 1886, was as follows:

	Flour, barrels.	*Wheat, bushels.*	*Corn, bushels.*
1889	5,927,137	28,365,393	33,566,500
1888	4,880,150	28,946,295	21,794,428
1887	6,201,972	44,604,559	12,545,030
1886	5,551,444	51,585,564	17,057,570

The export of oats for January, however, will be larger than on record, and of corn also large.

FINANCIAL FACTS AND OPINIONS.

The Windom Silver Bill.—Secretary Windom's plan for issuing silver bullion certificates is rapidly growing in public favor. Every scheme of the kind is usually received with disfavor in the beginning. Persons have the same kind of feeling about it which a publisher has about publishing a new book. The worst features are usually first seen, while the merits are not so apparent. One thing to keep clearly in mind is that this is not regarded as a perfect scheme, but simply as a better measure for continuing the use of silver as money than the existing one. This is its true nature—an improvement over the present method of using silver as money, legalizing the value of anything used as money much beyond its market value. By this scheme, the representative of value truly represents the market value of the thing represented. It is therefore an honest scheme in every respect. It is perfectly true that the silver dollar is worth over seventy cents in gold, and an objector to paper money may say, "After all, is not a silver dollar, which contains at least this much of real value, better than a paper dollar, which rests purely on the faith of the Government or of the issuer?" The constant cry that the Government is coining silver dollars that are of no use to the public or to anyone, is wholly wrong. for the Government is issuing certificates against them, and these certificates represent a market value of at least three-fourths the amount they represent. There is no mistake about this. Every one understands that value to this extent is in possession of the Government and can be demanded for the certificates. But the bullion certificates are still better, for the reason that they are a correct representative, and this is the great merit of the scheme. The greatest fear seems to be that silver will come from abroad; but, as explained in our issue last month, we cannot understand why it should. The nations of Europe need silver as well as the United States. Large quantities are needed in the arts, and for other purposes. If the Government pays no more for silver than other purchasers, why should it come here? As for the millions of silver money now in circulation in Europe, why should the owners demonetize it and bring it here and sell it as bullion, at a heavy loss? We should not forget that silver money abroad is circulating at its legal value as well as the silver money here. Therefore we perceive no reason why foreign silver coin should be demonetized and brought here and be sold as bullion. It is true that the German Government did go into the silver demonetizing business for a short time, but since that costly performance no other nation has

indulged in the luxury of throwing away a part of its money. The German Government seemed to feel big enough after the Franco-German war to do anything, even to throwing away its silver money; but we imagine they have often wished since that they had it; at all events, no one has heard for a long time of their demonetizing a single piece; nor have we any fears that they will ever repeat this miserable experiment; and what applies to Germany, applies with equal force to France and other nations.

Banking in the South.—The *Tradesman*, in a recent issue, contains a very interesting statement of the increase of wealth in the South. This statement must have cost no small labor, and the figures are probably as accurate as they can be, under the possible conditions relating to collecting them. Among other statistics are those relating to banking capital in the South. The following table is presented:

BANKS, STATE AND NATIONAL, IN THE SOUTHERN STATES.

State.	*No. Banks.*	*Capital.*	*Surplus.*	*Total.*
Alabama	62	$6,739,000	$1,275,000	$8,014,000
Arkansas	55	3,007,400	465,000	3,472,400
Florida	46	2,265,000	305,000	2,565,000
Georgia	90	21,450,000	4,500,000	25,950,000
Kentucky	189	31,085,100	6,625,000	37,710,100
Louisiana	20	6,690,000	2,185,000	8,875,000
Mississippi	51	3,752,000	410,000	4,162,000
North Carolina	46	3,799,500	972,000	4,771,500
South Carolina	60	2,779,000	1,580,000	5,379,000
Tennessee	139	14,208,000	2,620,000	16,828,000
Texas	214	21,094,000	3,720,000	24,814,000
Virginia	104	7,737,000	2,162,000	9,899,000
Total	1,086	$125,606,000	$26,819,000	$152,425,000
January, 1888	921	115,393,100	25,160,537	140,553,637
Imp't during 1889	165	$10,212,900	$1,658,463	$11,871,363

From this the reader will perceive how rapidly banking capital has increased, especially during the last year. Of course this has come from all sections and in obedience to the requirements of trade and the general development of the country. These figures are hopeful concerning the future of that great section of our Union.

Banking in New York.—From the report of Hon. Charles M. Preston, who was recently appointed Superintendent of the Banking Department of New York, it appears that the net increase in banking capital during the fiscal year ending September 30, 1889, was $2,620,000. The capital of the banks organized during the year aggregated $2,675,000; that of the banks which closed during the year amounted to $255,000. The increases in the capital of banks previously organized were $300,000, and the decreases $100,000. Twenty-two new banks were authorized to do business during the year, with a total capitalization of $2,675,000. Ten of these, with

a capital of $1,500,000, are located in New York city and Brooklyn, the other twelve being outside the two great cities, in various parts of the State. Three National banks were also organized, having a capital of $315,000. The following table, containing some of the principal items of liabilities and resources of the State banks for each of the last twenty-four years, is worth giving:

Date.	*Capital.*	*Due depositors on demand.*	*Loans and discounts.*	*Profits and surplus.*	*Total resources.*	*Number of banks.*
September 29, 1866.	$15,443,477	$40,573,591	$37,420,710	$4,579,440	$72,632,003	85
September 28, 1867.	14,696,189	34,954,790	35,413,421	5,125,540	61,133,661	61
September 26, 1868.	14,578,260	40,980,922	39,455,487	5,758,181	67,886,319	44
September 25, 1869.	18,205,924	60,517,891	47,743,597	6,805,689	92,382,091	55
September 24, 1870.	19,759,810	46,535,437	46,435,920	7,384,299	79,281,601	59
August 26, 1871.	23,061,020	61,908,371	56,318,799	7,628,050	100,421,820	69
September 21, 1872.	24,845,040	75,491,383	66,076,361	8,624,172	117,858,811	70
September 13, 1873.	26,958,890	70,733,491	71,073,544	9,256,782	116,536,734	80
September 26, 1874.	26,336,290	62,471,306	66,435,729	9,754,938	111,180,340	81
September 18, 1875.	24,915,090	61,834,937	68,191,919	9,504,764	107,071,918	84
September 23, 1876.	24,463,317	56,774,912	63,062,801	8,586,096	100,759,644	84
September 22, 1877.	22,729,100	54,002,718	57,906,952	7,702,600	93,385,429	81
September 21, 1878.	20,568,200	50,540,621	51,626,029	7,230,252	86,655,670	75
September 13, 1879.	19,353,200	52,259,589	51,174,579	7,236,465	86,693,182	73
September 18, 1880.	18,738,200	61,795,773	66,179,259	8,058,180	99,850,755	68
September 24, 1881.	19,025,700	75,717,130	74,745,135	8,928,175	113,463,572	72
September 30, 1882.	18,805,700	82,050,980	80,248,514	9,657,702	122,563,460	76
September 22, 1883.	21,761,700	113,914,963	96,338,963	11,146,418	160,716,393	84
September 20, 1884.	22,150,700	100,560,334	92,110,967	11,792,902	157,446,275	89
September 12, 1885.	22,350,700	116,774,018	97,928,129	11,605,775	167,667,499	92
September 18, 1886.	22,095,700	130,416,652	110,539,711	12,689,267	179,247,274	95
September 17, 1887.	23,330,700	139,035,151	118,539,965	14,316,628	190,954,547	105
September 22, 1888.	25,565,700	155,926,396	131,302,111	16,586,457	217,398,717	130
September 7, 1889.	28,235,700	177,528,422	144,640,830	19,057,464	245,163,888	149

Canadian Bank Charters.—The Canadian bank charters expire on the 1st of June, 1891, and an Act for their renewal is likely to be introduced into the coming session of the Dominion Parliament. The principal questions under discussion, so the Canadian *Journal of Commerce* says, relate to the security for bank notes, their redemption at par over the Dominion, and the securing of the public from loss in the event of bank suspension. It is affirmed that the present system affords ample security for note-holders; that the circulation is a first lien on the assets of a bank, and that these are ample security in all cases.

The second question is not regarded as a very important one, as notes are current all over the Dominion except those of some of the smaller banks, which do not pass currently outside of their own provinces. The third question seems to be the more important one of the three.

Another question, however, relates to the cash reserves. At present, the banks exercise their own judgment with respect to

the amount which they may hold, and thus far there seems to have been no disposition manifested, as we understand, to keep too little. But, of course, there is danger of abuse when the banks are left wholly to fix the amount of reserve themselves; on the other hand, it is desirable to give them all possible freedom consistent with properly securing the public against loss. The great question is to give them the largest measure of freedom on the one hand, and the public the largest amount of security on the other.

Another question relates to the right of taking mortgages on real estate as security. This was one of the most serious questions under our National Bank system. It was feared that if the banks had the right of taking mortgages, they would, either through foreclosure or otherwise, become the holders of real estate, and thus in time they would become large landholders. This fear was so great that the banks are absolutely prohibited from making loans secured by real estate. The only cases in which it can be taken are for debts previously contracted. With the growth of years, people seem to have recovered from this fright. While the banks are not permitted to take such security, yet, if they do so, their violation of the law is no defense to a borrower. He must pay just as though the law had not been violated; but the infringement is a proper cause on the part of the Government to revoke or take away a bank's charter, if it chooses to do so.

Lastly may be mentioned the renewal or the granting of new charters. Says *The Journal of Commerce*: "Shall the Legislature follow the United States system, and grant charters to small banks without the privileges of issuing notes or establishing branches, or shall the Scottish model be continued as at present? In the latter case it might be well to insist upon a much larger amount of paid-up capital before a new bank is allowed to go into operation. If a paid-up capital of say $1,000,000 was required in future before a new bank could begin business, the best possible guaranty would be provided against such failures and suspensions as have occurred during the last twenty years."

The Coinage of Silver Dollars.—Whatever may happen to Secretary Windom's plan, the uselessness, nay, waste, of coining more silver dollars is very apparent. On the first of January, $61,266,501 were in circulation. Four years ago the amount was $61,117,409, and three years ago $64,222,818. A small increase usually occurs each fall, and then a rapid decrease early in the next year, but the amount in actual use is practically not greater than it was four years ago, and less than it was three years ago. Yet in four and a half years the silver certificates in circulation have increased

from 87 to 283 millions. The coinage at the rate of 34 millions yearly is utterly useless for the purpose of supplying coins to the circulation, since no more are needed or taken.

Failures in Business.—The following instructive table of failures in business is taken from the *Commercial and Financial Chronicle.*

	Number of Failures.	*Number in Business.*	*Proportion Failures to No. in Business.*	*Liabilities. Total.*	*Average.*
1889.....	10,882	1,051,140	1 in 97	$148,784,337	$13,672
1888.....	10,679	1,046,662	1 in 98	123,829,973	11,595
1887.....	9,634	994,281	1 in 103	167,560,944	17,392
1886.....	9,834	969,841	1 in 98	114,644,119	11,651
1885.....	10,637	919,990	1 in 86	124,220,321	11,678
1884.....	10,968	904,759	1 in 83	226,343,427	20,632
1883.....	9,184	863,993	1 in 94	172,874,172	18,823
1882.....	6,738	822,256	1 in 122	101,547,564	15,070
1881.....	5,582	781,689	1 in 140	81,155,932	14,530
1880.....	4,735	746,823	1 in 158	65,752,000	13,886
1879.....	6,658	702,157	1 in 105	98,149,053	14,741
1878.....	10,478	674,741	1 in 64	234,383,132	22,369

The causes of these failures are many. Dry rot will probably account for a fair share of them; but, as the New York *Journal of Commerce* remarks, speculation is the more general cause. This is indeed, one of the unhealthiest signs of the times. Merchants are engaged in a most useful calling in assembling products together and thus economizing the time of buyers. But when they abandon this pursuit and attempt to make money by simply taking it from another, by speculating on the rise and fall of values, then they are performing a harmful service to the community. They have always been doing this to some extent; but unhappily there are strong evidences that the merchants of to-day, like others, are becoming demoralized, and too often are seeking in wrongful and short methods to make a living, rather than by following a pursuit that would be helpful to the country as well as themselves. How long are these things to continue?

Counterfeiting Silver.—A queer story has been in circulation within a few days concerning the counterfeiting of American silver dollars in Mexico and of putting them into circulation in this country. It is reported that about five millions have been thus manufactured in Mexico and imported into this country, and that they are a good coin, containing about seventy-two cents worth of pure silver. The imitation is said to be perfect. On the other hand, the story is flatly contradicted. It is said that their manufacture cannot be made in such a way as to defy detection. A five-dollar gold piece was counterfeited a few years ago by annealing a piece of steel till it became very soft, and then an impression was put upon it from the genuine coin, but this cannot be done in counterfeiting silver dollars, because they are too soft and too large. Probably we shall know the truth of this story in a few

days. If a counterfeit could be made and passed defying detection, it would be a very dangerous thing, for the profit from the buying of silver at seventy cents on the dollar, and coining it into a piece worth a hundred, would be great enough to induce counterfeiters to work energetically at the business. It is to be hoped that there is no truth in this story.

Gold and Silver in India.—The net import of gold to India last year was 281⅓ lakhs, and of silver 924⅔ lakhs. During the thirty years since 1859, says Mr. O'Conor, India received and retained of the precious metals £113,250,000 of gold and £227,000,000 of silver, all the gold being practically withdrawn from circulation, to be hoarded or converted into ornaments. Altogether since 1834 Mr. O'Conor estimates that £442,000,000 of the two precious metals have been received and retained by India.

International Silver Certificates.—The Philadelphia *Press* has made a suggestion concerning the use of silver certificates that is worthy of attention. It declares that "if the Pan-American Conference would determine on some uniform unit of money for the nations concerned, and provide for some international system for receiving and handling it by certificates, as is already done by the three Scandinavian countries, a great step would have been taken for the freedom of exchange, and a new field offered for silver. South America has about the trade with the world that India has, and, like India, it is at a disadvantage in its trade on account of its silver basis of value. Without risking our own gold standard, the United States could aid its own trade and the appreciation of South American currency by entering on some plan for the joint coinage and exchange of a common unit of value."

Silver Notes in England.—Of late, much has been said about the issuing of one pound notes in England, payable in silver. First it is said that the Bank of England would issue them, and then, that the Government would be wholly responsible for the measure. It has also been said that the Government has bought silver for this purpose, and that this is the explanation for the recent advance in the price of silver in Great Britain. On the other hand, the story seems to be denied both by the Bank of England and by the Government officers. It would seem though, from several indications, that there must be a scheme on foot for the use of silver in an enlarged way. The issuing of one pound notes is an old scheme, which has been discussed for years. The English people are becoming more and more convinced of the need of increasing their metallic circulation. They are beginning to see that there is not gold enough to supply themselves and foreign

nations with gold loans, hence the need of resorting to silver. We have always believed that the time would come when Great Britain to some extent would enlarge the use of silver. The issuing one pound notes payable in silver, would be a step in the right direction. It is said that one-half sovereign pieces are likely to be payable in silver instead of gold. In all this talk, there is likely to be a grain of truth, which we shall learn in due time.

Payment of the National Debt.—The decrease of the public debt during the last six months was only $23,693,710. These are very different figures from those which we have been accustomed to read. The amount is so small that it leaves no surplus worth mentioning. Unless the returns for the next six months shall be much larger, nothing outside the sinking fund requirement can be paid. Furthermore, there are some huge claims pending; there is another expensive soldier bill pending, which will absorb many millions. Then there are large sums for public buildings and revenues that must be refunded. Then the ordinary expenditures for pensions are increasing. In view of these heavy outlays, Congress should go very slow in changing the tariff with a view of reducing the income of the Government. The Secretary of the Treasury has stopped buying four per cent. bonds, for lack of funds. Furthermore, production has become so great that importations have greatly declined, so that there will be a much smaller revenue from this source. If Congress should amend the tariff laws in such a way as to stop the huge frauds that have been practiced since 1883, through under-valuations in textile goods, more would be made at home and less revenue would flow in from that quarter. Let these things be done, and we imagine that the surplus would diminish to a point so low that Congress and the country would be confronted with no serious difficulty concerning its future disposition.

Pacific Railroad Debt.—Congress has made slow work in providing for the extinction of the Pacific Railroad indebtedness to the country. The chief difficulty seems to be with the Central Pacific Railroad. The measure introduced by Mr. Outhwaite for the settlement of the indebtedness of the Union Pacific, as we understand, is quite satisfactory to the committee of Congress as well as to the representatives of that road, and is likely to become a law. The chief features of the plan provide that an amount of money which, if put at interest on July 1, 1888, at 3 per cent. per annum simple interest, would equal the entire sum due from the corporations when the debt matures, after making proper allowances for the payments already made. It takes the sinking fund in part payment of this sum, and makes the com-

panies give their bonds for the balance, bearing interest at the rate of 3 per cent. payable semi-annually, and requires them to pay a portion of these bonds every six months, so that at the end of fifty years the entire debt will be paid. It requires the companies to give a contract mortgage upon all their property of every kind to secure these bonds and make proper provision for foreclosure, while it permits the companies to take up and pay the whole or any part of the bonds at any time if their financial condition makes it possible for them to do so. What may be the outcome of negotiations with the Central Pacific is uncertain. The present Congress seems quite determined to grapple with the subject, and it is hoped, both for the sake of the Government as well as for the companies, and also for those who have made so much from these enterprises, that a plan will be adopted satisfactory to both parties. It is said that the Central Pacific is not so profitable as the Union Pacific, and therefore more time must be given to it for the extinguishment of its indebtedness. The Government can well afford to give more time if need be, but this is no reason for postponing the adoption of a plan whereby both the Government and the railroads shall know what is to be done and expected. Whatever risks Messrs. Stanford, Huntington and others incurred in the beginning, they certainly have been amply remunerated, and no reason exists why they should not be required to pay the Government in proper time.

Profit Sharing.—The only way to make a permanent peace between employed and employer is to give the latter a fair share in the profits. Whenever this is mentioned to an employer, however, he is very apt to say that such a division is impracticable, but as soon as the disposition to do it is manifested a way has usually been found. The formation of joint stock companies is peculiarly favorable for the execution of such a scheme. Ways are found for transferring a portion of the stock to the employed, on pledge or otherwise, whereby he can receive the dividends and thus obtain his share of the profits. One of the latest of these schemes has been adopted by Mr. Douglass, of Brockton, Mass., who has turned his shoe manufacturing business into a stock company, in which he will retain a controlling interest and offer the remainder to his workingmen. In addition to receiving full wages, they will become participants in the profits, and thus interested not only in getting their daily earnings, but also in the success of the enterprise. In other words, under this plan all will become true partners in the business. We have no doubt that, in the coming years, our manufacturing and railroad companies will join in the movement. No one imagines that these

changes will be made in a day, but they will multiply. This is the true solution or final stage of the labor question. First, slavery, in which the employed received nothing; secondly, a fixed wage, in which he received regular pay; thirdly, participating in the profits, thus taking his ranking beside his employer in the joint work of production.

THE AUTHORITY AND LIABILITY OF BANK OFFICERS.*

DIRECTORS.

SEC. I.

THEIR AUTHORITY AND DUTY.

By statute in New York no conveyance can be made by a bank of its real estate exceeding the value of one thousand dollars, unless authorized by the board of directors; but, if made, is not void in the hands of a purchaser for a valuable consideration, and without notice. The object of this statute was to restrain officers from making such conveyances, but did not abridge the authority of the directors either to make them or to ratify those improperly made by the officers. In the language of Judge Comstock: "The precise object of the statute was to prevent fraudulent and improper transfers of the corporate effects by officers of the corporation acting without the sanction of the board of directors. It was simply in restraint of *their* authority and of their acts that the statute was enacted. It was not intended in anywise to abridge or restrain the power of corporations themselves, as represented by their directors, over their effects, or to confine them to any special mode or particular time of manifesting their will in the disposition of their property." (*Curtis* v. *Leavitt*, 15 N. Y. 9, 48, affg. 4 Edw. Ch. 134, and 3 Sand. 137; see *Leavitt* v. *Palmer*, 3 N. Y. 19; *Leavitt* v. *Blatchford*, 5 Barb. 27.)

"At the time this statute was passed it was well known that moneyed corporations, besides their boards of directors, had presidents, cashiers and committees. It was also well known that these officers or particular agents might assume, and, in fact, that they did sometimes assume, to transfer the corporate effects without any authority derived from the boards of directors. The power thus exercised was liable to great abuses, and experience had already exhibited such abuses. The legislature, therefore, struck directly at the power, and declared that it should not be exercised at all. The statute should, therefore, be interpreted, not as designated to abridge a single power which the corporations would possess if it had not been enacted, or to cripple them.

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and through them their creditors, in any of the modes of action by which they could bind themselves, but simply to protect them against the acts of their officers or agents, done without their authority. Quite consistently with this intention, they can bind themselves by approval and confirmation, expressly declared or implied from their conduct, although the previous authority was wanting." (*Curtis* v. *Leavitt*, 15 N. Y., p. 49.)

When a defalcation or loss occurs, the directors, and not the president, have authority to settle it. A compromise does not "fall within the ordinary powers of a corporation, which may be exercised by its agents or persons. . . . Power to do such acts must be conferred by the board of directors." (*Bank* v. *Bailhache*, 65 Cal. 327, the court citing *Gashwiler* v. *Willis*, 33 *Id.* 11; *Blen* v. *Bear River Co.*, 20 *Id.* 602.) And whenever they do compromise and extinguish debts for less than their full amount, the bank is entitled to the profit from the transaction. Says Judge Henry: "The officers of a corporation cannot speculate on its liabilities. They are trustees, and the stockholders *cestuis que trust*. And to any profit made by them in the purchase or payment of the debts of the corporation the stockholders are entitled." (*Chouteau Insurance Co.* v. *Floyd*, 74 Mo. 286, 291; *Lingle* v. *National Insurance Co.*, 45 *Id.* 109; Angell & Ames on Corp., § 312. President, § 348; Cashier, § 73.)

When they agree with a debtor to take property at a designated price in payment of his debt, an acceptance of the property will operate as an acceptance by the bank of the agreement. (*Farmers & Citizens' Bank* v. *Sherman*, 6 Bos. 181.) And should they confer privileges on him which had been previously created by law, and which they had no right to take away, no fraud would be perpetrated. (*Bank* v. *Ruff*, 7 Gill. & Johns. 448.)

They cannot release a debtor without getting a return; to do otherwise would be a pure gratuity, a donation, which the law does not sanction. Thus the directors of a bank voted to discharge an insolvent after he had paid a dividend, and thus abandoned the right to get anything more in the event of his acquiring the means to discharge more fully his indebtedness. The payment of the dividend did not depend in the least on the action of the debtor. They were, therefore, not justified in doing so, and were liable to the stockholders for the consequent injury. (*Union Bank* v. *Jones*, 4 La. Ann. 236, 239*.)

*In *Bedford Railroad Co.* v. *Bowser* 48 Pa., p. 37, Strong, J. said: "The directors of the company then in office were its agents, with limited powers, the extent of which the defendant was bound to know. Their duties were to conduct its affairs to the furtherance of the ends for which the company was created. They had no power to destroy it, to give away its funds, or to deprive it of any of its means to accomplish the full purpose for which it was chartered."

Not infrequently suits are needful to collect notes and other claims, and these the directors can prosecute or defend. (*Lewis* v. *Eastern Bank*, 32 Me. 90.) They can also employ one of their number as an attorney. (*West Feliciana R. Co.* v. *Johnson*, 5 How. Miss. 273.) In other matters, too, directors must sometimes get legal advice, and may be liable for neglecting to do this. Says Judge Cooper: "The true rule in this class of cases is that if the directors feel any doubts as to the law, they may be guilty of neglect if they fail to seek and be guided by competent legal advice, and this for the obvious reason that they would, under like circumstances, seek such advice in the management of their private affairs." (*Vance* v. *Phœnix Insurance Co.*, 4 La., p. 391.) But they have no authority to employ counsel to defend themselves for a breach of trust and to use the funds of the bank in payment. (*Percy* v. *Millandon*, 8 Martin, La. N. S. 32, 44.)

In declaring dividends, directors usually have discretionary authority. (*Beveridge* v. *New York Elevated R. Co.*, 112 N. Y. 1; *Williams* v. *Western Union Telegraph Co.*, 93 N. Y. 162.) If the articles of a bank provide that dividends shall be made from the profits when deemed expedient by the directors, they need not make a dividend whenever such action is thought expedient. (*Ely* v. *Sprague*, Clarke's Ch. 359, new ed.) But if they should improperly and corruptly refuse to make a dividend, that would be another question. (*Id.* In New Jersey directors are personally responsible by statute for paying dividends from capital instead of profits, *Williams* v. *Boice*, 38 N. J. Eq. 364. With respect to proceedings against directors for improperly declaring dividends and enjoining the payment of them, see the note of the Reporter, Mr. Stewart, in 38 N. J. Eq., pp. 365–368.)

"They may not only declare the amount of dividends, but also the time of their payment. No one will deny their right to fix the time of payment at a future day, so that it be reasonable and in good faith; and they have the like power to appoint a place of payment, so that it be within a reasonably convenient distance from their place of business, or from that of the stockholders." (Haines, J., in *King* v. *Paterson*, 29 N. J. Law 82, 88.) And should a stockholder, after receiving notice of a dividend, neglect to draw it within a reasonable time, the loss, if the bank failed, would fall on him. (*Id.*)

All who are stockholders at the time it is declared are entitled to a share proportionate to their stock, regardless of the length of time they have owned it. (*Jones* v. *Terre Haute & Richmond R. Co.*, 29 Barb. 353.) Nor can the directors limit the dividend to persons holding stock at a given time, and exclude others who may acquire stock before the declaring of the dividend. (*Id.*)

When dividends are declared and paid under a misapprehension of

their authority to declare them, they may be reclaimed. Says Judge Simpson: "It would seem, according to well-settled general principles, that if dividends were made under a misconception on the part of the directors of what constituted profits, and under a belief that there were profits to divide, when, in fact, there were none, they might be reclaimed, because the stockholders who received them were not entitled to them, and they had been paid over and received under the operation of a mutual mistake." (*Lexington Life, Fire & Marine Ins. Co.* v. *Page*, 17 B. Mon. 412, 442; *Gratz* v. *Redd*, 4 *Id.* 191.) And should the corporation assign to a trustee, he could recover the dividends improperly declared. (*Lexington Life, Fire & Marine Ins. Co.* v. *Page*, 17 B. Mon. 412.)

When a bank is insolvent the directors can make an assignment for the benefit of its creditors, unless forbidden by charter or statute. (*Chew* v. *Ellingwood*, 86 Mo. 260; *Gibson* v. *Goldthwaite*, 7 Ala. 281.) Indeed, they ought to do so, in order to preserve equality among the creditors in sharing the assets. (*Chew* v. *Ellingwood*, 86 Mo. 260; *Shultz* v. *Sutter*, 3 Mo. App. 137; *Dana* v. *Bank*, 5 Watts & Serg. 223; *DeCamp* v. *Alward*, 52 Ind. 468; *Cotton* v. *Eagle Bank*, 6 Conn. 223; *Town* v. *Bank*, 2 Doug., Mich. 530; *Union Bank* v. *Ellicott*, 6 Gill & Johns. 363; *State of Maryland* v. *Bank of Maryland*, *Id.* 206; *De Ruyter* v. *St. Peter's Church*, 3 Barb. Ch. 119, 124, affd. 3 N. Y. 328; *Lenox* v. *Roberts*, 2 Wheat. 373; *Hurlbut* v. *Carter*, 21 Barb. 221, 224; *Rings* v. *Real Estate Bank*, 13 Ark. 563; *McCallie* v. *Walton*, 37 Ga. 612; *Flint* v. *Clinton Co.*, 12 N. H. 435; *Gibson* v. *Goldthwaite*, 7 Ala. 281.) And they are especially wrong in keeping their bank open to lure depositors and thus draw in money to pay themselves. (*Lamb* v. *Laughlin*, 25 W. Va. 300.) The Supreme Court of West Virginia have declared that "when the directors of a banking corporation ascertain that it is hopelessly insolvent, so that individually they are unwilling longer to aid it, their manifest duty is to close its doors at once, for continuing to do business then (as receiving deposits) is a fraud upon the public, and they should not receive any more deposits nor pay any more checks, but should proceed to execute their trust, either by making a general assignment for the benefit of the creditors, or by paying *pro rata* the debts of the corporation. (*Lamb* v. *Laughlin*, 25 W. Va., p. 322.) Judge Ray, speaking for the Supreme Court of Missouri (*Descombes* v. *Wood*, 91 Mo. 196), has considered the question more fully. "The directors of such corporations are, it is true, agents appointed to manage the business in which the stockholders have embarked, and the desirability or advisability of continuing or discontinuing the business are questions, it is true, for the shareholders, or a majority of them, and not for their agents. They

have no power, it is said, to dissolve the corporation, or inflict upon it political death. But the insolvency of such a corporation, without new action, and subscription and contribution of new capital by the shareholders, itself defeats the purpose and object of the corporation, and the stockholders have no interest in the assets, which, in that event, equitably belong to the creditors, and the fiduciary relation of the directors, in that event, is no longer to the stockholders, who are without beneficial interests in assets insufficient to pay the debts of the corporation, but to the creditors, whose equitable rights have intervened, and whose equitable lien attaches thereon." (*Id.* p. 204; *Chew* v. *Ellingwood*, 86 *Id.* 260; *Dana* v. *Bank*, 5 Watts & Serg. 223; *De Camp* v. *Alward*, 52 Ind. 468; *Union Bank* v. *Elliott*, 6 Gill & Johns. 363; see *Eppright* v. *Nickerson*, 78 Mo. 482; *Abbott* v. *Hard Rubber Co.*, 33 Barb. 578; Morawetz's Priv. Corp., § 240; Ang. & Ames on Corp., § 191; Burrill on Assignments, § 64.) Moreover, a stockholder may be precluded, by his negligence, from objecting to the validity of the assignment. (*Descombes* v. *Wood*, 91 Mo. 196.)

Should they continue to pay checks, knowing that their bank was insolvent, to depositors who are ignorant of its condition, the payments will not be regarded as a transfer or assignment in contemplation of insolvency within the meaning of the law in New York, and cannot be recovered by its assignee or receiver. (*Dutcher, Assignee*, v. *Importers & Traders' National Bank*, 59 N. Y. 5.) But should they withdraw their own deposits, he could recover these, otherwise they would secure an unlawful preference over other creditors. (*Lamb* v. *Laughlin*, 25 W. Va. 300, 322; see *Lamb* v. *Cecil*, *Id.* p. 292, and *Burr* v. *McDonald*, 3 Gratt 215.)

Are the directors of an insolvent bank trustees for the creditors? This question has been elaborately considered by President Johnson, in *Lamb* v *Laughlin* (25 W. Va. 300), and answered in the affirmative. "If the assets are a trust fund for the payment of the debts of the corporation, it necessarily follows that the directors, in whose hands are those funds, are the trustees for the creditors of the corporation." Likewise, Judge Orton has said, that if a corporation be insolvent "the authorities seem to be uniform that the directors and officers . . . are trustees of the creditors, and must manage its property and assets with strict regard to their interests; and if they are themselves creditors while the insolvent corporation is under their management they cannot secure to themselves any preference or advantage over other creditors. The directors are, then, trustees of all the property of the corporation for all of its creditors, and an equal distribution must be made, and no preference to any one of the creditors, and much less to the directors and trustees, as such." (*Haywood*

v. *Lincoln Lumber Co.* 64 Wis. 7, citing *Marr* v. *Bank*, 4 Cold. 471, 484; *Koehler* v. *Black River Falls Iron Co.*, 2 Black. 715; *Curran* v. *Arkansas*, 15 How. 306; *Richards* v. *New Hampshire Ins. Co.*, 43 N. H. 263; *Bradley* v. *Farwell*, 1 Holmes 433; *Drury* v. *Cross*, 7 Wall. 299; *Paine* v. *L. E. and L. R. Co.*, 31 Ind. 353; *Gas Light Co.* v. *Terrell*, L. R. 10 Eq. Cases 168; Morawetz on Priv. Corp., §§ 479-581.)

"It has often been held that the assets of an insolvent corporation constitute a trust fund for the payment of its debts, and that one having such assets in his hands is liable as trustee to the creditors, and that is, perhaps, the settled law in this country; but when the corporation is solvent, officers or directors who manage its business, while they are regarded as the agents of the company, and, in some sense, as the trustees of the stockholders, are neither the agents nor trustees of the creditors. They are not answerable to them, either for the management of the affairs of the company or the disposition they may make of its property, unless made so either by the provisions of the charter or some general statute, neither of which is claimed to exist here. While the corporation is solvent, and continues in business, the creditor has no interest in or lien upon the property by virtue of the fact merely that he is a creditor. But he bears precisely the same relation to it as to any other person to whom he may have extended credit." (Reed, Ch. J., *Frost Manufacturing Co.* v. *Foster*, 76 Iowa 535, citing *Smith* v. *Poor*, 40 Me. 415; *Fusz* v. *Spannhorst*, 67 Mo. 256; *Zuin* v. *Mendel*, 9 W. Va. 580; *Smith* v. *Poor*, 3 Ware 148.)

In New York, a bank cannot be dissolved simply by a resolution of the directors to go into liquidation, close its business and surrender its franchise; action by the legislature or a competent court is needful to effect a dissolution. (*Lake Ontario National Bank* v. *Onondaga County Bank*, 7 Hun 549; *Kincaid* v. *Dwinelle*, 59 N. Y. 521; *Contra People* v. *Olmstead*, 45 Barb. 644; *Kincaid* v. *Dwinelle*, 59 N. Y. 548, 552): Until such action by court or legislature, creditors may proceed by suit against the bank, unless restrained by injunction. (*People* v. *President of Manhattan Co.*, 9 Wend. 351; *In re Reformed Presbyterian Church*, 7 How. Pr. 476; *Micklen* v. *Rochester City Bank*, 11 Paige 118.) "A corporation may, by virtue of its proceedings, or by reason of its pecuniary condition, cease to exist for all practical purposes, all the purposes for which it was created, or for which a corporation may exist, but it cannot be held to be actually dissolved till so adjudged and determined, either by judicial sentence or the sovereign power." (*Kincaid* v. *Dwinelle*, 59 N. Y. p. 552; *Shea* v. *Bloom*, 19 Johns. 456.)

When the directors of a bank, just before the expiration of its

charter, transfer its property to trustees for the benefit of the stockholders, its interest therein ceases, the legal interest vesting in the trustees, and the beneficial interest in the shareholders. (*Stevens* v. *Hill*, 29 Me. 133. This rule is founded partly on a Maine statute.) In New York a charter provided that, in the event of its repeal, all the property and rights of the bank should be vested in the directors in trust for the stockholders and creditors, unless other provision was made for the appointment of different persons for trustees. (*McLaren* v. *Pennington*, 1 Paige 102. Officers, § 43.)

In serving as trustees, after their bank has become insolvent, directors should discharge their duties prudently, diligently and faithfully, and apply the assets for the benefit of creditors instead of the stockholders and other persons. (*Planters' Bank* v. *Whittle*, 78 Va. 737.) But they are not technically trustees, nor required to apply the assets ratably among the general creditors. (*Id.*) They may make preferences among them, even if in so doing they act in their own favor. (*Id.*) "Of course, in such cases, they must act with the utmost good faith, and the transactions, to be upheld, must be free from the taint of fraud or suspicion." (*Id.*) In *Bell* v. *Buckingham & Co.* (16 Iowa 284), Judge Dillon said: "Being an officer in the corporation did not deprive [the purchaser] of the right to enter into competition with other creditors and run a race of diligence with them, availing himself in the contest of his superior knowledge, and of the advantages of his position, to obtain security for or payment of his debt. He has an advantage, it is true, but it is one which results from his position, and which is known to every person who deals with and extends credit to the corporation." (*Whitwell* v. *Warner*, 20 Vt. 425; *Gordon* v. *Preston*, 1 Watts 385; Ashhurst's Appeal, 60 Pa. 290; *Railroad Co.* v. *Claghorn*, 1 Spear's Eq. 545; see *Smith* v. *Skeary*, 47 Conn. 47; *Catlin* v. *Bank*, 6 *Id.* 233; *Sargent* v. *Webster*, 13 Met. 497; Field on Corp., 177. Officers, §§ 43, 45.)

Furthermore, an assignment does not extinguish a stockholder's liability for his subscriptions on the call of the directors. He may be required to pay in the same manner by the receiver who represents the creditors, although the directors may have passed no resolution requiring payment. (*Sagory* v. *Dubois*, 3 Sand. 466.)

Nor does an assignment deprive creditors of their right to sue the directors for a breach of duty. (*Schley* v. *Dixon*, 24 Ga. 273). The proceeding, though, must be in the name of the assignee, as the amount recovered is for the benefit of the bank. (Means' Appeal, 85 Pa. 75.) When, however, he refuses to sue, one or more of the stockholders may do so in behalf of all, making the assignee a defendant in the proceeding.

Next may be considered the subject of ratification. Not only

may directors ratify the acts of their president, cashier, special agents and other officers, but their own acts also may be ratified by the stockholders. The action of directors in ratifying the acts of others will be first considered. When a director is president or cashier, the law does not presume that his acts are ratified by the directory. "Public policy," says Judge Brewer, "sustains the doctrine of imputed knowledge on the part of the directors only so far as will protect the dealings of third parties with the bank, or will prevent the bank from suffering through inattention or wrong from the directors themselves, and will not carry it to the inner management of the bank, or prevent full inquiry as to the facts of any transaction therein, or the actual authority for any act done by its officers." (*First National Bank* v. *Drake*, 29 Kansas 311, p. 329. See Officers, §§ 41, 42; Directors, §§ 127, 128; President, §§ 363-369, sec. IV; Cashier, §§ 527-537; Treasurer, §§ 759.)

What action may be regarded as a ratification by them is not always easy to determine. A cashier made a memorandum of the duties of each officer of the bank, and placed the same on the table of the board of directors for their approval or rejection. It was not read by the board, however, and no action was taken thereon, but the officers discharged their duties thereafter in the manner described in the memorandum for a considerable period. It was held that the board had approved of the arrangement. (*State Bank* v. *Comegys*, 12 Ala. 772. The question was raised in *Leggett* v. *New Jersey Manuf'g & Banking Co.*, Saxton Ch. 541, whether a fact, the conveyance by an officer of land belonging to the company, if known to some of the individual members of the board, but not disclosed to the board itself, could be taken as the implied assent of the board. The question was not answered.)

"An act done before may be adopted after the incorporation, so as to be equally binding and conclusive. As a natural person may adopt and take the benefit of an act in relation to property in which, at the time of its occurrence, he had no interest whatever, but in which he subsequently acquires an interest, so may a corporation on contracts made prior to its existence." (Wright, J., in *Dubuque Female College* v. *Township District*, 13 Iowa 555, 561, citing *Goody* v. *Colchester and Stoner & Valley R. Co.*, 15 Eng. L. & Eq. 596; *Preston* v. *Liverpool & Co.*, 7 *Id.* 124.)

But they cannot ratify every act done by an officer. When they have no authority to do a thing, this cannot be done indirectly through silence, acquiescence and ratification. Thus, they cannot increase the salary of a cashier for the past, or pay him a larger sum for a service already rendered than was first determined, and if he should charge himself with a larger sum than

thus agreed, no length of time or knowledge of the directors would operate as an acquiescence by them. (*First National Bank* v. *Drake*, 29 Kansas 311, 321. Officers, § 91; Cashier, §§ 520, 628.)

Passing to directors, what shall be regarded as a ratification of their action? On one occasion, a majority of the directors of a bank made an informal agreement to take the assets and assume the liabilities of a private banking business. The bank afterward took the assets and retained them. This was regarded as a ratification of their action. (*Bank* v. *Ketchum*, 64 Wis. 7.) So if directors propose to make an illegal expenditure the shareholders should not only protest within a reasonable time, but follow it with active preventive measures. (Watts' Appeal, 78 Pa. 370.) For if they did not, their assent to the expenditures would be presumed. (*Id.*)

In discounting notes, when a note is not discounted at a meeting of the required number of directors, but a suit is afterward begun thereon, this will operate as a ratification of the conduct of the directors who discounted it. (*Planters' Bank* v. *Sharp*, 4 Sm. & Marsh. 75.)

Though the ratification of their acts will free them from immunity to the stockholders, their liability to third persons, or the public, is not changed. Thus the directors of an insurance company made investments which were not authorized by their charter. The stockholders knew what they were doing, and re-elected them from year to year. "The course of business appears to have been very uniform, and without objection from any of the stockholders, and, therefore, to say," remarked Vice-Chancellor McCounn, "that they have acquiesced, and are bound by such acquiescence, as between themselves and the directors, is not unreasonable. The acts of the directors were done by them in their official capacity; and if those acts met with the express or implied sanction of the stockholders they become the act of the corporation, and binding equally upon all the corporators, although as to the public, or third persons, such acts may have been illegal." (*Scott* v. *Depeyster*, 1 Edw. Ch. p. 536.)

Finally, there remains for consideration the law relating to the compensation of directors. If elected to serve without compensation they cannot be compensated by their own action. Says Judge Ellsworth: "We regard it as contrary to all sound policy to allow the director of a corporation, elected to serve without compensation, to recover payment for services performed by him in that capacity, or as incidental to his office." (*New York & New Haven R. Co.* v. *Ketchum*, 27 Conn. 170, 183; *American R. Co.* v. *Miles*, 52 Ill. 174.) The remarks of Chief Justice Gilfillan may be profitably added:

"There is no question that, unless otherwise provided in the articles of incorporation, the board of directors has authority to fix the compensation of officers of the corporation. When, however, as directors, they fix the compensation for their own services, either as directors or other officers, their act is not necessarily valid. They are agents of the corporation, and, as in cases of other agents, their acts on behalf of their principal, in matters where their own interests come in conflict with those of the corporation—where their self-interest may tend to deprive the corporation of the full, free and impartial exercise of the judgment and discretion which they owe to their principal—are looked upon and scrutinized with great jealousy by the courts. Their acts, in such cases, are, *prima facie*, voidable at the election of the corporation or of a stockholder." (*Jones* v. *Morrison*, 31 Minn. 141, 148, citing *Cumberland Coal, etc., Co.* v. *Parish*, 42 Md. 598; *Butts* v. *Wood*, 37 N. Y. 317; *Coleman* v. *Second Avenue R. Co.*, 38 *Id.* 201; *Hoyle* v. *Plattsburgh & M. R. Co.*, 54 *Id.* 314; *Blake* v. *Buffalo Creek R. Co.* 56 *Id.* 485; *Covington, etc., R. Co.* v. *Bowles*, 9 Bush 468; *Paine* v. *Lake Erie, etc., R. Co.*, 31 Ind. 283; *Port* v. *Russell*, 36 Ind. 60; *Cook* v. *Berlin Woolen Mill Co.*, 43 Wis. 433; *European, etc., Ry. Co.* v. *Poor*, 59 Me. 277; *Bestor* v. *Wothen*, 6, Ill. 138; *Harts* v. *Brown*, 77 *Id.* 226; *Simons* v. *Vulcan Oil, etc. Co.*, 61 Pa. 202; Rice's Appeal, 79 *Id.* 168; *First National Bank* v. *Gifford*, 47 Iowa 575; *Gardner* v. *Butler*, 30 N. J. Eq. 702; *Manx Ferry Gravel R. Co.* v. *Branegan*, 40 Ind. 361; *Bank* v *Collins*, 7 Ala. 95; Thompson on Officers of Corp., 351 and note.) But a director can be compensated for services rendered before his election. (*Branch of the Bank of the State of Alabama*, 7 Ala. 95.)

Whenever a director performs a very unusual service, the courts are divided on the question of the authority of the board to compensate him. (*Jones* v. *Morrison*, 31 Minn. 140.) In a noteworthy case (*New York & New Haven R. Co.* v. *Ketchum*, 27 Conn. 171, 181), Judge Ellsworth said: "Doubtless a director may perform extra labor, and for it be justly entitled to a compensation for his time and expenses, and this may be made out even without an express promise, for a promise may be implied from the peculiar and extraordinary services rendered, but then the services must appear to be of an extraordinary character, and this beyond all question or doubt, for as director he agrees to give his services, and is entitled to make no charges whatever, however severe and protracted may be his labors." On the other hand, in Alabama, if he receives the compensation provided by law he cannot make a contract to receive more for extra services while continuing in his directorial capacity. (*Branch of the Bank of State of Alabama* v. *Collins*, 7 Ala. 95; *Branch Bank* v. *Scott*, *Id.* 107; *McGehee* v. *Lindsay*, 6 *Id.* 16.) "Conceding," says Judge Goldthwaite, "that some services could be performed by a director out of the ordinary

course of his duties as such, yet he would be entitled to no compensation for them so long as his relation with the bank in that character continued. He cannot at the same time be a servant of the directors and a director too. The relation of master and servant in the same individual is incompatible, and cannot exist." (*Id.*)

But if a director is also employed as secretary, attorney, land commissioner or other officer, he may receive for the service thus rendered the same as though he were not a director. In other words, whenever his directorship does not prevent him from thus acting as secretary, attorney, or in other ways, he may receive the same compensation as any other person would if employed to render the service. (*Rogers* v. *Hastings & Dakota R. Co.*, 22 Minn. 25; *New York & New Haven R. Co.* v. *Ketchum*, 27 Conn. 170; *Henry* v. *Rutland & Burlington R. Co.*, 27 Vt. 435; *Chandler* v. *Monmouth Bank*, 1 N. J. Eq. 255.)

He cannot, however, claim a reward offered for the discovery of a robber and the recovery of the money stolen by him, for the reason that his duty is to communicate promptly to the bank any information that may lead to the detection of the robber and the recovery of the bank's property. (*Stacy* v. *State Bank*, 5 Ill. 91; *Collins* v. *Godfrey*, 1 Barn. & Ald. 950.)

[TO BE CONTINUED.]

THE CLEARING HOUSE SYSTEM.

There are now in the United States fifty-one cities at which some system of clearing is established, and at nearly all of these there is a regularly organized Clearing House.

Eight of these Clearing Houses are located in New England; seven in the Middle States; nine in the Middle Western States; eleven in the other more Western States; five in the Pacific States, and eleven in the Southern States. In eighteen of these a system of clearing has been established within the last five years.

The aggregate transactions of all the Clearing Houses in the United States was larger during the year 1889 than in any previous year except only the years 1881 and 1882. The aggregate for 1889 was $56,348,418,556.09, of which the clearings at New York represented $35,895,104,905, and those of other cities, so far as reported, $20,453,313,651 44. Many of the Clearing Houses do not report balances; but, judging from previous experience the amount of cash required to carry on these enormous transactions do not much, if any, exceed seven per cent. of the clearings, or about $3,950,000,000.

The following table shows the dates, so far as known, at which the various Clearing Houses were established, their transactions for 1889, and the number of members belonging to these associations:

	Established.			*No. of Members.*
New York	1853	35,895,104,904 65	1,748,800,679 20	65
Boston	1855	4,772,597,843 00	547,888,963 00	54
Providence	1866	262,141,900 00	81,587,600 00	34
Hartford	1872	100,913,268 29	30,628,057 91	15
New Haven	1873	63,927,220 00	15,752,836 00	10
Springfield, Mass	1872	61,237,632 49	19,695,748 49	10
Worcester	1861	56,583,105 00	14,038,133 00	8
Portland, Me	1865	55,912,583 00	11,834,684 00	7
Lowell	1876	34,859,798 08	10,568,307 29	7
Total New England.		$5,408,173,349 86		145
Philadelphia	1858	3,645,987,807 00	336,705,000 00	41
Pittsburgh	1866	654,080,350 93	111,557,719 23	19
Baltimore	1858	650,583,571 15	92,544,618 32	23
Syracuse	1874	38,722,592 63	8,900,300 72	8
Wilmington, Del	1887	39,839,109 00	.....	6
Buffalo (9 months)	1889	120,977,270 64	21,225,051 03	12
Total Middle		$5,150,190,701 35		109
Chicago	1865	3,379,925,188 00	332,253,153 00	20
Cincinnati	1866	565,665,050 00	86,322,000 00	17
Milwaukee	1868	254,431,258 03	45,897,345 53	11
Detroit	1883	242,414,800 00	40,094,624 00	17
Cleveland	1858	198,272,121 00	.....	11
Columbus	1868	*131,155,082 00	.....	14
Indianapolis	1871	101,936,273 40	23,110,460 02	7
Peoria	1880	77,284,173 00	19,426,876 00	10
Grand Rapids	1885	34,068,269 71	7,715,749 02	7
Total Middle West'n		$4,985,152,215 14		124
Kansas City	1873	447,258,231 00	.....	11
Minneapolis	1881	240,221,068 70	42,128,025 10	16
St. Paul	1874	209,409,381 03	37,246,912 01	14
Omaha	1884	*208,743,485 00	.....	8
Denver	1885	194,778,647 72	34,511,067 08	10
Duluth	1887	81,546,670 11	16,469,345 04	7
St. Joseph	1877	66,891,479 15	.....	7
Wichita	1888	35,633,050 86	.....	8
Topeka	1887	19,586,044 66	.....	6
Des Moines	1887	30,520,742 00	.....	9
‖ Sioux City (48 weeks)	1889	*28,018,117 00	.....	11
Total other Western		$1,562,606,917 23		107
San Francisco	1876	843,386,150 94	126,765,916 49	17
Los Angeles	1887	34,232,091 62	8,004,228 70	8
Portland, Ore., July 15	1889	45,613,427 00	8,231,001 98	10
Seattle open'd Aug. 26	1889	16,579,478 85	.....	12
Tacoma, Jan. 1	1889	25,086,677 82	6,174,433 52	7
Total Pacific		$964,897,826 23		54
St. Louis	1868	987,522,629 00	163,461,257 00	17
New Orleans	1872	504,474,843 00	61,685,613 00	15
Louisville	1876	359,679,462 81	86,730,234 40	22
Memphis	1879	127,932,473 79	31,581,182 65	8
Richmond	....	*108,510,052 00	.....	—
Galveston	1885	*74,946,864 00	.....	—
Dallas	....	*44,613,970 00	.....	7
Fort Worth	1888	31,632,391 11	.....	—
Norfolk	1871	39,945,470 00	6,427,102 00	6
Nashville	1889	‡83,707,216 00	.....	10
Birmingham (7 mos.)	1889	19,327,269 92	.....	9
Total Southern		$2,382,292,641 63		
Grand total		$56,348,418,556 09		
Outside of New York		$20,453,313,651 44		

‡ In part estimated, no Clearing House organization. ‖ New organization, 1888.
* From the *Commercial and Financial Chronicle.*

The Clearing House at New York through which a large amount of commercial paper from other sections passes, had in 1889 transactions greater in amount than all the other Clearing Houses of the country combined, by seventy-five per cent. It commenced operations October 11, 1853, with a membership of fifty-two banks, as follows:

Bank of New York.
Manhattan Company.
Merchants' Bank.
Mechanics' Bank.
*Union Bank.
Bank of America.
Phenix Bank.
City Bank.
North River Bank.
Tradesmen's Bank.
†Fulton Bank.
Chemical Bank.
Merchants' Exchange Bank.
National Bank.
Butchers and Drovers' Bank.
Mechanics and Traders' Bank.
Greenwich Bank.
Leather Manufacturers' Bank.
Seventh Ward Bank.
Bank of the State of New York.
American Exchange Bank.
*Mechanics' Banking Association.
Bank of Commerce.
*Bowery Bank.
Broadway Bank.
*Ocean Bank.
Mercantile Bank.
Pacific Bank.
Bank of the Republic.
Chatham Bank.
People's Bank.
Bank of North America.
Hanover Bank.
Irving Bank.
*Metropolitan Bank.
Citizens' Bank.
*Knickerbocker Bank.
*Grocers' Bank.
*Empire City Bank.
Nassau Bank.
East River Bank.
Market Bank.
St. Nicholas Bank.
Shoe and Leather Bank.
Corn Exchange Bank.
*Central Bank.
Continental Bank.
Bank of Commonwealth.
Oriental Bank.
*Marine Bank.
*Bank of the Union.
*Atlantic Bank.

*Not now members. †Consolidated with Market Bank.

Its first manager was Mr. George D. Lyman, who continued in that position until 1864, a period of more than ten years. The present manager, Mr. William Augustus Camp, a native of Connecticut, after experience of two years, at first as discount clerk in the Importers and Traders' Bank in New York, and afterward as first teller of the Artisans' Bank, became assistant manager in June, 1857, and succeeded Mr. Lyman as Manager, August 22, 1864. During the quarter of a century of Mr. Camp's management, the business has been conducted with such scrupulous regard for accuracy that the transactions have always balanced to a cent.

Mr Camp has mastered thoroughly every detail of the vast and complicated business under his charge, and has brought the routine of the establishment to a high degree of perfection. From a valuable pamphlet compiled by Mr. Camp, many of the facts in this article relating to the New York Clearing House are derived.

The number of banks at present belonging to the Clearing-house is sixty-four and the number of members is sixty-five, the Assistant Treasurer of the United States having joined the association January 1, 1879. The whole number of banks that have belonged to the association from its organization is eighty-four.

of which nineteen have ceased to be members. Besides the banks belonging to the Clearing House about seventy other banks in New York and vicinity make their clearings through members of the association, thus making the number of banks directly or indirectly connected with the establishment about one hundred and thirty-four.

NEW YORK CURRENCY TRANSACTIONS.

Calendar years.	*No. of banks.*	*Capital of banks.*	*Currency exchanges.*	*Currency balances.*	*Balance to clear'gs. Per cent.*
1853...	—	———	$1,304,865,880 09	$71,224,747 31	5.46
1854...	50	$47,044,900	5,798,643,577 86	295,025,848 05	5.09
1855...	48	48,884,180	5,673,672,235 39	299,354,063 41	5.27
1856...	50	52,883,700	7,346,822,934 48	343,103,079 01	4.67
1857...	50	64,420,200	7,196,090,638 68	347,680,981 95	4.83
1858...	46	67,146,018	5,376,151,036 92	336,644,991 57	6.26
1859...	47	67,921,714	6,598,822,894 13	364,592,694 99	5.52
1860...	50	69,907,435	7,393,836,995 19	386,082,704 14	5.22
1861...	50	68,900,605	5,516,379,209 52	357,181,781 32	6.47
1862...	50	68,375,820	8,234,867,655 26	460,384,830 43	5.59
1863...	50	68,972,508	17,427,700,507 54	732,877,845 44	4.20
1864...	49	68,586,763	25,640,034,752 24	942,454,962 24	3.68
1865...	55	80,363,013	25,857,959,828 39	1,033,385,025 56	3.99
1866...	58	82,370,200	31,466,548,907 36	1,135,329,984 33	3.61
1867...	58	81,770,200	25,811,232,860 87	1,075,460,009 48	4.17
1868...	59	82,270,200	31,159,716,348 43	1,192,175,593 02	3.83
1869...	59	82,720,200	35,541,088,264 86	1,061,688,225 58	2.99
1870...	61	83,620,200	27,086,251,025 51	1,041,709,981 47	3.85
1871...	62	84,420,200	30,643,002,816 21	1,263,306,650 79	4.12
1872...	61	84,420,200	34,834,115,090 43	1,209,815,782 54	3.47
1873...	59	83,370,200	28,325,017,327 08	1,051,377,527 35	3.71
1874...	59	81,635,200	22,223,212,643 89	1,024,709,940 51	4.61
1875...	59	80,435,200	22,475,359,338 61	1,106,139,172 24	4.92
1876...	59	81,731,200	19,584,393,198 66	995,726,868 68	5.08
1877...	58	71,085,200	21,285,278,472 70	1,005,887,388 26	4.72
1878...	57	63,611,500	19,858,671,306 89	962,854,647 90	4.85
1879...	59	60,800,200	29,235,646,829 40	1,449,874,992 74	4.96
1880...	57	60,475,200	38,614,448,223 06	1,559,227,597 45	4.04
1881...	60	61,162,700	49,376,882,882 54	1,753,550,349 22	3.55
1882...	61	60,962,700	46,916,955,030 61	1,590,976,343 90	3.39
1883...	63	61,162,700	37,434,300,871 56	1,564,678,096 49	4.18
1884...	61	60,412,700	30,985,871,170 41	1,471,861,414 07	4.75
1885...	64	58,612,700	28,152,201,336 02	1,356,470,654 57	4.82
1886...	63	59,312,700	33,676,829,612 32	1,510,991,265 21	4.49
1887...	64	60,862,700	33,474,556,258 18	1,558,979,429 62	4.66
1888...	63	60,762,700	31,099,977,521 37	1,620,943,718 75	5.21
1889...	63	60,762,700	35,895,104,904 65	1,748,800,679 20	4.87
Total.....			$874,522,510,387 31	$37,282,529,868 79	4.26

The balances of New York are paid in United States gold certificates, Clearing House gold certificates, legal-tender certificates, legal tenders and coin. The amounts paid in these different ways in 1889 were as follows:

United States gold certificates.....	$575,614,000 00	32.92 per cent.
Clearing House gold "	1,145,720,000 00	65.51 "
Legal tender "	18,310,000 00	1.05 "
Legal tenders and change.....	9,156,679 20	.52 "
	$1,748,800,679 20	100.00 "

The regular Clearing House year ends October 1st, but the manager has kindly furnished the foregoing table of currency

transactions by calendar years. In March, 1872, an exchange was established for gold transactions, which was discontinued January 1, 1879, upon the resumption of specie payment. The gold transactions were as follows:

GOLD CLEARINGS AND BALANCES.

	Gold clearings.	*Gold balances.*	*Gold balances to clearings. Per cent.*
1872	$1,535,456,412 83	$296,765,840 10	19.3
1873	1,515,466,417 87	307,273,196 45	20.3
1874	2,226,832,247 89	332,395,085 26	14.9
1875	1,838,437,909 64	288,176,427 34	15.7
1876	1,892,262,725 74	311,417,519 67	16.4
1877	2,515,370,428 24	348,728,302 40	13.8
1878	2,542,456,769 73	351,561,231 02	13.8
Total	$14,066,282,911 94	$2,236,317,602 24	15.9

Total gold and currency clearings to Dec. 31, 1889.... $888,588,793,299 25
Total gold and currency balances to Dec. 31, 1889.... 39,518,847,471 03
Balances to clearings..... 4.45 per cent.

The United States Assistant Treasurer usually has a heavy balance to pay to the Clearing House. His exchanges with the associated banks since July 1st, 1880, have been as follows:

	Checks taken to C. H.	*Checks received from C. H.*	*Balances paid to C. H.*	*Balances received from C. H.*
1880 (last 6 mos.)	$43,783,905 00	$188,869,859 00	$145,432,235 00	$346,281 00
1881	99,892,848 00	355,747,878 00	261,787,748 00	5,932,718 00
1882	125,559,767 00	353,359,469 00	229,392,539 00	1,592,837 00
1883	119,340,821 24	287,948,162 12	170,014,037 07	1,406,696 19
1884	111,894,496 71	299,879,733 95	188,624,513 50	639,276 26
1885	121,755,784 06	245,256,814 90	125,458,915 14	1,957,884 30
1886	123,655,379 90	361,221,786 95	237,889,598 38	323,191 33
1887	94,739,677 09	322,111,190 76	227,552,923 24	181,409 57
1888	122,288,046 48	389,964,477 48	269,482,006 80	1,805,575 80
1889	131,054,897 36	396,025,175 37	265,816,342 20	846,064 19

The first day's clearing at New York, October 11, 1853, was	$23,938,182 25
The largest transactions for any one day since the organization were on February 28, 1881, amounting to	295,822,422 37
The smallest transactions for any one day since organization were on October 30, 1857, amounting to	8,357,394 82
The greatest balance resulting from any one day's transactions was on July 2, 1879, amounting to	12,505,134 54
The smallest balance resulting from any one day's transactions was on October 30, 1857, amounting to	489,720 32
The greatest amount of exchanges brought to the Clearing House by any one bank was on February 28, 1881	31,772,391 45
The greatest amount of exchanges taken away from Clearing House by any one bank was on February 28, 1881	31,512,015 47
The greatest balance paid to the Clearing House by any one bank was on November 17, 1868	10,585,471 31
The greatest balance paid by the Clearing House to any one bank was on April 5, 1872	4,774,039 59
The least balance paid by the Clearing House to any one bank was on December 16, 1873, amounting to	10 cents.
The least balance paid to the Clearing House by any one bank was September 22, 1862, amounting to	1 cent.

No bank ever came out without a balance either way.

The clearings at New York are considerably affected, though to what extent cannot be exactly stated, by the transactions of the Stock Exchange.

The stock sales for 1889, though larger than for 1888, were smaller than for any other previous year since 1878. Therefore the volume of clearings due to the ordinary business was probably larger in 1889 than in some other years when the aggregate clearings reached higher figures.

The following table from *The Commercial and Financial Chronicle* shows the number of shares sold, the average selling price and the approximate value of the shares sold from 1875 to 1889 inclusive, from which some idea may be formed of the effect of the stock exchange transactions upon the volume of the clearings:

Year.	*Stocks— Shares.*	*Av'g Price.*	*Values (Approximate.)*
1875	$53,813,937	53.20	$2,862,903,683
1876	39,926,990	53.40	2,132,050,483
1877	49,832,960	52.20	2,601,280,512
1878	39,875,593	54.10	2,157,269,581
1879	72,765,762	56.85	4,136,633,570
1880	97,919,099	69.60	6,819,086,054
1881	114,511,248	71.59	8,197,506,403
1882	116,307,271	66.12	7,689,453,436
1883	97,049,909	64.51	6,260,809,961
1884	96,154,971	61.77	5,939,500,000
1885	92,538,947	64.1	5,479,859,840
1886	100,802,050	65.6	5,885,662,200
1887	84,914,616	61.1	4,508,778,899
1888	65,179,106	62.5	3,539,519,143
1889	72,014,600	61.0	4,059,231,891

DUDLEY P. BAILEY.

[TO BE CONTINUED.]

FINANCIAL LEGISLATION.

SILVER.

The following is a copy of Secretary Windom's bill for the issue of Treasury notes on deposits of silver bullion:

"Be it enacted by the Senate and House of Representatives of the United States, in Congress assembled, That any owner of silver bullion, the product of the mines of the United States, or of ores smelted or refined in the United States, may deposit the same at any coinage mint or at any assay office in the United States that the Secretary of the Treasury may designate, and receive therefor treasury notes hereinafter provided for, equal at the date of deposit to the net value of such silver, at the market price, such price to be determined by the Secretary of the Treasury under rules and regulations prescribed, based upon the price current in the leading silver markets of the world; but no deposit consisting in whole or in part of silver bullion or foreign silver coins imported into this country, or bars resulting from melted or refined foreign silver coins, shall be received under the provisions of this act.

"Section 2. That the Secretary of the Treasury shall cause to be prepared treasury notes in such amounts as may be required for the purpose of the above section, and in such form and denominations as he may prescribe; provided, that no note shall be of a denomination less than $1 nor more than $1,000.

"Section 3. That the notes issued under this act shall be receivable for customs, taxes, and all public dues, and when received into the

Treasury may be re-issued, and such notes, when held by any national banking association, shall be counted as part of its lawful reserve.

"Section 4. That the notes issued under the provisions of this act shall be redeemed upon demand at the Treasury of the United States, or at the office of an Assistant Treasurer of the United States, by the issue of a certificate of deposit for the sum of the notes so presented, payable at one of the mints of the United States, in an amount of silver bullion equal in value, on the date of said certificate, to the number of dollars stated therein, at the market price of silver, to be determined as provided in Section 1; or such notes may be redeemed in gold coin at the option of the Government; provided that upon demand of the holder such notes shall be redeemed in silver dollars.

"Section 5. That when the market price of silver, as determined by the Secretary of the Treasury, shall exceed one dollar for 371.25 grains of pure silver, it shall be the duty of the Secretary of the Treasury to refuse to receive deposits of silver bullion for the purposes of this act.

"Section 6. That it shall be lawful for the Secretary of the Treasury, with the approval of the President of the United States, to suspend, temporarily, the receipt of silver bullion for treasury notes, at any time when he is satisfied that, through combinations or speculative manipulation of the market, the price of silver is arbitrary, nominal or fictitious.

"Section 7. That the silver bullion deposited under this act, represented by treasury notes which have been redeemed in gold coin or in silver dollars, may be coined into standard silver dollars or any other denomination of silver coin now authorized by law, for the purpose of replacing the coin used in the redemption of the notes.

"Section 8. That so much of the Act of February 28, 1878, entitled 'An Act to authorize the coinage of the standard silver dollar and to restore its legal-tender character,' as requires the monthly purchase and coinage into silver dollars of not less than $2,000,000 nor more than $4,000,000 worth of silver bullion is hereby repealed.

"Section 9. That any gain or seigniorage arising from the coinage which may be executed under the provisions of this act shall be accounted for and paid into the Treasury as provided by existing law.

"Section 10. That silver bullion received under the provisions of this act shall be subject to the requirements of existing law, and the regulations of the mint service governing the methods of receipt, determining the amount of pure silver contained and the amount of charges or deductions, if any, to be made.

"Section 11. That nothing in this act shall be construed to prevent the purchase, from time to time, as may be required, of silver bullion for the subsidiary silver coinage.

"Section 12. That a sum sufficient to carry out the provisions of this act is hereby appropriated out of any money in the Treasury not otherwise appropriated.

"Section 13. That all acts and parts of acts inconsistent with the provisions of this act are hereby repealed.

"Section 14. That this act shall take effect thirty days from and after its passage."

SINKING FUND.

Whereas, Congress is officially advised that the total outstanding bonded debt of the United States amounted to $751,163,400 on the 31st day of December, 1889, of which $121,367,700, bearing 4½ per cent. interest, is payable September 1, 1891, and the remaining $629,795,700, bearing 4 per cent. interest, is not payable until July 1, 1901; and Congress is further advised that there is now in the Treasury of the United

States a sum more than sufficient to pay off all the 4½ per cents due in 1891, and that the surplus revenue collected for the fiscal year 1889 exceeded the ordinary expenditures of the Government $105,000,000, and for the year 1890 the surplus is estimated at $92,000,000; and

Whereas, It appears from the official statement that the public debt has been reduced $716,817,819 in excess of the requirements of the sinking fund up to June 30, 1890; and that there is now $40,939,852 deposited without interest in National bank depositories, and $39,061,149 more has been paid as premiums on bonds purchased since August 3, 1887, the premium being now 27 per cent. on outstanding 4 per cents; and

Whereas, The maintenance of taxation by law to provide further for a sinking fund under such circumstances is needless, and, therefore, a wrongful burden to the people; therefore,

Be it enacted by the Senate and House of Representatives of the United States of America, in Congress assembled, That all laws and parts of laws providing for a sinking fund for the payment of the principal of the bonds of the United States be, and they are hereby, suspended until further order of Congress.

The official information referred to in the preamble of the bill was contained in the following letter to Senator Beck, who introduced the bill.

Treasury Dep't, Jan. 6, 1890.

Hon. James B. Beck, U. S. Senate.

Sir: In reply to your inquiry of the 4th inst., I have to state that from August 31, 1865, to January 1, 1890, the public debt has been decreased $716,817,819 in excess of the estimated requirements of the Sinking Fund to June 30, 1890.

Bonds have been purchased, under Department orders of August 3, 1887, to the 1st inst., as follows: 4 per cents, $108,229,250; premium paid, $29,549,359.53; 4½ per cents, $128,642,200; premium paid, $9,511,789.72.

Respectfully yours, W. WINDOM, Secretary.

NATIONAL BANK CIRCULATION.

The following is a copy of the bill prepared by Hon. John Jay Knox, President of the National Bank of the Republic:

A bill to provide for a permanent National bank circulation.

Be it enacted, etc., That from and after the passage of this act every National bank, now organized or which shall hereafter be organized, shall be authorized to issue circulating notes as now provided by law, in amounts not exceeding 75 per centum of the capital stock of each bank.

Section 2. That not less than 70 per cent. of the circulating notes authorized to be issued by each bank under this act shall be secured by United States bonds at the rate of 100 per cent. upon the par value of such bonds, provided that, at the option of each bank, one-half of such circulation of 70 per cent. may be secured by a deposit with the Treasurer of the United States under such regulations as may be prescribed by the Secretary of the Treasury, of gold coin or bullion or silver bullion, at the current market price of such bullion at the time of deposit. Whenever the market or cash value of bullion and of United States bonds deposited with the Treasurer is reduced below the amount of circulation issued for the same, the Controller of the Currency may demand and receive the amount of such depreciation in other bullion, or in gold or silver coin to be deposited with the Treasurer, as long as such depreciation shall continue; or the amount of the circulating notes of

such bank may be reduced by charging the excess of circulation to the redemption fund, provided by Section 3 of the Act of June 20, 1874.

Section 3. That an account, to be designated as "The National Bank Safety Fund," is hereby authorized to be opened on the books of the Treasurer of the United States, by reducing the amount of United States notes now outstanding $1,500,000 and by reducing the National Bank Redemption Fund $1,500,000 and crediting the amount of $3,000,000 to the said "National Bank Safety Fund." To this fund shall be added the duty of one-half of 1 per cent. each half year upon the average amount of National bank notes in circulation, as provided in Section 5,214 of the Revised Statutes of the United States.

Section 4. That if any National bank, after the passage of this act, shall become insolvent, and any of the circulating notes of such bank shall remain unpaid after the assets and the individual liability of the shareholders of such insolvent bank shall have been exhausted, such circulating notes shall be redeemed and canceled and destroyed as now provided by law, and the amount of said notes shall from time to time be charged to "National Bank Safety Fund," as provided in this act.

NATIONAL BANK NOTE CIRCULATION.

In explanation of the bill prepared by Mr. Knox, President of the Bank of the Republic, relating to the issue of National bank notes, and which is published elsewhere, Mr. Knox says;

The bill provides for the issue of bank circulation in amount not exceeding 75 per cent. of the capital of each bank; 70 per cent. of this circulation is to be absolutely secured by the deposit of United States bonds at par, or of silver bullion at the market price. The other 30 per cent. is not to be secured by a deposit of each bank, but is to be fully secured by a safety fund on deposit with the Treasurer. This safety fund is to be opened by crediting to the fund $1,500,000 of lost or unredeemed National bank notes and the same amount of lost or unredeemed United States notes. The fund will be further increased each half year by adding to it the semi-annual tax of one-half of 1 per cent. upon circulation.

It is estimated that the lost and unredeemed National bank notes amount to at least 1 per cent. during every twenty years, but only one-half of the amount estimated is to be placed to the credit of this fund. These lost notes do not belong to the banks that issued them, neither do they belong to the Government. They belong to those persons who were the last owners of the notes, and cannot, of course, be restored to the owners. No other use can so properly be made of them as to appropriate the amount for creating a safety fund for the redemption of insolvent National bank notes that may not otherwise be provided for. It is not necessary, however, that this appropriation should be used for creating the safety fund if serious objections are made to its use.

The tax on circulation, which amounted during the year 1889 to $1,410,331, is abundant for creating and maintaining a sufficient fund for the absolute redemption of 30 per cent. of all the issues of all the National banks.

The Comptroller, in his report for 1883, found by investigation that if $100 of circulation had been issued during the first twenty years of the National banking system upon $70 of security, the total loss from the notes of insolvent banks could have been paid from the assets of the banks. These losses are very small. The Comptroller's report for 1889

shows that during the last twenty-five years the total circulation of insolvent banks amounted to but $15,000,000; and 30 per cent. of this amount would be but $4,500,000 for twenty-five years.

The amount of insolvent bank notes each year on the average was $600,000, 30 per cent. of which would be $180,000 annually. The tax on circulation during the past year was $1,410,331, or little less than eight times the amount of safety fund required. If the amount of circulation is increased to $200,000,000, the tax to be added to the safety fund will be $2,000,000. If $300,000,000 it will be $3,000,000, so that the amount to be added to the safety fund annually from the tax on circulation is without doubt abundantly sufficient to provide for 30 per cent. of all the notes of the insolvent National banks of the country.

The profit on circulation under this proposition would not be large, but it would be sufficient to induce many, if not all, of the smaller National banks which depend upon an issue of circulation for their profits to induce them to deposit silver bullion with the Treasurer of the United States and take out circulation.

Mr. Knox estimates that at the end of the next twenty years, or at the date of the payment of the four per cent. bonds in 1907, a safety fund would have accumulated of at least $25,000,000, so that from that time onward a sufficient amount of National bank circulation would remain permanently in existence, well secured by gold or silver bullion, and sufficiently profitable to make the circulation large enough in connection with the present amount of United States notes to respond to the demand of the business of the country; it would also give the banks in the West as well as the East who have confidence in the future value of silver an opportunity to invest in that metal, and he believes that such investments would be made for the next three years equal at least to $20,000,000 annually, and thus relieve the Treasury from excessive purchases.

NOTE—AGREEMENT—ALTERATION.

SUPREME JUDICIAL COURT OF MASSACHUSETTS.

Marston v. *Bigelow.*

1. It is no defense to an action on a promissory note that the payee, plaintiff's intestate, agreed, before its maturity, with a third person, for a valuable consideration, not to sue defendant, the maker, thereon, especially where defendant made a payment on the note, thus recognizing its validity, after such agreement, and it is immaterial that the third person with whom the agreement was made was defendant's father.

2. Where it appears that the words "with interest" were omitted from the note by mistake, an instruction that, if the jury were satisfied from the subsequent dealings of the parties with reference to the note that they interpreted it as one bearing interest from its date, they might compute interest from that time, is sufficiently favorable to defendant.

3. The deposit of a letter in the mail, addressed to a person at his place of business, accompanied by evidence that the post-office authorities knew of a change in his address, is *prima facie* evidence that he received it, and where there is other evidence of its receipt by him the question is properly left to the jury.

Action on a promissory note by Julia M. Marston, administratrix of the estate of Smith Curtis, deceased, against George B. Bigelow. Plaintiff claimed that her intestate notified defendant that he should require the latter to pay the note, which notice defendant denied receiving, and asked the court to rule (1) that there was no evidence of the delivery of the notice; (2) that the presumption of the delivery of a letter sent

postpaid through the mails to the person to whom it is addressed does not apply to a case where the letter is directed to a place from which the person to whom it is addressed had removed. The court declined to give either of these instructions, and instructed the jury that there is a presumption that a letter sent postpaid through the mails is delivered at the place to which it is addressed, and that if the person to whom it is addressed has removed from that place and has informed the postal authorities of the place to which he has removed, or if the authorities otherwise know the new address, it is a presumption, in the absence of other evidence, that the letter is delivered to him at the new address. And the court further instructed the jury fully as to the weight of this presumption, and the effect of other evidence upon it, in a manner not excepted to, except so far as inconsistent with the requests above stated. The jury was further instructed, if they answered this question in the affirmative, to bring in a verdict for the plaintiff, otherwise for the defendant. Upon the question of amount of the verdict, if for the plaintiff, the jury were instructed that upon the question whether interest should be allowed from the date of the note they might take into consideration the subsequent acts of the parties, and if they were satisfied from the subsequent dealings of the parties with reference to the note that the parties interpreted the note as one bearing interest from its date, and acted upon that interpretation, the jury would be warranted in reckoning interest from its date. Both parties excepted to this instruction. Verdict for plaintiff, and the case is reported to this court.

MORTON, C. J.—The defendant offered to prove as a defense to the note sued on, that on January 29, 1879, which was before the note matured, his father, Samuel Bigelow, conveyed to the plaintiff's intestate a piece of land; that a part of the consideration, viz., $1,770, was paid and indorsed upon this note; and that in consideration thereof the plaintiff's intestate agreed never to molest or trouble the defendant by suit for the balance due upon the note. This is not an offer to prove a satisfaction and discharge of the note; indeed, such a defense is not open under the pleadings, and the evidence shows that a year afterwards the defendant made a payment on account of the balance due on the note, thus recognizing it as an existing obligation. It was merely an offer to prove a collateral promise never to sue on the note, made to a stranger, who is not a party to the note or to this suit. Such a promise, made upon good consideration to the defendant himself, would operate to defeat the suit. (*Foster* v. *Purdy*, 5 Metc. 442.) The question is whether the defendant can avail himself of such a promise made to a stranger as a defense to the note. Unless he could bring a suit upon such contract he cannot use it as a defense. Different rules upon this subject have been adopted and acted upon by different courts; but in this commonwealth, as is stated in *Bank* v. *Rice*, 107 Mass. 37, "the general rule of law is that a person who is not a party to a simple contract, and from whom no consideration moves, cannot sue on the contract, and, consequently, that a promise made by one person to another for the benefit of a third person, who is a stranger to the consideration, will not support an action by the latter; and the recent decisions in this commonwealth and in England have tended to uphold the rule and to narrow the exceptions to it." The subject is discussed and the authorities cited in Metc. Cont. 205, *et seq.* The defendant contends that by a recognized exception to this rule a son may sue upon a promise made for his benefit to his father. This was formerly held in several English cases, but is not now so held in England. The only case in this court which supports the defendant's contention is *Felton* v. *Dick-*

inson, 10 Mass. 287. In that case the declaration contained counts in *indebitatus assumpsit* for $200, in consideration of work and labor performed for the defendant by the plaintiff at the defendant's request, and on a *quantum meruit* for the same work and labor. The evidence at the trial was that the father of the plaintiff, when the latter was 14 years of age, placed him in the service of the defendant upon an agreement that the plaintiff was to remain in that service until he should be of age; that the defendant was to support him during that time, and to pay him $200 when he was of age. Upon the peculiar facts of the case, we think the court rightly decided that the son could maintain the action. The agreement of the father operated as an emancipation of the son, and entitled him to receive the wages of his labor. (*Corey* v. *Corey*, 19 Pick. 29.) The consideration of the wages he was to receive when he became of age was his labor, and it may well be held as matter of law that the promise to the father to pay the son a stipulated sum was made to the father acting on behalf of and as the agent of the son, and thus a promise to him. The agreement was not an independent agreement in which the son had no particular interest. From the nature of the contract he was a privy and party to it. He had an interest in it, and the father and the defendant could not, withou this assent, rescind the agreement just before he became of age, and thus defeat his rights under it. The court, in its opinion, puts the decision upon the broad ground that "when promise is made to one for the benefit of another, he for whose benefit it is made may bring an action for the breach." But, as we have seen, this is not the law as established by the later decisions. (*Bank* v. *Rice*, *ubi supra*, and cases cited.) While the case of *Felton* v. *Dickinson* was rightly decided upon its peculiar circumstances, we think it cannot be fairly regarded as establishing a general rule that a son may sue upon a promise made for his benefit to his father. The nearness of the relation may be evidence that the promise to the father was made to him acting in behalf of and as the agent of the son, and therefore was a promise to the son; but when it appears that the promise was not made to the son, and that the consideration did move from him, we can see no reason why the nearness of the relation should change the general rule of law that a man cannot sue upon a contract to which he is not a party or privy.

In the case at bar there was no offer to prove a promise to the defendant not to sue. The promise is set out in the pleadings and in the offer of proof as a promise to the father upon a consideration moving wholly from him. As to such agreement there was no privity of contract between the plaintiff's intestate and the defendant. The only contract is between the defendant and Samuel Bigelow, and they may at any time revoke and annul it. The only party entitled to sue the defendant upon that contract, either at law or in equity, is Samuel Bigelow. The case falls within the general rule of law that one who is not a party to a contract cannot sue upon it. As the defendant could not enforce this agreement, which he offered to prove, either in law or equity, he cannot avail himself of it as a defense in this suit, and the Superior Court rightly rejected the evidence offered by him to prove such contract. There was evidence proper to be submitted to the jury that the defendant received the notice which was mailed to him, and the prayer for a ruling that there was no evidence of the delivery of the notice was properly refused.

The second ruling requested by the defendant was properly refused. The depositing a letter in the post-office, addressed to a party at his place of business, is *prima facie* evidence that he received it in the ordinary course of the mails. This is founded upon the presumption

that the public officers will do their duty. (*Huntley* v. *Whittier*, 105 Mass. 391.) So, if a party has changed his place of business, and has informed the post-office authorities of it, there is a presumption or inference that the letter has been delivered at the new address. The deposit of the letter in the post-office, accompanied by evidence that the authorities knew of the change, furnishes competent evidence that the party has received the letter. In either case there is a disputable presumption or inference of fact, the weight of which is for the jury. In the case at bar there was other evidence tending to show the receipt by the defendant of the letter addressed to him by the plaintiff's intestate, and the court properly left it to the jury to determine upon all the evidence whether the defendant had received the letter, giving such weight to the presumption or inference as they thought it entitled to.

It is plain that the omission of the words "with interest" in the note sued on was a mere clerical error, and the instruction on this subject was sufficiently favorable to the defendant. Judgment on the verdict.

WHEN IS A DEPOSIT MADE?

SUPREME COURT OF INDIANA.

Wasson, County Treasurer, v. *Lamb*.

1. Where a county treasurer deposits in a bank receipts for taxes due from the bank, receives credit for the amount of such taxes, and afterwards draws the money out by check, the transaction amounts to a payment of the taxes.

2. Though the deposit is not entered in the bank-books until five days after it has been entered by the bank in the depositor's pass-book, the deposit must be held to have been made at the date of the entry in the pass-book.

MITCHELL, J.—This is an appeal from a judgment and decree of the Marion Circuit Court, by which Wasson, as treasurer of Marion county, was perpetually enjoined from asserting or enforcing an alleged lien for taxes against certain real estate which had been transferred to Robert N. Lamb, as the assignee of Alfred and John C. S. Harrison. The question for decision arises upon the following facts: In April, 1884, Wasson was the treasurer of Marion county, and for some months prior thereto kept an account in Harrison's Bank, a private banking house owned and conducted by Alfred and John C. S. Harrison in the city of Indianapolis. With a view of inspiring confidence in the solvency of the firm, and to induce the appellant to believe that their bank was a safe place for the deposit of money, one of the partners, at divers times prior to the 23d day of April, 1884, falsely represented to him that the firm was solvent. These representations, although relied on by the appellant, were known to be false by the member of the firm who made them. On the date above mentioned, the appellant, as county treasurer, delivered to the partner above referred to receipts for taxes due from himself and the firm and others to the amount of $2,086.65; that amount being at the same time entered as a credit on the pass-book or bank-book in which the appellant kept the account of his deposits and checks with the bank. At the time the receipts were delivered, and the credit entered, as above, the appellant marked the taxes as having been paid on the tax duplicate, and charged himself with the several amounts. This credit included the amount assessed and due as taxes, the collection of which was enjoined by the decree from which this appeal is prosecuted. It appears that the credit for the amount of the receipts was

not entered on the books of the bank until the 28th day of April, 1884, five days after it was credited by a member of the firm on the appellant's pass-book, at which time the balance to his credit was $49,764. 67. The appellant's bank-book was balanced on the 10th day of May, 1884. The balance included the amount of the tax receipts. After that date the appellant made deposits, and drew checks against his balance, until in July, 1884, when the bank, being insolvent, suspended payment and made an assignment, with a balance standing to the credit of the appellant amounting to $9,233.72. If the amount of the tax receipts is considered as having been deposited in the bank as of the date the credit was entered on the appellant's pass-book, then he has drawn out more than he deposited since that date, including the $2,086.65. If, however, it is not to be considered as deposited until it was entered on the books of the bank, no part of it has been since drawn out. The learned court below was of the opinion that the deposit should be considered as made when appellant was credited with the amount of his pass-book; and that having since that time checked out more than he has since deposited, including the amount credited for taxes, he was in no way injured by the misrepresentations concerning the solvency of the bank.

This conclusion is unquestionably correct. The general rule which governs in keeping the account between a bank and a depositor is that as money is paid in and drawn out, or other debts and credits are entered, by the consent of both parties, in the general banking account of the customer, a balance may be considered as struck at the date of each payment or entry on either side of the account. (*Bank* v. *Peck*, 127 Mass. 298; *Lamb* v. *Morris*, 118 Ind. 179, 20 N. E. Rep. 746.) Ordinarily, whenever a deposit is made, the amount and date thereof is entered by the cashier or teller in the bank-book or pass-book of the depositor; and such entries, when made by the proper officer, bind the bank as admissions. In some cases it has been held that they become conclusive upon the bank like an account stated, when the bank-book is balanced. 1 Morse, Banks, 3d Ed., § 291. The settled rule is, where checks, drafts or other evidences of debt are received in good faith as deposits, if the bank credits them as so much money, the title to the checks or drafts is immediately transferred to the bank, and it becomes legally liable to the depositor as for so much money deposited. (*Cragie* v. *Hastdey*, 99 N. Y. 131, 1 N. E. Rep. 537; *Bank* v. *Loyd*, 90 N. Y. 530.) So, when a bank credits a depositor with the amount of a check drawn upon it by another customer, and there is no want of good faith on the part of the depositor, the act of crediting is equivalent to a payment in money. Nor can the bank recall or repudiate the payment because, upon an examination of the accounts of the drawer, it is ascertained that he was without funds to meet the check, though, when the payment was made, the officers labored under the mistake that there were funds sufficient. (*Bolton* v. *Richard*, 6 Term R. 139; *Bank* v. *Burns*, 68 Ala. 267; *Oddie* v. *Bank*, 45 N. Y. 735.) Where, therefore, the holder of a check or other genuine instrument representing a fixed sum delivers it to a bank, and receives an unqualified credit as for a definite sum of money, the transaction is equivalent to an actual deposit of so much cash as of the date of the credit. (*Bank* v. *Burkhardt*, 100 U. S. 686.) Thus, in *Titus* v. *Bank*, 35 N. J. Law, 588, a dispute having arisen concerning the title of certain checks, the court said: "They were received and credited in a cash account as cash. . . . By such crediting, the bank became the owners of these bills, as they do of legal-tender notes or bank bills so deposited. And, had the defendants failed the next day, the plaintiffs could not have demanded these identical checks as their property, left for collection, against a receiver or

an assignee in bankruptcy. The plaintiffs had received the price of these checks by having it credited on their overdrafts, and by drawing for it. (*Hoffman* v. *Bank*, 46 N. J. Law, 604; 2 Morse, Banks, §§ 569, 570.) In like manner, according to the opinion of Lord Eldon, if bills are deposited and entered in the customer's account as cash, with his knowledge and consent, so that he becomes entitled to draw against the amount, he will thereby be precluded from claiming the bills. (*Ex parte* Sargeant, 1 Rose, 153; *Ayres* v. *Bank*, 79 Mo. 421; Story, Ag. § 228, note.)

Upon principle, there can be no reason why, if parties choose to treat a deposit of paper or other securities as cash, so that it is available to the depositor as cash, the transaction should not be regarded as equivalent to a deposit of money. Thus, as was said by Wallace, J., in *Railway Co.* v. *Johnston*, 27 Fed. Rep. 243: "When a sight bill is deposited with a bank by a customer at the same time with money or currency, and a credit is given him by the bank for the paper, just as a like credit is given for the rest of the deposit, the act evinces unequivocally the intention of the bank to treat the bill and the money or currency, without discrimination, as a deposit of cash, and to assume towards the depositor the relation of a debtor, instead of a bailee of the paper. If the customer assents to such action on the part of the bank by drawing checks against the credit, or in any other way, he manifests with equal clearness his intention to be treated as a depositor of money." If, by mutual consent, the bank and the appellant choose to treat the tax receipts as so much cash deposited to the credit of the latter, the transaction must be regarded as according to the intention of the parties at the time.

The conclusion which follows from what has preceded is that, when the appellant transferred the tax receipts to the bank, and received credit for the amount thereof, the transaction was, in legal effect, the same as if he had deposited the amount in cash. He had the right to draw his check against it the next moment after the credit was entered, precisely as if he had made the deposit in money. Moreover, the court finds that he did check against it so as to actually draw the amount out of the bank. This being so, the result is, assuming that there was no fraud in the transaction when the tax receipts were delivered, and the taxes marked paid on the duplicate, and the appellant was credited on his bank-book with $2,066.65 as cash, he in legal effect received the amount of the taxes in cash, and the transaction was consummated and closed, precisely as if the bank had paid the taxes, and then received the money on deposit from the appellent on the 23d day of April, 1884. (*Bank* v. *Burkhardt*, *supra*.) We need not inquire whether or not the facts found present such a case as would have entitled the appellant to set the transaction aside on the ground of fraud, and obtain a preference over other creditors of the bank. It is enough to say that, having received credit as for so much cash deposited, and having checked out a sum of money after the credit was given him, which included the amount of the tax receipts for which he obtained credit, he is not in a situation to say that the taxes which he claims the right to collect were not in fact paid. He must stand precisely as any other depositor whose money was obtained by the false representations of the officers of the bank, since he has been content to let the transaction stand until, by the assignment, the rights of other creditors who may be in like situation with him have intervened. There was no error. The judgment is affirmed, with costs.

COLLECTIONS.

CIRCUIT COURT OF U. S., SOUTHERN DISTRICT OF OHIO.

Commercial National Bank v. *Armstrong.*

The F. Bank offered to "collect at par" all paper sent it by complainant, "and remit" on specified dates. Complainant accepted the offer on a letter-head containing the printed words. "For collection,———; for credit,———." All paper sent under this agreement was, at the suggestion of the F. Bank, indorsed, "Pay F. Bank for collection———, for" complainant. The F. Bank thereafter wrote to complainant that "we collect at par, and include in our remittances everything collected to date." All paper sent by complainant was charged on its books to the F. Bank, "cash items" on transmission, and "time items" on their collection by the F. Bank, on whose books like credit entries to complainant were made. While complainant's cashier testified that in making such charges he understood that the F. Bank became indebted to complainant, he also stated that it was not intended to transfer the paper to or open a deposit account with the F. Bank. *Held*, that the relation between the F. Bank and complainant as to paper sent by the latter was that of principal and agent, and not that of creditor and debtor.

Such relation also continued as to proceeds of such paper collected by the F. Bank.

Complainant can recover on the ground of a trust, from a receiver of the F. Bank, which has failed, such portion only of the proceeds of its paper sent to the F. Bank as it shows has passed into the receiver's hands either in its original or some substituted form.

JACKSON, J.—The general object and purpose of the bill in this case is the recovery of certain funds, which the complainant claims are impressed with a trust character in its favor, and which it is alleged have come into the possession of the defendant as the receiver of the Fidelity National Bank of Cincinnati. The trust character of the fund claimed is disputed, and that constitutes the real controversy between the parties to the suit.

The material facts of the case, as established by the evidence on which the questions of law arise, and the right to the relief sought depends, are the following, viz.: The Fidelity National Bank, desiring to open and establish business relations with the complainant, addressed to it, under date of February 12, 1887, the following circular letter and propositions:

"*Coml. Natl. Bnk, Philadelphia, Pa.*—GENTLEMEN: Inclosed herewith we hand you our last statement, showing us to be the second bank in Ohio in deposits in the tenth month of our existence. We should be pleased to serve you, and trust you will find it to your advantage to accept one of the following propositions:

"No. 1. We will collect all items at par, and allow 2½% interest on daily balances, calculated monthly. We will remit any balance you have above $2,000 in New York draft, as you direct, or ship currency at your cost for expressage.

"No. 2. Will collect at par all points west of Pennsylvania, and remit the 1st, 11th, and 21st of each month.

"No. 3. We will collect at par Ohio, Indiana, and Kentucky items, and remit balances every Monday by draft on New York. We do not charge for exchange on propositions No. 1, 2 and 3.

"No. 4. Will collect Cincinnati items, and remit daily at 40 cents per thousand, or 20 cents for $500 or less. National banks not in a reserve city can count all they have with us as reserve. Your early reply will oblige."

To this communication the Commercial National Bank replied on February 18, 1887, accepting the second of the above propositions. This letter of acceptance was written upon one of the printed letter-heads which complainant was in the habit of using in its general business intercourse with correspondents, relating to paper received or transmitted for collection; the printed portions of the lettter being in the following form:

"COMMERCIAL NATIONAL BANK OF PENNSYLVANIA.
"PHILADELPHIA, ——— 188—.

"*To* ——— *National Bank* ———.

"Yours of ——— inst. is received, with inclosures as stated.

"Respectfully,
———,
"For Cashier.

"I inclose for collection, ——— ; for credit,———."

Along with this letter of acceptance complainant transmitted certain sight drafts or checks to the amount of $2,007.55, indorsed for collection for Commercial National Bank, which constituted the first dealings or transactions between the two banking associations. Upon the receipt of complainant's acceptance of its said second proposition the Fidelity National Bank caused to be prepared and forwarded to the Commercial National Bank a stamp to be used by it in indorsing paper transmitted for collection, under and in pursuance of the contract and agreement then entered into between the two banks. The impression or indorsement made by said stamp was this:

"Pay Fidelity Natl. Bank of Cincinnati, O., for collection for Commercial Natl. Bank of Philadelphia. E. P. GRAHAM, Cashier."

Commencing with its letter of acceptance of said second proposition, complainant continued to forward to the Fidelity National Bank, for collection, commercial paper, consisting of checks, drafts, and promissory notes, payable in the designated territory either at sight or on demand, or at a certain time after date or after demand, until June 21, 1887, when the Fidelity National Bank, having become insolvent, was closed by the Comptroller of the Currency, and soon thereafter defendant was appointed receiver of its assets, and its charter was forfeited. Upon all the paper which complainant transmitted to the Fidelity National Bank for collection under the contract formed by the acceptance of said second proposition, there was placed by the use of the stamp furnished by the Fidelity National Bank the above special indorsement:

"Pay Fidelity Natl. Bank of Cincinnati, O., for collection for Commercial Natl. Bank of Philadelphia. E. P. GRAHAM, Cashier."

At the date of its failure and suspension, the Fidelity National Bank had not accounted for paper so indorsed and trausmitted by complainant between the 4th and 20th June, 1887, to the amount of $16,000 or $17,000. There is no dispute as to the items making up said amount, or as to the fact that each of said items were duly received by said Fidelity Bank, and have, upon each item or piece of paper, the special indorsement aforesaid. It was not understood or intended by either the transmitting or the receiving bank that the title to the paper sent forward for collection should pass to or be vested in the Fidelity Bank; on the contrary, the agreement and understanding between them contemplated (what was expressed by the proposition made and accepted, and the indorsement placed on the paper) that the title to all such paper should be and remain in the complainant, who neither opened or intended to open any deposit account with the Fidelity National Bank. Previous to this special arrangement entered into between them, they had had no business connection or transactions, and kept no accounts with each

other. All the paper forwarded by complainant between the 4th and 20th June, the proceeds of which are involved in this controversy, was transmitted in letters having the printed form of letter-heads, as above indicated; and in conformity with the general usage and course of business between banks occupying towards each other such relation as the contract in question created, or sending and receiving commercial paper for collection, a distinction was made between such paper as was payable at sight or on demand, and such as was payable at a certain day, after date or after demand. The former were designated as "cash items," and the latter as "time paper." The course of business between the two banks, and the method of keeping their accounts with each other, were as follows: When "cash items" were transmitted by complainant to the Fidelity National Bank, including these embraced in the present controversy, they were entered as of the date of their transmission on the foreign cash item-book of the former, and from said book such entries were posted into the general account of the Fidelity Bank on complainant's books, as of such date; and, when such "cash items" were received by the Fidelity National Bank, it credited the same on its books to the complainant as of the date received, and charged the same to its correspondents to whom such "cash items" were sent by it for actual collection. If such "cash items" were not paid on presentation, the Fidelity National Bank would charge them back to complainant, and return them, whereupon complainant would credit the Fidelity Bank with the same upon the account which it kept against the latter. When the complainant transmitted "time items," or papers including that covered by this suit, the same were entered on complainant's foreign collection register as of the date of transmission, and were not entered upon the general account of the Fidelity National Bank, upon the books of the Commercial National Bank, until advice was received from said Fidelity Bank that such time items had been collected. The Fidelity National Bank neither credited nor remitted complainant such time items until it had received advice from its correspondents of their payment. The books of the Fidelity National Bank show to whom it sent all the paper, both "cash" and "time items," for collection, and when the same was collected by its correspondents, with all or most of whom it had current accounts showing balances in favor of or against said Fidelity Bank from day to day, and at the time of its suspension. Up to June 4, 1887, the Fidelity National Bank, in pursuance of and in compliance with its contract and agreement, made remittances with complainant on the 1st, 11th, and 21st of each month, of collections made up to the date of each remittance, accompanying the same with a statement of the several collections made and included in such remittance. Such statements designated and identified the separate items of paper which had been collected. Such remittances, together with any and all such cash items as were not paid on presentation, were, by the Fidelity Bank, charged back against the complainant on the books of the former, and were credited to the Fidelity on the books of the complainant. Under date of May 25, 1887, the complainant's cashier, E. P. Graham, wrote the cashier of the Fidelity Bank as follows:

"DEAR SIR: We do not wish to complain, but would like to understand why your remittances of May 21st only included items sent you up to May 14th, and received by you on the 16th. We have to explain these things to our depositors, and wish to act intelligently on the subject. Yours, etc. _____."

To this communication the Fidelity National Bank, through E. L. Harper, vice-president, returned the following reply:

"GENTLEMEN: We collect at par, and include in our remittances everything collected to date."

The complainant made no objection to this construction of its undertaking of the Fidelity National Bank, but acquiesced therein, and continued to transmit paper for collection under the contract as thus interpreted, such paper being charged and credited as already stated.

On the foregoing statement of facts three leading questions are presented for consideration and determination: *First*, what, under their contract and course of business, was the relation created between the two banks in respect to the commercial paper which complainant sent to the Fidelity Bank for collection? *Second*, what, if any, change or modification of that relation was made or effected as to the proceeds of such paper after actual collection thereof by the Fidelity National Bank, or its correspondents? And, *third*, how far, or to what extent, can complainant follow and impress upon the proceeds of such paper a trust such as will entitle it to a recovery out of funds in the hands of the receiver?

For the complainant it is insisted that the relation established by the contract, and the indorsement placed upon the paper transmitted for collection, was only that of principal and agent; that the title to the paper and to the proceeds thereof never passed to the Fidelity National Bank, but remained in itself; and that the Fidelity National Bank having, as such agent, collected its paper, and failed to account for the proceeds, the amount thereof so received constituted a trust fund which complainant may rightfully follow, and recover in full out of the general assets of the Fidelity Bank which have or may come into the hands of the defendant as the receiver of the same. The defendant controverts those propositions, and claims that the agreement and course of dealings established between the two banks no other relation than that of creditor and debtor; that in respect to sight or demand paper, designated as "cash items," which complainant, at the date of its transmission, charged up to the Fidelity National Bank, and which the latter, on receipt thereof, credited to the complainant, such relation of creditor and debtor arose when such paper was received by the Fidelity Bank. and credited on its books to the complainant; that in respect to paper payable on a certain day after date or after demand, called "time paper," the creditor and debtor relation between them commenced upon the actual collection of such paper, and when the Fidelity National Bank gave complainant credit for the same. It is further claimed for the defendant that the proceeds of all such paper received and collected were so mingled and blended by said Fidelity National Bank with its own funds and credits as to be undistinguishable or incapable of identification, and that for the amount of its debt or claim complainant can only share *pro rata* with other creditors of the Fidelity National Bank in the distribution of its assets in defendant's hands.

The facts and circumstances specially relied on by counsel for defendant to support their contention of a creditor and debtor relation between the two banks are—*First*, the printed words, "For collection, ——; for credit," found in the letter-heads used by complainant in transmitting paper to the Fidelity Bank; *Secondly*, the act of the parties in debiting and crediting the "cash items" at the dates of transmission and receipt; and, *Thirdly*, the statement made by complainant's cashier, Mr. E. P. Graham, that in thus charging the Fidelity Bank with such "cash items" he understood or intended that the latter thereupon became indebted to his bank. It is true that Mr. Graham in his deposition makes such a statement, but his meaning, as subsequently explained, was obviously that the Fidelity National Bank was chargeable with such items, and would, upon the collection thereof, be liable to complainant for the same. He hardly meant to be understood that upon his bank's

making such a charge as paper transmitted, the property in such paper thereupon vested in the Fidelity Bank; for in other portions of his testimony he clearly states that it was not intended to transfer the paper to the collecting bank, or to open any deposit account with it. On the other hand, the Fidelity National Bank did not understand or so interpret the contract as to consider itself absolutely bound to the complainant for all such paper as so much money deposited with it, or that by crediting the complainant with the amount thereof it becomes the owner of the paper. This is clearly shown in its reply to complainant's letter of May 25, 1887, where it is said: "We collect at par, and include in our remittances everything collected to date" (of remittances).

This contemporaneous construction placed upon its undertaking by the Fidelity Bank is inconsistent with the idea that an actual, present indebtedness arose upon its receipt of such paper for the amount thereof, so that it thereupon became the owner of the same. The parties in this contract made no distinction between "time paper" and "cash items." The same indorsement, "Pay Fidelity National Bank of Cincinnati, Ohio, for collection, ———, for Commercial National Bank of Philadelphia, Pa.," was placed upon both classes of paper alike. In keeping their account with each other "cash items" were charged and credited before, and "time paper" after, collection. This difference in time of making such entries cannot, when considered in connection with the express agreement of the parties, operate to split up their contract, so as to make one rule for "cash items" and another for "time paper." There was no such understanding. But, in connection with the mode adopted of charging and crediting "cash items" transmitted and received, it is said by council for defendant that the Fidelity National Bank in some instances remitted to complainant on the dates designated before actual collection; that "cash items" received, say on the 10th of May, would, in some cases, be remitted on the 11th of May, before the same was collected by the Fidelity Bank. If any such instances actually occurred (which does not appear satisfactorily to be the fact), the act of remitting was wholly gratuitous on the part of the Fidelity Bank—was not in accordance with its own interpretation of its undertaking, and could not have the effect of annulling or modifying the real contract of the parties. Nor can the printed words, "For collection, ———; for credit," found in letter-heads which complainant generally used in forwarding paper to the Fidelity Bank, control the express written contract of the two banks. That contract is found in the proposition made by the one and accepted by the other. The offer was to "collect at par all points west of Pennsylvania, and remit the 1st, 11th, and 21st of each month." In accepting that proposition complainant did not intend by the use of printed letter-heads containing the words, "For collection,———; for credit," to change or modify the offer made by the Fidelity Bank, or to suggest a different arrangement; neither did the Fidelity Bank so understand complainant's letter of acceptance. The printed words, "For collection, ———; for credit," cannot now be reverted to for the purpose of showing a different contract or arrangement from that embraced in the proposition made and accepted. Any such operation and effect given to these printed words would do manifest violence to the clear intention of the parties, and violate the well-settled rule that printed words, such as, "For collection, ———; for credit," must be controlled by the written proposition made and accepted, if the latter is inconsistent with the former. Ordinarily, when a customer sends commercial paper to a bank to credit the proceeds, and such credit is given when the paper is collected, if nothing more appears the relation thereby created between the parties is that of creditor and debtor. The bank becomes the customer's

debtor for the amount so credited, subject to payment on demand, but is under no duty or obligation to remit. In the present case the arrangement proposed in and by the second proposition involved the performance by the Fidelity National Bank of two agency duties and functions, viz., the undertaking to collect all papers payable west of Pennsylvania, sent it by complainant, and the obligation to remit the proceeds at or upon designated dates. In addition to the agency services contemplated, the special or restrictive indorsement (the form of which was made and suggested by the Fidelity Bank) placed upon the paper transmitted by complainant, would, in and of itself, have created the relation of principal and agent between the two banks.

We think this is settled by the rule laid down in *White* v. *Bank*, 102 U. S. 660, 661, and by the decisions of this court in *Winters* v. *Armstrong*, 37 Fed. Rep. 508, and *Montgomery Nat. Bank* v. *Armstrong*, 36 Fed. Rep. 59. In the latter case the indorsement which the transmitting bank placed upon the draft forwarded to the Fidelity Bank, was, in all essential particulars, the same as that employed by complainant, and this court held that the relation thereby created between the two banks was that of principal and agent; and the Montgomery National Bank, having traced the proceeds of its paper into the receiver's possession, was allowed to recover the same as a trust fund. In the *Montgomery Bank Case* there was, besides the special indorsement, a direction, contained in the letter of transmission, to remit the proceeds of the collection without any specification as to the time of remitting. Here the dates for making remittances are specified. In the *Montgomery Bank Case* the law fixed or prescribed "a reasonable time" from date of collection in which the remittance by the agent should be made. Here the parties have in advance agreed upon and designated the time or times for remitting. This difference is insufficient to distinguish the two cases. But the question is put beyond all doubt, if, as we may properly do, we read into the restrictive indorsement which complainant placed upon all the paper it transmitted the special contract of the parties, made by complainant's acceptance of said second proposition. It would then stand thus: "Pay to the Fidelity Natl. Bank for collection for Commercial Natl. Bank of Philadelphia, Pa. This paper is to be collected at par, and the proceeds remitted to the Commercial National Bank on either the 1st, 11th, or 21st days of the month next after day of collection, without exchange." That such an indorsement as this would make the receiving bank the agent of the transmitting bank admits of little or no debate. The contract of the parties, taken in connection with the special indorsement agreed upon by both, renders it clear, both upon principal and authority, that, so far as concerns the paper in question, the relation between complainant and the Fidelity National Bank was not that of creditor and debtor, but that of principal and agent.

The next question presented is, did they occupy any other or different relation to each other as to the proceeds of such paper after actual collection thereof by the agent bank or by its sub-agent? The agency relation being established as to the paper, the money received thereon should stand upon the same footing, and be held in the same capacity, by the collecting bank. The relation of principal and agent as to the proceeds of such paper could not be changed to that of creditor and debtor without the consent or concurrence, express or implied, of both parties. The agent certainly could not, by an act of his own, divest himself of his fiduciary character in respect to the proceeds of paper he had collected as agent. His method of keeping his accounts with his principal would not terminate his agency relation, or convert him into

a mere debtor, without the assent, express or implied, of his principal. In the present case there was no intention, express or fairly to be implied, that the parties considered the proceeds of the paper as standing upon a different footing from the paper itself. The accounts which they mutually kept of their business were properly principal and agency accounts, as distinguished from creditor and debtor accounts. They were kept in the usual way banks keep their collection accounts. It was not the understanding of either (certainly not of complainant) that any creditor or debtor relation as such was to be credited in respect to the proceeds of paper sent out for collection. The first proposition submitted by the Fidelity National Bank perhaps contemplated a creditor and debtor connection, but the second, third, and fourth upon their face did not. Aside from the contract embodied in the accepted proposition, the plain meaning of the special indorsement used is that the Fidelity National Bank was to collect the paper and receive the proceeds "for account" of the complainant, and such proceeds were to be remitted on certain days next after collection. We think it clear that the principal and agency relation created as to the paper continued as to the proceeds thereof. Such being the relations of the two banks, the remaining question is, How far, or to what extent, can complainant follow and impress upon the proceeds of its paper a trust as against the funds in the hands of the defendant as receiver of the Fidelity National Bank's assets? When an agent, or one occupying a fiduciary position, converts trust property or moneys to his own use, or improperly invests the same in other credits or securities, two remedies are open to the principal. He may elect to treat such agent as his debtor for the amount, or he may follow his property or funds, so long as the same can be traced and identified, until they reach a *bona fide* holder thereof without notice of his right, and impress upon them, either in their original or substituted form, a trust. The complainant seeks the latter remedy, and, through its counsel, claims that a trust should be established in its favor against all the assets of the Fidelity Bank in the possession of defendant, without imposing upon it the duty of tracing its funds into the receiver's hands, because such funds, whether actually received by the defendant as receiver or not, have gone to swell the estate or assets of said Fidelity National Bank. Some cases are cited which seem to support this position, but they are not sound in principle, nor in harmony with the decided weight of authority. In seeking to follow and impress a trust character upon funds which an agent has misapplied, it is incumbent upon the principal to clearly trace such funds into the hands of the party against whom the relief is sought; and, so long as the trust fund or property, in either its original or substituted form, can be traced and identified, it may be followed and recovered by the true owner, provided it has not come into the possession of some *bona fide* holder for value without notice. This right of the principal "only ceases when the means of ascertainment fail," or when his property or fund has reached a *bona fide* holder for value, and without notice of the trust.

It is not deemed necessary to review the numerous authorities on this question. The rule is now well settled by repeated decisions both of the State and federal courts, which have followed and applied the principle laid down by Lord Ellenborough in *Taylor* v. *Plumer*, 3 Maule & S. 562. The leading cases in this country are here simply referred to: *Overseers of the Poor* v. *Bank*, 2 Grat. 544; *Whitley* v. *Foy*, 6 Jones, Eq. 34; *Thompson* v. *Perkins*, 3 Mason 232; *Kip* v. *Bank*, 10 Johns. 63; *Van Alen* v. *Bank*, 52 N. Y. 1; *Bank* v. *King*, 57 Pa. St. 202; *Cook* v. *Tullis*, 18 Wall. 332; *Schuler* v. *Bank*, 27 Fed. Rep. 424; *Bank* v. *Insurance Co.*,

104 U. S. 54; *Winters* v. *Armstrong*, and *Montgomery Nat. Bank* v. *Armstrong*, heretofore decided by this court. Those authorities impose upon complainant the duty of tracing the funds it seeks to have impressed with a trust character into the defendant's possession, either in their original or in some substituted form, and the burden of identification is imposed upon all owners seeking to follow their property or its proceeds. No well-considered case has gone to the extent of holding that, when an agent converts or misappropriates his principal's property or funds, and thereafter fails, his general estate will be impressed with a trust for the reimbursement of such principal, on the ground that such estate has been benefited, and to an equal amount, by the agent's breach of duty. Every creditor could rest a like claim to priority of satisfaction on the same ground. The right of the owner to follow and recover his property rests upon a principle altogether different. In the present case the complainant, upon the doctrine of the cases cited, can only recover from the defendant such portions of the proceeds of its paper as it can trace into the hands of the receiver, either in their original or in some substituted form. The Fidelity National Bank having debit and credit balances with its numerous sub-agents or correspondents, who made the actual collection of complainant's paper, this court, upon the preliminary hearing of the cause, directed a reference to a special master to ascertain and report what funds derived from complainant's paper had come into the defendant's possession as receiver. The special master made his first report in the premises, which showed that complainant's said funds were mostly collected by sub-agents of the Fidelity Bank; that such sub-agents, having mutual accounts with the Fidelity National Bank, credited the latter with the amount of such collection, and that at the date of the Fidelity Bank's suspension it had credit balances with some and debit balances with other of such sub-agents. This still left the fact sought to be ascertained in some doubt, and the court thereupon directed the special master to make an amended and supplemental report, and show what portion of the paper transmitted by complainant to the Fidelity National Bank between the 4th and 20th June, inclusive, was collected by correspondents of said Fidelity Bank, and credited to the latter, and in what cases the accounts between said Fidelity Bank and said correspondents exhibited a continuous balance due the former from the latter down to the date of the Fidelity Bank's failure, as large or larger than the amount of the proceeds of complainant's said paper so collected and credited by said correspondents, respectively, to said Fidelity Bank, and in what instances, and to what amounts, such balances so due from said correspondents at the time of the Fidelity Bank's suspension were subsequently paid over to and received by the defendant. The special master filed his amended report on the 27th of May, 1889, showing that the defendant had, subsequent to the suspension of the Fidelity Bank, received from said correspondents the proceeds of complainant's said paper to the amount of $7,209.59. Under the authorities the complainant could have reached and subjected those credits in the hands of said correspondents, which were made up by the proceeds of its paper. It can still follow the same in the hands of the defendant, to whose possession the funds belonging to complainant are thus clearly traced to the extent of $7,209.59.

Various exceptions are taken to the master's original and amended reports. They need not be noticed or considered in detail. In the judgment of the court the findings and conclusions of the special master are clearly sustained by the evidence, and the exceptions are overruled, and said amended report of May 27, 1889, is found to be correct.

and is confirmed. A decree will be accordingly entered for complainant directing the defendant to pay over to it or its council of record said sum of $7,209,59, and such dividend as he may hereafter receive on the sum of $1,577.89, collected by the Fifth National Bank of St. Louis on complainant's said paper, and credited to the Fidelity Bank. Each party will pay half the costs herein, including the fee of the special master, which is fixed by the court at the sum of $150.

NATIONAL AND STATE BANKING.

In the last report of the Board of Bank Commissioners of California, appears the following remarks on the above subject:

Savings banks are specifically restricted by the codes of this State in some particulars of the banking business, and are specially privileged in others. They are not allowed to borrow money, lend to their own officers, nor deal in real estate. They are not allowed to loan on personal security, unless the paid-up capital is at least $300,000, and not then unless such loans are specially authorized by the by-laws. They are permitted "to prescribe the time and conditions on which repayment is to be made to depositors." Commercial banks, as such, are not especially restricted nor privileged. The laws do not define the different kinds of banks. In some banks the business is such that classification is not clear, and sometimes titles are misleading.

In considering State banking by comparison with National, we do not refer to Savings, nor foreign and private banks, although the business of the two last mentioned is substantially commercial, bringing them in competition with National banks. For the present purpose we mean by "State banks," all incorporated associations organized and managed locally, that are strictly commercial in their dealings, as well as all similarly incorporated associations that are conducting a business partaking of the character of both Savings and Commercial, or "mixed" banks, as they are sometimes called.

The first difference between the two systems—National and State—is manifest in the inception of a business. The organization in any town of any number of State banks is not regulated by State laws. In the pamphlet "containing instructions as to the method of organization and the proper management" of National banks, may be found set forth as the initiatory step the necessity of making a "written application to the Comptroller, giving the desired title, the location, the proposed capital, and the names of at least five persons who contemplate being stockholders in the organization." Furthermore, the application should be indorsed by the Representative in Congress, or "accompanied by letters from other persons of prominence, vouching for the character and responsibility of the parties, and the necessities of the community where the bank is to be located." If the application meets with the approval of the Comptroller, the necessary blanks for organizing the bank are forwarded to the parties.

The second distinction between National and State banks arises when the amount of capital for the new bank is to be decided. National banks cannot be organized with less than $50,000 capital, under any circumstances, and, in fact, with less than $100,000 only by special permission. The entire capital must be paid up within six months. In this State the law does not prescribe the amount of capital necessary to engage in business, nor the time in which to pay the capital subscribed.

The investment of capital in banks in the State system is left to the discretion of the managers. In the National system the law prescribes the investment of a portion of it, and, in requital, offers to each bank the opportunity to circulate its own paper money. The Constitution of this State provides that banks shall "not issue nor put in circulation as money anything but the lawful money of the United States."

National banks were created to compel loans of banking capital to the Government, and to provide a currency uniform throughout the country. All of them must invest in United States bonds, according to the amount of their capital. The system is founded on a National debt, and the banks depend for existence upon its continuation, unless a substitute for it, or a new charter, can be agreed upon by Congress and the banks. The discussion of this particular branch of the subject takes a wide range. In contemplation of the high price of bonds, and the possible extinguishment altogether of the public debt, the suggestion has been made that the bonds of our country be replaced by those of other nations of approved credit, or by State and county bonds.

Bonds to secure circulation must be deposited with the Treasurer of the United States, whereupon the bank, at its option, is entitled to receive from the Comptroller circulating notes equal in amount to ninety per cent. of the par value of the bonds. The privilege is not always accepted, about ten banks, in a total of over three thousand, declining to issue their own notes. Of this number, five are in New York, two of these being very large institutions—the "Chemical" and the "American Exchange."

Banks of issue must at all times keep in the Treasury of the United States a deposit in lawful money equal to five per cent. of their circulation, to be held and used for the redemption of such circulation. The average amount of the notes in circulation is taxed one per cent. per annum. Banks liquidating must provide and deposit with the Government a sum sufficient to redeem their circulation; hence all notes lost or destroyed afford just so much profit to the Government, not to the banks.

The business of circulation, even when subjected to National limitations, has been highly profitable.

The following calculation was published by the Comptroller in 1883. We present it for the reason that it shows almost a balance in profit and loss on circulation.

$100,000 fours at 21 per cent. premium, annual interest		$4,000
Circulation 90 per cent. on par value	$90,000	
Deduct 5 per cent. redemption fund	4,500	
Loanable circulation	$85,500 at 6 per cent.	5,130
Gross receipts		$9,130
Deduct 1 per cent. tax	$900	
Deduct cost redemption	30	
Deduct 2-47 premium	894	
		1,824
Net receipts		$7,306
$121,000 loaned at 6 per cent		7,260
Profit on circulation		$46

In this computation the premium is deducted in twenty-three and one-half equal annual installments, and the 5 per cent. fund is regarded as reducing the loanable circulation. If the interest to be derived from successive reinvestments of all receipts be taken into the computation, the profits are greater.

If the rate of interest was 7 per cent. there would be no profit. The annual profit on 100,000 4½ per cent. bonds at 14 per cent. premium, the rate of interest being 6 per cent., would be $110, and at 7 per cent. there would be no profit.

The next calculation, by Mr. W. P. St. John, President of the Mercantile National Bank, of New York, was published in the *Times* in October, 1888.

Recent treasury purchases of bonds have been made (prices net of accrued interest) at 129 for the 4 per cents, and at 108 for the 4½ per cents, the former being now within about eighteen and one-fourth years and the latter two and three-fourth years of the date when they are to be redeemable at par. The sums required to be annually set aside at interest in order to sink these premiums of 29 per cent. and 8 per cent. in the periods named, if we assume a 6 per cent. value for the money—and a bank is supposed to constantly employ all its money—may be estimated at 1.48 per cent. and 2.77 per cent., to be annually deducted from the 4 per cent. and 4½ per cent. of income from the bonds, respectively:

For 4 per cents, at 129, the outlay is $12,900, which sum at ordinary 6 per cent. employment would yield annually			$774
Employed for note issue, we have income from the bonds 4 per cent., less as above, 1.48 per cent., net 2.50 per cent		$252	
$9,000 circulating notes at 6 per cent	$540		
Less tax, 1 per cent., and expenses, $10	100	440	692
Net annual loss on circulation upon each $10,000 of 4 per cent. bonds.			$82
For 4½ per cents at 108, the outlay is $10,800, which sum at ordinary 6 per cent. employment would yield annually			648
Employed for note issue we have income from the bonds, less 4½ per cent. as above, 2.77 per cent., net 1.73 per cent		$173	
$9,000 circulating notes at 6 per cent	$540		
Less tax, 1 per cent., and expenses, $10	100	440	613
Net annual loss on circulation upon each $10,000, of 4½ per cent. bonds			$35

An investment one year hence in bonds for note issue, at prices reduced in each case by the respective sinking fund amounts, would yield identical results, *i. e.*, one year hence the 4 per cents taken at 127.52, and the 4½ per cents at 106.27, must be carried at the above estimated annual loss, respectively.

Shareholders in National banks are responsible for all debts to the extent of the amount each has invested, and for as much more.

The laws of this State provide that each stockholder in corporations is "individually and personally liable for such proportion of all its debts and liabilities contracted or incurred during the time he was a stockholder as the amount of stock or shares owned by him bears to the whole of the subscribed capital stock."

A decided advantage over all other banks is conferred on Nationals by Section 5,153, Revised Statutes, which provides that such of them as may be designated by the Secretary of the Treasury, for the purpose, shall be depositories of public money, under such regulations as may be prescribed by the Secretary, and they may be also employed as financial agents of the Government. The associations thus designated must give satisfactory security in bonds, or otherwise, for the safe keeping and prompt payment of the public money deposited with them.

The legal questions remaining for consideration refer to the conduct of the business of the banks.

Several sections of the Revised Statutes impose restrictions upon the National banks, subjecting the system to adverse criticism, and causing

a spirit of hostility in some of the banks, which results, as we are informed, in actual evasion.

Section 5,137 provides, in substance, that no bank shall take a mortgage on real estate, except "in good faith by way of security for debts previously contracted." The law does not fix the time which must elapse in such a contingency between contraction of the debt and execution of the mortgage. The period may be long or short. The law does not prevent a bank from lending to a solvent agent, who lends on mortgage, in the interest of the bank, and at its profit or loss.

As our laws permit loans on real estate by all banks, the State bank can do openly that which the National must do covertly.

The national banking law assumes that all banks organized under its provisions are intended for commercial business, and that real estate loans by such banks are not advisable. There is no doubt that all loans by Commercial banks should be readily convertible, and real estate investments are not always so, though they may be well secured.

The business of commercial banking is not profitable in some parts of California, unless the banks are able to employ part of their capital in accommodating the farmers. Banks that are formed to meet the varied wants of town and country customers have proved exceedingly successful in this State when properly managed.

Section 5,200 provides that the total amount of money borrowed by any one firm or person from any National bank shall at no time exceed one-tenth part of the capital of the association.

Opinions differ as to the propriety of this regulation. The Hon. Hugh McCulloch, the first Comptroller, expressed the opinion that "it should be struck out entirely." The Hon. W. L. Trenholm, in his report for 1887, remarks: "This is a perplexing subject, and it is difficult to regulate it by statute satisfactorily, yet experience proves that existing restraints have been on the whole salutary in their character, for in many cases disaster has followed the disregard of them."

Under our Codes this question is left entirely to the discretion of the managers of the banks. We have no knowledge of any attempt to legislate on the subject of mercantile honor, business credit, or personal security.

The operation of this law makes it unlawful for any National bank to deposit a sum in excess of ten per cent. of its capital in any State bank. The effect of this construction is, occasionally, an inconvenience to a National, and, apparently, a reflection on a State bank. Under this law National associations have been censured for deposits in State banks which have, at other times, accommodated or patronized them to their great profit.

Section 5,208 was adopted to prevent a dangerous practice in some of the New York banks. Checks were certified for brokers for large amounts, not at the time of the credit of their accounts, but to be deposited later in the same day. This law makes it "a criminal offense for any officer of a bank to certify the check of a customer who may overdraw, even inadvertently, his account for a few dollars, in the payment of an ordinary obligation," though "checks so certified are good and valid obligations against the bank."

Opposition to such a law was manifested, and friends of the National system have condemned it. An open attempt was made to evade it by "accepting" checks, but this plan failed. The bank officer was prosecuted by the Government, and the courts decided the case against him. The records do not show whether any movement to escape the statute by "paying" checks that could not be "certified" has ever been dis-

covered, yet the ingenuity employed to justify "accepting" checks might succeed in prompting such a course.

To the majority of National bank managers no legal decision is necessary to demonstrate that checks that cannot be certified must not be accepted nor paid, forcing the conclusion that overdrafts are unlawful. It is true the banks report them, generally in sums that are insignificant, evidently preferring to infringe the law rather than refuse the checks of customers.

There are a few of our State banks in which overdrafts are not tolerated, and no accounts are overdrawn. In the others some of the customers borrow by overdrawing. The practice is not prohibited by law.

Section 5,191 provides that National banks in the reserve cities shall always keep on hand, in lawful money, at least 25 per cent. of the aggregate amount due depositors and other liabilities payable on demand. All other banks must keep on hand at least 15 per cent. In the last mentioned banks, however, three-fifths of the reserve required may consist of balances due to an association, available for the redemption of its circulating notes, from associations approved by the Comptroller, doing business in the sixteen principal commercial cities. These particular banks are known as "reserve" banks, and the cities are called "reserve cities."

In all well-regulated banks, however organized, there is no occasion for legislative restriction, for the demands of business, and the dictates of common sense, are quite sufficient to maintain reserves of lawful money to a proper degree without the intervention of law. Attacks upon this section of the revised statutes are not directed against the percentage named, which is considered reasonable enough in each case, but against a percentage uniform for all communities, or any designated percentage at all.

The argument in favor of a percentage in each place based upon existing conditions to be changed as circumstances require, would have great weight if it could be shown how such a course could be made practical. It has been suggested that the limit be fixed by clearing house associations for their respective towns, and in other places, by agreement among the bankers.

To a great many people the money on hand is the most important item in a bank's statement—to many it appears to be the only important item. It seems to present itself to every observer, and is entirely within the comprehension of every one. It is reasonable to say that to no person interested in the banks is it a matter of indifference. By many intelligent and able financers it is regarded as important in the highest degree that the banks should always show large reserves of money.

Aside from every consideration of duty, every demand of prudence, and in concerns actuated by the most selfish motives only, it must be apparent that the percentage of cash on hand may be made a potent factor in behalf of the bank, and that carelessness in this respect may lessen, if not actually destroy, public confidence.

The revised statutes of the United States, representing the deliberations of Congress, suggest the amounts for cash reserves, that should always be available in every well-regulated bank. The practice in our strongest and best banks will be found to be confirmatory of these laws, and in many cases exhibiting a more conservative spirit. Thus, by precept and example, bankers may learn to so regulate their affairs in this important particular, that their institutions may be regarded, in their respective communities, as deserving of patronage.

In this State the banks are not regulated by direct laws, so far as

cash reserves are concerned. Under Section 11 of the Act creating this Board and defining its duties, the question to be determined is the lowest amount of available cash that is compatible with safety.

National banks are prohibited from making loans on the capital stock of the association. Directors must take an oath that they own ten shares of stock that is not hypothecated anywhere. But on their personal security any of the members of the association can borrow of the bank. Loans on the stock of a bank to associates not otherwise responsible are not prudent, and are so estimated by competent managers everywhere. The distinction between the two kinds of banks appears to be that loans are supposed to be made on merit in both banks, but in State banks the borrower can leave his stock, and in Nationals he cannot.

The material distinctions in organization, and the prominent regulations affecting the management of each business, have been fully set forth here. But the legal advantages—so considered—are not the only reasons for adopting the National system. The title is valuable as a legitimate advertisement. It proclaims fellowship for the bank in a "financial scheme that has been called the grandest the world has ever known." The word "National" attracts customers, especially in certain localities, and particularly when addressed to strangers. In new communities a confidence is inspired at once which other banks can command only when well established and favorably known. An impression exists in the minds of some of the people that the safety of deposits in National banks is guaranteed by the Government, a confounding of the bank notes and the deposits. It is also supposed that the Government will not authorize a bank and then permit it to fail.

Another mistaken notion concerns Nationals independently of other kinds of banks—"firsts" are considered by some people as necessarily better than "seconds," and so on. As a matter of course, the banks are not responsible for misconceptions on the part of the community. It may be worth inquiring whether they are always really gainers by them. The business attracted to banks casually is likely to prove transitory and valueless. That drawn through an intelligent appreciation of fair dealing and responsibility is sure to be permanent and profitable. There may be honor, but there is no profit in transient deposits that the banker is unable to use. Unless customers patronize a bank from favorable conclusions as to its soundness, they are not likely to be found reasonable or co-operative in times of panic, when a just sense of reciprocal duties should be, as it often is, exhibited. The vicissitudes of business may force a solvent banker, by reason of circumstances that he could not foresee, much less control, to appeal to the intelligent patience of his customer. It is usual to find the positions reversed. In view of such a possibility, it is assuredly better for a banker to select his customers when feasible, rather than seek them or permit them to come indiscriminately.

The ability and enterprise necessary to establish great institutions may be found in all classes of bankers. How far such qualifications operate in Nationals to account for the success that may be attained, and how much may be due to the character of the organization, cannot be estimated here. It is preferable to believe the former reasons paramount. The prosperity of State banks does not depend, even contingently, upon factitious aids, but upon the adoption of, and adherence to, strictly business principles.

MISADVENTURES OF SCOTCH BANK NOTES.

"Quite a romance might be made of tales that could be told by the Scotch notes as to the places in which they have sojourned." So says Mr. William Graham, in his recently published work, entitled, *The One Pound Note in the Rise and Progress of Banking in Scotland*; for, as he further adds, "each note has its own little bit of history to tell." Unfortunately, nowadays, "making history" is a phrase synonymous with committing crime, and romance is regarded as a tragic tale tinged with adventure. In this go-ahead age, the world discards the commonplace and insists on having the sensational served up at its repasts. For so soon as human beings develop failings or peculiarities of character, from that moment they possess an interest in the eyes of the larger section of the community, who at all times prefer the abnormal to the normal, and the unconventional to the conventional. It is as well, then, to state at the outset that, in dealing with our subject, we shall act upon this principle, and pass by without remark all those bank notes which, by remaining intact, have run their appointed course, and treat only of those which, by falling into careless or improper hands, have, like the wicked, not "lived out half their days." We shall further premise that the narratives set forth, of the fate of the various notes hereafter referred to, are strictly *factual* and not *fictional*.

The amount of one pound notes in circulation in Scotland is about four millions, on a rough estimate of the yearly average. Of these four millions the average duration of existence of each note was estimated at from five to eight years in the parliamentary inquiry of 1875. Mr. Graham states it as from three to four years; but, even barring accidents, it is now much less in the case of several banks. Some hundreds of these notes annually come to an untimely end, various circumstances tending to compass their destruction, the principal of which is the treatment they receive from the individuals into whose hands they fall.

There is a story told of a man who thought to wreak his spite on a bank by burning all its notes he could lay hands on. Such an act would now be deemed lunatic. It was, however, but the other day we read of a burning at the house of a country station-master of several hundred bank notes, which had been hoarded in place of being banked; and this leads us to say that, in the case of a complete destruction of their notes, banks are not in the habit of making good the amount of such loss to the owners. In all cases, they insist on such a partial production of the damaged or defective note as shall contain a clue to the number and value of the note in question.

It has been sometimes found that parties have applied at different periods for payment of two different fragments of the same note, which at the first presentation had been paid by the bank for its full face value. This indicates the necessity for a bank keeping an accurate register of all such notes, so that it may not twice repay the same note. When a demand is made for payment of a mutilated note, it is the practice of some banks to pay the holder the proportional value of the portion which he presents. Thus, if a man brought to a bank half of a one pound note, he would only receive 10*s*. in exchange therefor; and if two-thirds of a five pound note, he would be paid £3. 6*s*. 8*d*. With other banks, it is the custom to pay full value or nothing. These satisfy themselves that the parties offering the fragmentary notes are giving

a true account of how the notes sustained their injuries, as well as of the fate of the missing parts, lest they, too, turn up against the banks. With this view, each applicant for repayment of a faulty note must subscribe an affidavit before a justice of the peace, detailing the circumstances under which the note became damaged. The bank also insists on a certificate of character being produced, so that it may know what measure of confidence to place in the applicant's declaration on oath. When the value of the note exceeds £1, a guaranty is usually exacted by the banks against all loss from their having paid the amount, notwithstanding the want of production of the entire note. It may be stated that the vast proportion of defective notes belongs to the one pound class, but there is a sprinkling of five pound notes and occasionally a ten pound note. The periods of the year when notes most suffer injury are holiday times, such as the new year and trades' holidays. A few days after, when the moment for reflection arrives, demands pour in for payment of these injured notes, which appear in every conceivable form. Sometimes the injury is slight, the edges of the note being charred, leaving the main portion untouched. At other times, only two very small burnt pieces, sufficient to distinguish the number and the value, are all that remain to tell the tale. Sometimes the *débris* resembles in shape the map of Europe, or a part of the coast line, with strongly indented bays and creeks, or it may be an irregular mass of charred paper. The pipe appears to be the greatest medium for leading to the destruction of notes; for has it not to be lit, and what more handy to use for this purpose than the paper that is within your reach? In chronicling the various forms and phases of destruction, we shall begin with the most formidable kind, that by fire.

One of the reasons given by the holder of a damaged one pound note was that his house had gone on fire, and that, along with some partially burned books and papers, the note had been rescued in its scorched condition. As we have already hinted, the most numerous class of applicants belongs to the pipe-lighters. One man said he used the note instead of a paper spill, and so one might infer that the note must have been folded up and placed in the spill-holder, as if it were an ordinary piece of paper. The bright color of the note would then attract attention by the light of its own flame. A note got burned in this way: It was known to be among some waste papers, and a candle was lighted in order to search for it; so, in the process, the candle was held too close and the note was burnt. By being mistaken for waste paper, another note was, with other loose paper, consigned to the flames, to be pulled out in hot haste by the tongs. As a man was counting notes, he held them too near the gas, and so they caught fire. Children have had a great part in destroying notes. One youngster of four years took hold of a note, tore part of it, and placed the other piece in the fire before being noticed. A note came to grief by being put into a jacket pocket along with a pipe and lucifer matches. This companionship did not suit it, for the matches ignited, the pocket was burned, and the note was partially destroyed. Another note had a similar fate under unlike circumstances. A man was digging peat among the hills, and luxuriated in a fire, which he had kindled beside him, for warming and cooking purposes. He had thrown off his vest and laid it beside the fire; within the vest was a note. The fire, unknown to him, had described progress in the direction of his vest, and he just arrived in time to find the charred remains of his one pound note. Another cause of destruction is stated to have arisen from a note being placed in a pocket full of fusees which suddenly

exploded, to the detriment of the note. This would seem to be the fitting sequel to such an act of folly. One domestic drama is well described by a leading actor in it; and as it is to a certain extent typical, we give it in its native purity:—"I came home the worse of drink; my wife found fault with me for doing so. I took a note in my hand and said—'I will go away and drink this also.' She snatched at it, saying, 'I will have as much benefit by it as you;' and tore off the missing part, which she threw into the fire." We must all admit that the wife had the best of it here, as she usually has. A note placed in a drawer suffered from a spark coming into contact with a match there.

Other cases of notes in vests with matches crop up, the cause of ignition being more or less varied in each case. One man said that the matches in his pocket came into contact with the bulwarks of the steamer when he was sick and vomiting. Another man raised the fatal spark by coming against a vehicle, but did not explain how he came to be in the way of the machine. The incautious mother, probably an elderly and absent-minded matron, appears now on the scene. She is sitting by the fire, before the table, taking tea. Her son comes in and presents her with a note, which she puts in her apron until she can place it in a more secure spot. When her repast is over, she, as usual, gathers the table crumbs into her apron and shakes it, with its contents, into the fire, forgetful that the note which she received from her son is there also. She manages, however, to save a portion of the note, sufficient to found a claim against the bank. The imprudent way in which notes have been left about, as if they were common paper has led to divers mistakes. In an hotel, one evening, while a man was sitting beside another at table, the latter laid hold of what he thought was a piece of paper beside him, held it up to the gas and lit his cigar with it. It turned out to be a bank note, which belonged to the stranger.

In a private house, where two or three persons were seated, a note had been folded up with the view of being presented to one of the number, and placed for that purpose on the table, when a man who wished to light his pipe seized hold of it and placed it in contact with the gas, the result being that it was partially consumed before he discovered his mistake. Such a blunder would be anything but pleasing, either to the intending donor of the note or to the intended beneficiary. When notes are used for lighting purposes, they are often mistaken for waste paper and newspaper, and sometimes for match paper. As they are often burned in lighting pipes, the pipe has been known to have had its revenge by lighting them. A reason given for an imperfect note was that it had been burnt through a hot pipe having been put into the same pocket with it. The tobacco was still unextinguished, and it had toppled over on the note below. This leads us, by an easy and natural transition, to the cause assigned by a party for a note which he presented, and which was burnt into little holes. He said that while his pipe was fully charged and lighted, he had used the note as a tobacco stopper! While a man was putting his hand into his pocket to take out some money, a note suddenly fell into the hearth and got burned among the smouldering embers before his attention was called to it. Another case of note destruction is of a different character, and illustrates another phase of life. While a man was going home, one morning early, after passing some convivial hours he invoked the services of a night constable to the extent of asking a light from his bull's eye. The officer complied with his request, but observed that the paper which the man was applying to the flame of his lantern was nothing less than a banker's obligation to pay to the bearer on demand the sum of twenty shillings sterling.

A female servant fell into a slight mistake once in connection with a note. In her capacity of tablemaid she removed the table-cloth, took it into the kitchen, and shook the contents into the fire, without noticing the note which had got hid in the folds of the cover. Another mishap occurred in this way: As a note was being handed to a workman through a pay window, a strong current of air carried it off the window into the fire. Another case was that of an old woman, who had placed a note on a kitchen table, where it lay beside a lot of potato peelings and other dinner *débris*. After dining, she swept the whole off the table into the back of the fire, a well-known receptacle for such stuff as potato peelings, which are considered by the poor an excellent "backing" to their homely fires; the note was pulled out in a scorched state.

[TO BE CONCLUDED IN THE NEXT NUMBER.]

GAMBLING.

If we take the commonest argument of all against gambling, the argument that a man by gambling is depriving himself and his family of the comforts and perhaps of the necessaries of life, we shall find that we are taking far too low ground to make our argument really victorious. An appeal to a man's instinctive sense of right and wrong is the only way in which he can be prevented from doing something by which he believes he will increase his material wealth—and a gambler postulates a man holding such a belief. To attempt to convince such a man with the declaration, "What you are doing is imprudent"—and this, in fact, is all the "ruin to wife and family" argument comes to—is, then, utterly useless. A gambler who gambles to make money, before he begins shuts his mind to the idea of imprudence, and plays or bets, he would frankly tell you, in order that he may gain enough to make himself and his belongings comfortable. People who try to argue gambling down by prudential considerations fail to realize that the gambler does not risk his stake merely because he thinks it wicked to do so and wants to get the pleasure which is popularly supposed to come from wickedness for its own sake. The collier or the factory hand who bets on pigeons, or dogs, or horses, or football matches, does not do so because he thinks it is wrong, but from exactly the same motive which moves men when they worry themselves into a fever to get 4 instead of 3 per cent. for their capital. Both want to get a little more money to add to their yearly resources in the shape of that extra money, that margin of superfluous unappropriated cash which, whether incomes are reckoned in thousands or hundreds or tens, is always sought for with so hungry a longing. Remember, next, that every gambler believes he is sure to win, and it is not difficult to see how he treats the argument from prudence. If he does not say so, he certainly believes that in betting on a horse which he thinks he knows is "a moral certainty" for the Derby, he is really doing the most prudent thing in the world. Again, another of the arguments commonly employed to combat gambling is usually quite inoperative. It is wicked, it is argued, to win money from a man, who, very likely, cannot afford to pay. You take his money, and give him nothing in return. No doubt, under certain circumstances, this argument affects the gambler strongly. In most cases, however, he deals with some betting man who obviously prospers on bookmaking, and the force of such reasoning is lost upon him. He knows quite well that he will not ruin the bookmaker.—*The Spectator.*

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

FORGED CHECK.

Bank "A" and bank "B" are two National banks doing business in the same village in Kansas. Both banks have their checks printed payable to bearer, it being the custom of both of them to pay each other's checks and exchange all *accepted* checks at the close of each day's business, each bank throwing out such checks as it does not choose to accept, the difference either way being paid in cash. Bank "A" is the depository for a Warehouse Co. which draws checks on bank "A" payable to bearer and signed by its superintendent, with its incorporate seal stamped on each check, with notice to both banks to pay no checks unless so stamped. On the 6th of November two checks were paid, properly signed and stamped with the Warehouse Co. seal, and payable to W. S. Smith or bearer. One check for $271.10 was presented to bank "A" and was paid without question. Another one for $471.10 was presented to bank "B" and was likewise paid without question. Bank "B," with other checks, on the same day presented the warehouse check to bank "A," and it was paid without question and charged to the account of the Warehouse Co. On the next day the Warehouse Co. had its bank pass-book written up, and its checks were returned to it as usual. The superintendent, on checking up his account at the warehouse, found that these two checks were forged, and on the 8th returned them to bank "A," stating that they had been forged. Bank "A" sent its teller to bank "B" to learn if they knew the party to whom they had paid said check, and was told that they did not. Bank "B" asked teller of bank "A" if anything was wrong, and he replied there was not, and said *the check was all right.* Bank "A" said nothing more to bank "B" until December 4th, when bank "A" told bank "B" that the check was a forged one, and wanted to know what bank "B" would do about it. From the above statement of facts we desire your opinion as to which must lose the money?

REPLY.—We think that the bank on which the check was drawn must bear the loss. This is not a case of forged indorsement, but simply a forgery of the maker's name. The bank where he deposits is supposed to be familiar with his signature, and if it pays his money on a forged check, it cannot charge the amount to his account. Moreover, while money paid by mistake can generally be recovered, yet the payment of forged paper has long formed an exception to the rule. In other language, whenever payment is made by the drawee of a forged bill or check to a holder *without his fault*, and his situation would be made worse if compelled to refund, the money cannot be recovered from him. "The foundations of the rule," said Judge Ranney, in a case which has been often quoted, "are sufficiently obvious. The party is supposed to know his own handwriting in the one case, or that of his customer or correspondent in the other, much better than the holder can; and the law, therefore, allows the holder to cast upon him the entire responsibility of determining as to the genuineness of the instrument, and, if he fails to discover the forgery, imputes to him negligence and, as, between him and the innocent holder, compels him to suffer the loss." (*Ellis* v. *Ohio Life Ins. & Trust Co.*, 4 Ohio St., p. 652). A few of the many cases in which the principle has been declared may be cited. (*Price* v. *Neal*, 3 Burr. 1354; *Young* v. *Adams*, 6 Mass. 182; *Markle* v. *Hatfield*, 2 Johns. 455; *Commercial & Farmers' Bank, Nat. Bank* v. *First Nat. Bank*, 30 Md. 11; *Salt Springs Bank* v. *Syracuse Sav. Institution*, 62 Barb.

101.) The application of this principle is decisive. Furthermore, it would seem as though A bank was negligent in not seeking to recover the money sooner from the B bank. The facts are not quite clear on this point, but it would appear that A bank, on the 8th of November, knew that the check was forged, and yet did not make a demand of the other bank until the 4th of December. Surely this long delay would have defeated a recovery on an indorsement. The delay in not finding out the character of the indorsement ordinarily would not militate against the drawee bank; but after the forgery is discovered, then the law requires that prompt notice shall be given to the bank from which the check came, in order to recover. (See *Canal Bank* v. *Bank of Albany*, 1 Hill 287.) From other facts than those above given, it appears that the Warehouse Company was very careless in keeping its seal, and any one in the office had access to it. This carelessness might start a question of liability of the bank to the drawee of the check, but is without significance in determining the rights of the A and B banks.

BOOK NOTICES.

An Introduction to Political Economy. By RICHARD H. ELY, PH. D., Associate Professor of Political Economy in Johns Hopkins University. New York: Chatauqua Press, 1889.

This book of three hundred and fifty pages is chiefly remarkable for the presentation of economic principles from sociological and moral grounds. Of late years the truth has become more apparent that no system of principles springing from selfishness and getting all their life and development from that source, could do other than keep men within selfish lines. From evil only evil comes; morality and selfishness, do not mix; and though the economist may show with the certainty of a mathematical demonstration that the ways of enlightened selfishness are in perfect harmony with those of morals, no man has ever abandoned his selfish way for the other by that reasoning. He that was selfish, however deeply he drank the economic draught, remained selfish still. So a movement is now going on to transplant the hard, bloodless principles of economic science into moral grounds, and Prof. Ely is one of the new gardeners. All will watch the experiment with interest. Let us hope that by their industry a fairer tree shall grow, under whose branches capitalist and laborer shall sit in peace, and whose fruit shall be alike good and ample for both. Certainly, there is need enough for better teaching. But whether more can be done in thus trying to transplant and improve a upas tree than in applying moral and religious principles with fresh attractiveness and power, is very questionable. We know that modern political economy has but little good to show for a hundred years devoted to the study and application of its principles; what far more splendid and inspiring victories have morality and religion to show during that period! Political economy has never educated a child, built a hospital, or cultivated a good emotion. It is hardly worth while to dig for water in the desert, where abundant fountains already exist.

Recent Economic Changes and Their Effect on the Production and Distribution of Wealth and the Well-Being of Society. By DAVID A. WELLS, LL. D., D. C. L. New York: D. Appleton & Co., 1889.

This is one of the most interesting economic works ever written. The distinguished author has attempted to describe the more important economic changes that have occurred in the modern industrial world, and in so doing has presented a series of pictures which are as striking as they are unique, in economic literature. Many of the facts here given, though familiar, are known as detached pieces of knowledge; but Mr. Wells, with rare industry, has collected and arranged them in such a manner as to draw conclusions from them which were as unknown as they are important. We can assure those who regard a work on political economy as juiceless as a statute-book, that this book is quite outside the category, and as fresh as a first-rate novel.

The Hansa Towns. By HELEN ZIMMERN. New York: G. P. Putnam's Sons. 1889.

This book is one of the most interesting and valuable in "The Story of the Nations'" series, for it covers a field of history concerning which much has been written in an incidental and fragmentary way, but which has never before been described in a methodical manner. We have often wished, when reading of the thirty years' war and other great events in later medieval European history, and reference was made of the doings of the Hansa towns, that we knew more about them, and when we have sought for more, nothing complete or satisfying could be found. This is truly a fresh historical presentation, and one especially interesting to the man of business; for the Hansa towns were primarily commercial towns, and their bond of union was purely that of commercial gain. In the rude days of the Hansa, when a wagon could not go along a country road without an armed escort, when pirates swarmed in the Northern seas, when robbery was quite as regular a business as stock gambling is now-a-days, when a numerous class sought then, as now, to acquire wealth, not by producing it, but by taking it from others, union was necessary to success and freedom. The story here told, of the supremacy acquired by a handful of towns, of driving pirates from the seas, of making and dethroning kings, is a wonderful one. It reveals the power of concentrated, well-directed intelligence, which, always having a well-defined aim in view, can far more easily find the means to accomplish that aim. Many a person fails in life from not clearly knowing just what he wants, and when the time comes for action, too often he then even is undecided. He acts because he must, and not because, having clearly determined on the end, he is eager to act. The Hansa always had a well-defined purpose, and with only limited means they were able for a long period to flourish above all their neighbors, simply because they were living in discord and confusion. The chapter here given is unusually fresh, and the lesson to be derived from the Hansa experience is one of great value. Apart from the larger features of the history, the methods of trading in those old times and the modes of living and of entertaining foreigners are vividly described. In our opinion it is one of the most interesting in this long series of historical presentations.

Money. By JAMES PLATT, F. S. S. New York and London: G. P. Putnam's Sons. 1889.

This work is well known in Great Britain. Indeed, the American edition before us is a reprint from the nineteenth English edition—conclusive proof of its popularity in that country. And there is good reason for the good name it has earned, for it is an easy, yet full description of the principles pertaining to money. Perhaps no subject in economic science has been handled so much by quacks and shallow writers; and even now there is abundant reason for producing a work like this, stating monetary principles in language familiar to the ordinary mind, yet doing so thoroughly, thus rendering the thoughtful reader a true conqueror of this branch of economic knowledge. We trust that the book will become as widely known and as well read as in the land whence it came.

National Bank Cases. Containing All Decisions of the United States Supreme Court, and Decisions of the State Courts, Relating to National Banks, from 1881 to 1889, with Notes and References. By IRVING BROWNE, Editor of *The Albany Law Journal* and *The American Reports.* San Francisco: Bancroft Whitney Company. 1889.

Two volumes have preceded this, and the three contain all the law of the State and Federal Courts relating to the National Bank Act. It is a highly useful collection of cases, for the National Bank Act is very important statute, and in its construction a very large number of banks are directly interested. Not only should this book find its way generally into law libraries, but especially into those of lawyers who act as attorneys and counselors for banks. Bank officers, too, could read this book with profit. Happily, the practice is growing of forming bank libraries, and surely one of the first purchases for a National Bank Library should be these three well-edited and printed volumes.

The Industrial Progress of the Nation. Consumption Limited. Production Unlimited. By EDWARD ATKINSON, LL. D., Ph. D. New York and London: G. P. Putnam's Sons. 1890.

This book is somewhat difficult to describe. The title is taken from an address given by the author to the graduating class of the University of South Carolina last year, and which forms the opening paper. The larger portion of the volume consists of a series of papers that were published in the *Century* and *Forum* on "The Relative Strength and Weakness of Nations," and "The Distribution of Products." These papers are of a high order, for Mr. Atkinson belongs to the small band of writers who write because they have something to say. It would be easy enough to find fault with these papers—their unsystematic and quite often illogical treatment of matters; but he has presented in these pages not only a great variety of fresh facts, but has drawn interpretations from them which are as new as they are important. Those on "The Distribution of Products," are in our judgment especially worthy of careful study. In what a blaze of light would workingmen live if they studied these papers long enough to realize their full significance!

BANKING AND FINANCIAL ITEMS.

STATE BANK CIRCULATION.—The following table, taken from the report of the New York Superintendent of Banking, gives the amount of the outstanding circulation of banks incorporated under laws of this State:

Bank of Commerce in New York	$1,640
Chemung Canal Bank	13,506
Delaware & Hudson Canal Bank	705
Livingston County Bank	9,300
Manhattan Company	44,721
Mechanics' Bank, Brooklyn	5,500
Onondaga County Bank	9,747
	$85,119

Of this amount the circulation of the Bank of Commerce in New York (now a National bank) and of the Mechanics' Bank of Brooklyn, is secured by the deposit of cash with the Superintendent. The Manhattan Company, and the Chemung Canal Bank, now conducted as a private bank, will doubtless redeem their notes on presentation. The other banks mentioned in the list have long since gone out of active business.

BRAZIL.—The Brazilian Government has issued a decree dividing the country into three banking districts and providing for three issue banks with a capital of $250,000,000 in Government stock, the circulation of each bank's notes to be confined to its own district. Ten per cent. of the earnings will be applied to the redemption of the capital stock.

ENGLISH ENTERPRISES.—Mr. Henry Clews declares that "London is the weak spot in the financial world, speculation in new enterprises there for the last two years having gone on at a rapid and even reckless rate. The aggregate amounts of capital subscribed to loans and companies of all kinds in Great Britain during the last few years have been as follows: 1884, $545,000,000; 1885, $390,000,000; 1886, $505,000,000; 1887, $480,000,000; 1888, $800,700,000; 1889, $900,000,000. Such expansion as that of the last two years is out of all proportion to the growth of legitimate trade. Reaction, of course, must follow. It does not appear to be near at hand just now, and there are influences at work which will tend to counteract and delay its force; still these are facts not to be overlooked."

MORTGAGE INDEBTEDNESS.—The Census Bureau will endeavor to do all that is practicable in carrying out the mandate of Congress to obtain statistics of the recorded indebtedness of the country. The work will have to be done by a corps of special agents, and there will be about 325 of them appointed, at a salary of about $3 per day. The work in the State of New York will be done by 31 of these agents. They will take from the official records the facts regarding each mortgage recorded during the ten years from 1880 to 1889. These statistics will be classified, as far as possible, so that they may be intelligently studied. The agricultural lands will be separated from the town lots, the rate of interest will be ascertained, and private corporations will be separated from individuals. The work is in the charge of Mr. Holmes, a Western Massachusetts man, who has given it attention in connection with the Massachusetts census.

SAN FRANCISCO.—The San Francisco *Journal of Commerce* improves the occasion of the removal of the First National Bank into their new stately building, to remark, among other things, that it was the first gold note bank established in the United States. "The system," it continues, "has become very popular on the coast, and especially during the last few years. A large number of banks have been established on the plan of the First National. To Mr. James Phelan, an old Californian, and one of our leading capitalists, is due the organization of the bank thus effected. The capital, $1,000,000, was subscribed November 1, 1870, and the

first installment of 25 per cent. paid in. The bank was opened January 3, 1871. On the 14th of February of the same year the first Board of Directors was chosen. It consisted of James Phelan, Edward Martin, J. C. Flood, Daniel Callaghan, Jas. Moffitt, Peter Donahue, D. D. Colton, N. Von Bargen, M. P. Jones, Samuel Hart, C. G. Hooker, C. F. McDermott and John H. Wise. Of these gentlemen, death has removed not less than six from the busy scenes of life. Mr. Phelan was the first president of this popular bank. To him succeeded George F. Hooper, R. C. Woolworth, Daniel Callaghan, who held office until his health gave way, and finally, on January 1, 1888, Mr. S. G. Murphy, the popular and efficient cashier of the Pacific Bank and the equally popular and efficient president of the First National. It has thus had a list of strong names as its presidents right from the start, and to this, in a great measure, may its success be justly attributed. It commenced, as we said, with a capital of a million dollars. This was increased to a million and a half in 1872, and to two millions in 1875. Finding, however, that a million and a half was enough, the balance of half a million was returned to stockholders in 1880. As before intimated, the bank was entirely prosperous from the start, and not even a shadow of adversity has ever yet darkened its portals. A year after its starting, the first dividend of one per cent. was paid, January, 1872. From April of that year till August of 1873, quarterly dividends at the rate of ten per cent. per annum were paid. From that till January, 1876, monthly dividends of one per cent. were disbursed. From that till October, 1879, the monthly dividends were continued, but they were at the rate of ten per cent. per annum. For nearly seven years, or until April, 1886, eight per cent. per annum was paid. Then it was made seven per cent. It continued at this till the first of the present year, when a return was made to eight per cent. Dividends paid have been as follows:

1872	$95,833	1881	$120,000
1873	187,500	1882	120,000
1874	180,000	1883	120,000
1875	220,000	1884	120,000
1876	203,320	1885	120,000
1877	183,327	1886	108,750
1878	160,000	1887	105,000
1879	133,333	1888	105,000
1880	112,500	1889	90,000

This makes a grand total of $2,484,563, or close on two and a half millions of dollars, or more than twice its original capital.

CHANGE OF BANKING FIRM.—On the first of February the banking firm of Clark & Larabie, which has existed for twenty years, and is one of the strongest and best known firms in the Northwestern States, will be dissolved by mutual consent, and new firms will succeed it in both Butte and Deer Lodge. The Butte firm will be W. A. Clark & Bro., Mr. J. Ross Clark being the junior partner. The firm name of the Deer Lodge house will be Larabie Bros. & Co., the firm consisting of S. E. Larabie, C. X. Larrabee and Henry S. Reed. The dissolution of the old firm and the establishment of new ones will not in the slightest impair the very close friendship and high regard existing between the old partners who, for a quarter of a century, have been in business together. They have abundant capital, and the new associations will strengthen them by other millions. Each has heavy outside interests making large demands upon his time and attention, and while Mr. Larabie's are mostly in city property, coal and pine lands on the Pacific coast, Mr. Clark's are largely in mines and reduction works in Butte and the Southwest. Hence, in the absence of one, the other has not the time to devote to the house of which the other is the head, and by segregating their interests there will be less tax upon their time, new partners will be brought in, and it is hoped at least equal pecuniary benefit result. Messrs. Clark and Larabie first associated in business in 1869. In 1871 they started the bank of Donnell, Clark & Larabie, Deer Lodge, which continued until Messrs. Clark & Larabie purchased the interest of Mr. Donnell, and since, except while conducted as a National bank from 1872 to 1879. In 1877 the house of Clark & Larabie was established in Butte and has continued since, doing one of the heaviest financial businesses in the West. Both members are well known and highly esteemed, and are excellent financiers. Mr. J. Ross Clark, who enters the Butte firm, has been for years in charge of the house there

and, like Mr. Reed who has been cashier and enters the new firm here, has earned the partnership by intelligent conduct of business and fidelity to every trust. Mr. Chas. X. Larrabee is well known in Montana as a gentleman of great wealth and every characteristic that commends a man to the esteem of the public.

WE are in receipt of Vick's Floral Guide for 1890. It is the Pioneer Seed Catalogue of America, and contains complete list of Seeds, Vegetables, Flowers, Bulbs, and Small Fruits with descriptions and prices and many new and elegant illustrations. All Bank presidents, cashiers, directors and their employes, should have this Catalogue. Mailed on receipt of 10 cents by James Vick, Seedsman, Rochester, N. Y.

NEW JERSEY.—Twenty years ago there were only twelve savings banks in the State of New Jersey. Their deposits amounted to $9,000,000 with 30,000 depositors; to-day there are twenty-five institutions with deposits amounting to $31,000,000, placed there by 114,627 depositors. There are 210 building and loan associations in the State whose aggregate annual income approximates $4,000,000.

BANKING IN CEYLON.—The island of Ceylon has a healthy banking system, although it is of recent origin. A few years ago a private bank failed, and the misery, want and consternation it occasioned was frightful. Now the Government issues the circulating medium, and for every dollar issued by the banks, the banks must have three in silver in the vaults. The treasurer of the colony makes a monthly statement to see that this rule is complied with, in which event the Government guarantees the issue.—*St. Paul Financial News.*

OVERDRAWING.—The daughter of a well-known bank president was recently, for reasons satisfactory to him, put on a monthly allowance which was to be deposited by him to her credit in his own bank. The young lady was given a check book, of course. The second week of the new arrangement she went to the bank to get some money, and the teller gravely informed her when she presented her checks that her account was overdrawn. "Overdrawn!" exclaimed the pretty maiden. "Well," with great severity, "will you please tell the president, with my compliments, that I hope he will not allow such a thing to occur again." And the clerks had immediate engagements under their desks.—*Philadelphia Press.*

ST. LOUIS.—The St. Louis *Real Estate and Financial Record* says that President Hoffman, of the Laclede Bank, has intimated that his bank will soon be changed to a National bank, to follow the example set by the Continental and Bank of Commerce. The Laclede Bank now has a capital of $500,000, and a surplus of $130,000, and if changed to a National bank, will have a capital of $1,000,000.

THE new St. Louis bank, of which much has been said in anticipation, is now formed, and will begin business shortly after January 1st. A meeting of subscribers was held in the Lindell Hotel last Friday night, when an organization was effected, and officers and directors chosen. The bank is to have a capital of $500,000, is to be located in this city, is to be known as the National Bank of the Republic, and is to do business particularly in the South and Southwest tributary to St. Louis. The stock, mostly held here, was all subscribed on the first call. The following Board of Directors was chosen: Jerome Hill, E. F. Williams, J. J. Phillips, J. J. Sylvester, C. H. Huttig, John L. Boland, of St. Louis; and John Caro Russell, of Terrell, Tex.; and A. C. Hiatt, Fort Worth, Tex. The officers are: President, H. C. Hiatt, Fort Worth, Tex.; vice-president, E. F. Williams, of the Hamilton-Brown Shoe Co., of St. Louis; cashier, John Caro Russell, Terrell, Tex.; assistant cashier, Van L. Runyan, of St. Louis.

WE note with pleasure the returns of the German-American Bank for the last six months. A semi-annual dividend of $6 per share has been declared on the earnings of the last six months, and the remainder, $33,225.37 was carrred to the surplus fund.

WARWICK, N. Y.—The Board of Directors of the First National Bank have passed the following resolutions on the death of the president, Mr, C. H. Demarest: We who have so long been associated with our late president—we who have enjoyed such kindly social relations, and who so highly appreciate his business

integrity—can but feebly express our deep and heartfelt sorrow as we view his vacant chair and know that he will occupy it no more. To us who have known him so many years, observing his gentle, unassuming nature, his Christian walk, his faithful discharge of the varied duties committed to his charge, his exceptionally high type of character, could not but mourn that one like him should be taken from us; but, while we bow in humble submission to this dispensation of Providence, we are consoled by the reflection that the remembrance of his virtues and labors will endear his memory to all those who knew him, and animate them to follow his good example. We also point with pride to the fact that his record, in all the places of trust to which he has been called, will show a uniform faithfulness and conscientiousness in his discharge of all the duties pertaining thereto; and we may say, without hesitation, it is worthy of all emulation; and we feel assured that we but give expression to the feelings of all the people in this vicinity, who knew him best, when we add that he was, in the highest sense, worthy of our unqualified love and admiration.

DECIMAL COINAGE IN MEXICO.—The Mexican Government has issued a decree fixing June 30, 1890, as the date for the definite withdrawal from circulation of worn coin and of the coins known as reales, medios, cuartillas and tlacos. Holders of such coins may before such date exchange them at their nominal value for decimal currency at the National Bank in this city, or at its agencies throughout the Republic. The mints will recoin the old money into decimal pieces. After the date fixed for the exchange of the old coinage at its nominal value it may still be exchanged at the mints, which, however, will only redeem it according to its weight and fineness, and not according to the value stamped on it. From and after July 1st, 1890, all commercial transactions must be effected on a decimal basis, infractions of this rule being punished by a fine of $25 for the first offense, and $50 for every subsequent offense. Notaries, in drawing up contracts, are forbidden to mention the coins of the old system, even for the sake of greater clearness, on penalty of a fine of from $50 to $100. Anyone who, after June 30th, shall attempt to pass a coin of the ancient system will incur the same penalties as those awarded for passing illegal coinage.

NEWBURGH, N. Y.—William H. Rogers, a prominent business man of Fishkill Landing, who died on the 7th of January, was vice-president of the Mechanics' Bank of Fishkill, president of the Fishkill Shoe Company, member of the Board of Education, and a trustee of the village.

BOSTON.—J. T. Coolidge, the late president of the Columbian National Bank, died at his home last month, aged 79. He was born in that city in 1810, and his father was Joseph Coolidge, uncle of Hon. T. Jefferson Coolidge. In early life he resided at the West End, and his first business venture was a trip to Calcutta as supercargo, in company with R. C. Mackay. Upon their return both men entered into the foreign importing and shipping business, under the firm name of Mackay & Coolidge. This partnership was continued successfully until 1852, when it was dissolved. In 1833 Mr. Coolidge was elected a director of the Columbian Bank, and in 1853 was made its president, continuing to fill that position faithfully and successfully to the time of his death.

NEW YORK CITY.—Two of the three banks whose suspension last week created such excitement, and put two men in jail, were opened to-day, Feb. 4—the Sixth National and the Equitable. The latter's doors were closed during but two business days, those of the Sixth National during three; but it is doubtful if more highly seasoned vicissitudes ever in the same time attended two banking institutions. Especially marked were the changes in the condition of the Sixth National. One day it had almost three-quarters of a million in gilt-edged securities, a large surplus and unquestioned credit. The next day its securities were gone, its surplus threatened, its credit ruined. To-day, time turned a new leaf, and in the window of the bank was this notice, substantiated by Bank Examiner Hepburn's signature: "Mr. Leland has restored both capital and surplus to this bank. It is just as strong as it was before the sale of his stock, and depositors should feel in every respect the same security as before." When the bank opened there was $900,000 in cash ready to meet the demands of depositors, and for a time the checking

out was lively, but the run was soon over, and Mr. Tappen said when he went away that a great deal more money had been taken in than had been paid out—a remarkable circumstance when it is considered how the confidence of depositors had been shaken by the events of last week.

Sterling exchange has ranged during January at from 4.83¾ @ 4.87¾ for bankers' sight, and 4.79¾ @ 4.84 for 60 days. Paris—Francs, 5.21¼ @ 5.17½ for sight, and 5.24⅜ @ 5.20 for 60 days. The closing rates for the month were as follows: Bankers' sterling, 60 days, 4.83¾ @ 4.84; bankers' sterling, sight, 4.87½ @ 4.87¾; cable transfers, 4.88½ @ 4.88¾. Paris—Bankers', 60 days, 5.20⅝ @ 5.20; sight, 5.18⅛ @ 5.17½. Antwerp—Commercial, 60 days, 5.23¾ @ 5.23⅛. Reichmarks (4)—bankers', 60 days, 94⅝ @ 94¾; sight, 95⅛ @ 95¼. Guilders—bankers', 60 days, 40 @ 40 1-16; sight, 40¼ @ 40 5-16.

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money have been as follows:

QUOTATIONS:	Jan. 6.	Jan. 13.	Jan. 20.	Jan. 27.
Discounts	6½ @ 7½	6½ @ 7	6½ @ 7	5½@6½
Call Loans	7 @ 2	4 @ 12	3 @ 5	3 @ 4
Treasury balances, coin	$161,918,177	$161,720,692	$161,739,457	162,057,711
Do. do. currency	6,130,380	5,971,570	6,159,151	6,378,961

The reports of the New York Clearing-house returns compare as follows:

1890.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*	*Surplus.*
Jan. 4...	$399,689,300	$77,427,600	$26,741,500	$409,652,400	$3,738,500	$1,756,000
" 11...	400,347,000	80,682,800	29,021,600	414,754,800	3,743,400	6,015,700
" 18...	403,561,400	82,387,000	30,458,500	420,257,500	3,749,600	7,781,125
" 25...	400,283,700	89,622,600	31,403,400	423,977,400	3,515,000	15,031,650

The Boston bank statement is as follows:

1890.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*
Jan. 4.....	$151,051,900	$8,895,900	$5,446,100	$132,161,500	$2,544,400
" 11.....	152,166,600	9,379,000	5,599,900	132,837,800	2,535,500
" 18.....	153,790,200	9,019,400	5,577,500	132,742,600	2,535,500
" 25	153,578,200	8,816,300	5,621,400	130,457,300	2,536,900

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1890.	*Loans.*	*Reserves.*	*Deposits.*	*Circulation.*
Jan. 4.....	$93,109,000	$24,314,000	$91,999,000	$2,136,000
" 11...	93,274,000	24,849,000	91,631,000	2,137,000
" 18.....	93,479,000	26,126,000	93,281,000	2,137,000
" 25.....	94,193,000	26,106,000	93,395,000	2,129,000

DEATHS.

DAVENPORT.—On January 9, aged sixty-seven years, BAILEY DAVENPORT, President of People's National Bank, Rock Island, Ill.

HUMPHREY.—On January 19, aged seventy-three years, WALCOT J. HUMPHREY, President of Wyoming County National Bank, Warsaw, N. Y.

WINES.—On December 31, aged seventy-three years, WILLIAM W. WINES, Vice-President of Ann Arbor Savings Bank, Ann Arbor, Mich.

BOSTON BANK STOCKS AND DIVIDENDS.

The following table, compiled by Joseph G. Martin, Boston, presents the capital, surplus, dividends and prices of Boston banks:

National Banks of Boston.	Capital, Jan., 1890.	*Surplus.* 1889. Oct. 2.	*Dividends.* 1889. Ap'l.	Oct.	*Price of Stock.* 1889. Jan. 2.	1890. Jan. 2.	1889. Tax %.
		%					
Atlantic National	$750,000	42.33	3	3	132	140⅛	1.71
Atlas National	1,500,000	29.23	2½	2½	122¼	120	1.53
Blackstone National	1,500,000	16.54	2½	2½	112⅛	111	1.45
Boston National	1,000,000	15.69	3	2½	122	122	1.55
Boylston National	700,000	43.50	3	3	137½	136¾	1.73
Broadway National	200,000	44.15	0	0	110	115	1.39
Bunker Hill National	500,000	76.97	4½	4	184	190¾	2.38
Central National	500,000	62.83	3	3	130	136	1.68
City National	1,000,000	11.75	2	0	104	95	1.29
Columbian National	1,000,000	24 10	3	2	125¾	121	1.59
Commerce National	1,500,000	34.67	3	3	125	129	1.66
Commercial National	250,000	3.73	...	...	100	100	1.29
Commonwealth National	500,000	52.25	3	3	150	167	1.99
Continental National	1,000,000	33.30	3	3	119	122½	1.57
Eagle National	1,000,000	18.39	2	2½	102	105½	1.33
Eliot National	1,000,000	52 81	3	3	122½	132¼	1.66
Everett National	400,000	13.89	2½	2½	98	103	1.29
Exchange National	1,000,000	38.31	3	3	133⅛	125¾	1.68
Faneuil Hall National	1,000,000	37.69	3	3	142¼	142	1.80
First National	1,000,000	125.48	6	6	236	242½	2.97
First Ward National	200,000	42.32	3	3	130	130	1.65
Fourth National	500,000	23.88	3	3	110	118	1.46
Freeman's National	800,000	17.65	2	2	102	104¼	1.36
Globe National	1,000,000	8.43	2	2	98	104¼	1.28
Hamilton National	750,000	32.88	2	2	125	122	1.60
Hide & Leather National	1,500,000	28 36	3	3	122	122	1.61
Howard National	1,000,000	26.47	2½	2½	108	110	1.37
Lincoln National	300,000	14.62	2½	2½	111½	115	1.48
Manufacturers' National	500,000	15.18	2	2	100	105⅛	1.34
Market National	800,000	11.23	2	2	92½	100	1.19
Massachusetts Nat. par $250	800,000	16.40	2	2	108⅛	110	1.39
Maverick National	400,000	238.98	5	5	230	235	2.90
Mechanics' National	250,000	28.32	3½	3½	131	131	1.68
Merchandise National	500,000	7.49	0	0	90	66¾	1.10
Merchants' National	3,000,000	50.83	3	3	141⅛	147¼	1.84
Metropolitan National	500,000	15.47	2½	2	109¼	101	1.35
Monument National	150,000	140.84	6	6	225	230	2.84
Mount Vernon National	200,000	39.75	3	3	136	137	1.75
National Market of Brigh'n	250,000	42.78	3½	2	130	103¾	1.75
New England National	1,000,000	64.99	3½	3½	161¼	165	2.09
North National	1,000,000	39.25	3	3	138	139	1.79
North America National	1,000,000	31.85	3	3	112	120	1.42
Old Boston National	900,000	34.33	2½	2	123¼	114⅝	1.57
People's National	300,000	71.39	4	4	159	160	2.04
Redemption, National	1,000,000	49.07	3	3	134¾	135	1.78
Republic, National	1,500,000	64 92	3½	3½	150½	171	2.10
Revere (National)	1,500,000	26.06	3	3	131	124	1.73
Rockland (National)	300,000	59.91	4	4	151	148	1.91
Second National	1,600,000	57.25	4	4	163¼	175¾	2.2
Security (National)	250,000	109.72	3-3	3-3	195	200	2.32
Shawmut National	1,000,000	20.58	3	3	130	127	1.64
Shoe & Leather National	1,000,000	12.86	2½	2	101¾	94	1.26
State National	2,000,000	20.89	3	2	130½	125	1.66
Suffolk National	1,500,000	28.87	2	2	121½	116¼	1.46
Third National	1,000,000	7.12	2½	2	108¾	105⅜	1.31
Traders' National	500,000	6.99	0	0	90¾	90	1.12
Tremont National	2,000,000	23.36	2½	2½	111⅝	112¼	1.47
Union (National)	1,000,000	51.52	3	3	142	144¼	1.86
Washington National	750,000	42.75	2½	2½	122⅝	125	1.57
Webster (National)	1,500,000	16.95	2	1½	108½	104	1.37

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from January No., page 573.)

State.	*Place and Capital.*	*Bank or Banker.*	*Cashier and N.Y. Correspondent.*
N. Y.	CITY.....	Harlem River Bank.....	.....
	$100,000	Albert H. Leszynsky, *P.*	Jacob R. Demarest, *Cas.*
ALA....	Alexander City.	Alexander City Bank....	Winslow, Lanier & Co.
	$35,000	Reuben Herzfeld, *P.*	Wm. S. Thomas, *Cas.*
		B. L. Dean, *V. P.*	
" ..	Bessemer.....	First National Bank.....	National Bank of Republic.
	$50,000	Chollet Berney, *P.*	Thos. J. Cornwell, *Cas.*
		Wm. Berney, *V. P.*	
" ..	Edwardsville. ..	Howle Bros.....	R. H. Allen & Co.
COL....	Denver.....	Denver Savings Bank....	.....
	$250,000	H. B. Chamberlin, *P.*	Chas. Y. McClure, *Cas.*
		D. H. Ferguson, *V. P.*	
DAK. N.	Reynolds.....	State Bank..... ..	Chase National Bank.
	$5,000	Sam'l R. Smith, *P.*	Chas. E. Clure, *Cas.*
		A. S. Brooks, *V. P.*	
" S.	Sioux Falls.....	Citizens Bank.....	.....
	$50,000	Thos. Scanlan, *P.*	John A. Cavanaugh, *Cas.*
		John W. Egan, *V. P.*	
IOWA...	Bloomfield.....	Taylor-McGowen Bank..	Kountze Bros.
	$51,600	Jas. McGowen, *P.*	M. H. Jones, *Cas.*
		J. H. Taylor, *V. P.*	F. W. Moore, *Ass't Cas.*
" ..	Denison.....	Bank of Denison.....	Chemical National Bank.
		Leslie M. Shaw, *P.*	Wm. R. Barber, *Cas.*
		Carl F. Kuehnle, *V. P.*	
" ..	Independence ..	Commercial State Bank.	Hanover National Bank
	$100,000	A. J. Barnhart, *P.*	O. M. Gillett, *Cas.*
		C. W. Williams, *V. P.*	
KAN.. .	Barnard.....	Bank of Barnard.....	Chase National Bank.
	$10,000	Napoleon B. Brown, *P.*	Frank T. Bracken, *Cas.*
		M. S. Atwood, *V. P.*	
" ..	Fremont.....	The State Bank.....	W. L. Moody & Co.
	$10,000	J. T. Reed, *P.*	Herman Kampmeier, *Cas.*
		John Q. Fuller, *V. P.*	
" ..	Marion.....	Commercial B. & Tr. Co.	Kountze Bros.
	$25,000	Carlton S. Winslow, *P.*	Chas. H. Curtis, *Cas.*
		J. W. Fox, *V. P.*	
" ..	Minneapolis....	Western Trust Co.	American Exchange Nat. Bank.
	$50,000	Wm. C. Buchanan, *P.*	Geo. W. Wilson, *Treas.*
		John Laighton, *V. P.*	
KY.....	Catlettsburg....	Big Sandy Nat. Bank....	.....
	$60,000	Thos. R. Brown, *P.*	M. H. Houston, *Cas.*
" ..	Clay City.....	Clay City National Bank.	.....
	$50,000	Chas. Scott, *P.*	Grant Green, Jr., *Cas.*
" ..	Middlesborough	First National Bank. ...	.....
	$50,000	M. C. Alford, *P.*	D. F. Frazee, *Cas.*
LA.....	Homer.....	Homer National Bank...	.....
	$50,000	Wm. P. Otts, *P.*	Christie O. Ferguson, *Cas.*
MD.....	Baltimore.....	National Howard Bank..	.....
	$200,000	John R. Hooper, *P.*	Thos. P. Amoss, *Cas.*
" ..	Pocomoke City.	Pocomoke City N. Bank.	.....
	$50,000	Wm. Dale, *P.*	Chas. H. Colburn, *Cas.*
			Wm. F. King, *Ass't Cas.*
MASS...	Boston.....	South End Nat. Bank.. .	Continental National Bank.
	$200,000	John A. Pray, *P.*	Frank N. Robbins, *Cas.*
		Henry E. Cobb, *V. P.*	
MICH...	Schoolcraft.....	Kalamazoo Co. Bank....	.....
	$20,000	Zimri Dwiggins, *P.*	Elias W. Bowman, *Cas.*
" ..	South Haven..	First State Bank...	.....
	$50,000	C. J. Monroe, *P.*	L. S. Monroe, *Cas.*
		H. W. Williams, *V. P.*	

State.	*Place and Capital.*	*Bank or Banker.*	*Cashier and N. Y. Correspondent.*
Mo.....	Middletown.....	Bank of Middletown.....	.....
	$5,000	Isaac Hockaday, *P.*	Melvin E. Vermillion, *Cas.*
		W. H. Graham, *V. P.*	
"	.. Plattsburgh.....	First National Bank.....	National Bank of Republic.
	$50,000	Geo. W. Davis, *P.*	James M. Bohart, *Cas.*
		Orbisen P. Riley, *V. P.*	J. S. Hockaday, *Ass't Cas.*
Mont ..	Fort Benton....	Stockmens Nat. Bank...	Kountze Bros.
	$100,000	John W. Power, *P.*	Chas. E. Duer, *Cas.*
		Loomis W. Peck, *V. P.*	
Neb....	Ulysses..... .	First Bank of Ulysses....	Chemical National Bank.
	$20,000	Geo. W. Lord, *P.*	U. C. Guss, *Cas.*
		H. C. Gilbert, *V. P.*	
"	.. Wymore.....	First National Bank.....	.....
	$50,000	John H. Reynolds, *P.*	Lake Bridenthal, *Cas.*
N. Y...	Amsterdam	Amsterdam City Nat. B.	.....
	$200,000	Stephen Sanford, *P.*	Martin Van Buren, *Cas.*
		Davis W. Shuler, *V. P.*	
		A. A. DeForrest, *V. P.*	
Ohio...	Clyde...	First National Bank.....	United States National Bank.
	$50,000	Geo. P. Huntly, *P.*	Sanford M. Terry, *Cas.*
		Wm. A. Mugg, *V P.*	
"	.. St. Marys.....	First National Bank.....	.....
	$60,000	Edward M. Piper, *P.*	O. E. Dunan, *Cas.*
Ore....	Baker City.....	Baker City Nat. Bank....	.....
	$75,000	Benj. Lombard, Jr., *P.*	Chas. W. James, *Cas.*
Pa.....	Bradford.....	Commercial Nat. Bank..	Chase & Fourth National Banks.
	$100,000	Robt. F. Brockman, *P.*	W. H. Powers, *Cas.*
		C. W. Lavens, *V. P.*	
"	.. Delta...	First National Bank.....	.....
	$50,000	Chas. R. McConkey, *P.*	L. K. Stubbs, *Cas.*
"	.. Hazleton.....	Hazleton National Bank.	Importers & Traders Nat. Bank.
	$100,000	A. S. Van Wickle, *P.*	Erastus S. Doud, *Cas.*
		Wm. Kisner, *V. P.*	
"	.. Johnstown.....	Citizens National Bank..	.....
	$100,000	Andrew J. Haws, *P.*	Geo. K. Linton, *Cas.*
"	.. Philadelphia....	Northern National Bank.	Chase National Bank.
	$200,000	Edward T. Tyson, *P.*	Edmund R. Watson, *Cas.*
		Wm. Young, *V. P.*	
"	.. Philadelphia. ..	West Phila. Title&Tr. Co.	.....
	$125,000	Wm. R. Nicholson, *P.*	Augustus I. Wood, *Sec. & Treas.*
		Henry Z. Ziegler, *V. P.*	
"	.. Yardley.....	Yardley National Bank..	.....
	$50,000	Thos. C. Knowles, *P.*	Jacob H. Taylor, *Cas.*
Tenn ..	Kingston	Kingston Bank & Tr. Co.	.....
		John D. Roberts, *P.*	Sam P. Sparks, *Cas.*
		C. Sienknecht, *V. P.*	W. N. Lovelace, *Ass't Cas.*
Texas..	Amarillo.....	First National Bank.....	Hanover National Bank.
	$50,000	Wm. S. Davis, *P.*	Alpheus H. Wood, *Cas.*
		J. D. Ford, *V. P.*	
"	.. Ballinger.....	Ballinger National Bank.	.....
	$50,000	David P. Gay, *P.*	Albert S. Reed, *Cas.*
"	.. Comanche.	Comanche Nat. Bank...	Hanover National Bank.
	$50,000	John B. Chilton, *P.*	Walter B. Cunningham, *Cas.*
		T. J. Holmsley, *V. P.*	R. V. Neily, *Ass't Cas.*
"	.. Dallas.....	Bankers & Merch. N. B..	.....
	$500,000	Wm. J. Keller, *P.*	A. Hansl, *Cas.*
"	. Hico.....	Hico Bank.....	W. L. Moody & Co.
	$6,500		Will S. Heard, *Cas.*
"	.. Huntsville.....	Gibbs National Bank....	Hanover National Bank.
	$50,000	W. S. Gibbs, *P.*	G. A. Wynne, *Cas.*
		Wm. W. Adickes, *V. P.*	
Utah ..	Ogden.....	Ogden Savings Bank....	.....
	$18,750	D. H. Peery, *P.*	James Pingree, *Cas.*
		John Sharp, *V. P.*	
Wash.	Chehalis.	First National Bank.....	.....
	$50,000	Noah B. Coffman, *P.*	Joseph Y. Coffman, *Cas.*
W. Va.	NewMartinsville	Wetzel Co. Bank	Chase National Bank.
	$25,000	Josephus Clark, *P.*	Sam'l J. Elliott, *Cas.*
		Jno. Stender, *V. P.*	

State.	Place and Capital.	Bank or Banker.	Cashier and N. Y. Correspondent.
Wis....	Ashland.....	Security Savings Bank...	.....
	$25,000	Jonathan S. Ellis, *P.*	Geo. B. Mason, *Cas.*
" ..	Bayfield.....	Lumbermens Bank.....	National Bank of Republic.
	$5,000	Wm. Knight, *P.*	Wm. W. Downs, *Cas.*
" ..	Portage.....	First National Bank.....	.....
	$75,000		
" ..	Wausau.....	German-Amer. Sav. B'k.	National Bank of Republic.
	$37,500	Benj. Heinemann, *P.*	Edward A. Gooding, *Cas.*
		B. E. Jones, *V. P.*	

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from January No., page 570.)

Bank and Place.	Elected.	In place of.
N. Y. City.. Mercantile Nat. Bank....	Jas. V. Lotts, *Ass't Cas.*	C. H. Bogert.
" .. New YorkCounty Nat. Bank...	Daniel T. Hoag, *V. P.*..	.....
" .. Ninth National Bank.....	C. Henry Garden, *V. P.*.	G. R. Colby.
" .. Seventh National Bank.....	Gardiner Sherman, *P.*...	O. H. Schreiner.
" .. Tradesmens National Bank....	James E. Granniss, *P.* ..	Joel W. Mason.
Col.. .. Carb. Nat. Bank, Leadville...	Geo. W. Trimble, *Cas.*..	John C. Mitchell.
Conn.. New Haven Co. N. B'k., N. H.	E. G. Stoddard, *P.*.....	Jas. G. English.
" .. First Nat. Bank, Wallingford .	A. D. Judd, *V. P.*	W.J.Leavenworth.
Dak. N. Peoples Bank, Wahpeton.....	Wm. D. Henry, *Cas.*.....	.....
" S.. First National Bank, Doland.	K. H. Morse, *V. P*.....	J. E. Labrie, Jr.
	J. E. Labrie, Jr., *Cas*....	A. J. Brosseau.
Ga..... The S. Lemon Banking Co., Acworth	Jas. L. Lemon, *P*	.....
	Orlando Awtrey, *V. P.*..	.....
	Jesse L. Lemon, *Cas*....	.....
" .. Capital City Bank, Atlanta....	Geo. W. Parrott, *V. P.*.	D. Mayer.
Ill..... Fort Dearborn N. B'k, Chicago.	W. L. Barnum, *V. P*....	E. E. Crepin.
" .. Lincoln National Bank, Chicago.	Z. L. Holbrook, *V. P*....	R. L. Dakin.
	E. S. Noyes, *Cas*.....	.....
	J. R. Clark, *Ass't Cas*...	.....
" .. Park National Bank, Chicago.	Fred. C. Bell, *Cas*.....	.....
	W. V. Griffin, *Ass't Cas.*	Fred. C. Bell.
" .. Union National Bank, Chicago.	J. J. P. Odell, *P*.....	C. R. Cummings.
	David Kelley, *V. P*.....	J. J. P. Odell.
" .. First National Bank, Mendota..	M. A. McKey, *V. P*.....	E. W. Fassett.
" .. Peoples Nat. B., Rock Island..	John Peetz, *P*.....	Bailey Davenport.*
" .. Calumet Nat. B., S'th Chicago..	J. M. Bacon, *V. P*.....	.....
Ind ... Citizens N. B., Crawfordsville..	Silas Peterson, *V. P*.....	T. W. Lucas.
" .. First National Bank, Crawfordsville.	W. H. Durham, *P*.....	Joseph Milligan.
	Geo. T. Durham, *V. P*..	J. S. Brown.
	W. P. Herron, *Cas*.....	Sam'l W. Austin.
	Jas. E. Evans, *Ass't Cas.*	J. H. Wasson.
" . First National Bank, La Fayette.	Robt. W. Sample, *P*.....	Martin L. Pierce.
	Wm. Wallace, *V. P*.....	Robt. W. Sample.
" .. First National Bank, Marion.	H. D. Reasoner, *V. P*....	.....
	A. B. Morrison, *Cas*.....	W. W. Morrison.
" .. Peoples Nat. B., Washington	Matthew F. Burke, *V. P.*	Jas. W. Ogden.
Iowa... Atlantic National Bank, Atlantic.	J. Nichols, *V. P*.....	H. L. Henderson.
	F. M. Nichols, *Ass't Cas.*	.....
" .. Iowa Savings Bank, Sioux City.	Eri Richardson, *P*.....	.....
	G. W. Wakefield, *V. P*..	.....
" . First Nat. Bank, Waterloo.....	AndrewMcElhinney, *V.P.*	R. Manson.

* Deceased.

Bank and Place.	Elected.	In place of
KAN.... First National Bank, Osborne.	I. M. Walker, *P*.....	Cyrus Heren.
	J. A. Earls, *Cas*.....	Frank Knox.
" .. Phillips Co. Bank, Phillipsburg.	E.C. Shawkey, *Ass't Cas.*	.....
" .. Kansas National Bank, Wichita.	A. C. Jobes, *Cas*.....	C. E. Frank.
	C. E. Frank, *Ass't Cas*..	.....
KY. .. Nat. B. of Lancaster, Lancaster.	Wm. R. Robinson, *P*....	Alex. R. Denny.
" .. Union Nat. Bank, Louisville...	W. P. Frederick, *Cas*....	E. H. Conn.
LA..... Commercial National Bank, Shreveport.	S. B. McCutchen, *P*.....	J. G. McWilliams.
	J. R. Scott, *V. P*..... ..	.....
	T. L. Stringfellow, *Cas*..	S. B. McCutchen.
ME..... Messalonskee N. B., Oakland..	A. J. Libby, *V. P*.....	B. C. Benson.
MD. ... Farm&MerchN.B.,Westminster	Chas. B. Roberts, *V. P*..	.....
MASS... Bunker Hill Nat. Bank, Boston.	Chas. R. Lawrence, *P*...	T. T. Sawyer.
	Fred. K. Brown, *Cas*....	Chas. R.Lawrence.
" .. Nat.Hyde & Leather B., Boston.	Alfred L. Ripley, *V. P*...	.....
" .. Traders National Bank, Boston.	Andrew L. Fennessey, *P*.	F. S. Davis.
	C. T. Linley, *V. P*.....	W. L. Chase.
	J. E. Toulmin, *Cas*.....	A. N. Cooke.
" .. Massasoit National Bank, Fall River.	Chas. M. Shove, *P*.....	Bradford D. Davol.
	Nath'l B. Borden, *V.P*..	Chas. M. Shove.
" .. First Nat. Bank, New Bedford.	Edward S. Taber, *P*....	Wm. Watkins.
MICH... Coldwater National Bank, Coldwater.	David B. Dennis, *P*.. ..	Geo. Starr.
	Sam'l P. Williams, *V. P*.	David B. Dennis.
" .. Southern Mich. N.B. Coldwater.	A. S. Upson, *Ass't Cas*..	.....
" .. Merchants National Bank, Muskegon.	John Torrent, *P*.....	.....
	W. S. Hofstrat, *V. P*....	.....
	H. O. Lange, *Cas*.....	.....
" .. Citizens National Bank, Niles.	A. G. Gage, *P*..... ...	Orlando F. Barnes.
	I. P. Hutton, *V. P*.....	A. G. Gage.
MINN... First National Bank, Glencoe.	A. H. Reed, *P*.....	I. A. Latta.
	J. H. Dorsey, *V. P*.....	A. H. Reed.
" .. First National Bank, Morris.	H. S. Judson, *P*.....	Carrington Phelps.
	L. O. Hollister, *Cas*....	H. S. Judson.
" . First Nat. Bank, Rochester....	Chas. N. Ainslie, *Ass't C.*	F. E. Gooding.
" .. First National Bank, Wabasha.	C. C. Hirschy, *P*.	John Schwirtz.
	W. F. Dugan, *V. P*.....	C. C. Hirschy.
MO..... First Nat. Bank, Stewartsville..	Jno. Parr, *V. P*.....	O. G. McDonald.
" .. Schuster-Hax National Bank, St. Joseph.	W. E. Hosea, *V. P*.....	.....
	G. W. Clawson, *2d V. P.*	.....
	E. C. Hartwig, *Ass't C*..	.....
" .. Merch. Nat. Bank, St. Louis...	Horace G. Allis, *Cas*....	F. W. Risque.
MONT . Bozeman Nat. B., Bozeman....	J. H. Baker, *Ass't Cas*...	.....
NEB.... State Bank of Elsie, Elsie.....	R. H. Lacey, *Cas*.....	Con W. Lloyd.
" .. First National Bank, North Platte.	Thos. C. Patterson, *V. P.*	.....
	Arthur McNamara, *A. C.*	Sam'l Goose.
" .. Union Nat. Bank, Omaha.....	E. S. Rowley, *V. P*.....	.....
" .. First National Bank, Orleans.	A. E. Harvey, *V. P*.	.....
	Jno. A. Randall, *Cas*....	A. E. Harvey.
N. H... Citizens National Bank, Keene.	H. B. Viall, *Cas*.....	Henry S. Martin.
N. J.... Amwell Nat. B., Lambertville..	W. A. Greene, *P*.....	Jno. A. Anderson.
N. Y... Nassau Nat. Bank, Brooklyn...	Thos. T. Barr, *P*.....	C. C. Smith.
" .. First N.B.of S.I.,NewBrighton.	J. H. B. Edgar, *Cas*.....	F.U. Johnstone,Jr.
" .. Tioga Nat. Bank, Owego.....	Chas. A. Clark, *V. P*....	L. B. West.
" Peoples Nat. Bank, Salem.....	Willis H. Walker, *V. P.*	H. W. Hughes.
" .. First National Bank, Warwick.	C. A. Crissey, *P*.....	.....
	F. C. Cary, *Cas*.....	C. A. Crissey.
OHIO... Farmers National Bank, Bryan.	Wm. H. Keck, *V. P*.....	Robt. D. Dole.
	Emery Lattanner, *A. Cas.*	.....
" .. Citizens Nat. Bank, Ripley....	Geo. A. Stivers, *Ass't Cas.*	A. J. Stivers.
" .. Lagonda National Bank, Springfield.	J. W. Keifer, *P*.....	John Howell.
	W. S. Thompson, *V. P*..	J. W. Keifer.
" .. Ketcham Nat. Bank, Toledo...	E. L. Barber, *V. P*	Jno. Berdan.
" .. Van Wert National Bank, Van Wert.	D. L. Brumback, *Cas*..	Wm. H. Pennell.
	J. P. Reed, Jr., *Ass't Cas.*	.....
PA. .... Second Nat. B., Brownsville...	O. R. Knight, *Cas*.....	Wm. Parkhill.
" .. First National Bank, Conneautville.	T. A. Hollenbeck, *P*. ...	E. L. Litchfield.
	E. T. Montague, *V. P*..	T. A. Hollenbeck.

	Bank and Place.	*Elected.*	*In place of.*
Pa.	First National Bank, Mercer....	W. C. Alexander, *Cas*...	W. Miller, Jr.
" ..	Corn Exch. N. B., Philadelphia.	W. D. Shetky, *Ass't Cas.*	.....
" ..	Produce Nat. B., Philadelphia.	John Y. Huber, *P*.....	D. G. Evans.
" ..	German National Bank, Pittsburgh.	E. H. Myers, *V. P*.....	.....
		C. Van Buren, Jr., *Cas* .	Jos. Laurent.
" ..	Marine Nat. Bank, Pittsburgh..	W.E. Von Bonnhorst, *Cas*	W. C. Macrum.
" ..	Stroudsburgh N.B., Stroudsb'gh.	B. S. Jacoby, *Ass't Cas*..	.....
R. I....	N.B. of N. America, Providence.	Chas. H. Merriman, *V. P.*	.....
Tenn...	Cleveland National Bank, Cleveland.	J. E. Johnston, *Cas*.....	Jno. H. Parker.
		L. D. Campbell, *Ass't C.*	J. E. Johnston.
" ..	Mechanics National Bank, Knoxville.	E. G. Oates, *Cas*.....	Sam House.
		W. B. Sullins, *Ass't Cas.*	.....
" ..	Springfield Nat. B., Springfield.	John Y. Hutchison, *A. C.*	.....
Texas..	Farmers & Merchants Nat. B., Abilene.	Jas. P. Massie, *V. P*.....	.....
		B. B. Kenyon, *Cas*.....	Jas. P. Massie.
" ..	Commerce National Bank, Commerce.	C. B. Jones, *P*.....	W. A. Dabbs.
		B. F. Orr, *V. P*.....	C. J. Hundley.
		P. A. Norris, *Cas*.....	C. B. Jones.
" .	City Nat. Bank, Fort Worth...	Jno. C. McCarthy, *P*....	J. Q. Sandidge.
" .	Galveston Nat. B., Galveston..	L. R. Bergeron, *Ass't C*..	.....
" ..	First National Bank, Lampasas.	J. M. Moore, *P*.....	E. M. Longcope.
		Walter Acker, *V. P*.....	J. M. Moore.
" ..	American Nat. Bank, Waco....	Thos. Dugelby, *Ass't C.*	M. A. Sullivan.
Utah ..	Union N. B., Salt Lake City...	J. R. Walker, Jr., *2d A. C.*	.....
Vt.....	Montpelier Nat. B., Montpelier.	L. H. Bixby, *Cas*.....	E. D. Blackwell.
Wis....	First National Bank, Menasha.	Chas. R. Smith, *P*.....	R. C. Russell.
		Silas Bullard, *V. P*.....	A. J. Webster.
" ..	Manufacturers N. B., Racine..	John S. Clement, *Ass't C.*	.....
" ..	First National Bank, Ripon.	H. H. Mead, *P*.....	E. P. Brockway.
		A. P. Harwood, *V. P*....	H. H. Mead.
Wyo...	First National Bank, Cheyenne.	J. E. Wild, *V. P*.....	.....
		G. E. Abbott, *Cas*	J. E. Wild.
		J. H. Loomis, *Ass't Cas.*	G. E. Abbott.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS

(Monthly List, continued from January No., page 574.)

No.	*Name and Place.*	*President.*	*Cashier.*	*Capital.*
4191	Pocomoke City Nat. Bank..... Pocomoke City, Md.	Wm. Dale,	Chas. H. Colburn,	$50,000
4192	Northern National Bank..... Philadelphia, Pa.	Edward T. Tyson,	Edmund R. Watson,	200,000
4193	Ballinger National Bank..... Ballinger, Texas.	David P. Gay,	Albert S. Reed,	50,000
4194	Stockmens National Bank..... Fort Benton, Mont.	John W. Power,	Chase E. Duer,	100,000
4195	West End National Bank..... Washington, D. C.	Wm. R. Riley,	Chas. P. Williams,	200,000
4196	German National Bank..... Oshkosh, Wis.	R. C. Russell,		100,000
4197	First National Bank..... Clyde, Ohio.	Geo. P. Huntly,	Sanford M. Terry,	50,000
4198	First National Bank..... Brady, Texas.	E. M. Longcope,	Mike L. Woods,	50,000

No	Name and Place.	President.	Cashier.	Capital.
4199	Commercial National Bank.... Bradford, Pa.	Robt. F. Borckman,	W. H. Powers,	100,000
4200	Big Sandy National Bank..... Catlettsburg, Ky.	Thos. R. Brown,	M. H. Houston,	60,000
4201	First National Bank..... Middlesborough, Ky.	M. C. Alford,	D. F. Frazee,	50,000
4202	South End National Bank..... Boston, Mass.	John A. Perry,	Frank N. Robbins,	200,000
4203	First National Bank..... Chehalis, Wash.	Noah B. Coffman,	Joseph Y. Coffman,	50,000
4204	Hazleton National Bank..... Hazleton, Pa.	A. S. Van Wickle,	Erastus S. Doud,	100,000
4205	First National Bank..... Delta, Pa.	Chas. R. McConkey,	L. K. Stubbs,	50,000
4206	Baker City National Bank..... Baker City, Ore.	Benj. Lombard, Jr.,	Chas. W. James,	75,000
4207	Yardley National Bank ..... Yardley, Pa.	Thos. C. Knowles,	Jacob H. Taylor,	50,000
4208	Gibbs National Bank..... Huntsville, Texas.	W. S. Gibbs,	G. A. Wynne,	50,000
4209	Merchants National Bank..... Sioux City, Iowa.	Eugene W. Rice,	Geo. P. Day,	100,000
4210	First National Bank..... Wymore, Neb.	John H. Reynolds,	Lake Bridenthal,	50,000
4211	Amsterdam City National Bank. Amsterdam, N. Y.	Stephen Sanford,	Martin Van Buren,	200,000
4212	Citizens National Bank..... Johnstown, Pa.	Andrew J. Haws,	Geo. K. Linton,	100,000
4213	Bankers & Merchants N. Bank. Dallas, Texas.	Wm. J. Kelley,	A. Hansl,	500,000
4214	First National Bank..... Amarillo, Texas.	Wm. S. Davis,	Alpheus H. Woods,	50,000
4215	First National Bank..... Plattsburg, Mo.	Geo. W. Davis,	James M. Bohart,	50,000
4216	Homer National Bank..... Homer, La.	Wm. P. Otts,	Christie O. Ferguson,	50,000
4217	Clay City National Bank..... Clay City, Ky.	Chas. Scott,	Grant Green, Jr.,	50,000
4218	National Howard Bank..... Baltimore, Md.	John R. Hooper,	Thos. P. Amoss,	200,000
4219	First National Bank..... St. Marys, Ohio.	Edward M. Piper,	O. E. Dunan,	60,000
4220	First National Bank..... Bessemer, Ohio.	Chollet Berney,	Thos. J. Cornwall,	50,00

CHANGES, DISSOLUTIONS, ETC.

(*Continued from January No., page 575.*)

N. Y. CITY..... Equitable Bank is reported closed.
" .. .. Lenox Hill Bank is reported closed.
" .. .. Sixth National Bank is reported closed.
By latest reports the above banks will resume business.
ALA.... Bessemer..... Bank of Bessemer has been succeeded by the First National Bank; same correspondents.
ARK.... Little Rock.... Ed. W. Parker & Co. is now Parker & Cates; same correspondents.
DAK. N. Wahpeton. ... People's Savings Bank is now Peoples' Bank.
" S. Erwin..... Bank of Erwin has discontinued; no successors.
" .. Madison..... Bank of South Dakota reported assigned.
GA..... Acworth..... S. Lemon & Co. has been succeeded by the S. Lemon Banking Co.; same correspondents.
IOWA... Bloomfield .. Davis County Bank has been succeeded by the Taylor-McGowen Bank; same correspondents.
" .. Eagle Grove... First National Bank has gone into voluntary liquidation.
" .. George..... Bank of George (E. M. Lamar & Co.) reported assigned.
" .. Sioux City..... Merchants Bank, now Merchants National Bank; same officers and correspondents.
KAN... Fremont..... Bank of Fremont has been succeeded by the State Bank.
" .. Irving..... State Bank of Irving has been placed in the hands of a receiver.
" .. Marion..... Christie & Carter have been succeeded by the Commercial Banking and Trust Co.
" .. Minneapolis... Corn State Bank has been succeeded by the Western Trust Co.; same officers and correspondents.
KY..... Greenup..... .. J. E. Pollock has been succeeded by the Farmers and Merchants Bank.
MASS... Boston ..... Merchandise National Bank is now the Winthrop National Bank.
MICH... Schoolcraft .... Nesbitt & Miller has been succeeded by the Kalamazoo County Bank.
" .. South Haven... First National Bank has gone into voluntary liquidation has been succeeded by the First State Bank.
MO..... St. Louis..... Boatmen's Saving Bank has changed its title to the Boatmen's Bank.
MONT... Butte City..... Clark & Larabie, now W. A. Clark & Bro.
" .. Deer Lodge ... Clark & Larabie, now Larabie Bros. & Co.
NEB.... Ogallala..... First National Bank has gone into voluntary liquidation.
" .. Rulo..... ... First National Bank has gone into voluntary liquidation.
N. Y. .· Albany..... Henry R. Pierson & Son reported assigned.
" .. Poland..... Poland National Bank has gone into voluntary liquidation.
OHIO.... Clyde..... Farmers & Traders' Bank has been succeeded by the First National Bank.
" .. Toledo ..... Toledo National Bank has gone into voluntary liquidation.
PA. .... Williamsport .. Lumberman's National Bank has gone into voluntary liquidation.
TEXAS.. Huntsville. .... Sanford Gibbs has been succeeded by Gibbs National Bank.
WIS.... Ashland..... Ellis & Gregory, now Security Savings Bank.
" .. Fox Lake..... First National Bank has gone into voluntary liquidation.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, JANUARY, 1890.

Opening, Highest, Lowest and Closing Prices of Stocks and Bonds in January.

GOVERNMENTS.	Interest Periods.	Opening.	Highest.	Lowest.	Closing.
4½s, 1891.... reg.	Quarterly—Mar.	104¾	104¾	104½	104½
4s, 1891..... coup.		105¼	104¾	104½	104½
4s, 1907..... reg.	Jan	126	126	123¼	123¼
4s, 1907 ..... coup.		126	126	123⅝	123⅜
	Feb.				
6s, cur'cy, 1895, reg.		116	116	116	116
6s, cur'cy, 1896, reg.	Jan.	118	118	118	118
6s, cur'cy, 1897, reg.	&	121	121	120	120
6s, cur'cy, 1898, reg.	July.	124	124	123	123
6s, cur'cy, 1899, reg		126	126	125	125

RAILROAD STOCKS.	Opening.	Highest.	Lowest.	Closing.
Atlantic & Pacific	—	5	4⅝	—
Buff. R. & Pitts	—	—	—	—
Canadian Pacific	76	77¾	73⅞	75½
Canada Southern	55	56¼	53	55
Central of N. J	126¾	127½	119	119½
Central Pacific	33¼	35	33¼	—
Ches. & Ohio	27⅛	27⅛	25⅞	26
Do 1st pref.	65	65⅝	64	—
Chic. & Alton	—	134	133	—
Do pref.	—	—	—	—
Chic., B. & Q	107¾	108⅝	105½	107⅝
Chic., M. & St. P	69⅞	71¼	67¾	70¼
Do pref.	114½	116½	113¾	116
Chic. & N. W	111⅜	112⅛	109⅝	111¾
Do pref.	—	143	141¼	—
Chic., R. I. & P	97½	98⅝	94½	96¼
Chic., St. L. & P	17¾	17¾	15½	—
Do pref.	49	49¾	43½	—
Chic., St. P., M. & O	—	34½	32½	33
Do pref.	—	97⅛	95½	—
C., C., C & St. L	70¼	73⅝	69⅜	72⅝
Col. Coal & Iron	39¾	50¾	39¾	49¾
Col., H. Valley & Tol	—	23⅞	18½	22¼
Col. & H. C. & I	—	—	—	—
Del. & Hudson	147⅜	153¼	147	152¼
Del., Lack. & W	136¾	138⅛	134½	136½
Den. & Rio Grande	—	17	16	—
Do. pref.	48	51	48	—
East Tenn. V & G	9¼	10	9¼	—
Do 1st pref.	—	70	70	—
Do 2d pref.	—	23	21	22¼
Houston & Texas C	—	—	—	—
Illinois Central	117¾	119½	117¼	—
Lake Erie and Western	—	19¼	17½	19¼
Do pref.	63	68	62¼	68
Lake Shore	104⅝	106⅜	104⅛	106
Long Island	—	90½	89	—
Louisville and Nashville	86	91¼	84⅜	90
Louisville, N. Alb & Chic	39	50½	37	50½
Manhattan Consol	—	107	100	—
Marq. H. & O.	—	—	—	—
Do pref.	—	—	—	—
Memphis & Charleston	—	—	—	—
Michigan Central	94¾	96	93½	—
Mil., L. S. & W	—	104	98¾	—
Do pref.	—	117	115¼	—
Minn. & St. Louis	—	6¼	6	—
Do pref.	—	12¾	12	12¾
Mo., Kan. & Texas	11½	11¾	9	9⅞
Missouri Pacific	72½	76¼	71½	75
Nash., C. & St. L	—	103	102	—
N. Y. C. & Hudson	106½	107¼	106¼	107½
N. Y., C. & St. L	17⅜	18¼	16¾	—
Do pref.	—	71½	70	—
N. Y., L. E. & W	26⅝	27¾	26	27¾
Do pref.	—	65¼	62½	—
N. Y. & New Eng	44⅛	48¾	43¼	48¾
N. Y., Ont. & W	19⅜	20¼	18⅜	—
N. Y., Sus. & W	7½	7¾	7¾	—
Do pref.	—	31½	30	—

MISCELLANEOUS.	Opening.	Highest.	Lowest.	
Norfolk & Western	—	22⅜	21¼	—
Do pref.	—	63¼	60¼	63¼
Northern Pacific	30⅞	33⅜	30	33
Do pref.	74¼	76⅜	73⅛	76
Ohio & Mississippi	—	22½	20¼	—
Ohio Southern	—	18	16½	—
Oregon Impt	—	48	43¾	—
Oregon R. & N.	—	101	101	—
Oregon Short Line	56	56	50½	54⅜
Oregon & Trans-Con	34¼	38⅛	33½	37⅞
Pacific Mail	36⅝	41⅛	36⅜	41⅛
Peoria, Decatur & Evansville	—	23	16½	—
Philadelphia & Reading	39¼	40⅜	35⅜	39¼
Pullman Palace Car Co	189¼	193	189	193
Rich. & W. P. Term	21⅜	23½	20½	23½
Rome, W. & Ogd	—	107¼	106	—
St. Louis, A. & T. H	—	41	40½	—
Do pref.	—	115	115	—
St. Louis & San Francisco	—	17	16	—
Do pref.	39¼	39¼	36⅜	37
Do 1st pref.	—	96	90	—
St. Paul & Duluth	—	34½	31½	32½
Do pref.	—	85	82⅛	—
St. Paul, M. & M	—	114	111¼	—
Southern Pacific Co	35	35¼	32½	34¼
Tenn. Coal & Iron	86	89	83	86
Texas & Pacific	20⅞	22⅝	20½	21¼
Union Pacific	68⅝	68⅞	65½	68
Virginia Midland	—	—	—	—
Wabash, St. Louis & Pacific	—	16¾	16	13¾
Do. pref.	31¼	33	31⅛	28⅞
MISCELLANEOUS—				
Express—Adams	—	155	152	—
American	115	115	113¼	—
United States	—	89½	84	—
Wells-Fargo	—	142	135	140¼
Western Union	83⅛	85⅞	83	85½
Silver Bullion Cert	—	—	—	—

THE

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AND

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BANK WRECKING.

There are those, unhappily not a few, who, through preference, make a living by dishonest practices. The stock gambler is a type of this class. Very likely he could make as much in some honest pursuit, but this would be without the excitement attending ordinary stock speculations. The business has the adventurous element in it in the highest degree, and this, we imagine, is a strong reason why it is chosen by so many. Many often think that the desire to make a fortune in a day is the principal reason why men gamble and steal and rob and plunder generally; but this judgment is not wholly correct. We are quite certain that the uncertain or adventurous element is important at least with this type or class of men. To some extent, it is the spirit animating the soldier, and especially which stirred the soldier of the middle age, whose pay came largely from plunder following his success in the field of war.

Doubtless the men who attempted to rob the three New York banks possessed a fair ability and could have easily earned a comfortable living in other ways if they had chosen. Indeed, all of them, we believe, had been men of considerable means at various times; but to get control of three banks and to rob them of their assets—this was a novel feat, and characteristic of such thoroughly corrupt natures. The plan was simple in the extreme. It was simply to purchase a majority of the stock, take possession, and then to rob the minority of everything. There was nothing very wonderful in this scheme. The principal thing with

these adventurers was to obtain the means to buy the Sixth National, or largest bank. They began with the smallest and used the means thus obtained to buy the next; and, with the means belonging to these two, they were able to pay for the controlling interest in the third by a simple, quick and effective operation. The story need not be told, for all are familiar with it. The more important question is, what lesson has this robbery for stockholders and those who deal with corporations?

One reflection that doubtless will occur to many minds, and not comforting, either, is, the success of the scheme shows how easily it can be repeated. The land is full of corporations, the controlling interest in many of which is owned by one or two or a few persons. There is no considerable difficulty in getting control of them; it is usually a question of price, as was with Mr. Leland. It is said that Ives and Staynor, just before the end came to their nefarious career as railroad wreckers, were seriously meditating a descent upon the Equitable Life Insurance Company of New York, which owns about eighty millions of assets and has only one hundred thousand dollars of stock. The operation consisted simply in the purchase of fifty-one thousand dollars of stock, and which was owned by one man. The question was one of the simplest—to make a bargain with him, and the thing was done. Then it was said that, after obtaining control, they intended to take the assets and sell them and to put worthless ones or inferior ones in their place, and to continue this process of conversion or substitution until the robbery was complete. A very simple plan indeed; what a terrific crash and widespread suffering would have followed its execution.

An attempt was made last year to obtain a controlling interest in the stock of the Phœnix Mutual Insurance Company, of Boston, and which, too, happily failed. The capital stock is $100,000 and there are assets of some $11,000,000. The stock was worth about $250 as large dividends have been usually paid. One gentleman owned $50,100 or a controlling interest of the stock, and an offer was made to buy at $500 per share. The offer was accepted, but so much opposition was made by the minority stockholders that the deal was broken. A syndicate was formed to buy a controlling interest in the stock, and it was then sold to the company itself. The holders of the minority of the stock are thus in a position where they may, through the cupidity of the holder or holders of the majority of the stock, lose their due proportion or right in that same, of the company's assets, through a sale of the majority of the stock to some schemers.

A few years ago a successful attempt was made on the Charter Oak Life Insurance Company of Hartford. This was one of the oldest, and had been one of the most successful life insurance

companies in the country. It had been wisely managed, and was in most respects a most prosperous institution, but in an evil day a small body of men obtained control, whose sole object was to take its assets and put them in their own pockets, and in a short time the wreck was complete. All these attempts create an uncomfortable sensation in persons concerning the insecurity of these corporate organizations. The desperadoes are at work, and will be until the end of time, and they can find institutions which can be bought and wrecked in the manner above described. We shall doubtless hear in the future, as we have heard in the past, from time to time, of a wreck of this sort, and the public should be prepared for them.

It is asked, cannot some protection be thrown around minorities in these cases? We seem to think that this is a land in which the majority should rule. Within a few years the plan has been adopted of cumulating the votes in the election of directors, whereby minorities can obtain a representation; and this is a move in the right direction. If the stock in a corporation was distributed among a considerable number of persons, so that not one, nor two, nor three owned a controlling interest, it would be more difficult, of course, to obtain control, but as readily perceived, the only question of obtaining control in such a case would be the buying of a larger number; in other words, the difficulty would be somewhat greater, but it could be overcome. The question is serious, but is one of the inevitable consequences of the corporate life into which the modern industrial world has been transformed. They have increased with wonderful rapidity, but we are beginning to learn more and more clearly the dangers to which these institutions give rise. One of them is the sinking of the individual; his loss of interest in his work; his waning regard in its prosperity; his general inattention to business, and consequently less watchfulness in its affairs than he would have if his own individual interest was more closely allied with the interest and prosperity of the institution itself. Some of these wrecks and failures can be attributed to this silent, but not less potent cause. The interest of the individual is very slight, except with the manager or a few leading officers. Nor is the ordinary stockholder of much account. He goes once a year, perhaps, to a meeting, or sends his proxy. He rarely examines a book; he really knows nothing about the corporation; his investment is simply one of blind faith, in most cases. This he must have when investing his money, but he should also exercise, if possible, some circumspection in his investment. So long as this is not exercised; so long as he is willing to yield the entire control of his property to others, wrecks like these will doubtless occur at no infrequent intervals in the future.

THE CLEARING HOUSE SYSTEM.

[CONTINUED.]

The Boston Clearing House was organized in 1855 and commenced operations March 29, 1856, with twenty-nine banks, all of which are now members, having a capital of $28,610,000. The names of the original members of the association were as follows:

Massachusetts Bank.	Market Bank.
Union Bank.	Granite Bank, now Second Nat.
Boston Bank, now Old Boston National.	Atlas Bank.
State Bank.	Shoe and Leather Bank.
New England Bank.	Shawmut Bank.
Tremont Bank.	Exchange Bank.
Eagle Bank.	Bank of Commerce.
City Bank.	Bank of North America.
Washington Bank.	Fanueil Hall Bank.
North Bank.	Webster Bank.
Atlantic Bank.	Eliot Bank.
Merchants Bank.	Howard Banking Co.
Traders Bank.	Suffolk Bank.
Hamilton Bank.	Blackstone Bank.

In June, 1856, the Globe, National and Maverick entered; in 1857 the Boylston and Freeman's became members; in 1858 the Hide and Leather Bank, Bank of Mutual Redemption and Bank of the Metropolis entered; in 1859 the Safety Fund, now First National Bank, and the Revere Bank; in 1860 the Bank of the Republic, the Continental and Mount Vernon; in 1864 the Third National; in 1868 the Everett and National Security; in 1870 the Broadway; in 1871 the Commonwealth; in 1873 the Central and Manufacturers; in 1875 Fourth National, Metropolitan and Merchandise; in 1883 the Lincoln National. March 1st, 1888, the Mechanics National Bank, for which, as a State bank, the number thirty had been reserved in the original organization, but which up to that time had never joined the association, entered, and on October 3d, in the same year, the Commercial National, a new bank, became a member. The Bank of the Metropolis number thirty-eight withdrew in December, 1863, and went out of business. The numbers thirty and thirty-eight are the only missing numbers in the ranks of the Boston Clearing House.

No failure has ever occurred among the members of the association. They are all national banks, great care has been exercised in admitting new members, and a sound and conservative policy has prevailed among them. The rotten Pacific National Bank knocked in vain for admission. Besides the banks that are members of the Clearing House, thirty-two other banks in Boston and vicinity make their clearings through members of the association.

The first manager of the Boston Clearing House was Mr. Henry B. Grove, whose term of service extended from the organization of the Clearing House, in 1855, to his death, in April, 1877, at which time the present incumbent, Mr. Nathaniel G. Snelling, who had been assistant manager from 1861 to 1877, succeeded Mr. Grove as manager, having been connected officially with the Clearing House for a period of about twenty-nine years.

The balances at Boston are paid in coin, legal tenders and certificates. The hour for making the clearing is ten o'clock, as at New York, and about half an hour is required for making the settlement. Balances must be paid by 12:15 P. M. to the Clearing House and the creditor banks receive their dues at 1:30 P. M.

The regular Clearing House year ends March 31st, but the following table shows the number and capital of the banks associated, and the clearings and balances at Boston by calendar years:

Calendar Years.	No. of Banks at end of year.	Capital at end of year.	Exchanges.	Balances.	Balances to Clearings. Per cent.
1856.....	32	$30,760,000	$1,057,358,514	$77,576,284	7.3
1857.....	34	31,560,000	1,395,344,685	121,160,094	8.7
1858.....	37	33,303,000	1,175,832,000	111,198,000	9.5
1859.....	39	35,931,700	1,443,750,000	128,594,000	8.9
1860.....	42	38,231,700	1,528,424,000	133,190,000	8.7
1861.....	42	38,231,700	1,213,918,000	119,002,298	9.8
1862.....	42	38,231,700	912,998,000	134,331,295	14.7
1863.....	41	38,031,700	1,720,839,000	202,624,396	11.8
1864.....	42	38,812,100	2,365,384,000	253,980,682	10.7
1865.....	42	41,900,000	2,311,889,000	279,284,873	11.9
1866.. ...	42	41,900,000	2,262,939,930	262,159,773	11.6
1867.....	42	41,900,000	1,866,200,886	229,903,997	12.3
1868.....	44	42,300,000	2,007,688,940	244,512,213	12.1
1869	44	47,350,000	2,124,213,630	235,189,430	11.1
1870.....	45	47,350,000	2,147,492,884	244,164,149	11.4
1871.....	46	48,050,000	2,392,345,566	285,251,990	12.4
1872.....	46	48,350,000	2,622,319,417	300,380,161	11.5
1873.....	48	49,350,000	2,667,477,740	302,604,053	11.3
1874.....	48	50,050,000	2,501,094,148	303,066,619	12.1
1875.....	51	51,350,000	2,502,594,359	326,579,927	13.0
1876.....	51	51,350,000	2,283,729,198	319,629,049	14.0
1877... ..	51	51,850,000	2,336,197,949	317,550,446	13.6
1878.....	51	50,300,000	2,215,655,502	312,375,482	14.1
1879.....	51	49,550,000	2,674,429,602	365,821,134	13.7
1880.....	51	49,550,000	3,326,343,166	424,429,921	12.8
1881.....	51	50,000,000	4,233,260,201	522,899,724	12.1
1882.....	51	50,000,000	3,636,373,805	461,540,425	12.7
1883.....	52	50,600,000	3,515,747,083	433,651,493	12.3
1884.....	52	50,500,000	3,243,327,658	431,268,183	13.3
1885.....	52	50,500,000	3,483,134,891	456,232,458	13.1
1886.. ...	52	50,500,000	4,095,215,231	496,051,964	12.1
1887.....	52	50,500,000	4,387,754,275	504,510,550	11.5
1888.....	54	51,200,000	4,427,357,070	520,648,556	11.7
1889.....	54	51,600,000	4,772,597,843	547,888,963	11.4
	Total.....		$86,881,228,173	$10,409,252,582	12

Among the New England Clearing Houses, that of Providence stands next to Boston in the magnitude of its transactions. The present organization dates from June 28, 1888, and its manager from that date to the present time has been Mr. Moses E. Torrey.

For more than twenty years previous to 1888, a clearing had been in operation among the banks in Providence, a portion of them making their clearings through the National Bank of North America, and a portion through the Merchants National Bank. The banks deposited their checks with these two clearing banks and the two clearing banks afterward assorted and exchanged them. The Merchants National Bank commenced this system in 1866 and the National Bank of North America a few years earlier. Prior to 1877 no record of the clearings at Providence exists. Formerly commencing about 1829-30, the Merchants National Bank was a Clearing House for the banks of Rhode Island under the Suffolk Bank System.

The clearings from 1877 to 1889 inclusive are as follows, balances not being recorded until 1889:

	No. of Banks.	*Clearings.*
1877	....	$177,681,400
1878	....	160,071,200
1879	....	155,328,100
1880	....	199,629,300
1881	...	216,572,000
1882	34	232,608,200
1883	34	237,148,800
1884	34	217,448,300
1885	34	216,465,200
1886	34	232,688,200
1887	33	244,971,100
1888	34	249,657,200
1889	34	262,141,900
Total 13 years		$2,802,410,900
Balances, 1889		$81,587,600

Balances at the Providence Clearing House have always been paid in New York or Boston Exchange, so that all the Clearing House settlements are made without handling any cash.

The Hartford Clearing House was established in 1872, but without any formal organization. No record of its transactions exists prior to 1880, but for 1878 and 1879 we have the manager's estimate of the clearings. The Clearing House Association was first formally organized November 28, 1882; the banks take turns in making the clearings, each bank being the Clearing House for one month at a time. The hour for making the exchanges is 10:05 A. M., and the time occupied in making the settlements is about fifteen minutes. The debtor banks pay their balances to the Clearing House at or before 10:30 A. M. in checks on New York, except balances of less than $100, which may be paid in currency. The creditor banks receive their balances at 12 M. The matter cleared includes notes, drafts and checks payable at the counters of members, also bank notes of the members to a very limited extent. All paper cleared must bear the written or stamped indorsement of the bank sending it.

There is no permanent manager. The secretary from the time of organization to the present time has been Mr. Geo. F. Hills. The number of banks belonging to the Clearing House is fifteen, and their transactions, so far as reported, have been as follows:

	No. of Banks.	*Clearings.*	*Balances.*	*Balances to Clearings. Per cent.*
1878....	....	Est. $53,200,000.00	.....	....
1879....	....	Est. 53,200,000.00	.....	....
1880....	....	70,282,293.80	$20,927,124.74	29.8
1881....	14	81,735,380.47	23,432,180.25	28.5
1882....	15	90,744,326.36	25,650,894.32	28.2
1883....	15	91,694,132.07	26,303,673.71	28.7
1884....	15	81,834,837.18	23,132,802.65	28.2
1885....	15	81,173,576.09	25,296,414.08	31.2
1886....	15	86,985,070.21	25,653,134.43	29.5
1887....	15	89,327,798 69	25,818,562.35	28.9
1888....	15	89,323,506.08	25,424,973.70	28.5
1889....	15	100,913,268.29	30,628,057.91	30.3
Total 1880–89....		$864,014,189.24	$252,267,818.14	29.2

At New Haven, as at Hartford, the banks take turns, each bank acting as the Clearing House for three months. A clearing was established in 1873. The Clearing House has no permanent manager, but its former secretary was Mr. J. C. Bradley, who served from its establishment to 1889. The present secretary, W. T. Fields, was elected June 18, 1889. Wilbur F. Day, Esq., was elected president of the association, March 27, 1873, and still continues in office. The paper cleared consists of checks, acceptances, and notes certified the day before. The banks meet at 9½ A. M., and balances must be paid by noon by drafts on New York, no cash being required.

The number of banks connected with the New Haven Clearing House is ten, seven of which are national banks, two State banks, and one trust company. There is no published record of the clearings prior to 1877; balances have been regularly published only during the last five years. The transactions of the New Haven Clearing House, so far as they have been reported, have been as follows:

	No. of Banks.	*Clearings.*	*Balances.*	*Balances to Clearings. Per cent.*
1877..t.	..	$30,703,999	.....	....
1878....	..	34,199,075	.....	....
1879....	.	38,075,930	.....	....
1880....	.	50,361,513	.....	....
1881....	10	58,855,601	$14,615,632	24 8
1882....	10	64,529,610	.....	....
1883....	10	63,186,447	14,705,419	23.3
1884....	10	57,799,870	.....	....
1885....	10	55,023,975	12,790,614	23.2
1886....	10	58,236,409	14,077,089	24.2
1887....	10	63,797,462	14,893,656	23.3
1888....	10	60,782,206	14,243,640	21.8
1889....	10	63,927,220	15,752,836	24.6
		$699,479,311		

The Worcester Clearing House was established in 1861, and consists of eight banks. The banks take turns, as at Hartford. The manager for the past seventeen years has been Mr. L. W. Hammond. Its transactions have been as follows:

	No. of Banks.	*Exchanges.*	*Balances.*	*Balances to Clearings. Per cent.*
1861....	6	$6,051,763	$1,517,131	25
1862....	6	6,593,102	1,852,093	28
1863....	6	7,953,081	2,469,424	31
1864....	7	10,314,804	3,497,500	34
1865....	7	9,046,438	3,801,862	42
1866....	7	10,502,654	4,031,128	38
1867....	7	10,731,020	3,791,295	35
1868....	7	12,101,459	3,853,940	32
1869....	7	14,381,607	4,354,917	30
1870....	7	15,086,237	4,797,369	32
1871....	8	22,322,005	6,655,232	30
1872....	8	27,160,968	8,248,322	34
1873....	8	29,021,671	9,328,295	32
1874....	8	29,021,632	9,568,497	33
1875....	9	28,931,349	9,843,548	34
1876....	9	25,169,157	9,125,700	36
1877....	9	26,401,963	9,739,630	37
1878....	8	25,593,657	9,310,277	36
1879....	8	25,417,758	9,149,802	36
1880....	8	33,648,550	11,440,896	34
1881....	8	39,224,751	13,193,814	34
1882....	8	43,952,164	14,134,451	32
1883....	8	43,056,862	13,594,439	31
1884....	8	39,610,041	12,777,475	32
1885....	8	38,551,145	11,453,428	30
1886....	8	44,362,020	12,868,609	29
1887....	8	48,329,186	13,633,540	28
1888....	8	52,070,112	13,921,644	27
1889....	8	56,583,105	14,038,133	25
		$781,250,261	$245,992,491	31

The hour for making the exchanges at Worcester is 12 M., and the time occupied is about fifteen minutes. The paper cleared consists of notes, checks, and drafts payable at any of the associated banks, and must be indorsed: "Pay only through Worcester Clearing House to ———." Balances are paid by checks on Boston without handling any cash.

The Philadelphia Clearing House commenced operations March 22, 1858, and ranks as the third Clearing House in the country in the magnitude of its transactions. The smallest transactions recorded in any whole year of its existence were those of 1861. There are two clearings daily, the principal clearing at 8:30 in the morning, and the second, the runners' exchange, at 11:30, for the notes and checks received by the morning mail. The balances of the first clearing are paid in legal tenders and U. S. certificates, between the hours of 11 and 12; the balances of the second exchange are paid by due bill, which goes through the next morning's exchange.

Its first manager was Mr. George E. Arnold, who served until 1884, when he was succeeded by Mr. John P. Boyd, previously

assistant manager, who has remained in that position until the present time. The number of banks connected with the Clearing House is forty-one—an increase of eleven in six years.

The following are the transactions for calendar years:

	No. of Banks.	*Exchanges.*	*Balances.*	*Balances to Clearings. Per cent.*
1858 (March 22 to Dec. 31).	..	$663,707,304	$44,773,132	6.7
1859	..	1,026,715,543	64,213,066	6.2
1860	..	1,099,817,008	72,395,750	6.6
1861	..	771,071,475	69,863,049	9.1
1862	..	965,684,303	82,874,087	8.6
1863	..	1,285,910,085	118,969,364	9.2
1864	..	2,037,729,221	148,180,903	7.3
1865	..	1,908,500,019	160,897,767	8.4
1866	..	1,765,682,747	156,401,271	8.8
1867	..	1,641,019,119	161,698,268	9.9
1868	..	1,740,641,117	165,289,731	9.5
1869	.	1,856,079,822	160,057,524	8.6
1870	..	1,803,941,184	163,481,564	9.1
1871	..	2,165,245,831	191,840,918	8.8
1872	..	2,004,469,538	194,554,050	9.7
1873	..	2,189,368,911	195,428,300	8.9
1874	..	1,822,094,262	178,431,680	9.8
1875	28	1,833,745,670	182,210,212	9.9
1876	28	1,822,212,159	181,706,547	10.0
1877	28	1,522,920,590	164,545,302	10.8
1878	28	1,315,837,297	147,025,957	11.2
1879	28	2,027,743,334	175,700,263	8.6
1880	30	2,354,846,429	208,239,348	8.8
1881	31	2,716,828,851	244,350,698	8.9
1882	30	2,779,522,819	234,244,535	8.4
1883	30	2,812,817,489	241,485,216	8.5
1884	30	2,514,028,803	226,307,687	9.2
1885	32	2,374,490,313	224,874,959	9.4
1886	38	2,912,798,360	268,421,396	9.2
1887	40	3,194,481,172	302,857,059	9.4
1888	40	3,204,139,076	309,086,210	9.6
1889	41	3,645,987,807	336,705,900	9.2
Total		$63,780,077,658	$5,777,110,813	9

A clearing was established at Portland about the year 1865. There are seven banks which participate in the clearings. The manager for the past twenty years has been Mr. Wm. H. Hobbs. The clearings since 1880 have been as follows, so far as reported:

	No. of Banks.	*Clearings.*	*Balances.*
1880	Est. 6	$39,500,000	
1881	Est. 6	48,000,000	
1882	6	50,508,000	
1883	6	47,857,595	
1884	6	45,421,102	$8,571,467
1885	6	45,896,089	8,879,271
1886	6	47,793,118	8,947,737
1887	6	49,525,976	9,647,728
1888	6	50,442,644	10,485,036
1889	7	55,912,583	11,834,684
Total		$480,857,107	

The hour for making the exchanges at Portland is 10 A. M., and the time required to complete the business is about fifteen minutes. Balances are paid by checks, currency, or both.

The Springfield Clearing House began operations December 23, 1872, and is composed of ten banks, which make their clearings daily at eleven o'clock at the Chicopee National Bank. The manager is Mr. Arthur B. West, who has served from the formation of the organization, a term of seventeen years. The settlement occupies about twenty minutes. One clerk from each bank performs the duties of messenger and settling clerk. All kinds of paper are exchanged, each item being marked with the stamp of the sending bank. Balances less than $200 are paid in currency; those of greater amount by New York or Boston drafts. The clearings at Springfield have been as follows:

	No. of Banks.	*Exchanges.*	*Balances.*	*Balances to Clearings. Per cent.*
1872 (7 days)	..	$ 604,818	$ 138,255	23
1873.....	..	31,495,171	9,863,604	31
1874.....	..	29,691,073	8,957,448	30
1875.....	..	29,095,057	8,830,050	30
1876.....	..	26,032,555	8,673,555	33
1877.....	8	24,749,047	8,513,283	34
1878.....	8	22,313,256	7,238,647	32
1879.....	9	25,782,513	7,865,976	30
1880.....	9	31,847,911	9,951,271	31
1881.....	9	37,568,608	11,547,502	31
1882.....	9	41,831,260	12,902,705	31
1883.....	9	40,280,940	11,842,251	29
1884.....	9	37,585,774	10,549,540	28
1885.....	9	38,092,561	11,381,501	30
1886.....	10	42,348,281	12,811,389	30
1887.....	10	53,274,682	15,709,793	29
1888.....	10	58,038,308	18,383,997	32
1889.....	10	61,237,632	19,695,748	32
Total.....		$631,869,447	$194,856,515	30

The Wilmington Clearing House was organized September 6, 1887, and began operations October 1, 1887, with Mr. Washington Jones as president, Mr. John H. Danby as secretary, and Mr. Otho Nowland, cashier of the National Bank of Wilmington and Brandywine, as manager. Mr. Nowland held the position one year, and was succeeded by Mr. John H. Danby, who served one year, and was succeeded, October 1, 1889, by the present manager, Mr. Thomas E. Young, of the Farmers Bank.

The banks take turns, each bank being the Clearing House for six months at a time. The association consists of six banks, viz.:

Delaware Bank.	Farmers Bank.
Wilmington and Brandywine Bank.	First National Bank.
Union Bank.	Central Bank.

The banks meet to make their clearings at 10:30 A. M. Balances must be paid at the Clearing House at or before 11:30 A. M. by the debtor banks, and the creditor banks receive their balances at 12 M. Balances of one thousand dollars and more must be paid in Philadelphia and New York exchange. Balances for less than that amount may be paid in currency at the option of the payers. Acceptances, notes and checks payable on the day of exchange may

be included in the clearings. All checks passing through the Clearing House must bear the impress of the sending bank's name. The running expenses are met by an assessment on the different banks, according to the amount of their clearings. The balances are not reported.

The clearings, as reported by the present manager, Mr. Young, are as follows:

1887.....	(3 months)	$8,550,947
1888.....		36,106,097
1889.....		39,839,109

The Pittsburgh Clearing House began business in February, 1866, and embraces nineteen banks as members, besides upwards of forty banks which clear through members of the establishment. Its manager is Mr. John M. Chaplin, who has served in that capacity for ten years. Its transactions since its establishment have been as follows:

	No. of Banks.	*Clearings.*	*Balances.*	*Balances to Clearings. Per cent.*
1866.....	..	$83,731,242.17	$20,850,179.68	25
1867.....	..	97,157,556.03	21,029,633.34	22
1868.....	..	115,296,621.33	23,558,130.74	20
1869.....	..	156,880,910.90	29,832,017.41	19
1870.....	..	178,409,905.51	31,067,296.99	17
1871.....	..	215,201,413.59	34,344,435.19	16
1872.....	..	284,859,477.08	42,494,596.94	15
1873.....	..	295,754,858.83	41,605,069.84	14
1874.....	..	257,548,600.75	39,774,303.85	15
1875.....	..	233,160,448.36	41,168,203.05	18
1876.....	..	224,758,910.43	44,617,207.14	20
1877.....	..	223,569,252.09	42,772,655.16	19
1878.....	..	189,771,695.27	37,128,770.30	20
1879.....	..	217,982,649.43	44,009,316.73	20
1880.....	..	297,804,747.21	62,214,180.37	21
1881.....	18	389,170,379.10	78,578,625.87	20
1882.....	18	483,519,704.53	84,352,505.66	17
1883.....	18	497,653,962.43	91,807,082.38	18
1884.....	19	469,316,009.68	96,345,356.88	20
1885.....	19	356,171,592.53	73,717,695.74	21
1886.....	19	409,155,367.10	74,753,005.24	18
1887.....	19	511,010,701.38	83,685,375.25	16
1888.....	19	581,580,644.69	105,953,036.55	18
1889.....	19	654,080,350.93	111,557,719.23	17
Total.....		$7,423,547,001.35	$1,357,216,399.53	18

The paper cleared consists mostly of checks. The exchanges take place at 9 o'clock, and occupy, on an average, twelve minutes. Balances are paid by the debtor banks to the Clearing House between 10:30 and 11 A. M., in coin, legal tenders, or national bank notes. At 11 A. M., or as soon thereafter as the accounts can be made up, the creditor banks receive their balances. A considerable amount of Pittsburgh business, especially in the coal and iron trades, is settled by exchange on other cities, chiefly New York and Philadelphia, which does not go through the Pittsburgh Clearing House. Otherwise the exchanges would be much heavier.

The Baltimore Clearing House was established in 1858, but prior

to 1875 no report of its transactions has been published. Its manager is Mr. William H. Wells, who has been connected with the institution since 1873.

The number of banks in the association is twenty-three. Balances are paid in cash and certificates; it is only since 1885 that balances have been reported. The clearings and balances, so far as reported, have been as follows:

	Clearings.	*Balances.*	*Balances to Clearings. Per cent.*
1875	$579,545,000.00	.....	..
1876	530,487,590.26	.....	..
1877	541,169,830.37	.....	..
1878	504,089,158.59	.....	..
1879	598,172,321.33	.....	..
1880	682,904,048.51	.....	..
1881	732,448,141.75	.....	..
1882	685,922,190.57	.....	..
1883	697,308,616.78	.....	..
1884	631,687,135.00	.....	..
1885	581,918,197.01	$77,407,811.52	13
1886	616,303,898.35	82,755,234.23	13
1887	659,346,471.55	90,203,802.23	13
1888	620,587,729.65	92,277,211.11	14
1889	650,583,571.15	92,544,618.32	14
Total	$9,312,473,900.87		

The Lowell Clearing House commenced operations in March, 1876, with seven banks, which number has remained constant to the present time. The banks take turns, each bank acting as the Clearing House for one year. The cashier of the clearing bank is *ex officio* the manager of the Clearing House. Mr. John F. Kimball has been president of the association from its establishment, except during one year. Its transactions since it opened are officially reported as follows:

	Exchanges.	*Balances.*	*Balances to Clearings. Per cent.*
1876	$9,586,472.37	$3,700,583.80	39
1877	12,958,422.52	4,838,609.18	37½
1878	13,020,908.20	4,609,330.70	35
1879	15,108,675.28	5,485,076.20	36
1880	19,981,950.60	7,256,191.49	36
1881	22,951,836.00	8,606,619.00	37
1882	30,649,718.00	11,362,666.00	37
1883	35,323,527.00	13,593,460.00	38.5
1884	24,460,395.69	9,428,792.61	38.5
1885	23,666,288.83	7,757,753.06	32.7
1886	26,722,990.09	8,656,753.28	32.4
1887	30,931,297.99	9,461,109.30	30.5
1888	33,606,417.39	10,317,700.10	30.7
1889	34,859,798.08	10,568,307.29	30.3
Total	$333,828,698.04	$115,642,952.01	34

The hour for making the exchanges at Lowell is 11 A. M., and the time occupied is from seven to ten minutes. The paper cleared consists of notes, checks, and drafts, payable at the counters of the members. Balances are paid by checks on New York or Boston, no cash being handled.

The Clearing House at Buffalo was established April 1, 1889, with Mr. Edward S. Dann as manager, who still continues to serve. The number of banks associated is twelve. The clearings for nine months from April 1, 1889, the date of establishment, to December 31, were $120,977,270.64. The balances were $21,225,051.03.

The Syracuse Clearing House was established 1874. Its manager, December 31, 1889, was Mr. G. Howard Avery. The number of banks, formerly nine, is now eight. No record of its transactions previous to 1877 exists; since that time they have been as follows:

	Clearings.	*Balances.*	*Clearings to Balances. Per cent.*
1877	* $17,299,123	.....	..
1878	* 14,961,611	.....	.
1879	* 14,908,455	.....	..
1880	* 17,296,588	.....	..
1881	* 19,091,141	.....	..
1882	22,903,351	$6,044,952	26
1883	25,990,668	6,793,832	26
1884	27,266,247	7,066,504	25
1885	24,011,969	5,573,279	23
1886	27,662,512	6,150,409	22
1887	30,648,909	6,737,159	21
1888	34,500,836	8,013,334	23
1889	38,722,593	8,900,301	22
Total	$315,264,003		

* From the Public.

The exchanges at Syracuse are completed at 10:25 A. M. The matter cleared consists of checks, certified notes, and accepted drafts. Balances are paid within the two hours following the close of the exchanges, by drafts on New York.

DUDLEY P. BAILEY.

[TO BE CONTINUED.]

A REVIEW OF FINANCE AND BUSINESS.

GENERAL CONDITIONS LITTLE IMPROVED.

There have been no important developments and no essential changes in the general business situation during the month of February. The continuance of former unfavorable conditions has been the rule in nearly all branches of trade. First of these has been the same unseasonable weather we have experienced all winter. We have reached the spring months without having had any winter. Winter trade has not only suffered severely, but without any exception, outside the transportation business, and with no possibility now of recovery. The coal trade has gone from bad to worse the past month. The woolen goods trade is in the same bad way; and the iron industry is about the only one that can be named that has shown any gains during the past month. The transportation interests have continued to enjoy the most exceptional advantages for the longest period in their history, during the winter months. This of course applies to land and inland transportation, which have practically had no winter east of the Rocky Mountains, and especially the railroads. Ocean navigation, however, has been an exception the other way, and the ocean transportation interests have probably never suffered so severely as they have the past three months, from stormy weather. Had not rates of freight been higher than for years, these interests must have not only suffered, but have been left with a large deficit for the first quarter of the year to be made up in the remaining three quarters. As it is, there will be greatly reduced profits when the losses of vessels and the damages to every craft in the Atlantic trade have been made good. Fortunately or unfortunately, these losses will mostly fall on the foreign owners of the bulk of the tonnage engaged in this commerce. But, outside the Pacific system of transcontinental railroads,

THE RAILROAD INTERESTS

have had everything in their favor this winter. Not only have they been free from snow blockades—a thing unknown in years to the northern systems — but also from washouts and floods—till the present one in the Ohio Valley and its tributaries—by which their repair and construction accounts have been at the very minimum or below, as well as their operating expenses account. On the other hand, never have there been such abundant crops to move, nor so low prices, outside of cotton, to stimulate a free and early demand for these crops, in the history of our railroads; for, with these ruinously low prices, the farmers' impoverished condition has compelled them to be free sellers, instead of holding back till the last half of the crop year, or until into another

crop, as they often used to do in the era of high prices and the prosperity of American farmers. This has insured every system in the country east of the Rocky Mountains all the traffic they could handle, and many of them more, from inability to get cars enough to supply the demand. Under such circumstances, only a suicidal or speculative management could have found an excuse even, for rate cutting, much less a reason.

Hence, while every nature of expenditure has been at the very minimum, and probably below any previous winter record, the traffic of the entire railway system of the country, except the coal roads and the transcontinental lines, has been at or above the highest maximum figures in their history, although their rates have been lower.

RAILROAD PROSPECTS FOR LAST HALF OF CROP YEAR.

But these roads have now practically ended the first half of the crop year; and, by so much as they have moved a greater proportion of the crops during the first half of that year by reason of the exceptional causes noted above, by just so much is the proportion left back to come forward the last half of the crop year smaller than usual. Consequently, the earnings of the roads for the coming six months can hardly keep up to the high rate of the past six. With a smaller volume of traffic will come lower rates, and the competition of lake and canal navigation will commence much earlier than usual, as well as river transportation, owing to the comparative freedom from ice of all these water routes. The prospects are, therefore, for smaller traffic, lower rates, rate wars, and smaller earnings, for both East and West and North and South systems. for the next six months, as compared with the past. Hence, the comparison of this, with the last half of the last crop year will be far less favorable to the roads than the comparison for the six months just ended has been with the same period of the previous year, which has been fallacious, as indicating their future prospects, because of the exceptional conditions existing the past winter, as explained above, not one of which will continue during the last half of the crop year, since the excess of this year's crops over an average year has already been largely marketed. It is no doubt the anticipation of these changed conditions, which will soon be revealed in reduced net, as well as gross, earnings, that has kept the prices of railway stocks from advancing as much as many have thought their exceptional earnings warranted. But it was just this fact that they were exceptional, which prevented their going higher, and it was this which prevented conservative managers of railroads from increasing their dividends as much as they might, for they understood perfectly well that such abnormal earnings were temporary. This is

WHY THERE HAS BEEN A DECLINE IN THE STOCK MARKET;

for there was plenty of stock for sale by insiders to supply all those who wanted to buy, on the belief that the managers were not declaring as large dividends as they might, for some occult and selfish purpose. Yet it is not strange that those unfamiliar with crops, prices, their movements, and the influences controlling them, should have fallen into this error when they have seen these phenomenal earnings published and kept up monthly for the past six months. Naturally they regarded the conditions producing them permanent, at least for the balance of this crop year, or long enough to produce a further rise in their stocks that would yield a handsome profit on purchases at late prices. Yet the Chicago contingent of stock speculators have foreseen this condition of things, and have not only sold out their long stocks, but have turned Bears on the market, to the surprise of the wise men who write the stock market from a Wall Street or financial, instead of from a commercial or Board of Trade standpoint. It is from this latter that Chicago operators look, and have taken time by the forelock, instead of waiting and getting hold of the other end or tail of a boom that would not boom. Yet they have been accused of depressing the Grangers, and especially Rock Island, which refuses to publish its earnings, for the purpose of buying on some inside information of some big suburban rapid transit scheme at Chicago. It is doubtless true that inside information has been the cause of the selling. But it is fair to assume that where a road refuses the public a statement of its earnings, that it is not because of anything good that its managers want to keep away from investors in their securities. The presumption is always and justly the opposite, for no honestly managed road, whose managers are not speculating in its stocks, will refuse this right of the public to know at regular periods its true condition.

The following shows how phenomenal the prosperity of the railroads of the country has been for the past year, and that it was largely due to small expenses of operation.

GROSS AND NET RAILROAD EARNINGS FOR THE YEAR.

The complete returns for 1889 of 143 roads show gross earnings of $816,418,570, against $777,183,203 for 1888, an increase of $39,235,367, or 5 per cent. The net earnings of the same roads were $275,789,696, against $245,400,349 in 1888, an increase of $39,389,347, or 12 per cent. For eleven months to November 30, eleven roads report gross earnings of $40,059,940, an increase of $3,629,659, or 10 per cent., and net earnings of $12,483,986, an increase of $2,070,087, or 20 per cent. The aggregate gross earnings of the 154 roads for 1889 were $856,478,510, an increase of $42,865,026, or 5¼ per cent., the aggregate net earnings having been $288,273,682, an increase of $32,-

459,434, or 13 per cent. A noticeable feature of the returns is the much greater percentage of increase in net than in gross. The increase in gross on the fourteen trunk line roads was less than 5 per cent., while the increase in net was 10 per cent.; the fourteen middle Western roads gained only 8½ per cent. in gross, but 17 per cent. in net; the fifteen Northwestern roads show an increase of 8¼ per cent. in gross, while the increase in net was as much as 37 per cent.; the sixteen Southwestern roads gained 7 per cent. in gross and 28 per cent. in net; the fifteen Pacific roads increased 4½ per cent. in gross and 10 per cent. in net; the thirty-one Southern roads made a gain of 12½ per cent. in gross and 16 per cent. in net, and the two Mexican roads record an increase in net twice as large as the gain in gross. The 20 coal roads make a poor showing, gross earnings having fallen off 5 per cent. and net earnings 10 per cent. from last year. The seventeen Eastern and Middle State roads also show less favorably, the gain in gross having been 5½ per cent., and the increase in net only 5 per cent. The principal reason for the larger percentage of gain in net than in gross was the extremely favorable weather during both the early and late parts of the year.

This statement does not include the past two months, during which the influence of the weather on the earnings was greater than the average for the preceding twelve months covered by the foregoing figures, which affords reason enough why stocks, and especially of the Granger roads, do not go up on such earnings. This is the key to the stock market, and Chicago evidently was the first to discover it, as they are nearest the crop center, and understand crop conditions better than Wall Street. Big crops another year could do no more, if as much, for the roads, as they have done this year, and a poor one would do far less. All of the most active stocks on the list are now at about the lowest prices made thus far this year. The fact that Rock Island had declined ten points from its high price on January 4, Louisville six points from its high price on January 29, and Burlington six points from its high price on January 27, shows that there has been a good deal of long stock thrown overboard which has enabled the Bears to cover short sales without causing any important reaction in the prices. One needs, therefore, to be an optimist to see a Bull stock market ahead, unless the general trade of the country should materially improve, of which there are no signs apparent as yet. The outlook for the iron trade is good, and for the steel rail manufacturers bright, as the heavy traffic of the past six months will require larger renewals than for years on the old roads, and this will make up in part for lack of new roads building. Many mills report orders ahead for months, and some for half their yearly output. The cotton manufacturers are also looking for another good year,

as well as the iron trade. But outside these, the prospects of a general trade revival are rather dubious still.

CONDITION OF THE NATIONAL BANKS OF THE COUNTRY.

The Comptroller of the Currency reports the condition of the National banks of the United States, December 11, 1889, as follows:

RESOURCES.

Loans and Discounts	$1,797,358,787
Overdrafts	14,328,103
U. S. bonds to secure circulation	143,434,700
U. S. bonds to secure deposits	41,681,000
U. S. bonds on hand	3,740,350
Stocks, securities, judgments, claims, &c.	111,344,480
Due from approved reserve agents	164,889,765
Due from other National banks	118,206,354
Due from State banks and bankers	28,143,681
Banking house, furniture and fixtures	59,669,549
Other real estate and mortgages owned	11,024,641
Current expenses and taxes paid	11,702,368
Premiums on U. S. bonds	15,847,602
Checks and other cash items	15,134,700
Exchanges for Clearing House	103,719,453
Bills of other National banks	20,388,807
Fractional paper currency, nickels and cents	720,462
Specie	171,080,458
Legal tender notes	84,490,894
U. S. certificates of deposit for legal tender notes	9,045,000
Five per cent. redemption fund with Treasurer	6,276,659
Due from Treasurer other than redemption fund	1,239,867
Aggregate	$2,933,676,687

LIABILITIES.

Capital stock paid in	$617,840,164
Surplus fund	198,508,794
Other undivided profits	97,050,091
National bank notes	126,039,541
State bank notes outstanding	81,006
Dividends unpaid	1,289,651
Individual deposits	1,436,402,685
U. S. deposits	39,224,588
Deposits of U. S. disbursing officers	4,672,950
Due to other National banks	267,159,449
Due to State banks and bankers	123,713,409
Notes and bills rediscounted	15,723,378
Bills payable	5,976,976
Aggregate	$2,933,676,687

THE MONEY MARKET

Has worked easier during the month, both at home and in foreign markets, especially in London, where the Bank of England has reduced the rate, and the open market is also lower. This has been reflected in the decline in sterling exchange, and also the heavy trade balance in favor of the United States, which has been continued up to the present time. During December and January, foreign holders were sending back our railroad stocks and bonds because the Bank of England had "put on the screws" to check speculation. But now the return of securities has ceased, and London speculators are waiting for something on which to

buy them, but have not yet discovered much. Our Government has ceased the purchase of 4 per cents. "The Treasury balance showed a net gain for the month, to the 25th, of $11,411,000. But warrants issued the last of the month for the payment of pensions about absorbed that amount." Money on call at the Stock Exchange closed firmer at 5 to 6 per cent. The worst feature of the situation has been the heavy and continued depletion of the Bank Reserve during the month, until, on the 21st—when the last statement was made—it was down to $3,700,800, against $7,997,100 the week before, and $15,740,150 a year ago. This makes a total reduction in the first three weeks of the month of $10,000,000 in round numbers, for which no sufficient explanation seems to have been made, and which nobody had expected. Loans have kept increasing, while deposits, specie and legal tenders have decreased. Yet the rate for loans has been affected but little till near the close.

THE COAL TRADE.

There has been no improvement in any branch of the coal trade except for steam coal, which has been in good demand and is scarce, as the restricted output of other sizes does not keep up the usual supply of this. What the condition of the trade is can be seen in the following, from the Philadelphia *Ledger*. President George de B. Keim, of the Philadelphia & Reading Coal and Iron Company, in his report of the operations of the company for the year ending November 30, 1889, compared with the previous year, gives the following interesting information: Total receipts, $17,818,225; expenses, $18,435,709; less value of 180,596.01 tons coal added to stock at shipping points, the cost of which is included above, $469,633; total $17,966,075; add interest on bonds outstanding, $803,973, and interest on bonds in sinking fund, $22,550—$18,792,598, leaving a deficiency for the year of $974,373. The report states the collieries were operated 201 days during the year, a decrease of 20½ days from previous year. This decrease in operation tended to increase the average cost per ton of mining; as a considerable proportion of the expense of maintenance is a fixed charge which must be borne whether the mines are in actual operation or their working suspended. The product could readily have been increased at a slight additional cost. It should also be borne in mind that the price received for coal was less than for the previous year, and to these causes must be attributed the inability of the company to earn the entire amount of its fixed charges. There have been cut prices made during the month on domestic sizes, but it has been done quietly, without an open break in the general market. The *Coal Trade Journal* is still bluer, and says: "The hard-coal trade is in a very depressed condition; the decreased output in the last year of nearly three

million tons, and the loss of nearly half a million tons in the first six weeks of this year, does not keep prices on a basis that is at all steady; the fact that the temperature records show an average far above even that of a year ago is, of course, the main cause of these prevailing conditions. At New York the market is easier and decidedly in favor of the purchaser. At Philadelphia trade is dull, and when sales are made they are said to be at cut rates; a great deal of coal is still standing in cars. Chicago advices report trade dull."

PRODUCE MARKETS AND EXPORTS

have been as depressed and stagnant during the second as they were the first month of the year, and prices of all breadstuffs, especially, have touched the lowest prices, as a rule, ever known at this season of the year. This has been due to the unusually free movement and larger receipts consequent upon the open winter, and the prevalence of epidemic here and in Europe, which has greatly diminished the consumption of food, and especially of flour, of which it is generally estimated in the trade that it has been fully one-quarter less than the average. This has caused such a blockade on our railroads and docks, and such a glut on the other side, as has seldom if ever been known in the trade. Utter stagnation has ruled since the new year, though the continued stream of heavy shipments on old contracts and on consignment by western mills has been kept up since last September. Never have we exported as much flour, corn, or oats in the first half of any crop year as this, and seldom if ever as much provisions and cotton. We have shipped nearly 6,000,000 barrels of flour since September 1st last, and nearly 1,000,000 barrels more than a year ago. In the same time we have exported nearly 40,000,000 bushels of corn, or about 12,000,000 more than in same six months of 1889. In the same time we have shipped over 21,000,000 bushels of wheat, against about 17,000,000 a year ago.

RUINOUSLY LOW PRICES FOR OUR PRODUCTS.

The unusually low prices of all our produce, except cotton, have greatly stimulated the export trade, although, as in the case of flour, future wants have in many cases been anticipated, owing to smaller consumption than usual, due to the causes above explained. On the other hand, much of this excess has gone to make good the deficits in the crops of Europe. Hence, with the exception of flour, the stocks on the other side are either moderate or small, with the exception of wheat. In the case of lard, the price is so low that exporters say there is no limit to the consumption in Germany, as the hog crop of that country is small, and prices of native products there are high. To such an extent is this true, that the import duty on Danish bacon is reported to have been

removed, and that it is likely to be upon American meats, which are shut out of the European markets entirely, except those of Northern Europe, England, and the Baltic countries. The Chicago packers, however, came to a stand on provisions about a month ago, and have refused to follow the breadstuffs markets to any lower level, as hog and beef products had already reached a point at which they could not be produced at a profit, with hogs at the prices they were selling, and the smaller receipts since have advanced the prices still higher, with little prospect of increased receipts until near summer.

BIG CROPS A CURSE TO THE FARMER.

But there has been no strong influence like that of the packers to protect the interests of the producers of grain; and, as their necessities compelled them to sell their products at what they could get, they are obliged to accept the prices that our domestic Bears and foreign buyers make for them, and that is the lowest possible. The flour millers, however, have made a similar stand in their product at last, after vainly trying to force a market for two months, and they have shut down when they could not sell at prices that would return a new dollar for an old one, except the mills lately bought by the English syndicate, which keep running and consigning their products to their stock-holding agents on the other side. It is now believed the worst has been passed on flour, as well as on provisions, and that wheat is near the turning point, while corn and oats will cease to go down, down, without finding any bottom, when wheat shall have found one. With wheat at 85 cents per bushel, corn 35 and oats 25, at New York, the farmer west of the Missouri River is getting but little more than enough to pay for hauling the two latter to market, while he is getting less than cost for his wheat. His live stock pays him little better, and the American farmer is going across his lots to bankruptcy, from which splendid crops are no longer able to save him; for the more he raises the more he has to cart away at a loss. Under such circumstances it is a question if he is much if any better off with large crops, at ruinously low prices, than he is with small crops and good prices for home markets, without any surplus for export, which makes the price of the whole crop in competition with the whole world. Yet it is impossible to limit production, except by the failure of a crop, as the farmers have their lands, and, like the coal companies of the East, they must work them or go into bankruptcy and lose them. The cotton crop is the only exception this year, good prices having been obtained for a large crop. Hence the South is in much better shape than the North this year. Though the last crop report reduced the estimate a little, it has not stimulated speculation or prices, and the late

speculation seems to have subsided, although it has not suffered so complete a collapse, as in the other markets here and West, and in railroad and other stocks, as well as in petroleum, coffee, and the metal markets. Indeed, the speculative era seems to be drawing to a close. The public have become tired of carrying their fleece annually to these speculative exchanges for shearing, and there has been no wool for the shearers. Hence they have been compelled to eat each other, until there is little but bones left to pick. These exchanges are, therefore, the most depressed places of business in the whole country.

The *Commercial Bulletin* of this city has been interviewing leading men in these markets, as to the causes of this speculative stagnation, and as to the prospects of any change for the better, and while they differed on the causes, all agreed in thinking there was little prospect of a return of the speculative mania that has prevailed from the beginning of the war until within the past five years, during which it has steadily and rapidly dwindled till it has at last almost disappeared.

FINANCIAL FACTS AND OPINIONS.

Refunding National Bonds.—Although a large portion of the four and-a-half per cent. bonds which mature next year have been paid, a considerable sum will doubtless be outstanding at their maturity, and therefore the question is pertinent, What action should be taken with respect to those not paid at that date, September 1st, 1891? If there is to be any legislation on the subject, it must be during the present session. We remember Secretary Windom's successful experiment in continuing the bonds that matured when he first held office, at a lower rate of interest, and paying them at the pleasure of the Government. There was no law for this, but public opinion approved of the act. It may be that Congress will take no action this winter, and leave the subject entirely to his discretion. Probably, if no law is passed, those which are not paid at maturity will be continued at a lower rate of interest, redeemable at the pleasure of the Government. The bonds outstanding of that issue are about $115,000,000. As the prospects are not very bright for much more debt reduction this year, there probably will be from fifty to seventy-five millions unpaid at maturity. Something can be saved by continuing these bonds at a lower rate of interest, though probably at an early day they will all disappear, leaving only the four per cents and the consols to be discharged.

Senator Stewart on Silver Coinage.—Senator Stewart, of Nevada, as is well known, has radical opinions on the silver coinage question.

These were published a few days ago in the New York *Tribune*, and are worth giving, to show what the extreme silver men think on the subject. He says that there are 1,200,000,000 of people in the world who use silver as money, or, perhaps, six times as many as those who use the yellow metal. The total money of the world is supposed to be $11,488,500,000, of which amount, $3,831,500,000 is silver, $3,711,000,000 gold, and nearly $4,000,000,000 paper. He holds that in the last fifteen years the stock of gold coin has not increased, and that the present production is entirely absorbed in the arts and in loss by abrasion, so that silver must be used in the future if the coinage is to be increased. To demonetize silver is to reduce one-half the gold supply, as that proportion of the gold product is now taken from the silver-bearing ores which could not be profitably worked for either metal alone. He also maintains that more money is needed, as is shown by the issue of so much paper money, and that there could be no possible danger until that amount of coin was added to the circulation. The addition must come from silver, as there is no gain in gold, as above stated, and it would be impossible to ever coin $4,000,000,000 in silver in addition to the ordinary increased demands of trade. He says Europe needs all the silver it can get outside of this country, and takes $12,000,000 from us besides, and that in no event would this country get any but the product of our own mines. The present paper money of United States in excess of metallic reserves is $426,000,000. To check the rapid decline of prices everywhere, he estimates that $300,000,000 in addition is necessary. To place this money on a metallic basis, $726,000,000 of gold or silver would be required. He does not believe that the nation could ever accumulate that much in addition to annually increasing needs, and until that point is reached, he argues, there will be no danger of inflation. He concludes, therefore, that free coinage is necessary to restore values which have declined since its demonetization in 1873, and that, so far from there ever being a glut of silver, the only trouble would be that there would not be silver enough available for the purpose.

Canadian Banking System.—The New York *Commercial Bulletin* contains an interesting article on the Canadian banking system, which is now an important matter in Canada, as the charters of these institutions expire next year. The *Bulletin* declares that the system is a model of banking legislation; that while the law does not needlessly trench on the liberties of the banks, it provides such safeguards as amply to protect the depositors and note-holders. It has, indeed, worked well in meeting the convenience of the customers and of the public in general. Its provisions, too, concerning circulation have satisfied every requirement as to elas-

ticity and safety. The following table, taken from the Montreal *Journal of Commerce*, shows the amount of banking capital, notes in circulation, and the percentage of circulation to capital:

Banks.	*Capital Authorized.*	*Capital Paid up.*	*Notes in Circulation. 31st Dec. '89.*	*Per cent. of Circulation to Capital Paid up.*
Toronto	$2,000,000	$2,000,000	$1,320,963	66
Commerce	6,000,000	6,000,000	2,736,523	45½
Dominion	1,500,000	1,500,000	1,333,009	92 1-5
Ontario	1,500,000	1,500,000	1,002,578	66 4-5
Standard	2,000,000	1,000,000	790,356	79
Federal	1,250,000	1,250,000	25,774	.....
Imperial	2,000,000	1,500,000	1,409,681	94
Traders	1,000,000	525,600	517,050	99
Hamilton	1,000,000	1,000,000	988,888	98¾
Ottawa	1,000,000	1,000,000	792,744	79 1-5
Western	1,000,000	345,867	331,545	96
London, Can	1,000,000	86,239	1,285	.....
Total, Ontario	21,250,000	17,709,707	11,247,946	63½
Montreal	12,000,000	12,000,000	5,446,225	45 2-5
British North America	4,866,666	4,866,666	1,224,833	25
Peoples	1,200,000	1,200,000	832,164	69⅓
Jacques Cartier	500,000	500,000	430,370	86
Ville Marie	500,000	478,970	389,460	81½
Hochelaga	1,000,000	710,100	560,821	80
Molsons	2,000,000	2,000,000	1,816,711	80¾
Merchants	6,000,000	5,799,200	2,961,780	51
Nationale	1,200,000	1,200,000	585,893	48¾
Quebec	3,000,000	2,500,000	645,210	26
Union	1,200,000	1,200,000	923,489	77
St. Jean	1,000,000	227,360	82,336	28
St. Hyacinthe	1,000,000	284,162	169,243	60
Eastern Townships	1,500,000	1,486,436	769,681	52
Total, Quebec	36,966,666	34,453,329	16,838,216	49
Nova Scotia	1,250,000	1,114,300	1,325,270	119
Merchants of Halifax	1,500,000	1,000,000	1,032,306	103
Peoples	800,000	600,000	305,419	31
Union	500,000	500,000	338,677	67½
Halifax	1,000,000	500,000	468,734	93½
Yarmouth	300,000	300,000	79,468	26⅓
Exchange	280,000	247,191	48,557	20
Commercial, Windsor	500,000	260,000	98,837	30¾
Total, Nova Scotia	6,130,000	4,621,491	3,697,170	.....
New Brunswick	500,000	500,000	469,210	94
Peoples	.....	.....	.....	.....
St. Stephens	200,000	200,000	136,819	68
Total, N. B	700,000	700,000	606,029	.....
Commercial, Man	1,000,000	372,050	306,470	82½
British Columbia	9,733,333	2,433,333	881,868	36
Grand Total	$75,779,999	$60,289,910	$35,577,700	55 2-3

The *Bulletin* says, concerning the Canadian system: "We know of no system that more closely conforms to the best and broadest

economic ideals of banking; none better calculated to afford the largest possible public accommodation; none better adapted to insure a safe utilization of the surplus balances of the people; and none better qualified to supply the daily fluctuating wants of trade with a safe and convenient circulating medium." The chief criticism urged by the *Bulletin* is the provision requiring the banks to hold one-half of their reserves in the form of Dominion notes. This places them, it says, in a position of partial association with the Dominion finances inconsistent with pure banking principles, and which might, under easily conceivable circumstances, involve them in embarrassment. It is, however, the sort of penalty that Governments resting on an expanded financial basis are too prone to exact when granting banking privileges, as our own banks well know to their cost and confusion. The suggestion which the *Bulletin* makes is, that if the Canadian Government really desires to perfect the system, it should abolish this element of co-partnership with the Treasury.

National Settlement with the Pacific Railroads.—Two reports have finally been made, providing for a settlement between the Government and the Central Pacific and Union Pacific Railroads. These provide for a refunding of their debts, but on different plans. The report on the Union Pacific provides for the refunding of the debt at three per cent. interest, payable semi-annually, and for such an annual payment of a portion of the principal as will suffice to liquidate the debt within fifty years. The road is now well managed, is profitable, and no doubt is entertained concerning the ability of the road to pay the amounts required by this bill. The condition of the Central Pacific is not so favorable, and therefore more time is given for the payment of its indebtedness. The bill provides for the payment of interest at the rate of two per cent. per annum, and enough of the principal to extinguish the entire debt in seventy-five years. Another feature of the bill is the prosecution of Mr. Gould and others for the recovery of large sums of which the road was defrauded in the construction of branch roads. It is said that these bills are acceptable to the managers of both companies, and, if so, doubtless they will become laws. This matter ought to have been settled years ago, but all will rejoice over its settlement even at this late day.

The Work of the Census.—The Senate has passed a bill authorizing the Superintendent of the Census to collect the statistics of mortgage indebtedness, and the House, with a slight amendment, has also concurred in the measure, so that the bill will probably become a law unless the President shall see fit to veto it. The work and expense of gathering these statistics will be very great;

and more than one has asked the question, What will be the use of them when collected? Our object in calling attention to this, however, is not so much to discuss the wisdom of this particular inquiry as the wisdom of making many of the inquiries now made by the census department. In the beginning, the prime object of a census was to ascertain the number of people, with a view of fixing the ratio of representation to Congress. The Constitution provides for the taking of a census for this purpose; but during the last thirty or forty years there seems to have been a tendency toward undertaking a greater number of inquiries; and each census becomes more expanded than the last. We think it is quite time to stop this business. There are a hundred reasons why the Government should not undertake inquiries of a statistical character. The first is that this work is usually very poorly done; and the more inquiries undertaken, doubtless the poorer will be the quality of the work. No census yet of population has been taken with any considerable degree of accuracy. The truth is, the people have a very wrong notion of the trustworthiness of figures. If they see a mass of them in print, and they are called statistics, they are very much inclined to accept them without much questioning; when in truth they are often mere guesses or speculations. We contend that if the Government should return to its original purpose of ascertaining the population, and nothing more, that it might, with the knowledge that has been acquired of taking a census, perhaps get within a few millions of the correct number of people in the country at the present time, but with so much other work on hand this is quite impossible. Another objection is that the persons for doing this work are appointed every tenth year, without much regard to their fitness, and with no training, and then, after working a few months, are dismissed. Now, if any one will give a moment's thought to the subject, he will perceive that persons to do this work ought to be properly trained, as they ought, or must be, to do any other careful work. We do not deny the importance of all the inquiries appearing in the census, but the proper way of undertaking them is under State direction. They are rapidly forming permanent bureaus and training men who in a few years will become competent to undertake such inquiries. To set a great horde of green persons at work to make these inquiries, which require efficient and skillful men, is absurd in the extreme. The whole business is a farce, and should be stopped.

Nicaragua Canal.—This is far more interesting to the American people than the Panama enterprise, because it is chartered by the National Government, while its directory and management are also American. The first report of the company has been sent to the Senate, which gives an account of the operations of the company

to date. It appears that the axial surveys and final plans for the canal have been completed, and that the preliminary work of construction has been begun. Beside the erection of buildings, the first thing is the construction of a telegraph line. A large amount of supplies have been transported to the scene of operations, and the work appears to be progressing in a very satisfactory manner. The capital stock consists of 10,145 shares, which have been subscribed at par, and a little over $600,000 have been paid. The directory are able and energetic men, and we have no doubt that this work will go on to a successful completion.

Brazilian Finances.—One of the hopeful things about the new Brazilian Government is that the finances of the country are improving. Exchange has risen to par, which is at 27; in other words, the Brazilian paper milreis is worth 27 English pence, or 54 cents. This is strong evidence of the financial ability of the Government. For several years the Brazilian Government has been trying to refund its debt at a lower rate of interest. Formerly, the rates were five, six, and seven per cent., but nearly all of the indebtedness has now been converted into four-and-a-half per cent. bonds. While these refunding operations, however, were in progress, the Government was compelled to issue floating loans and internal bonds. The money for the most part was borrowed in Europe, but as nearly all of the debt has been converted, the interest charge will be considerably lessened. A correspondent of the New York *Tribune*, who seems to understand the condition of the country, says: "With the revenues at Rio, Bahia, Pernambuco, and Para constantly coming into the Treasury, the Government will not have to borrow money abroad. If it becomes embarrassed in providing for the payment of interest, the planters in the rich provinces of San Paulo and Minas Geraes stand ready to make advances, and to support the national credit. With an experienced financier, as Senhor Barboza has already shown himself to be, in charge of the Treasury, the outlook for the new year is most encouraging. With the maintenance of public credit the Republican Government will be secure."

Cotton Raising in Asia.—Railroads produce many unexpected consequences. Who would have supposed, when the railroad opened by Russia two years ago to Samarcand in Central Asia, that within so short a period as this the growing of cotton would have been undertaken in that country, and with no small degree of success? Until now, the Russian cotton factories have depended on the United States for their supply of cotton, and fifty millions worth, or more, has annually been imported into the Russian empire. Within two years, however, the importation has fallen off

greatly, for the supply is drawn from Central Asia. Last year 40,000 tons of Turkestan cotton entered Russia over this road. It is said in the province of Sergahna over 150,000 acres of land are to be devoted to the planting of cotton during the present year and large tracts around Merv are to be devoted to the same purpose. Even the Czar himself has become a cotton planter and is raising an immense crop on his vast estates at Murghab. The seed has been imported from America, and it appears that the plant flourishes exceedingly in that far-off country. We have been wont to believe that our conditions for growing cotton were so much better than the conditions existing in any other country that we were sure of maintaining our supremacy; but this new invasion of our field by Russian growers is by no means welcome. Doubtless the Russian people have the same feelings as ourselves in supplying their own markets, and we expect to learn within a few years that a vast amount of cotton is raised in Asia for Russian factories.

THE BANK OF ENGLAND AND THE MONEY RATE.

Within the last year the money rate fixed by the Bank of England has been changed several times. These changes are not altogether welcome to the public, and, what is worse, they have been increasing in frequency of late. The reason for the changes are well understood—the depletion in the bank reserve and the feeling that something must be done to increase it. Hitherto, the rise in the rate of interest has been effective for this purpose. Bagehot, in his well-known work on Lombard Street, has explained how the rise in the rate of interest produces this result. He says: "If the interest of money be raised, it is proved by experience that money does come to Lombard Street, and theory shows that it ought to come. . . Loanable capital, like every other commodity, comes where there is most to be made of it. Continental bankers and others instantly send great sums here as soon as the rate of interest shows that it can be done profitably. While English credit is good, a rise of the value of money in Lombard Street immediately by a banking operation brings money to Lombard Street. And there is also a slower mercantile operation. The rise in the rate of discount acts immediately on the trade of this country. Prices fall here, in consequence imports are diminished, exports are increased, and therefore, there is more likelihood of a balance in bullion coming to this country after the rise in the rate than there was before."

It is now said, however, that this agency for swelling the reserve is less efficient than it was formerly. Within a few months, the

rates, high as they have been, have not done much toward accomplishing the purpose desired of them. Even the six per cent. rate, which has finally been established, is working no magical result of this kind. Gold does not come from New York nor from Berlin, nor even from the Bank of France, which has an extraordinary stock on hand. The Bank of Germany is desirous of keeping all the gold that it has, while New York, as we all know, and other money centers in this country, for several months have had an active use for all of their means, so that there was none to spare for other countries. This failure of the old lady of Threadneedle Street to replenish her reserves has given rise to no little questioning concerning the adoption of some new method for accomplishing this purpose. One of the suggestions is the issuing of a note circulation for twenty or thirty millions of pounds and the withdrawal of a like amount of gold to be used as a part of the reserve of the bank. It is believed by many that this operation would be successful in replenishing the diminished reserve now held by the Bank of England. This method has proved successful in other countries. Holland, for example, has had for four years the same low rate, viz., 2½ per cent., and although the Dutch Bank had to meet, from time to time, an extraordinary demand, it could do so without disturbing trade and money market. It is also contended that the bank should change its policy. At present it is not a deposit bank in the proper sense, because it keeps no other accounts than those of several Governments, bankers, and a few private individuals. It is not a discounting bank, for its rates are usually considerably higher than those of the outside market, and nobody wants to discount with the institution. Even if money is scarce, people prefer to borrow from, than sell their bills to, the Bank. But if it would open branches in all principal towns, like the Bank of Germany and buy bills instead of Stock Exchange securities, it would regain its position.

At first, competition would lessen the rates, but the ultimate result would be that the bank would regain its influence in the discount market. Of course, the bankers would be opposed to such a use of their money. Yet they would not go away, because they cannot do without the bank, as they are compelled to keep deposits for clearing purposes somewhere. No doubt experience would show that the competition would not hurt them, for although the French and German banks do all kinds of transactions, they do no harm to the other bankers.

THE AUTHORITY AND LIABILITY OF BANK OFFICERS.*

DIRECTORS.

SEC. I.

THEIR AUTHORITY AND DUTY.

The question has often arisen when a cashier or other officer has gone astray, whether the negligence of the directors to watch over him, and to supervise his accounts, has not released his sureties. Their negligence does not work such a result. (*Atlas Bank* v. *Brownell*, 9 R. I. 168; *Pittsburgh, Fort Wayne & Chicago R. Co.* v. *Schaeffer*, 59 Pa. 350; *McTaggart* v. *Watson*, 3 Clark & Fin. 536.) This question has been well considered by Chancellor Bates, of Delaware. "It is good faith, and not diligence, which is required of the creditor as a condition of his right to hold the surety. Connivance on his part at the fraud of the principal discharges the sureties. But the creditor, or the obligee in a bond is not obliged, for the benefit of sureties, to watch the principal. It is because it is really impracticable for this to be done effectually and at all times on the part of large institutions, that official bonds are required. To subject the responsibility of sureties to so indefinite a question as whether due diligence has been exercised by the directors, would render these securities worthless. To their value and usefulness it is essential that the obligations assumed should be certain and absolute." (*Sparks* v. *Farmers' Bank*, 3 Del. Ch. 274, 302.) Besides, the obligation of the sureties is to the bank, therefore it is not affected by the acts or omissions of the directors, who are themselves servants of the institution, and have no authority to compromise or impair its official securities. (*Minor* v. *Mechanics' Bank*, 1 Pet. 46; *Amherst Bank* v. *Root*, 2 Met. 522; *Taylor* v. *Bank*, 2 J. J. Marsh. 565; *Batchelor* v. *Planters' National Bank*, 78 Ky. 435; *United States* v. *Kirkpatrick*, 9 Wheat. 720; see *contra People* v. *Jansen*, 7 Johns. 332. This case has been often questioned (see remark of Shaw, Ch. J., in *Amherst Bank* v. *Root*, 2 Met. p. 541). Consequently, whenever a cashier or other officer has done wrong his surety cannot escape liability by showing that the directors failed to do their duty, unless they were guilty of actual fraud or bad faith. The exaction of a bond implies that the bank is not willing to rely alone on the watchfulness and care of the directors. (*Graves* v. *Lebanon National Bank*, 10 Bush 23; *Chew* v. *Ellingwood*, 86 Mo. 260; *Taylor* v. *Bank*, 2 J. J. Marsh. 565; *Batchelor* v. *Planters' National Bank*, 78 Ky. 435; *United States* v. *Kirkpatrick*, 9 Wheat. 720;

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Minor v. *Bank*, 1 Pet. 71; *Phillips* v. *Bossard*, 35 Fed. Rep. 99.) They cannot be exonerated, as the court said in *State* v. *Atherton* (40 Mo. 216), "by reason of the negligence of the cashier and directors of the bank in failing to make frequent examinations of the affairs of the bank, to count the money, inspect the books, and generally watch over its concerns. The principle contended for would have the effect to deprive a corporation of all remedy against one agent on account of the negligence or default of another. The cashier might excuse himself by pleading the failure of the directors to perform their duty; and the directors would excuse themselves by showing that the cashier had been guilty of neglect, and omitted to execute the trust devolved upon him." (*Market Street Bank* v. *Stumpe*, 2 Mo. App. 545; *Hart* v. *Pittsburgh*, 81 Pa. 466.) To escape on that ground there must be a fraudulent concealment by the directors, of important information to the surety. (*Atlas Bank* v. *Brownell*, 9 R. I. 168, 175.)

Of course, directors should not mislead those who have been solicited to become sureties for a cashier, by misrepresenting the condition of their bank through a published statement, or in any other way. But though he should then be a defaulter, their ignorance of the fact, or even negligence in not examining the books of the bank and knowing more of his management, would not excuse his sureties. Said Chancellor Runyon, in *Browne* v. *Mount Holly National Bank* (45 N. J. Law 360): "It is very clear that the mere fact [the cashier] was, when the bond was given, a defaulter to the bank, will not discharge the surety. Nor will the neglect of the bank to ascertain the existence of that fact discharge him. (*Tapley* v. *Martin*, 116 Mass. 275; *Wayne* v. *Commonwealth National Bank*, 52 Pa. 343; Brandt on Suretyship 367.) Nor does the mere existence of the fact that [the cashier] was a defaulter, or the circumstance that, though not known to the bank, on investigation the fact would have offered, tend to show knowledge." Of course, when sureties have been intentionally misled by directors they cannot be held liable.

This rule, however, cannot be harmonized with a decision in Kentucky. The directors of a bank in that State published a statement of its condition, showing that it was prudently managed and worthy of confidence. A slight investigation would have disclosed irregularities. Afterward, persons who had seen the statement became sureties for the cashier, and were sued for his embezzlements. They could not be held, the court declaring that they were free from blame. They acted in the matter with reasonable prudence and discretion. They relied on the truth of representations made by those having the right to speak for the bank. These representations proved to be untrue. Had the sureties suspected that they were untrue. it cannot be supposed they would

have entered into the contract of suretyship. Such being the case, the contract was adjudged invalid. (*Graves* v. *Lebanon National Bank*, 10 Bush 23.)

We think the reasoning of the New Jersey court is the most conclusive. In New Hampshire, the examinations of committees and the publishing of their reports are declared to be not intended to aid the officials of a bank in obtaining sureties, but are for the benefit of depositors. In that State the sureties of a savings bank treasurer sought to escape, on the ground that they were misled by the published statements of the trustees. The embezzlement continued for several years, and the treasurer's bond was renewed annually. Chief Justice Doe said: "The committee's duty of diligent examination and truthful report was not due to persons considering the question of becoming sureties of the treasurer. It was a duty imposed by statute for the benefit of depositors, and not to enable a reader of the published reports to determine whether the treasurer was a man whose official bond he could safely sign." (*Ashuelot Savings Bank* v. *Albee*, 63 N. H. 152, 163.)

Surely the oral statements or opinions of the soundness of a bank made by the trustes, and not addressed to persons who afterward become sureties of the bonds of an officer of the bank, or with the expectation of their coming to the knowledge of such persons, will furnish no defense if such officer should violate his bond and embezzle the bank's property. (*Ashuelot Savings Bank* v. *Albee*, 63 N. H. 152.)

Even the sanctioning by the directors of the wrongful payment of an overdraft by a cashier would not release his sureties in the event of a loss to the bank. (*Market Street Bank* v. *Stumpe*.) They cannot sanction a positive wrong; and if they attempted to do so they could not release the original perpetrators, but only render themselves liable. Should a cashier embezzle, for another illustration, and act "with the fraudulent connivance of the president, or any one, or all of the board, this would only make them partners in crime, and still his sureties would be responsible." (Simonton, J., *Phillips* v. *Bossard*, 35 Fed. Rep. 99. See Cashier, § 619.)

But should directors know of an officer's misconduct and continue to employ him, his sureties would be discharged from liability for the consequences. Says Chief Justice Mitchell (*La Rose* v. *Logansport National Bank*, 102 Md. 332, 343; citing *Atlas Bank* v. *Brownell*, 9 R. I. 168; *Andrus* v. *Bealls*, 9 Cowen 693): "That the retention in service of one whose conduct and fidelity are guaranteed by another, after knowledge by the employer of his dishonesty, or defalcation, or other misconduct, which renders him unfit for the place, without disclosing the fact to the guarantor,

is such a fraud upon the latter as will discharge him from all subsequent liability, is well settled. (*Phillips* v. *Foxall*, L. R., 7 Q. B. 666; *Burgess* v. *Eve*, L. R. 13 Eq. 450; *Graves* v. *Lebanon National Bank*, 10 Bush 23; Brandt on Suretyship, § 368.) The misconduct, of which the employer has knowledge, and which will release the guarantor if concealed, must, however, relate to the service in which the person whose conduct is guaranteed is engaged, and must be something more than mere moral delinquency, having no relation to, or connection with, the subject matter of the guaranty."

Directors are not required to do the work of a detective in watching the ways and doings of their officers. "If nothing has come to their knowledge," says Judge Porter, "to awaken suspicion of the fidelity of the president and cashier, ordinary attention to the affairs of the institution is sufficient. If they become acquainted with any fact calculated to put prudent men on their guard, a degree of care commensurate with the evil to be avoided is required, and a want of that care certainly makes them responsible." (*Percy* v. *Millandon*, 8 Martin La. N. S., p. 37.) And Vice-Chancellor McCounn has added: "I know of no law which requires the president or directors of any moneyed institution to adopt a system of espionage in relation to their secretary or cashier, or any subordinate agent, or to set a watch upon all their actions. While engaged in the performance of the general duties of their station they must be supposed to act honestly until the contrary appears; and the law does not require their employers to entertain jealousies and suspicions without some apparent reason. Should any circumstance transpire to awaken a just suspicion of their want of integrity, and it be suffered to pass unheeded, a different rule would prevail if a loss ensued. But, without some fault on the part of the directors, amounting either to negligence or fraud, they cannot be liable." (*Scott* v. *Depeyster*, 1 Edw. Ch., p. 542.)

Though one of the duties of a cashier is to receive money and pay the debts of his bank, to make collections, and to take, transfer and deliver securities (*United States* v. *City Bank*, 21 How. 364), the president and directors must also attend to these matters, especially when the cashier is absent. "They are the trustees of the stockholders, and in the absence, illness or negligence of the cashier, are bound to perform any duty which belongs to him, and it is their duty to see that the duty is performed. They are bound in law to know the securities of a bank, its bills payable and bills receivable, and the maturity of its paper, and who are the parties. And in the absence of the cashier they are bound to due diligence in perfecting the liability of all indorsers upon the paper of the bank." (Sneed, J., *Lane & Co.* v. *Bank*, 9 Heisk. 419, 437.)

Of course neither the directors or other officers should violate the charter. And if the cashier should do so contrary to instructions received from the directors, his conduct would not produce a forfeiture. (*State* v. *Commercial Bank*, 6 Sm. & Marsh 218.) Thus, if he should issue bank notes in excess of the amount authorized by law, and without authority from the directors, the charter would not be forfeited. (*Id.*) Chief Justice Sharkey's firm conclusion is worth adding: "It is believed to be a clear and indisputable principle that the cashier cannot cause a forfeiture of a charter by a direct and palpable violation of his authority or instructions." (*Id.* p. 237.)

Directors have authority to make a settlement with the cashier, whatever may be the condition of his account. Says Judge Shepley: "To deny the authority of the directors of a bank to make a settlement with a cashier whose accounts exhibit a deficit in the funds, would be to refuse to the bank all right and power to adjust, settle and relinquish disputed claims—a right fully existing in every person and corporation capable of transacting business in the usual manner, and necessary to enable them to do it." (*Frankfort Bank* v. *Johnson*, 24 Me. 490.) But though they have authority to settle with a cashier, and to make such allowances as they deem proper, this authority must not be confounded with the doing of things in violation of law, like making donations or misappropriations. (*Frankfort Bank* v. *Johnson*, 24 Me. 490, 502.) And if they have made a settlement with him, this will not prevent them from proceeding against him if he was guilty of fraud in making it. (*Id.*)

If directors have authority to make a settlement with a person, and should make a fraudulent one, for example, should settle with the surety on the bond of a cashier who was innocent, the bank would have no claim in the future against him. Of course they would be liable, but not the surety. This is only another application of the principle that if a person employs an agent, who, within the scope of his authority, makes a contract with another, and in so doing conducts fraudulently towards his principal, the contract, nevertheless, cannot be annulled if the other contracting party be innocent. (*Frankfort Bank* v. *Johnson*, 24 Me. 490, 503.)

But if directors should assume authority they did not possess, and while doing so should make a fraudulent contract or settlement with a cashier, or other person, doubtless the bank, in the words of Judge Shepley, "would be entitled to relief from any contracts or settlements so made, because it would be the duty of the person contracting or settling with them to make himself acquainted with the extent of their power." (*Frankfort Bank* v. *Johnson*, 24 Me. 490, p. 504.)

The authority and duty of directors to procure subscriptions for stock, and to sell and transfer the same, will next be considered. A board had the books of their bank opened for other subscriptions, under the direction of M. and W., "or either of them, and that five dollars be required on each share at the time of subscribing." N. proposed to subscribe for one hundred shares if M. would raise the money on a note for $1,000. M. agreed to the proposition, and the subscription was made. It was held that M. exceeded his authority in taking this subscription, and as the bank never ratified M.'s act, N. could not be regarded a stockholder. (*Farmers & Mechanics' Bank* v. *Nelson*, 12 Md. 35.)

In transferring stock, when they have authority to prescribe regulations, they may require the transfer to be made on the books; and when such a regulation exists, the title of a purchaser before an entry has been made, though valid between him and the seller, is subject to the prior equity of the bank. (*Lockwood* v. *Mechanics' National Bank*, 9 R. I. 308, 331; *Union Bank* v. *Laird*, 2 Wheat. 393; *Stebbins* v. *Phenix Insurance Co.*, 3 Paige, 361; *Cunningham* v. *Alabama Life Ins. Co.*, 4 Ala. 652; *Vansands* v. *Middlesex County Bank*, 26 Conn. 414; *Jennings* v. *Bank of California*, 79 Cal. 323, 331; *Mechanics' Bank* v. *New York & New Haven R. Co.*, 13 N. Y. 622; *Brent* v. *Bank*, 10 Pet. 615; *McDowell* v. *Bank*, 1 Har. 27; *Leggett* v. *Bank*, 24 N. Y. 283; see *Bank of Attica* v. *Manufacturers & Traders' Bank*, 20 N. Y. 512.) Nor can the lien be defeated by the action of a minority of the board; nor after a stockholder's debt is overdue. (*Conant* v. *Seneca County Bank*, 1 Ohio St. 298.) When, however, the directors possess only a general authority to manage the stock, they cannot create a by-law subjecting it to a lien in favor of the bank for the stockholder's indebtedness. (*Bank of Attica* v. *Manufacturers & Traders' Bank*, 20 N. Y. 501.) Formerly, the lien was upheld as a set-off (*Child* v. *Hudson's Bay Co.*, Strange 1, 645; *St. Louis Perpetual Ins. Co.* v. *Goodfellow*, 9 Mo. 153; *Waln's Assignee* v. *Bank*, 8 Serg. & Rawle 73); but afterward, on the ground of the validity of the by-law prescribing the regulation. (*Child* v. *Hudson's Bay Co.*, 2 P. Wm. 207.)

They can take the stock of their bank for a debt, or make purchases whenever they think the interest of the bank would be promoted by doing so. Sometimes these are made to sustain the value of the stock; at other times this has been done as an investment. In all cases where they have acted wisely and honestly, their conduct has received judicial approval. Of course, if forbidden by statute from purchasing, they would be lacking in authority; otherwise it cannot be questioned. (*Hartridge* v. *Rockwell*, 2 Charlton, Ga. 260; *German Bank* v. *Wulfekuhler*, 19 Kan. 60; *Abeles* v. *Cochran*, 22 *Id.* 405; *City Bank* v. *Bruce*, 17 N. Y.

507; *Iowa Lumber Co.* v. *Foster*, 49 Iowa 25; *Eby* v. *Guest*, 94 Pa. 160; *Farmers & Mechanics' Bank* v. *Champlain Transportation Co.*, 18 Vt. 131; Lowell on Transfer of Stock, § 25.) When, however, they purchase stock in their own names, though done to sustain the credit of their bank, they are liable. (*Jones* v. *Johnson*, 86 Ky. 530. From one of the briefs in the case (p. 535), it appears that the directors bought the stock (giving their note for six months) to sustain the credit of the bank, and sold it to the bank at the prices paid, but the validity of the sale and transfer was not considered.)

On one occasion a seller contended that, as the directors attempted to bind the bank by a purchase they had made and had failed, therefore they had bound themselves, thus coming within the rule that an agent who acts without authority binds himself, and not his principal. But this principle does not always apply. (*Abeles* v. *Cochran*, 22 Kan. 405.)

When does it not? In a case like that above mentioned, when the lack of authority is a matter of law, and which may be as well known by the seller as by the directors. (*Id.*) We may add that the court also decided against the seller, on the ground that, having made an express contract to sell the stock, which the directors were not authorized to make (*German Savings Bank* v. *Wulfekuhler*, 19 Kan. 60), and which the bank repudiated, the law would not imply a contract. The contract, "as made, was in the name of the bank, and for the bank. That," said the court, "was the express agreement. Will the law imply another?" (The court cited *Ogden* v. *Raymond*, 22 Conn. 384; *Aspinwall* v. *Torrance*, 1 Lans. 381; *Smout* v. *Ilbery*, 10 Meeson & Welsby 1; *Sandford* v. *McArthur*, 18 B. Mon. 411; *McCurdy* v. *Rogers*, 12 Wis. 197; *Rashdall* v. *Ford*, 2 L. R. Eq. Cases 750; *Beattie* v. *Lord Ebury*, 7 L. R. Ch. App. 777; Story on Agency, § 265.)

In the purchase and transfer of stock nothing has been said concerning transactions beween the bank and directors. They have authority to sell to and buy from their bank, unless prohibited by statute; but the danger of abusing their authority has led some of the States to withhold it from them. Honesty must be exercised in dealing with their bank, otherwise their contracts will not endure. Should they sell their stock at a price much above its well-known value, the contract would be void. (*Percy* v. *Millandon*, 8 Martin La. N. S. 32.) So would be a transfer of stock for good securities if the bank was insolvent. (*Gillet* v. *Moody*, 3 N. Y. 479.) In *Gillet* v. *Moody* (3 N. Y. 479), a director surrendered his stock, which was worthless, and received valuable bonds therefor. These were, therefore, "in effect," said Chief Justice Bronson, "a mere gift of so much money to the defendant; and that, too, when he was one of the directors, and bound as a

faithful trustee to protect the property for the creditors of the corporation. It would be difficult to defend such a transaction."

We have thus reached the very important question, What authority do directors possess to contract with their bank? Judges and law-writers have wrestled with this question on many occasions; but they have developed no harmonious principle. We think the modern rule in this country is, except in those cases in which authority is positively withheld from them, they may make express contracts with the bank for the purchase and sale of stock and other property, which, however, can be avoided by the bank within a reasonable time.

Action by the directors is not decisive; they cannot stamp their contracts, in which they are thus acting in a two-fold capacity, with the seal of certainty. The test of honesty and wisdom in the making of them must be applied by the bank, or its representatives other than the directors themselves, or the courts, before their validity passes beyond the stage of questioning. (*Twin Lick Oil Co.* v. *Marbury*, 91 U. S. 584; *Stewart* v. *Lehigh Valley R. Co.*, 38 N. J. Lam. 505, 521; *Hubbard* v. *New York, N. E. & W. Investment Co.*, 14 Fed. Rep. 675.) Such contracts, to which one or more of their number are parties, are viewed with jealousy by the courts, and may be set aside on slight grounds. (*Twin Lick Oil Co.* v. *Marbury*, 91 U. S. 584; *Koehler* v. *Black, River Falls Iron Co.*, 2 Black 715; *Drury* v. *Cross*, 7 Wall 299; *Cumberland Coal & Iron Co.* v. *Sherman*, 30 Barb. 553; *Luxemburg R. Co.* v. *Maquay*, 25 Beav. 586.) The remarks of Judge Nelson are worth adding, for they are made in the clearer light of the more recent judicial utterances on the subject: "A director of a corporation is not absolutely prohibited by law from entering into a contract with the corporation through his co-directors. Whether such a contract is binding upon the corporation must depend upon its terms and the circumstances under which it was made. Owing to the peculiar relation which the directors owe to the corporation, being strictly trustees, and their position being in every sense fiduciary, their contracts with the corporation should be scanned, if not with suspicion, at least with the most scrupulous care. The validity of such a contract must therefore depend upon the nature and terms of the contract itself, and the circumstances under which it is made. The motives of the parties are not necessarily material, but the effect of the provisions of the contract must be especially regarded, and if they are pernicious and tend to work a fraud on the rights of the corporation and stockholders, in such case the directors must be regarded as having no authority to enter into it." (*Hubbard* v. *New York, N. E. & W. Investment Co.*, 14 Fed. Rep. 676, and see numerous cases cited by the Reporter p. 679.) In some cases courts have sustained

contracts between directors and their corporation, on the ground that the contracting directors acted as strangers toward the bank. (*Stratton* v. *Allen*, 16 N. J. Eq. 229; *Berko & Dauphin Turnpike R. Co.* v. *Myers*, 6 Serg. & Rawle 12; *Gordon* v. *Preston*, 1 Watts 385; *Central Railroad* v. *Claghorn*, 1 Speer's Eq. 545; Angell and Ames on Corp., § 233); but this is not tenable ground, for their position implies that they are wrong; they ought to participate, and in the interest of the bank as well as their own, for if the two interests are not in harmony they surely ought not to act either against themselves or the bank. (See remarks of Dixon, J., in *Stewart* v. *Lehigh Valley R. Co.*, 38 N. J. Eq. p. 523. See President, § 350.)

If a director is prohibited by charter from owning more than seventy-five per cent. of the capital stock of his bank, a note given by him in excess of that amount is illegal, and so is the guaranty of any person for its payment. (*Workingmen's Banking Co.* v. *Rantenberg*, 103 Ill. 460.) And if the guaranty should be given by a non-director, it would be, nevertheless, illegal and void. (*Id.*) But if he should give a note for his stock, the directors could surrender it in payment of his salary. (*Jones* v. *Johnson*, 86 Ky. 530.)

An interesting case on this subject is *Baird* v. *Bank of Washington* (11 Serg. & Rawle 411). A director, B., had indorsed his brother's notes, which were held by the bank. The maker offered to convey land in discharge of his indebtedness. The directors, including B., voted to accept the offer. It was contended that B. had no right to act, as he had a direct interest in the matter. The jury were instructed that a bank director had no right to vote in a matter in which his interest was concerned, and that he could not by his vote give rights to himself, or take them from the bank. Said Judge Gibson: "As between the bank and the director himself this is obviously true, and whatever liability there was on the part of B. remained unaffected by this transaction. But the rights of third persons, who contract *bona fide* with the directors, are governed by very different considerations. Such persons have nothing to do with the dealings of the bank with its agents. They have only to see that the latter are acting within the scope of their authority. It is a principle of law, and of universal justice, that where a loss must fall on one of two or more innocent persons, it shall fall on him whose act was the immediate cause of it. Now, who places the directors in office, and holds them forth as persons having capacity to contract for the bank? And who trusts to their faithfulness towards their employers? Certainly not he who deals with them in his own behalf. The stockholders must, therefore, bear whatever loss may happen from want of capacity or integrity in their servants.

The only exception to this is where the contract has been procured by collusion with the directors, or some of them, that would of itself avoid the transaction without aid from a particular interest in the directors, which could have no operation further than as it might serve to disclose a motive for corruption."

When a director is interested in a contract made by a person with the bank, can a stockholder prevent it from paying him? In one case, in which a director was thus secretly interested in the contract, and was to receive a portion of the profits, but its performance was beneficial to the corporation, the payment of the stipulated compensation was not enjoined. (*Havens* v. *Hoyt*, 6 Jones Eq. N. Car. 115.)

Nor is a director prevented from buying the notes of his bank and presenting them for payment. (*Marr* v. *Bank*; *Moses* v. *Ocoee Bank*, 1 Lea 413.) "I do not see," said Judge Heiskell, "that directors are under any trust obligations to buy up notes of a bank of which they are directors, or to divide with others the profits of their purchases, if made." (*Id.*, p. 413.)

No duty of directors is more important than that of lending the resources of their bank. Of course they should lend nothing before adopting by-laws to regulate their conduct. To do this might result in the forfeiture of their charter. (*Conant* v. *Seneca County Bank*, 1 Ohio St. 298.) This is one of the most important duties of directors, and all loans are presumed to be made by them. (*Bank Commissioners* v. *Bank of Buffalo*, 6 Paige 497, 503.) If they "authorize or allow their president or cashier, or any other officer of the bank, to make loans or discounts in his own discretion, without having the same formally passed upon at a regular meeting of the board, the corporation is liable for a violation of its charter, or of any law binding on such corporation in the making of such loans or discounts." (Chan. Walworth, *Bank Commissioners* v. *Bank of Buffalo*, 6 Paige 497, 503.)

Their authority to lend also includes authority to arrange the security for loans. This is only incidental to lending, and the principle is well established that officers who transact the ordinary business of a bank have authority to do everything which is usual and incidental thereto. (*Jennings* v. *Bank of California*, 79 Cal. 323, 328; *McKiernan* v. *Lenzen*, 56 *Id.* 60; *Donnell* v. *Lewis County Bank*, 80 Mo. 171; *Reynolds* v. *Collins*, 78 *Id.* 97; *Case* v. *Bank*, 100 U. S. 455.) When securities are taken the directors are not required in New York to sell them within sixty days from the maturing of the obligation for which they are pledged. They may hold the borrower after that period. even if the securities have not been sold. (*Butterworth* v. *Kennedy*, 5 Bos. 143.)

[TO BE CONTINUED.]

RELATIONS OF THE BANK OF FRANCE AND THE TREASURY.

By M. CHARDON.*

[CONCLUDED.]

At this time the Minister of Finances was able to issue bonds at 2 per cent. During the first four months of 1836 the advances were 20,623,200 francs, but the Treasury became a creditor for the rest of the year. The discount of Treasury bonds amounted to only 3,788,130 francs. In 1837 the Treasury was constantly a creditor to the bank for large sums, and at the end of the year they amounted to 112 million francs. The bank being unwilling to lower its rate of discount, the transactions between it and the Treasury ceased during ten years. It had made large profits by them, and the State had found therein considerable resources. It was estimated that at least 5 milliards had been successively advanced to the Treasury and reimbursed.

The bank, however, did not find in the increase of its commercial discounts a sufficient compensation for the cessation of its transactions with the Treasury. A part of its capital was unemployed. When the Government put forth, Nov. 10, 1847, a loan of 250 millions, the bank hastened to subscribe for 25 millions. Its example may have contributed to the success of the loan; in any case it assured a large sum to its stockholders. A second opportunity was soon offered. The public funds falling in price, the council ordered the purchase of 300,000 francs of 3 per cent. *rente*. The July Revolution was destined to give the bank use for its capital. Business stopped suddenly; the collection of taxes suffered from the delays forgotten for many years, and the Treasury, short of money, applied to the bank for an advance of 50 millions. The agreement of March 30, 1848, stipulated that this advance should be for a year, and without interest; but in case of renewal the sums advanced were to be subject to 4 per cent. interest until completely repaid. This first advance did not satisfy the needs of the Treasury. M. Garnier-Pagès called for a second advance of 150 millions, designed for the purchase of the railroads, and for the building of the new lines that were to furnish work for the laborers and bring about the suppression of the national workshops. A second agreement was made June 30, 1848; the advance of 150 millions was distributed in six equal payments. The Minister of Finances offered Treasury bonds as a guarantee, which

*Adapted from the *Annales de l' Ecole libre des sciences politiques*, by O. A. Bierstadt.

the Bank of France thought insufficient in view of the circumstances. So a portion of the State's forests was transferred to it, and 75 millions of *rente* were promised it from the sinking fund. The Minister asked the bank also to open for the Treasury a general account of advances at 4 per cent. to replace the ordinary accounts current going on since the first years of the monarchy of July. The bank accepted, and agreed on this account to pay all orders made on it by the Treasury. November 10, 1849, the time for the entire payment of the 150 millions expired, and the Treasury had only used the credit opened for it to the amount of 50 millions. The bank and the Minister asked the National Assembly for the continuation of the agreement of June 30, 1848. It was granted, and left 100 millions at the Treasury's disposal; but the economic crisis was over, and the Minister did not have to use the powers conferred upon him. The Treasury soon proposed to reduce the amount of the loan to 75 millions only, and this reduction gave back to the State its forests that constituted the guarantee of the 75 millions whose payment had not been required. The 25 millions remaining of the credit of 75 millions were kept at the disposal of the Treasury until December 31, 1851. In November, 1851, a few days before the *coup d'état* of December 2, the Minister of Finances invited the bank to pay over the 25 millions forming the balance of the loan, and it was done. An agreement of March 3, 1852, settled the repayment of the advance of 75 millions, which was to be at the rate of 5 millions a year, from July 1, 1853, to July 1, 1867, with privilege for the State of anticipating the payments. The interest, payable every six months, was fixed at the rate of discount, with a 4 per cent. maximum. As a guarantee the bank received Treasury bonds to replace the *rentes* transferred to it in 1848, which were transferred back to the sinking fund. The discount of the Treasury's extraordinary bonds began again, but without appearing as plainly in the bank's accounts. 60 millions were advanced by the bank in 1854, and 48 millions in 1856. The bank's privilege was not to expire until December 30, 1867, and this expiration was already troubling many imaginations. The establishment was violently attacked; even its prudence was reproached as timidity; the bank was alarmed by these attacks; the Government needed money; it was easy to arrange matters; the law of June 9, 1857, came ten years in advance to continue the bank's privilege until December 31, 1897; the bank paid over to the Treasury 100 millions against 3 per cent. *rentes*, which it took at 75, when the Bourse was quoting them at 71 francs 10 centimes. The bank lent itself to a disguised loan, and took it at an exorbitant rate, but it became assured of a long period of security.

The agreement of June 10, 1857, between the bank and the

Minister of Finances supplemented this law; by virtue of its account current the bank received the cash at the Treasury's disposal, which was quite profitable, since it had the use of important sums without paying interest on them. In return the bank, during its privilege, was to make to the Treasury permanent advances which might run up to 60 millions; the sums debited to the Treasury were to be compensated by those to the credit of the account, so that the interest due from the Treasury should only be calculated upon the balance it really owed. This interest was to depend on the rate of discount of commercial paper, but not to exceed 3 per cent. From this time until the end of the Empire the bank was in a prosperous condition. Some extraordinary discounts of Treasury bonds were made in this period, 23 millions in 1859 and 25 millions in 1861.

Everybody knows the financial history of the bank in 1870-1871. The war had broken out, and money was already wanting, but it was not desired to have recourse to a loan. July 18, 1870, M. Segris, Minister of Finances, verbally requested the bank to admit Treasury bonds for discount up to 50 million francs. These bonds were payable at three months, with privilege of renewal at the ordinary rate of discount. A month later it was known that the war was to be long and terrible; the loan of 750 millions was decided upon; but, while waiting for it to be realized. M. Magne asked, August 18, for a second advance of 50 millions to be repaid from the product of this loan. In September M. Picard informed the bank that the Tours delegation had reserved from the Treasury current account 150 millions for the service of the departments, and that the balance left at Paris had become insufficient; consequently the bank was requested to place 100 millions at the disposal of the Treasury. The directors consented only to open a credit of 75 millions. In November the Tours delegation had a credit of 100 millions opened at the branch establishments, and the Minister called upon the bank for a loan of 200 millions, which should include these 100 millions furnished by the branch establishments. The bank accepted, on condition that the loans should be guaranteed by Treasury bonds with interest at the current rate of discount. At this date the total of the credits opened amounted already to 375 millions, besides 40 millions advanced for the use of the savings banks.

In the beginning of 1871 M. Gambetta asked the bank for a new credit of 100 millions, and made known his intention of borrowing 200 millions in January, 1871, and as much more in February, besides increasing the limit of issue of notes; or, if the bank did not consent to this combination, to create a State Bank issuing long-dated obligations and making advances to the Treasury with this paper money which was to be legal tender.

The assistant governor of the bank then on duty did not feel authorized to consent to so important a loan, and was replaced by M. Oquin, Treasurer-General of the lower Pyrenees, who lent the 400 millions, secured by the forests of the former civil list. For the first time a formal treaty intervened between the bank and the State. This treaty ratified the previous loans which had been made upon a simple verbal agreement, and which amounted to 415 millions. The interest on these advances was fixed at a maximum of 3 per cent.; and in case, notwithstanding, it should exceed this figure, the surplus over 3 per cent. was to be applied to the sinking fund of the debt's capital. The advances now became more numerous and by June, 1871, they amounted to 1,260 millions, besides the permanent advance of 60 millions. The first loan of two milliards took place at this time. The bank had raised its circulation of notes from 1,640 millions to 2,400 millions. At this decisive moment, when it had recourse to credit, the Government needed support; it called upon the directors to increase the total of their advances from 1,320 to 1,530 millions, in order to facilitate the negotiation of the loan. The State engaged to reimburse the bank by an annual sinking fund of 200 millions until the debt was paid; and the bank was to help the operations of the Treasury, on condition that the uncovered balance should not exceed 300 millions. In August, 1872, the 40 millions loaned for the savings banks were repaid, but the Treasury took them again immediately. On December 9, 1871, the National Assembly carried the limit of issue of notes from 2,400 to 2,800 millions. The banks reduced to 1 per cent., from January 1, 1872, the rate of interest on its advances to the Treasury. All the credits opened by the bank, however, had not been exhausted. In fact, the reimbursements to the Treasury were not charged for more than 1,425 millions of capital. The law of July 15, 1872, relating to the loan of 3 milliards, stipulated, but as a Treasury measure to hasten the payment of the German indemnity, an advance of 200 millions. This advance was only realized up to 140 millions. The issue of notes was raised from 2,800 to 3,200 millions. The repayments to the bank were made regularly in 1873, but not without causing the Treasury some embarrassment. The bank's situation rapidly improved; the circulation dropped from 3 milliards to 2,500 millions, and the metallic reserve rose from 730 to 1,200 millions. Paper circulated on a par with gold, and exchange on London fell from 25 francs 60 centimes to 25 francs 18 centimes. It was proposed to reduce the annual payments to the bank from 200 millions to 150 millions. The National Assembly voted this reduction, but it was rejected by the bank, which considered it prejudicial to the State's credit as well as its own. The bank, however, did not

refuse to come to the aid of the State in their common interests; and August 4, 1874, the directors offered the Minister of Finances an advance of 80 millions, to be repaid after the 1,530 millions of the contract of 1871. Half of this advance was to be realized in 1875; the agreement was sanctioned by law; the advance was put in the budget of 1875 as an extraordinary resource, and the payment of 200 millions was maintained in its integrity.

In 1875 there was a new modification in the mode of this redemption. May 6, the Government made a treaty with the banks, by which the 80 millions advanced on the preceding 4th of August were to be reimbursed in the time fixed for the extinction of the previous debt, but the Treasury reserved the right of paying only 110 millions of the early advance in 1876; the rest of the annual 200 millions was carried to the year 1877, and the remainder of the early advance was to be carried to 1878 and 1879 at the rate of 135 millions a year. Instead of 110 millions, the payments of 1876 amounted to 150 millions, which made the reimbursements of 1877 300 millions. The Treasury's debt was to be finally extinguished at the end of 1879, after two annual payments of 150 millions in 1878 and 1879. The suppression of the forced currency was fixed for the time, when the figure of the advances made to the State by the bank should be reduced to 300 millions; the tax returns in 1875 exceeded all expectations, and not only did the Treasury not have recourse to the 40 millions placed at its disposal by the agreement of August 4, 1874, but it carried up to 270 millions the total payments of 1875, or 10 millions more than the budgetary credit. In 1876 the Treasury was able to pay the bank 217 millions of capital and 4,925,000 francs of interest. At the end of 1877, the Treasury's debt being reduced to 300 millions, the forced currency of the notes was legally abolished. In 1878 the actual reimbursements reached 235 millions of capital, and interest amounting to 1,552,500 francs. At last, March 14, 1879, the balance of 64,788,800 francs, plus 161,750 francs of interest, was paid, settling the Treasury's debt nine and a half months before the appointed time. The strong credit shown by the bank excited astonishment; there had been no perceptible crisis, no depreciation of the bank note, and the rate of discount had not even exceeded 6 per cent.

The public expenditures rapidly increased, and the development of Treasury operations soon raised in a notable and permanent manner the balance of the current account to the Treasury's credit. With these conditions the primitive advance of 60 millions was no longer in proportion to the amounts deposited in the bank. The agreement of March 29, 1878, carried for a period of ten years the figure of these advances from 60 to 140 millions; this agreement took up again the conditions of that of June 10, 1857. The bank's credit was to be represented by Treasury bonds renewable quar-

terly; the sums thus advanced were to be set off by the balance of the current account. The bank was to collect interest only upon the difference, and the rate of this interest was fixed at 1 per cent. The Bank of France has therefore played hitherto a considerable part in our financial system; its relations with the Treasury are close and various; every day there is an important movement of funds between the two; and the account current retracing these operations occupies a large place in the books of the bank. Assuring to the bank by contract the deposit of the Treasury's cash, the agreement of June 10, 1857 has made the State the bank's greatest customer. The transactions of 1880 ran up to 4,429,786,500 francs, or about two-fifths of the bank's transactions, the general total of which for the same year was 10,212,454,000 francs. In 1887 the bank's entire operations amounted to 11,575,920,500 francs and the operations performed gratuitously by the bank for the public Treasury attained 5,243,932,500 francs. The parallel organization of the bank and the Treasury, the creation of branch establishments near the treasurers general, have made the bank into a valuable instrument for the Treasury's movement of its funds, for the centralization of the receipts and the payment of the expenditures under a single management. The treasurer-payer general turns his funds into the branch establishment, the Treasury's current account is credited with the amount, and, upon a Treasury order, this same treasurer will find at the bank the funds necessary to pay any order or check presented at his office. The payments thus made by the bank's branch establishment to the treasurers-payers general are attested by receipts that must be given to the branch establishment: they are sent to Paris, and the bank presents them to the central cashier-payer of the Treasury to have their amount placed to the debit of the treasurer general.

The Treasury's current account, securing to the bank the handling of important sums on which it pays no interest, presents considerable advantages. We have seen that in return the Treasury has demanded permanent advances. By the terms of the combined agreements of June 10, 1857, and March 28, 1878, the bank is obliged to make the State an advance which may run up to 140 millions, and which is not repayable as long as the agreement is in force. This advance is entirely independent of the Treasury's current account. Although there might not be a centime to the credit of this account, the bank would still have to give the State credit for 140 millions without any other special guarantee than recognition of the debt in the form of Treasury bonds. If the credit balance of the Treasury's current account amounts to or exceeds 140 millions, the bank has no right to any interest. If this same balance falls to between 60 and 140 millions, the bank has 1 per cent. interest on all advances in excess of this balance. If it drops below 60

millions the bank may require: 1 per cent. interest on the whole excess of advances between 60 and 140 millions; interest equal to commercial discount and to a 3 per cent. maximum on all uncovered balances beyond the lower limit of 60 millions. Thanks to the working of these permanent advances, the Minister of Finances contains considerable facilities for his operations, and he may dispense, as has been done of late years, with putting Treasury bonds in circulation. The discount of Treasury bonds is obligatory for the bank only up to the amount of 140 millions. But it may be extended to any sum whatever. The negotiation of bonds at short date enters, in fact, into the bank's ordinary operations. The State then appears simply as a private party offering for discount, and it belongs to the bank to measure the importance of the credit to be granted. In this form the bank has, from 1815 to 1840, advanced considerable sums to the Governments of the Restoration and of July.

These operations are therefore normal for the bank, and do not require, from its point of view, any authorization. It is quite otherwise concerning those direct advances without any period of repayment or for a long time, which lock up a portion of the bank's resources, force it to larger issues, and may compromise its credit. These loans to the Treasury do not figure among the operations which the bank is authorized by its statutes to perform. They can only be effected by the bank's general council acting on the report of its committee on its relations with the Treasury, and must be authorized or at least ratified promptly by law. So in any case is the law. To recapitulate, the Treasury's funds are deposited in the bank as a current account, and differing from deposits with ordinary bankers, no interest is paid on the funds thus deposited. In compensation, and so to speak as a forfeit, the bank has opened, under exceptional conditions, a permanent credit of 140 millions. Outside of these daily relations, it discounts the Treasury's paper, as it discounts the paper of merchants, under the same conditions and with the same liberty of choice, at least theoretically. Finally, at critical moments, it sustains with loans for long periods the threatened credit of this powerful customer. Such are the relations of the Bank of France and the Treasury.

This great establishment is now the object of violent attacks. Plans of reform inspired, it is said, by the example of foreign countries, arise on all sides. Some demand simply the suppression of all privileges and a return to commercial liberty. Others reproach the bank with its prudence, which they call timidity, mistake the profoundly wise and safe character of the present rules, and call for the direct admission of merchants to discount. From the point of view now occupying us, the criticisms are no less sharp, and the proposed reforms may be thus enumerated. The bank should take

charge of Treasury operations. It should pay interest to the Treasury on the funds deposited as a current account. Finally, the State should share to a certain extent in the profits of the stockholders. These are complicated and delicate questions.

The first reform, giving Treasury operations directly to the bank, is complicated with the question of the treasurers-payers general. This institution is assailed as severely as the Bank of France, and these rich offices are said to be given away not as a reward of merit. Nothing less is suggested than to abolish them and to distribute their duties between the Bank of France, the director of the direct taxes, and a pay controller. But these ideas have not yet been sufficiently studied for them to be profitably discussed. Examples may certainly be found in foreign countries and precedents even in France. From the year VIII. to 1810, and from 1817 to 1827, the bank undertook a certain part of the Treasury operations, when the State's credit was much shaken, paying the public debt and receiving the revenue from taxes devoted to this payment. This was chiefly to reassure the holders of *rentes* and to help in the disposal of the new loans. When the result was obtained, the Treasury resumed the duty. Quite another thing is now in question, and the examples of foreign countries, of Germany, England, Austria and Belgium, may furnish useful hints. In this matter it is not arguments, but the solidity of an institution at a critical period, that may prove the excellence of a system.

The long privilege granted the bank by the State is a precious favor. It has permitted this great establishment to amass prudently the credit it now enjoys. But who has profited by this, if not France herself? The bank has paid its debt of gratitude and justified at one stroke its past management and the confidence all Governments have had in it. Without recoiling before desirable reforms, the bank should only be touched with respect, precisely on account of the long prosperity with which it is now reproached. A long and honorable past and a country's confidence are a capital not commonly found, and which cannot be conferred upon a new establishment. It is to be hoped that the true light will soon be thrown upon the nature of the privilege which has been created in the general interest of the country, and not in the particular interest of the bank. It remains still to be proved in what respect the Bank of France has failed to deserve well of the country.

GARNISHMENT—DISCLOSURES BY BANK.

SUPREME COURT OF MICHIGAN.

Karp v. *Citizens' National Bank of Saginaw.*

1. Where a bank is the garnishee, it is not compelled to hunt up, at its peril, the possible holders of its negotiable paper, or to pay any person but the holder.
2. Nor will the disclosures of any one except its proper officers be binding on it.

CAMPBELL, J.—In March, 1888, plaintiff recovered judgment before a justice against Fritz Scheppler, the principal defendant, for $62.68 damages, and $300 costs. On April 12, 1888, the corporation defendant was garnished, and, after the usual proceedings, was discharged. Plaintiff appealed to the circuit, where the cause was tried, and judgment rendered for the garnishee under directions to that effect. Error is now brought, and it is claimed that the case should have gone to the jury. Under such a charge, it becomes of no importance what special expressions may have fallen from the court, as the only question before us is whether there was anything for the jury. The disclosure made by defendant's cashier was to this effect: Three certificates of deposit were issued to Scheppler, dated, respectively, November 21, 1887, January 9, 1888, and April 5, 1888. Each of these was payable to Scheppler or his order on the return of the certificate. There was stamped on each a statement that interest at 3 per cent. would be paid if left six months, but to cease then, if not renewed. These certificates had not been presented for payment when the garnishee process was sued out, and the cashier had received notice that they had all been transferred to other parties before the garnishee process issued. Plaintiff's counsel proposed to show by other witnesses besides the bank officers that after the disclosure Scheppler presented the paper to the bank for payment, which was refused on account of the garnishment. On being asked whether he proposed to show that Scheppler, and not the other person claiming them, was owner of the certificates, it was answered that he did not suppose the witness could testify to that. Defendant offered to have its officers subjected to any examination desired. The court refused to allow the inquiry of other witnesses. In the plaintiff's brief he refers to a witness named Prentice as an employe of the bank, and the person meant, and claimed it was defendant's duty to bring before the court all testimony in its power, from whatever source. The record does not mention Prentice, or show who or what he was. But the law does not contemplate that any one can bind the bank by disclosures except the proper officers, and it makes the disclosure conclusive. This has been settled by the decisions cited on the hearing; and there is good sense in the rule of law. The object of the garnishee law is to furnish reasonable facilities for reaching property of the debtor due him, or held for him by third persons; but it never was intended to deprive a garnishee of any of his own rights, or to subject him to the danger of double actions. Where bank paper is out, and subject to transfer, the bank may not have any means, and cannot be compelled, to hunt up, at its peril, the possible holders, or to pay any one but the holder. Usually, it is entitled to have the paper produced and delivered up before payment. We need not consider what exceptions arise to this, if any, because in the present case the disclosure admits nothing which binds the bank to pay money as due to the principal defendant,

and there is nothing to base any further inquiry upon. The case presents no new features, and we are not called on to do more than decide it according to the law as already fixed and expounded. The judgment must be affirmed, with costs. The other justices concurred.

CHECK—FICTITIOUS PAYEE.

SUPREME COURT OF OHIO.

Armstrong v. *Pomeroy National Bank.*

The rule that a negotiable instrument, made payable to a fictitious person or order, is, in effect, an instrument payable to bearer, applies only where it is so made with the knowledge of the party making it, and does not apply where the maker, supposing the payee to be a real person, and intending payment to be made to such person or his order, is induced by the fraud of another to so draw it.

Where, by the fraud of a third person, a depositor of a bank is induced to draw his check payable to a non-existing person or order, the drawer being in ignorance of the fact and intending no fraud, the bank on which the check is so drawn is not authorized to pay it, and charge the amount to the account of its customer, on the indorsement of the party presenting it, although it appears to have been previously indorsed by the party named as payee. Such indorsement is, in effect a forgery, and the payment thereon by the bank confers no right on it as against the drawer of the check.

In the absence of a course of dealing or understanding to the contrary between the parties, the duty of a banker is, in all cases, to pay to the person named, or his order, where the terms of the check are such; and he may and should withhold payment until fully satisfied as to the genuineness of the indorsement.

MINSHALL, C. J.—The original action was a suit by Kate S. D. Armstrong against the Pomeroy National Bank, to recover of the bank the sum of $450, due her upon a deposit she had made with the bank. She averred that she had given a check, payable to one William Brown or order, that had been procured from her by the fraudulent practices of one Grimes, who represented himself as acting for the said Brown in the negotiation of a note; that there was no such person as Brown, and that the note was fraudulent, of all which she was ignorant at the time; that Grimes afterwards indorsed the check "WILLIAM BROWN," and, adding his own indorsement, presented it to the bank, who paid it. The principal ground of defense was that plaintiff was negligent in delivering the check to Grimes, and that it used ordinary care in paying it to Grimes, indorsed as it was. The case was tried to the court, who, upon the request of the parties, found its conclusions of law and fact separately, as follows:

"FINDINGS OF FACTS.

"(1) That the defendant is a banking corporation, organized under the laws of the United States. (2) That on August 31, A. D. 1882, plaintiff had on deposit with defendant, subject to be drawn out by her check, a sum of money greater than the amount of the check hereinafter to be described. (3) That on said 31st day of August, A. D. 1882, one J. S. Grimes, by a fraud practiced upon plaintiff, by negotiating to her, as the pretended agent of one William Brown, a fictitious person, a forged promissory note negotiable in form, induced her to draw and deliver to him, as pretended agent of said Brown, the following check: 'Pomeroy, O., August 31st, 1882. Pomeroy National Bank, pay to William Brown or order, four hundred and fifty dollars ($450).

[Signed] K. S. D. ARMSTRONG.' (4) That there was no such person as the above-named William Brown; that plaintiff supposed (at the time) there was, and believed she delivered the check to said Brown, through his agent, said Grimes. (5) That she was not careless or negligent respecting the transaction, but, instead, was ordinarily careful and prudent in respect thereof. (6) That said Grimes on the same day (August 31, 1882,) wrote the name 'WILLIAM BROWN' across the back of said check, and presented it to defendant for payment; that defendant, having no knowledge respecting the way Grimes had obtained it, or that the name 'WILLIAM BROWN' was the name of a fictitious person, paid the same, and charged the amount thereof against the account of the plaintiff. (7) That defendant in paying the check to Grimes made the usual inquiries respecting his identity, and in other respects was ordinarily careful and prudent in relation to the transaction. (8) That plaintiff, before the commencement of this action, demanded of defendant the payment of said sum by it paid to said Grimes, which defendant then refused, and has not, either before or since said demand, paid the same, or any part thereof.

"CONCLUSION OF LAW.

"That the payment of the check by defendant to said Grimes was not (by the facts above found) authorized by said plaintiff, and could not legally be made a charge against her in the account between her and the defendant respecting the money she had on deposit with it, and that the amount named in the check, together with interest thereon at the rate of six per cent. from the day she made the demand above found to have been made, for its payment to her, is due and payable from defendant to her."

A motion for a new trial having been made and overruled, judgment was entered for the plaintiff upon the findings. The judgment of the Common Pleas was reversed on error by the Circuit Court, and this proceeding is prosecuted to obtain a reversal of the Circuit Court, and an affirmance of the Common Pleas.

This case is, in its general features, analogous to that of *Dodge* v. *Bank*, 20 Ohio St. 234, and should, as we think, be ruled by it. There a paymaster of the United States, who kept his account at the bank, drew his check on the bank in payment of an indebtedness of the United States to Frederick B. Dodge, and delivered it to the person who presented the certificate, he representing himself to be Dodge. This representation was false, and the person making it was a thief. Being a stranger to the paymaster, he at first refused to pay the claim to him, but, on his assuring him that he could identify himself at the bank, the paymaster drew the check, payable to Dodge or order, and delivered it to the person presenting the certificate. The amount of the check was paid him by the bank on his representing himself to be Dodge, and indorsing the check in that name. The bank had no knowledge of what had transpired prior to the presentation of the check for payment, and supposed it was paying it to the right person. In deciding the case, the court laid down the following principles: (1) The duty of a banker is to pay the checks and bills of his customer, drawn payable to order, to the person who becomes holder by a genuine indorsement; and he cannot charge him with payments made otherwise, unless the circumstances amount to a direction from the customer to the banker to pay the paper without reference to the genuineness of the indorsements, or are equivalent to a subsequent admission that the indorsement is genuine, in reliance on which the banker is induced to alter his position. (2) When there is no fraud, or special understanding between the banker and the customer, the liability of the banker for paying a

check upon a forged indorsement cannot be affected by conduct of the customer in drawing the check, of which the banker had no notice. The case was again brought to this court upon a question of evidence, and was assigned to and disposed of by the first commission, which, after a full and careful re-examination, approved and followed the former decision; and the principles announced in the case, after such careful consideration, must determine this one.

By the fraud of one Grimes the plaintiff was induced to purchase a note that had no real existence as a security. She is found by the court to have been ordinarily careful and prudent in the transaction, but was deceived. She supposed that she was purchasing a valid security belonging to a man, as represented by Grimes, by the name of William Brown, and for whom, as he represented, he was acting as agent, and gave to the assumed agent for Brown a check for the amount, payable to Brown or his order. Now, it is evident, both upon reason and the authority of the previous decisions, that the circumstances under which the plaintiff was induced to give the check, even though calculated to arouse suspicion on her part, cannot modify the duty required of the bank in the matter of paying or not paying the check. It is not claimed that the bank had any knowledge of how or under what circumstances Grimes had obtained the check, and there is no finding of any such course of dealing between the bank and the plaintiff as would have authorized it to depart from the general duty of a bank in paying the checks of its customers drawn payable to a certain person or order. It was its duty to pay to the person named or his order, and to withhold payment until it was satisfied both as to the identity of the payee and the genuineness of his signature. Morse, Bank. § 474; *Roberts* v. *Tucker*, 16 Q. B. 560, per Maule, J., at p. 578. It is found that the bank made the usual inquiries respecting the identity of Grimes, and in other respects was ordinarily careful and prudent in relation to the transaction; but this must be taken in connection with the further fact that Grimes was not the payee of the check, and that his indorsement, without the genuine indorsement of the payee, could confer no title upon the holder of the check, or any interest in it, as against the drawer.

"There is no doubt," says Lord Kenyon in *Tatlock* v. *Harris*, 3 Term R. 181, "but that the indorsee of a bill of exchange, payable to order, must, in deriving his title, prove the handwriting of the first indorser." (See *Mead* v. *Young*, 4 Term R. 28, 30; 2 Pars. Notes & B. 595.) The indorsement on the check, purporting to be that of the payee, Brown, had been placed there by Grimes, and was either a forgery or a fraud, and, for the purposes of this case, it is not material which it is termed. As to it the bank acted upon the representations of Grimes, and did not otherwise know whether it was genuine or not. As said in *Dodge* v. *Bank*, 30 Ohio St. 1: "The rightful possession of a check by no means carries with it or implies a right to demand or receive payment of it, without the genuine indorsement of the person to whose order it is made payable"; and if a banker accept or undertake to pay a check, "he must see to it, at his peril, that he pays according to the terms of the order, and to the party, named therein, or to one holding it under the genuine indorsement of such payee. . . . And this is true whether the defendant exercised the degree of caution which bankers usually do in such cases or not. The question is, Was the check paid to the party to whom, by its terms, it was made payable?" Therefore the court rightly concluded, as a question of law from the facts found, that the payment of the check by the defendant was not authorized by the plaintiff, and that it could not rightfully be charged to her account.

The fact that the check was made payable to a person who had no

existence does not alter the rights of the plaintiff as against the bank, for she supposed that Brown was a real person, and intended that payment should be made to such person. The doctrine that treats a check or bill made payable to a fictitious person as one made payable to bearer, and so negotiable without indorsement, applies only where it is so drawn with the knowledge of the parties. (*Tatlock* v. *Harris*, 3 Term R. 174, 180; *Vere* v. *Lewis*, *id.* 182; *Minet* v. *Gibson*, *id.* 481; same case in the house of lords on error, *Gibson* v. *Minet*, 1 H. Bl. 569; *Collis* v. *Emett*, *id.* 313; *Gibson* v. *Hunter*, 2 H. Bl. 187.) The doctrine that a bill payable to a fictitious person or order is equivalent to one payable to bearer had its origin in these cases, which all grew out of bills drawn by Levisay & Co., bankrupts, payable to a fictitious person or order, and were accepted by Gibson & Co.; but it will be noticed that the holding in each case was upon the express ground that the acceptor knew at the time of his acceptance that the bill was payable to a fictitious person; and but for this fact the fictitious indorsement would have been held to be a forgery—some of the Judges expressing a doubt whether it was not so, although its character was known to the acceptor. (3 Term R. 181.) These cases will be found reviewed in a note to *Bennett* v. *Farnell*, 1 Camp. 130. It was held in this case that a bill made payable to a fictitious person or order is neither payable to the order of the drawer or bearer, but is completely void. But in an *addendum* to the case, at page 180*c* of the Report, Lord Ellenborough observes that this holding must be taken with this qualification: "Unless it can be shown that the circumstance of the payee being a fictitious person was known to the acceptor." The rule is stated with this qualification in Byles on Bills, 82. (See, also, to the same effect, *Forbes* v. *Espy*, 21 Ohio St. 483; 1 Rand. Com. Paper, §§ 162-164; 2 Pars. Notes & B. 591, and note *a*.) Mr. Daniels, in his work on Negotiable Instruments (section 139), states the rule to be general, but, as shown by Mr. Randolph, the cases do not bear out the text. 1 Rand. Com. Paper, § 164, note 4. And upon principle we do not see how the law could be held to be otherwise. For if the fictitious character of the payee is unknown to the drawer, whoever indorses the paper in that name with intent to defraud perpetrates a forgery, and the indorsement is void; a general intent to defraud being sufficient to constitute the offense.

The case of *Lane* v. *Krekle*, 22 Iowa, 399, is not in point, for there the note was made payable to a fictitious person "or bearer," and passed by delivery without indorsement. The case of *Phillips* v. *Thorn*, 114 E. C. L. 694, cited by the learned judge, is clearly distinguishable from the case before us. There the signature of the drawer as well as the indorsement was a forgery, but the defendant, the acceptor, was held liable because the plaintiff discounted the paper, relying in good faith upon the acceptance of the defendant. The case was finally disposed of on a case stated, reported in L. R. 1 C. P. 463. The ground of the decision appears from the following observations of Keating, J. (page 472): "I think, upon the facts stated in this special case, that it was not competent to the defendant to deny the genuineness of this bill. He knew that the plaintiffs were willing to advance money upon the bill only upon his vouching by his acceptance of it the authenticity of the drawing. His acceptance amounted to a representation to the plaintiffs which enabled the person representing Plana to obtain money from the plaintiffs on the bill." The decision in this case simply followed a well-recognized principle in the law of notes and bills. It is thus stated by Mr. Smith: "If the drawer's signature be forged, the drawee, if he accepts the bill, is bound to pay it, provided it be in the

hands of a holder *bona fide* and for value, for the drawee's acceptance admits the drawer's handwriting to be genuine." (Smith, Merc. Law, 151.) Now, Mrs. Armstrong can in no way be said to have affirmed by any act of hers that the indorsement upon the check was genuine, for there was no indorsement on it when it left her hands. The case of *Rogers* v. *Ware*, 2 Neb. 29, cited by counsel for defendant in error, does not support his contention. The case of *Ort* v. *Fowler*, 31 Kan. 478, 2 Pac. Rep. 580, was rested upon a number of grounds; and, in so far as it may have been on the ground that a note made payable to a fictitious person or order is in effect payable to bearer, irrespective of the knowledge of the maker, it simply follows the authority of 1 Daniels, Neg. Inst. § 139, which, we have shown, is not borne out by the cases relied on.

If the drawer of a check, acting in good faith, makes it payable to a certain person or order, supposing there is such person, when in fact there is none, no good reason can be perceived why the banker should be excused if he pay the check to a fraudulent holder upon any less precautions than if it had been made payable to a real person; in other words, why should he not be required to use the same precautions in the one case as in the other—that is, determine whether the indorsement is a genuine one or not. The fact that the payee is a non-existing person does not increase the liability of the bank to be deceived by the indorsement. The fact is that an ordinarily prudent banker would be less liable to be deceived into a mistaken payment by a fictitious indorsement such as this was than by a simple forgery. The determination of the character of any indorsement involves the ascertainment of two things: (1) The identity of the indorser; and (2) the genuineness of his signature; and no careful banker would pay upon the faith of the genuineness of any name until he had fully satisfied himself both as to the identity of the person and the genuineness of his signature. Now, a careful banker may be deceived as to the signature of a person with whose identity he may be familiar; but he is less liable to be deceived when both the signature and the person whose signature it purports to be are unknown to him. In making the inquiry required in such case to warrant him in acting, he will either learn that there is no such person, or that no credible information can be obtained as to his existence, which, with an ordinarily prudent banker, would be the same as actual knowledge that there is no such person, and he would withhold payment, as he would have the right to do in such case. But still, if he should be deceived as to the existence of the person, he would, nevertheless, require to be satisfied as to the genuineness of the signature. Of this, however, he could not be, through his skill in such matters, and on which bankers ordinarily rely, for he would be without any standard of comparison, and he could have no knowledge of the handwriting of the supposed person, for there is no such person. So that if he acts at all it must be upon the confidence he may place in the knowledge of some other person, and if he choose to act upon this, and make, instead of withholding, payment, he acts at his peril, and must sustain whatever loss may ensue. It is a saying, frequently repeated in "The Doctor and Student," that "he who loveth peril shall perish in it." In other words, where a person has a safe way, and abandons it for one of uncertainty, he can blame no one but himself if he meets with misfortune. Judgment of the Circuit Court reversed, and that of the Common Pleas affirmed.

FORGERY.

SUPREME COURT OF NEBRASKA.

Levy v. *First National Bank.*

A principal is bound by the acts of his agent to the extent of the apparent authority conferred on him. (*Webster* v. *Wray*, 17 Neb. 579, 24 N. W. Rep. 207; *Lorton* v. *Russell*, *ante*, 112.)

A check drawn by J. W. F., paymaster, on J. G. T., assistant treasurer B. & M. R. R. Co. in Neb., to the order of F. L. D., was presented to the National Bank of H. by L., with a forged indorsement of the name of F. L. D. thereon, and the money received by L. from the bank, which, having accounted to F. L. D. for the amount of the check, sued L. therefor. *Held*, that L. was liable.

COBB, J.—This cause is brought to this court on error by the defendant in the court below, for the review of the judgment of the district court of Adams county. The First National Bank of Hastings brought an action against Mark Levy, alleging that it is an organization of the Government of the United States. That on August 8, 1887, the defendant sold a bill of goods to a person unknown, who represented himself as F. L. Dudley, taking in payment for the goods a check or order as follows:

"Roll Faber, Burlington & Missouri R. R. in Neb. No. 5,443.

"Omaha, June 30, 1887. $90.00

"J. G. Taylor, Asst. Treasurer. Pay to the order of F. L. Dudley ninety dollars. Payable at the Neb. National Bank, Omaha, First National Bank, Lincoln, First National Bank, Denver. J. W. FLOYD. Paymaster.

"Paid Omaha, Aug. 10, 1887.

"Nebraska National Bank."

Indorsed: "Indorsements must be made in ink, must be technically correct, if by a X should be witnessed, and residence of witnesses stated. Signature of employe, F. L. Dudley. Witness, Myron Abbott. Residence. . . . Pay Omaha National Bank, Omaha, or order, for collection, Acc't of First National Bank, Hastings, Nebraska. Geo. H. Pratt, Cashier."

That on August 9th the defendant sold or procured said note or draft to be sold and assigned by delivery to the plaintiff, the defendant receiving therefor $90 in cash. That the draft was immediately presented for payment, and payment refused, for the reason that F. L. Dudley, the payee, never indorsed said check, draft, or order, and his signature was a forgery. That on August 15th the plaintiff received notice of the refusal, and gave notice to the defendant, requesting him to redeem the draft, and pay the amount, which he refused to do. Wherefore the plaintiff asks judgment against the defendant, with interest on the amount from August 9, 1887. The defendant answered, denying each and every allegation of the plaintiff. There was a trial to the court without a jury, with findings for the plaintiff, and judgment for $95.26 and costs. The defendant's motion for a new trial having been overruled, the cause is brought to this court on the following errors: (1) That if the plaintiff was entitled to recover anything in the court below it should not have been for a greater sum than the defendant actually received—$6.30; (2) that the judgment is not supported by evidence that the plaintiff sustained any loss, as alleged in the petition; (3) the judgment is contrary to law, and not supported by evidence; (4) that

the evidence, as shown by Exhibit A, establishes the fact that the plaintiff never lost anything as alleged, and said evidence was introduced by the plaintiff on the trial in the court below; (5) that the court overruled the defendant's motion for a new trial.

It appears from the bill of exceptions that in August, 1887, the plaintiff in error was engaged in keeping a gentlemen's furnishing store at Hastings, Adams county. In this store were employed Myron H. Abbott as under-clerk; Moses H. Levy, brother of the proprietor, as "confidential and financial man, and general manager and assistant bookkeeper," in the proprietor's absence. On August 9th, the proprietor was absent in New York and in the East purchasing merchandise for the fall season's trade. The two clerks, Levy and Abbott, were present, in charge of the store, when a man, an entire stranger, came in, and bought of Abbott a bill of goods amounting to $7.07, and offered the check mentioned in payment. Abbott took the check to Levy to ascertain if there was any money in the drawer to cash it, and Levy answered there was not. Abbott said that he would then have to go to the bank to get it cashed, and Levy said that he (the man) would have to sign it. The man then wrote the name of the payee of the check—as that of his own—on the back of it. Abbott took it across the street to the bank, got it cashed, received the full amount, returned to the store with the money, took out the amount of the bill of goods sold, and gave to the customer the balance, putting the $7.07 in the cash-drawer of the store. The customer received the money, left his package of goods in the store, and departed. He makes no subsequent appearance in the transaction. It appeared upon the cross-examination of Abbott on the trial that he signed the back of the check as a witness to the stranger's signature. The check was forwarded by the bank and presented for payment, August 10th, to the Nebraska National Bank of Omaha, and by it refused. The check was identified from the deposition of J. D. Taylor, assistant treasurer of the railroad company on whom it was drawn; and the indorsement of F. L. Dudley, the payee, was proven to be a forgery. Upon the trial in the district court, as well as the argument of counsel in this court, the point relied upon seems to have been the want of authority of Abbott, the clerk, to bind his employer, the plaintiff in error, or to create a liability on his part, in the manner and by the means set out in the pleadings and proof. The witness Abbott, on his cross-examination, was asked the question: "State as to whether Mr. Levy gave any instructions as to how the business should be conducted in his absence. *Answer.* He said we should be careful in taking checks to know the signatures. *Question.* You say that this transaction was without the knowledge or authority of Mr. Levy? *A.* He was not there, but he knew that I had taken checks. *Q.* How many had you taken? *A.* I could not tell. *Q.* What one check had you ever taken? *A.* John Blank's and Bunzer Bros'. *By the Court.* Were they the same checks as this? *A.* No, sir. I had taken this kind of check, though. *Q. By the Court.* Do you say that you took checks of that kind before and after this, and that Mr. Levy knew it? *A.* Yes, sir." The defendant (plaintiff in errror) testified that the witness Abbott was in his employ as a boy to sell goods, clean out the store, and fix up the store; that he had no charge of the books or of the business whatever; and continued his testimony in answer to the question: "What authority had he of you at any time as to receiving checks in payment for goods? *A.* He never had any authority. I never allowed, when I was in the store, any of my clerks to receive any checks whatever, except they turn them over to me to examine." The witness, having stated that he was absent at New York and the East at the time

of this occurrence, was asked the further question: "What instructions or orders, if any, did you leave with your clerks. before you went away, as to the taking of checks? *A.* I told Abbott and another clerk, at the time I left, not to take any checks whatever, as the day before I heard of some spurious checks. Also I told them they would not be allowed to deposit any checks in the drawer for selling any merchandise, and charge it up to my money-orders and bank business, without permission from my head clerk. who kept the books. *Q.* Was your head clerk present? *A.* Yes, sir; and heard it. I told him I expected him to see to it in every respect. *Q.* What is your head clerk's name? *A.* Moses H. Levy." On cross-examination he stated that he left Moses H. Levy as manager of his business; that he had control of everything in his absence, as far as he would leave it with any one. Taking all this evidence together. it is apparent that there was authority in Levy and Abbott—the one as head clerk and manager, the other as clerk and salesman—to transact all the business of the store, and of its retail dealings. And I think it must be conceded that Abbott had the apparent authority to carry the check to the bank, going directly from the chief clerk and manager of the store, and acting as messenger in having the check cashed at the bank. And if he had this apparent authority, though the real authority expressed and delegated by the plaintiff in error did not extend to bank transactions, and while the bank and its officers had no notice of any limitation placed upon his authority, they were still justified in dealing with him to the extent of his apparent authority. There was nothing in the transaction itself to awaken the officer's suspicions of fraud in the check, but everything, on the face of it, to invite confidence in its regularity.

We have recently examined the questions of limited and of apparent agency in the case of *Lorton* v. *Russell, ante.* 112 (at the present term), and have held that an implied agency in the necessary transactions of an accustomed business is a delegated authority. I therefore come to the conclusion that in this court of review the case stands the same as though the plaintiff in error had personally carried the check to the bank and cashed it, the same as his clerk and agent, Abbott, did. As to the liability which the law devolves upon him in that case to make the check and its indorsement good, there can be no doubt. The question involved was considered and decided in this court in *Rogers* v. *Walsh* (which was twice considered and reported), 12 Neb. 28, 10 N. W. Rep. 467; 15 Neb. 309, 18 N. W. Rep. 135. It was also before the Supreme Court of Connecticut, and decided in like manner, in *Terry* v. *Bissell*, 26 Conn. 23, cited by defendant in error, and which furnishes an exhaustive argument, supported by numerous citations of authority. The case of *Smith* v. *McNair*, 19 Kan. 330, also cited by counsel. is likewise an instructive and convincing precedent in support of the view maintained. The judgment of the district court is affirmed. The other judges concur.

DAMAGE FOR REFUSING TO PAY CHECK.

SUPREME COURT OF PENNSYLVANIA.

Patterson v. *Marine National Bank.*

Where a bank refuses to honor a depositor's check without legal cause, he is entitled to recover substantial damages.

PAXSON, C. J.—This case is an outgrowth of *Patterson* v. *Bank, ubi supra* (just decided). When the defendant bank refused to honor the plaintiff's check, he brought suit against it for such refusal, resulting in a verdict in his favor for $300. It follows logically that, if the bank refused to honor plaintiff's check without legal cause, he is entitled to recover damages for such refusal. The question of the damages is the only one we need refer to. The learned judge charged the jury in answer to plaintiff's points that the plaintiff was entitled to recover substantial damages, and that they might find punitive damages "if, under all circumstances of the case, the defendant unnecessarily and unreasonably acted in disregard of the rights of the plaintiff, and with partiality against him." On the other hand, the defendant prayed for the instruction "that the mere loss of credit by the plaintiff is not a ground for damages, unless it be immediately connected with some tangible pecuniary loss of which it was the cause"; and *Eckel* v. *Murphey*, 15 Pa. St. 488, was cited in support of this view. The court declined to so charge, and we think very properly. *Eckel* v. *Murphey* has no application. That was a suit brought upon a promissory note, and the defense set up was that it was given in pursuance of a contract for the sale of all plaintiff's red ash coal mined that season at Fremont; that the plaintiff had violated the said contract in not delivering the coal in good order, and had refused to deliver all the coal he had agreed to deliver; by means of which the defendant suffered more damage than the amount of said note. In such case this court very properly held that "the mere loss of credit by the drawer on account of such failure of performance is not a ground of defense, unless it be immediately connected with some tangible pecuniary loss of which it was the cause." This language was quoted in the defendant's point referred to, and, while it is perfectly good law, it has no application to the case we are considering. A bank is an institution of a *quasi* public character. It is chartered by the Government for the purpose, *inter alia*, of holding and safely keeping the moneys of individuals and corporations. It receives such moneys upon an implied contract to pay the depositors' checks upon demand. Individual and corporate business could hardly exist for a day without banking facilities. At the same time the business of the community would be at the mercy of banks if they could at their pleasure refuse to honor their depositors' checks and then claim that such action was the mere breach of an ordinary contract for which only nominal damages could be recovered unless special damages were proven. There is something more than a breach of contract in such cases. There is a question of public policy involved, as was said in *Bank* v. *Mason*, 95 Pa. St. 113, and a breach of the implied contract between the bank and its depositor entitles the latter to recover substantial damages. In this case the jury do not appear to have given more; they evidently did not award punitive damages. Judgment affirmed.

PAYMENT OF CHECK.

SUPREME COURT OF PENNSYLVANIA.

Patterson v. *Marine National Bank.*

Where money is deposited in a bank by plaintiff as "agent," and there is nothing on the face of the deposit to show for whom he is agent, and the bank refuses to pay plaintiff's checks, and pays the money over to a third party, it does so at its peril; and in a suit by the plaintiff the burden of proof is on the bank to show that the money did not belong to plaintiff, but did belong to the party to whom it paid it.

PAXSON, C. J.—The money in controversy was deposited in the defendant bank by the plaintiff as "agent." There was nothing upon the face of the deposit to show for whom he was agent. In *Bank* v. *Alexander*, 120 Pa. St. 476, 14 Atl. Rep. 402, the deposit was made by "W. J. Alexander, deputy treasurer," and it was held that "the most effect that could be claimed for the words 'deputy treasurer' was an acknowledgment by Alexander that he held the money for some one else, and, the other person not being designated, as between the bank and Alexander the money belonged to Alexander." This followed directly the ruling in *Bank* v. *Mason*, 95 Pa. St. 113, where it was said: "It is clearly against public policy to permit a bank that has received money from a depositor, credited him therewith upon its books, and thereby entered into an implied contract to honor his check, to allege that the money deposited belonged to some one else. This may be done by an attaching creditor, or by the true owner of the funds, but the bank is estopped by its own act." In the case in hand the money was claimed by Joseph U. Patterson and others, who alleged that the plaintiff was their agent; that he has opened this account as "agent" in pursuance of an arrangement or agreement between the plaintiff and themselves; that this arrangement was known to the defendant bank; and that they had given the latter notice not to honor plaintiff's check. The existence of this arrangement, and the true ownership of the money, were among the controverted questions in the case, and the jury have found them both against the defendant. It further appears that the bank not only refused to honor plaintiff's check, but also paid the money out to the claimants upon the fund. It is to be presumed that it was indemnified for so unusual a proceeding. A number of errors have been assigned to the charge of the court, and the answers to points, but they are all without merit. It requires neither argument nor authority to show that when a bank refuses the check of its depositor, drawn against funds, and pays the money over to a third party, it does so at its peril, and must assume the burden of proof to show "not only that the money in question did not belong to the plaintiff, but also that it did belong to the parties to whom the bank paid it." See first assignment. In the answers to points, and portions of charge embraced in the second, third, fourth, and fifth assignments, the learned judge fairly submitted to the jury the question of the ownership of the money. This certainly was all the defendant could claim. The sixth and seventh assignment are void of merit. The last assignment does not conform to the rule of court, and will not be discussed further than to say that by the introduction of the evidence referred to the plaintiff assumed the burden of showing that the money in bank did not belong to the parties claiming it, which he need not have done. Judgment affirmed.

LEGAL MISCELLANY

BANKS AND BANKING—CASHIER.—A bank cashier may indorse to himself, and sue on, a note payable to the bank. [*Young* v. *Hudson*, Mo.]

NEGOTIABLE INSTRUMENT—PAYEE.—A promissory note may be issued with the payee's name left blank, which may be filled by any *bona fide* holder with his own name, which authority must be exercised within a reasonable time. [*Thompson* v. *Rathbun*, Oreg.]

NEGOTIABLE INSTRUMENTS.—A promissory note, in the ordinary form, containing a stipulation that "this note is given for part payment of rent of certain pasture fields, and is not to be paid unless I have the use of said premises, in accordance with a certain lease and agreement," is not negotiable. [*Jennings* v. *First National Bank*, Colo.]

NEGOTIABLE INSTRUMENTS—JOINT MAKERS.—No agency between several joint makers of a note is implied from their relation as co-signers. [*Flanigan* v. *Phelps*, Minn.]

PRACTICE—JOINDER OF ACTIONS.—A complaint alleging execution of a note, and that the same is unpaid, and seeking foreclosure of and subrogation to rights under a mortgage alleged to have been given by one defendant to secure another as surety, is not an action for foreclosure alone, but a proper joinder of that action with an action on the note, on which plaintiff is entitled judgment against a garnishee, though he fail to establish any right under the mortgage. [*Jaseph* v. *People's Sav. Bank*, Ind.]

BUILDING ASSOCIATIONS—MORTGAGES—PAYMENT.—The laws of a building association divided its stock into four series of 500 shares each, to be paid for in weekly payments of $1. When the funds amounted to $500, that sum was assigned to some share, which was then termed a "redeemed share," and the holder was thereafter required to pay interest on the amount monthly, besides the $1 a week, until all the shares in that series were "redeemed." A shareholder had $500 assigned to him, and gave his note for payment, secured by a deed of trust authorizing a sale of the property in case of default in the monthly or weekly payments: *Held*, that default in the payment of the dues was the default in the weekly payments referred to in the trust deed, and authorized a sale of the property. [*Wilson* v. *Schoenlaub*, Mo.]

NEGOTIABLE INSTRUMENT—COLLATERAL SECURITY.—Plaintiff's intestate executed his note to defendant H., and deposited with him the note of defendant L., as collateral security; and H. assigned both notes, as collateral to S. Plaintiff sued for the amount of L.'s note; *Held*, that defendant S. held L.'s note in trust, for the estate of plaintiff's intestate, subject to the payment to S. of the note of plaintiff's intestate to H., and was entitled to judgment against L. for the amount of the note, without first establishing his claim against intestate's estate. [*Williams' Adm'r* v. *Lumpkin*, Tex.]

NEGOTIABLE INSTRUMENT—MARRIED WOMEN.—An accommodation indorser of the promissory note of a married woman cannot avail himself of any defense arising from her coverture. By his indorsement he has guaranteed that the maker of the note was competent to contract in the manner in which, by the paper, she purported to contract. [*Edmunds* v. *Rose*, N. J.]

NEGOTIABLE INSTRUMENT.—Evidence reviewed with reference to whether note sued on belonged to plaintiff or to the bank to whom it was made payable. [*Pinkham* v. *Cockell*, Mich.]

MISADVENTURES OF SCOTCH BANK NOTES.

[CONCLUDED.]

Some applicants for reimbursement are not loth to describe their physiological condition when they played havoc with their bank possessions. They make that "open confession" which is said to be "half repentance." Others, more wary, do not like to commit themselves, and so employ such a euphemistic phrase as "in a moment of abstraction." Some give specific details, and state that they wished to light their pipe in the train, or to light the gas during the night to see what o'clock it was. The latter savors of an early riser, on whom the responsibilities of the coming day were already beginning to operate. A peculiar instance of note destruction is the following: A man had been in the habit of secreting his drawings for safety in a disused fireplace, deeming them secure there. He had reckoned without his host, however, for his children in frolic one day made a fire in the self-same spot, and so set aflame his stock of notes, the result being that they were partially consumed. Some notes have been burned by the overturning of a lighted candle on them, and children have injured notes by playing with them at a fire. The last fire instance we shall give arose from a mistake made by a party who said he always kept his pipe-lighting waste paper in one particular pocket. By mistake he had put a note in the same place, and mechanically feeling for this paper one day, he took out the note instead, and lit his pipe with it.

We come now to the other forms of destruction, in which the masticatory process plays no mean part. The first of the kind is the case of a little child of two years, who chewed the corner off a bank note. We have then a child sucking a note. Next there is the case of a man who, having a difference with a neighbor over an account, got so excited that he began chewing the note which was in his hand. The surviving fragment exhibited unmistakable proofs of dentition. Another note was chewn and eaten by a child; and one which was presented for payment was supported by the statement of the applicant, a grown-up man, to the effect that he was in the habit of chewing paper, and that he chewed the note by mistake while watching the progress of an exciting game. A criminal aspect of note chewing is observable in the following instance. A plowman at a fair had a note stolen from him, and raised the alarm in time for the thief to be pursued. The police effected his capture, but he succeeded in destroying a part of the note by chewing it. The remaining portion was retained by the police and produced in court; when the thief, who had previous convictions recorded against him, was sentenced to a term of penal servitude.

We have next, cases of canine mastication of notes. Parts of one note were produced which a dog had eaten and vomited; and of another which a dog had torn, the other portions being devoured by it. Other notes destroyed were torn as they fell accidentally on the ground by a chained dog, a terrier, a gamekeeper's dog and a pup. A purse which a lady let fall was torn in pieces by her pet dog, and a note which it contained was rescued in a tattered state.

These typical cases may be now left, and we shall consider another note-destroyer. A shopkeeper had shut his shop during a holiday. Next day, on opening it, he found some notes nibbled by rats or mice, while an egg which was in the same drawer as the notes was almost entirely eaten by the same rodents. Another case was that of notes

which were eaten by mice, in a desk to which they appeared to have had access. Some clothes were once taken out of a wardrobe in a bedroom and placed on the floor, where they lay for a day or two. A bank note had fallen out of them, and the mice had set on it with their teeth, nibbling it all round until it presented an indented border. From another note a piece had been nibbled completely off. In a grass-field a note was discovered which had been chewed by sheep or cattle. When a note is discovered it may be stated here that the same rule applies to it as to all other found property. It must be advertised in the newspapers and taken to the police office, there to lie for six months, at the expiry of which period it becomes the property of the finder, if not previously claimed by the owner.

Notes which have turned up in a defaced and almost obliterated condition have become so through various causes. One parcel of notes fell into a pail of water, and lay there during the fortnight that the parties owning the notes were absent from their house. Notes have also suffered through getting into wastepipes, or being worn in the pocket on a wet night. One note underwent two different vicissitudes; it got wet at the fishing through being soaked with salt water, and finally it slipped into the fire, presumably to get dried! A note was at one time destroyed by being in the pocket of a dress which went to the wash. A bag which contained a note was also washed and boiled before the note was discovered. One note was reduced to pulp by rain while in the pocket. A lodger pathetically stated that his landlady had washed his trousers in his absence, and had thus destroyed a £1 note which he had in them.

The fate of another note was to be thrown into the dunghill, and to be pecked at by hens. As a countryman was making his way to an inn, with a note in his hand, a thief snatched the note and tore off a part of it.

Notes are often used to wrap up silver, and when the latter is being taken out of its covering, the notes are not unfrequently torn up in the process.

One account of the destruction of a note is odd. While sitting in the dark in the room of a country hotel, an individual bethought him to smoke. He took, accordingly, out of his pocket what he thought was a piece of tobacco, and began to cut it up with his knife. On the light being brought, he found he had mistaken a note for the fragrant leaf, and that he had chopped it into pieces. One note had the misfortune to be dropped into a riding stable, and to be trodden on by horses; another to be lost on the road, and to be tramped in the mud by passers by, till both were recognized as articles of value. A hot smoothing iron was passed over the face of one note by mistake. In a rag store, among waste paper and such like, was found a torn bank note.

Some young thieves were surprised by the police and hotly pursued. When on their track the latter found in a grating, which the thieves had used as a place of concealment, pieces of a stolen bank note, which the thieves had placed there in their flight. Another note became torn in this way: One party on shore was paying money to another on board when the boat was leaving. The one on shore retained too long a hold of the note, and so it got torn. A lady lost a note, which she suspected had been stolen from her gown. She could not see who other than her maid-servant was at all likely to have taken it, as she alone had access to her chamber. The servant was accordingly taxed with the abstraction of the note, but she indignantly repelled the accusation. After a diligent search was made, the crushed remains of the

note were discovered in the ash-pit, into which they had been thrown by the faithless domestic.

A final narration will conclude this recital of note misadventures. A man once hired a cab to drive him to a certain place. On arriving he asked the fare, and when informed of it said he considered it exorbitant. An altercation thereon ensued between him and the cabby. The latter broadly stated that his client had not the wherewithal to pay. This was resented by the other, who was rash enough to flourish a five pound note in the face of the cabby, who, quick as thought, made a grab at it and tore a piece off. The owner duly complained to the police, but they would not proceed on the evidence of one man alone. The aggrieved party, however, received payment in full from the bank of his thus so rudely torn note.

After these varied details of the vicissitudes of bank notes, who will venture to deny that ample materials exist for writing their Iliad?—*J. Macbeth Forbes, in the London Bankers' Magazine.*

THE MOROCCAN TREASURY.

The Moroccan soldier is not so much a man of war as a collector of taxes, and from time to time his master sends him, without law or rule, to visit those whom he finds either too rich, or rich enough for him, the Sultan, to claim his share of the prize. Rapine is the only resource of the Treasury. Each Pasha levies his share on all the bargains concluded on his territory. This state of affairs has, however, been improved since the intervention of Europeans in Morocco. But not so many years ago, and in the second half of this century, the most horrible tortures were inflicted both upon Mussulmen and Jewish merchants in order to force them to avow their fatal riches. Mr. J. Drummond Hay, in the narrative of his journey on the banks of the Leucos, relates dreadful details: men shut up in ovens, wedges driven in under their nails, children smothered slowly before the eyes of their parents, a man shut up in the cage of a chained lion, whose chain was long enough to enable him to come within an inch of the victim, who could not make the slightest movement without being rent by the talons of the beast. Doubtless the stories of Mr. Drummond Hay are exaggerated at the present day, and perhaps they were when he wrote. But this fact remains, in essential points at least, the Treasury is filled by means of exactions and authorized thefts, and every official conscience may be bought. This is true from one end of the social scale to the other. When the merchant has tortured the slave, and when the Pasha has rifled the merchant, the Sultan employs similar means to relieve the Pasha of his booty. Many a Pasha, after finally getting rich, is betrayed by one of those around him and denounced to the Emperor as a great capitalist. Thereupon he is sent for to court, and the good sovereign spoils him of everything, even to the last piece of money that sleeps in his coffers or in his pockets, even to the last flon, to the last rhani, to the last terra-cotta vase which is sold in the market-place. Then, a second Job, the Pasha is sent back to his subjects, so that he may begin another period of oppression. If, however, the master has reason to suspect that any portion of the treasure has been kept back or hidden, he has the Pasha beaten, and then sends him to spend the rest of his days in the contemplative shades of a prison.—*Benjaman Constant, in Harper's Magazine.*

BANKING AND FINANCIAL ITEMS.

PHILADELPHIA.—The old "Philadelphia Saving Fund Society" is one of Philadelphia's staunchest institutions. Its annual report has just been issued, and shows that on December 31st, 1889, it had $35,106,783 assets, while there were due to its depositors on that date $32,076,689, leaving a surplus of $3,030,093. In making its statement of assets the Saving Fund values nothing at a higher rate than par, while such assets as have cost less than par are put down at cost. Consequently, were its assets taken at market value they would show a much larger valuation, and the Saving Fund would thus report an even greater surplus. For instance, its $1,350,000 Government loans are actually carried at *less* than par, having cost $1,347,187, though the Government would buy them to-day at a high premium. Its $1,499,950 Pennsylvainia State loans and $1,703,900 City loans are put in the list at par. Similarly with its mortgage loans of our great railways. The great strength and solidity of this Saving Fund are thus secured in a most effective way, so that its depositors may be assured of the safety of their hard-earned savings entrusted to its care. To pay them when drafts are made it has $2,057,375 in ready cash and $2,586,485 in temporary loans immediately available. In practice the Saving Fund can, however, almost always pay drafts from current receipts, for during 1889 it received $9,500,090, and it paid out $8,629,088, showing surplus receipts of about $871,000. The large sums to which small savings amount when accumulated are shown by these figures, for no less than 196,134 separate deposits were received during the year, the larger number being of less than thirty dollars each. There were 31,185 new accounts opened during the year by 15,013 males and 16,172 females, the mechanics, artisans, clerks, nurses, housekeepers and working classes making up the greater part of the list. The Saving Fund has shown a steady growth in its deposits every year since 1874, until now it has no less than 132,889 accounts opened, while its surplus increased $420,000 during the past year. President Pemberton S. Hutchinson and his Board of Managers are to be congratulated upon the solidity and success of the great benevolent institution under their charge.—*Public Ledger.*

NEW HAMPSHIRE.—The appointment by the Comptroller of the Currency of Charles M. Dorr, of Great Falls, New Hampshire, to be Bank Examiner for that State, was made on the recommendation of the entire Republican delegation from the State in Congress. Mr. Dorr is a business man, and was the only candidate for whom much effort was made. Mr. Wm. A. Heard, the former Examiner, resigned September 20 last, and the New Hampshire delegation has been expecting the appointment for some time. Mr. Heard resigned to accept a position on the Board of Bank Examiners under the State Government.

NEW YORK CITY.—After three weeks, the mystery attending the disappearance from a truck of ten bars of silver, worth $2,200, has been cleared up. It was stolen by three thieves who thought it was soft solder and sold it for that to a junkman, receiving only $14 for it. The next day they learned what they had stolen, and, going back to the purchaser, they arranged for the sale of the bullion through another thief. He paid $650 for the silver and was selling it to the Government when arrested, thus making Uncle Sam an unconscious receiver of stolen goods. The four thieves and the junkman are all under arrest.

BRITISH FORTUNES.—One ceases to wonder at the amount of British capital seeking investment in the United States, after looking over a year's record of the money left by will in the United Kingdom. The "personalties" of dead Britains or of deceased residents of Great Britian, sworn to in 1889 for purposes of probate and of succession duty, reach imposing sums. One dry goods jobber in Manchester died possessed of $12,500,000 of personal property; a Clyde shipbuilder comes next with $5,300,000, and a member of the great banking firm of the Barings follows hard upon it with $4,500,000. A scion of the house of Orleans, Count Greffulhe, died possessed of $3,300,000, in England; and a Scottish peer, the Earl of Leven and Melville, left for division among his heirs $2,600,000. What we call

millionaires—nobody there with less than $5,000,000 being so denominated—were numerous. Manchester alone had ten of them, ranging from $2,100,000 of "personalty" to $1,000,000. James Jameson, the great Dublin distiller, left $2,400,000 of hard cash, or what may be called its portable equivalent, and in England Brewer Dan Thwaites left $2,300,000.

PROFITS OF SILVER DOLLAR COINAGE.—E. V. Leech, Director of the Mint, has sent a letter to Senator Cockrell, with a statement showing the number of ounces of silver of standard fineness, and the cost of it, used in the coinage of silver dollars; the number of silver dollars coined, and the profit thereon, each year, from March 1, 1878, to December 31, 1889. The number of ounces used during this period was 300,727,969, and the cost $287,995,107. The number of dollars coined was 349,938,001, and the seignorage $61,942,893.

CONNECTICUT.—The annual report of savings banks in Connecticut shows an increase of $4,520,883 in the total amount of deposits during the year. The total amount deposited in the 86 banks is $110,370,962. The Society for Savings in Hartford has $12,291,157 in deposits. The Norwich Savings Society stands next, with deposits amounting to $8,522,235. The New Haven Savings Bank has a total of $6,661,485 in deposits. The increase in total assets is $4,826,898, and the whole number of depositors is 294,896, being a gain of 7,120 during the 12 months.

BROOKLYN, N. Y.—The late President Corlies, of the Bank of America, was born at Shrewsbury, N. J., about fifty-eight years ago, and had only a common school education. When a young man he gained employment as a clerk in the office of Bucklin & Crane, general merchants. As soon as he was of age he started in business on his own account, and about 1858 formed a partnership with John Caswell, under the firm name of John Caswell & Co. For many years the firm was prominent in the tea trade, and its success was so great that it became one of the foremost houses in the China and Japan trade. The firm was dissolved only by the death of Mr. Caswell, and the business has been carried on since that time by Mr. Corlies. He became a director in the Bank of America in January, 1875, and was elected vice-president in October, 1882. He was promoted to the presidency on the retirement of Mr. Jenkins, about two years ago, and was at the time of his death a member of the Clearing House Committee, although he was not recently active in this capacity. He was also a member of the Chamber of Commerce and a director of the Central Trust Company. He was an officer of several Brooklyn insurance and banking institutions.

A PERSONAL BANK.—B. P. Hutchinson has retired from the directory of the Corn Exchange Bank of Chicago. He is succeeded by C. H. Schwab, of Selz, Schwab & Co. Mr. Hutchinson founded the Corn Exchange Bank, and has been identified with it for twenty-five years. The bank has made Mr. Hutchinson a great deal of money; but, on the other hand, he has carried it through every financial disturbance and carried with it many of its patrons. It has always been a personal bank, and for that reason it has been run on a good deal wider guage than the national concerns or than any of the State banks. As Hutchinson and "Sid" Kent owned practically all the stock, if they chose to aid a depositor they aided him, and there was no red tape about it. An instance of this, says the Chicago *Herald*, was the support they gave to Irwin, Green & Co. during the Harper panic. It was understood that the firm should be given $100,000 credit. The exigencies of the occasion were such, however, that they required $600,000, and Hutchinson gave it to them. That, too, was at a moment when Irwin's own bank was in such a panic that it had practically shut him off. Another instance of Hutchinson's liberality as a banker was furnished during the railroad riots of 1877. Poole, Kent & Co. had $1,000,000 borrowed at the Corn Exchange Bank on lard stored in warehouses, which the rioters threatened to burn. Poole was down East, and for a week was cut off by the railroad blockade. He was in a tremor lest the bank should "call" that loan. When he got back here he found Hutchinson as cool as on any ordinary occasion. The old gentleman calmly remarked that a riot was something not down on the bills, but that there was no use of worrying over it; the risk would have to be taken, and might as well be taken complacently.—*Wall Street Daily News.*

CANADIAN BANKING LEGISLATION.—A large and influential deputation of bankers waited on the Minister of Finance on the 25th of January, in reference to the proposed banking legislation to be introduced in Parliament this session. A scheme was discussed for the currency at par of bank notes issued in any one province throughout the Dominion, the regulation of circulation, and the establishment of a guarantee fund to cover the notes issued by any bank that might have to close its doors. It was agreed by all present that all notes should be redeemed at par wherever presented, and that a guarantee fund be established. The American system was strongly condemned, and almost unanimously. The question of national currency was discussed, and also strongly condemned. The meeting adjourned without arriving at any decision.

THE SHOWALTER MORTGAGE CO. has passed the usual quarterly dividend due in January. For some years this company paid dividends at the rate of ten per cent. per annum, but last July the rate was dropped to eight per cent. In October the regular two per cent. was paid, but the troubles of the companies in this business reached a head at that time, and the whole business policy of the Showalter Co. was changed. The fact is that all of the Western farm mortgage companies have been passing through a trying period. Failures of crops and cessation of railroad construction have reduced the ability of Kansas farmers to pay their interest, and companies which have been loaning to this class of borrowers have been carrying large amounts of overdue interest. That was how the collapse of the Farmers' Loan and Trust Co. came about. The Showalter Co. has made its money by the commissions received on mortgages which it has placed. Last October the business was in such a bad stage that no more mortgages were taken, and consequently no commissions have been made. Instead, the company has bent its energies to the collection of its overdue interest. So far the Showalter Co. has met all of its own obligations for interest on its debenture bonds, and for the guaranteed interest on the mortgages which it has negotiated. This company has done a very large business in Massachusetts, having sold over $480,000 mortgages here within a year. It has issued two series of debenture bonds, the first amounting to $100,000, the second to $40,000; in all, $140,000. Besides, it has negotiated mortgages to the amount of $3,000,000, the interest on which it has guaranteed. At 6 per cent. interest the total annual liabilities of the company for interest would be at a maximum $188,400. As security for the payment of these liabilities, the Showalter Co. has its capital of $300,000, and a surplus of between $13,000 and $14,000. But it also has a large amount of interest overdue to itself, and what part of the capital and surplus is offset by this asset of doubtful value is a critical problem. This company has done, perhaps, the largest business in Maschusetts of any farm mortgage company there.—*Boston Advertiser.*

SAFES.—The record of the "Herring" safes in the fires of the month of January is one of which the manufacturers can justly be proud. Several firms in New Jersey and Pennsylvania, who had these safes subjected to severe tests in various fires last month, have written Messrs. Herring & Co. most favorable letters of commendation of them. It seems to be proved by the latest testimony that to use a safe of this make is an absolute guard against loss of books and papers by fire.

TOPEKA, KANSAS —We have received from the United States Savings Bank of Topeka Kansas, a very useful due-date calendar for 1890, which will be sent free on application to any address.

NEW YORK CITY.—The State Trust Company, which was organized a few months ago by the Hon. Willis S. Paine, and of which he is president, is making very satisfactory progress. With a strong bond, commanding the confidence of the community, the institution is sure to be successful. Mr. Paine is well known for his intelligent devotion to business, whatever it may be, and nothing needs it more fully than a trust company.

TEXAS.—Mr. T. C. Frost, who formerly had a banking house at San Antonio, has become the cashier of the First National Bank of Luling, an institution just opened in that place.

BUFFALO, N. Y.—The Bank of Buffalo, one of the oldest, most prosperous, and active banks in that city, has issued a very useful "Table of Holiday Dates" for 1890. There are two sizes, one for use in a pass-book, and the other in the

counting room. We believe that this is the invention of the cashier, Mr. William C. Cornwell.

MINNEAPOLIS, MINN.—At the last annual meeting of the stockholders of the Flour City National Bank, it was voted to increase the capital from $500,000 to $2,000,000. This is a very large increase, but the demands for more banking capital justify this action. The Northwest is a wonderful country, and the stockholders will doubtless receive large dividends on their investment. This is the largest addition that has been made to any bank's capital for a long period.

FOUR STRIKING FEATURES OF THE PENNSYLVANIA LIMITED.—Of all the passenger trains of the world, none presents for the convenience and accommodation of its passengers so many original and novel features as the Pennsylvania Limited. This train offers four great features unique in the history of passenger travel. As it speeds across the continent there are flashed over the wires, to meet or overtake it, the fluctuations of the New York and Philadelphia stock markets, and there are also posted on its bulletins full reports of the doings in the foreign and domestic financial marts. Thus the wayfaring man reads as he runs. In order that the traveler may dispatch any commission which these reports may suggest, or dispose of any current correspondence, a stenographer and typewriter is provided for the free use of the train's patrons. He will take the dictation of letters or telegrams, and see that they are forwarded from the train. Thus may business proceed, though the counting-room be miles away. So much for the men. Ladies could never before travel in such comfort. For their convenience a waiting-maid is assigned to each train, whose duty it is to serve as ladies' maid in all that the term implies. Ladies without escort, ladies with children, and invalids are the particular objects of their care. So that one's own maid may be left at home, and yet the fair traveler may receive assistance of one well trained in the duties of her vocation. The fourth important feature, also of interest to the ladies, is the observation car. This car is attached to the rear of the train. The latter half of it is a large open sitting-room, furnished with easy-chairs. Broad plate windows admit a wide expanse of light, and the broad platform at the rear makes a pleasant open-air observatory in fair weather. This car is open to all passengers, and forms a magnificent sittingroom for ladies. With these four prominent characteristics, in addition to the superior sleeping apartments, bath-rooms for both sexes, a dining car unexcelled in service and cuisine, smoking and reading apartments, and a barber saloon, the Pennsylvania Limited sustains its claim of being the most complete passenger train of the world.

WORCESTER, MASS.—We have received a very interesting statement of the dividends paid by the Central National Bank as a State and National institution, from 1830 to 1890—a period of sixty years. It is a pleasure to publish this record, for it is conclusive proof of wise management.

1830	7 per cent.	1851	8 per cent.	1872	12 per cent.
1831	7 "	1852	8 "	1873	10 "
1832	7 "	1853	20 "	1874	10 "
1833	7 "	1854	8 "	1875	10 "
1834	6 "	1855	8 "	1876	7 "
1835	7 "	1856	8 "	1877	7 "
1836	7 "	1857	8 "	1878	6 "
1837	6½ "	1858	8 "	1879	6 "
1838	6 "	1859	7 "	1880	6 "
1839	7 "	1860	7 "	1881	6. "
1840	6 "	1861	3½ "	1882	6 "
1841	6 "	1862	3 "	1883	7 "
1842	6 "	1863	6 "	1884	7 "
1843	6 "	1864	9 "	1885	6½ "
1844	5 "	1865	16 "	1886	6 "
1845	6 "	1866	11 "	1887	6 "
1846	6 "	1867	10 "	1888	6 "
1847	7 "	1868	12 "	1889	6 "
1848	15½ "	1869	12 "		
1849	7 "	1870	12 "	Total, 472 per cent.	
1850	7 "	1871	12 "	Averaging 7 86-100 per cent. per annum for the period of sixty years.	

In above list are included extra dividends as follows:

1848, - - -	9 per cent.
1853, - - -	12 "
1865, - - -	5 "

OMAHA, NEB.—From a recent issue of the *World-Herald* the following figure are taken, showing the growth of banking in that city.

CAPITAL AND DEPOSITS IN NATIONAL BANKS.

	Capital.		*Deposits.*	
Bank.	*Dec.* 12, '88.	*Dec.* 11, '89.	*Dec.* 12, '88.	*Dec.* 11, '89.
Omaha National	$1,105,000	$1,125,000	$4,000,360	$4,782,042
First National	600,000	600,000	3,000,286	3,395,381
Merchants National	600,000	600,000	1,426,348	1,531,306
United States National	410,000	444,000	1,562,306	1,980,642
Nebraska National	452,000	457,000	1,542,105	1,520,775
Commercial National	327,000	440,000	548,707	744,463
American National	.....	200,000	.....	244,845
Union National	100,000	110,000	50,735	100,304
	$3,594,000	$3,976,000	$12,130,847	$14,299,758

INCREASE OF DEPOSITS IN TWELVE YEARS.

1877	$2,206,000	1882	$4,468,000	1886	$10,080,000
1878	2,500,000	1883	5,904,000	1887	11,058,000
1879	2,705,000	1884	6,154,000	1888	12,130,000
1880	3,373,000	1885	8,000,000	1889	14,299,000
1881	3,352,000				

CAPITAL AND DEPOSITS IN STATE AND SAVINGS BANKS.

	Capital.		*Deposits.*
The Bank of Commerce	$510,000	.....	$730,218.80
The Citizens Bank	54,000	.....	60,000.00
The Mechanics and Traders Bank	50,000	.....	11,274.26
Total	$614,000		$801,493.06
Omaha Savings Bank	$137,500	.....	$1,240,000
Nebraska Savings Bank	75,000	.....	334,186
American Trust Co. Savings Bank	107,642	.....	72,086
Omaha Trust Co. Savings Bank	50,000	.....	253,626
McCague Savings Bank	50,000	.....	201,000
Dime Savings Bank	76,000	.....	29,500
Total	$496,642		$2,130,398

In the Omaha banks, therefore, there is a grand total of deposits of $17,231,649, thus divided among the banks:

In 8 National banks	$14,299,758
In 6 Savings banks	2,130,398
In 3 State banks	801,493
Total	$17,231,649

Sterling exchange has ranged during February at from 4.84½ @ 4.87¾ for bankers' sight, and 4.80½ @ 4.83¾ for 60 days. Paris—Francs, 5.20⅝ @ 5.17½ for sight, and 5.22½ @ 5.20 for 60 days. The closing rates for the month were as follows: Bankers' sterling, 60 days, 4.80½ @ 4.81; bankers' sterling, sight, 4.84½ @ 4.85; cable transfers, 4.85 @ 4.85½. Paris—Bankers', 60 days, 5.22½ @ 5.21⅞; sight, 5.20⅝ @ 5.20. Antwerp—Commercial, 60 days 5.25⅝ @ 5.25. Reichmarks (4)—bankers', 60 days, 94¼ @ 94⅜; sight, 94¾ @ 94⅞. Guilders—bankers', 60 days, 39¾ @ 39 13-16; sight, 94⅓ @ 94½.

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money have been as follows:

QUOTATIONS:	Feb. 3.	Feb. 10.	Feb. 17.	Feb. 24.
Discounts	5½ @ 6½	5½ @ 6½	5½ @ 6½	5½@ 6½
Call Loans	6 @ 3	4 @ 2	4 @ 3	4½ @ 2½
Treasury balances, coin	$162,493,245	$162,819,215	$163,015,024	163,278,388
Do. do. currency	6,231,447	6,409,644	7,052,187	7,695,836

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from February No., page 653.)

Bank and Place.	Elected.	In place of.
N. Y. City..Nat. Bank of Deposit....	Chas. Maples, *V. P.*.....	.....
" Sixth National Bank..	Geo. W. Pancoast, *A. C.*	.....
" .. West Side Savings Bank.....	Cornelius Van Cott, *P.*..	Geo. Starr.
Ala.... Birmingham Nat. Bank, Birmingham.	W. A. Porter, *Cas*.....	H. C. Ansley.
	W. W. Crawford, *A. C.*.	W. A. Porter.
" .. Birmingham Tr. & Sav. Co., Birmingham.	Wm. H. Graves, *P*.....	H. M. Caldwell.
	Paul H. Earle, *V. P*.....	.....
	Josiah M. Davidson, *Cas.*	R. F. Manly.
	R. F. Manly, *Gen'l M'g'r.*	.....
" .. City Nat. Bank, Birmingham..	James Spence, *V. P*.....	W. T. Smith.
" .. First Nat. Bank, Birmingham.	C. P. Williamson, *V. P.*.	J. C. Henley.
" .. East Ala. Nat. Bank, Eufaula.	C. P. Roberts, *Ass't Cas.*	.....
" .. First Nat. Bank, Florence.....	P. Schultz Tice, *Ass't C.*	.....
" .. Merchants Nat. B., Tuscaloosa.	J. Collin, *V. P*.....	B. Friedman.
Ark.... Citizens Savings Bank, Russellville.	G. W. Harkey, *P*.....	.....
	R. F. Rays, *V. P*.....	.....
	W. G. Weimer, *Cas* ...	.....
	J. H. Patts, *Ass't Cas* ...	.....
Cal.... San BernardinoNBS'nBernard'o	John W. Davis, *P*.....	J. G. Burt.
" . Consolidated N. B., San Diego.	E. W. Morse, *V. P*... ..	J. H. Barbour.
" .. First National Bank, San Diego.	Jerry Toles, *V. P*.....	R. A. Thomas.
	W. D. Woolwine, *Cas*...	Jerry Toles.
	J. E. Fishburn, *Ass't C*	W. D. Woolwine.
Col.. .. First Nat. Bank, Alamosa.....	Wm. F. Boyd, *A. C*.....	.....
" .. Boulder Nat. Bank, Boulder...	Geo. S. Gibson, *V. P*....	.....
" .. First Nat. Bank, Central City..	H. H. Lake, *Ass't Cas*..	Harry Lake.
" .. Rocky Mt. National Bank, Central City.	Frederick Kruse, *P*.....	Hal Sayr.
	John Best, *V. P*.....	Fred'k Kruse.
" . Exch. N. B., Colorado Springs.	D. M. Holden, *P*.....	F. E. Dow.
" .. Denver Nat. Bank, Denver....	Edw. S. Irish, *A. C*.....	H. Evans.
" .. First Nat. Bank, Denver.....	H. N. Otis, *2d Ass't Cas.*	.....
" .. German National Bank, Denver.	John J. Reithmann, *P*...	Geo. Tritch.
	D. C. Dody, *V. P*.....	John J. Reithmann
	C. Kunsemiller, Jr., *A. C.*	F. C. Kilham.
" .. Peoples Nat. Bank, Denver....	J. C. Mitchell, *Cas*.....	Chas. Y. McClure.
" .. First Nat. Bank, Longmont...	Geo. E. Smith, *A. C* ...	.....
Conn.. Mercantile Nat. B., Hartford..	D. W. C. Skelton, *V. P.*	C. C. Kimball.
" .. First Nat. Bank, Litchfield.....	Chas. B. Bishop, *V. P.* .	C. B. Andrews.
" .. Fairfield Co. National Bank, Norwalk.	Jas. W. Hyatt, *P*.....	F. St. J. Lockwood.
	E. O. Keele, *V. P*.....	.....
" .. Southington National Bank, Southington.	Chas. D. Barnes, *P*.....	R. A. Neal.
	J. F. Pratt, *V. P*.....	Chas. D. Barnes.
" .. First Nat. Bank, Westport.....	B. S. Woodsworth, *V. P.*	.....
" .. Willimantic N. B., Willimantic.	Frank F. Webb, *V. P*...	M. Lincoln.
Dak. N. Citizens Nat. Bank, Fargo.. ..	Martin Hector, *V. P*....	W. B. Douglas.
" .. Red River Valley Nat. Bank, Fargo.	John W. Von Nieda, *V.P.*	S. Gardner.
	R. S. Lewis, *Ass't Cas*...	.....
" .. Citizens Nat. B., Grand Forks.	Wm. Budge, *V. P*.....	S. W. McLaughlin.
" . Second Nat. B., Grand Forks..	D. S. Doyon, *Ass't Cas*..	W. H. Pringle.
" .. Hillsboro Nat. B., Hillsboro...	J. F. Selby, *V. P*.....	Daniel Patterson.
" .. First Nat. Bank, Mandan.....	Lyman N. Cary, *Act'g C.*	.....
" S.. North Western Nat. Bank, Aberdeen.	Ira Barnes, *P*.....	H. M. Marple.
	W. E. Briggs, *V. P*.....	Jos. Sears.
" .. First National Bank, Canton.	J. Q. Fitzgerald, *V. P*...	.....
	A. A. Boynton, *Ass't Cas.*	.....
" .. First National Bank,	W. J. Bell, *V P*.....	E. P. Nash.
" .. De Smet.	A. B. Imus, *Cas*.....	.....
" .. Minnehaha N. B., Sioux Falls..	Porter P. Peck, *V. P*....	S. L. Tate.
Bank of Hecla, Hecla	Jas. Holborn, *P*.....	Chas. A. Baker.

	Bank and Place.	*Elected.*	*In place of.*
DEL....	First National Bank, Seaford.	Philip L. Cannon, *P.*...	Daniel Hearn.
" ..		Daniel J. Fooks, *V. P.*..	Philip L. Cannon.
" ..	Sussex National Bank, Seaford.	H. Martin, *P*.....	E. F. Jackson.
" ..		Wm. E. Wolfe, *V. P*....	H. Martin.
" ..	Nat. B. of Smyrna, Smyrna....	J. E. Collins, *V. P*	.....
D. C...	Citizens Nat. B., Washington..	Thos. Somerville, *V. P.*.	E. K. Johnson.
FLA....	Merchants Nat. Bank, Ocala..	H. C. Wright, *V. P*.....	E. P. Dismukes.
" ..	First National Bank, Orlando.	E. P. Hyer, *P*.....	T. J. Shine.
		C. A. Granniss, *V. P*....	E. P. Hyer.
IDAHO..	First Nat. Bank, Boise City . .	Peter Sonna, *V. P*	.....
" ..	First National Bank, Hailey.	A. J. McGowan, *V. P*...	J. M. Kinnear.
		C. J. Selwyn, *Ass't Cas*..	.....
" ..	First National Bank, Ketchum.	H. C. Lewis, *V. P*.....	Jos. Pinkham.
		Geo. J. Lewis, *Cas*	H. C. Lewis.
ILL....	First Nat. Bank, Abingdon ...	J. F. Latimer, *V. P*.....	J. B. Scheitlin.
" ..	Alton Nat. Bank, Alton.....	J. E. Hayner, *V. P*.....	.....
" ..	First Nat. Bank, Aurora.....	A. W. Howard, *Ass't C*.	W. Denney.
" ..	First National Bank, Charleston.	W. E. McCrory, *P*.....	W.M.Chambers, Jr
		Curtis L. Davis, *Cas*....	W. E. McCrory.
" ..	Amer. Exch. Nat. B., Chicago.	J. B. Kirk, *V. P*.....	E. Buckingham.
" ..	Chicago Clearing House, Chic.	W. D. C. Street, *M'g'r*..	A. P. Smith.*
" ..	Metropolitan Nat. B., Chicago.	J. L. Woodward, *V. P*..	G. B. Shaw.
" ..	First National Bank, Elgin....	Henry I. Bosworth, *2d V. P.*	.....
" ..	First Nat. Bank, Freeport.....	W. O. Wright, *V. P*....	O. B. Sanford.
" ..	First Nat. Bank, Harrisburg...	D. K. Wiedemann, *A. C.*	.....
" ..	Havana Nat. Bank, Havana...	O. D. Covington, *A. C*..	.....
" .	First Nat. Bank, Henry.....	R. D. Jones, *Ass't Cas*..	.....
" ..	First Nat. Bank, Kansas.....	B. H. Pinnell, *A. C*... .	.....
" ..	First National Bank, Lincoln.	Jas. T. Hoblit, *V. P*.....	.....
		S. S. Hoblit, *Ass't Cas*..	.....
" ..	Lincoln Nat. Bank, Lincoln...	P. E. Kuhl, *Ass't Cas*...	.....
" ..	First National Bank, Litchfield.	S. M. Grubbs, *P*.....	R. J. Whitney.
		T. C. Kirkland, *V. P*....	S. M. Grubbs.
" ..	First National Bank, Mt. Carroll.	Henry Ashway, *P*.....	Duncan Mackay.
		Uriah Green, *V. P*.....	Henry Ashway.
" ..	First National Bank, Oregon.	Isaac Rice, *P*.....	D. Etnyre.
		D. Etnyre, *V. P*.....	Isaac Rice.
" ..	Peoples Nat. Bank, Rock Island.	Julius R. Peetz, *Cas*.....	John Peetz.
" ..	State Nat. Bank, Springfield...	J. F. Bunn, *Ass't Cas*...	.....
" ..	Sycamore Nat. B., Sycamore...	C. E. Walker, *Ass't Cas*.	.....
" .	First Nat. Bank, Taylorville...	F. W. Anderson, *Cas*....	H. R. Anderson.
" ..	First National Bank, Wenona.	Chas. Howe, *V. P*.....	.....
		Geo. O. Hodge, *Ass't C*.	.....
IND ...	Elkhart Nat. Bank, Elkhart....	E. P. Willard, *V. P*.....	S. S. Strong.
" ..	First Nat. Bank, Fort Worth..	M. W. Simons, *V. P*....	W. Fleming.
" ..	Citizens Nat. Bank, Franklin..	O. C. Dunn, *A. C*.....	S. Harris.
" ..	City Nat. Bank, Goshen.....	J. M. Latta, *V. P*.....	E. W. Walker.
" ..	Central Nat. B., Green Castle.	J. V. Durham, *P*.....	Alfred Hirt.
" ..	Citizens National Bank, Greensburg.	L. E. Lathrop, *V. P*....	.....
		C. W. Woodward, *A. C*.	L. E. Lathrop.
" ..	Citizens Nat. B., Jeffersonville.	Geo. Pfau, *V. P*.....	.....
" ..	Peoples Nat. B., Lawrenceburgh.	W. F. Braun, *A. C*.....	.....
" ..	Merch. Nat. Bank, New Albany.	J. H. Fawcett, *Ass't Cas*.	.....
IOWA...	First Nat. Bank, Carroll.....	P. M. Guthrie, *V. P*.....	S. Wallace.
" .	First Nat. Bank, Dunlap.....	John D. Bassett, *Ass't C*.	.....
" .	First Nat. Bank, Fort Madison.	J. A. S. Pollard, *Ass't Cas*.	J. W. Albright.
" ..	Grundy Co. N. B., Grundy Center.	Wm. Mee, *Ass't Cas*....	.....
" ..	First Nat. Bank, Iowa Falls ...	E. T. Ellsworth, *V. P*..	L. F. Wisner.
" ..	First National Bank, New Hampton.	A. E. Bigelow, *P*	O. B. Sherman.
		H. Gurley, *V. P*.....	J. H. Eaton.
" ..	First Nat. Bank, Perry.....	Allen Breed, *V. P*.....	.....
" ..	First Nat. Bank, Red Oaks....	H. R. Spry, *Ass't Cas*...	.....
" ..	Security Nat. Bank, Sioux City.	F. M. Case, *Ass't Cas*...	H. M. Bailey.
" ..	First Nat. Bank, Washington .	Chas. H. Keck, *V. P*....	H. Smith.
" ..	Hamilton Co. N. B., Webster City	A. C. Smith, *Ass't Cas*..	.....
" ..	Citizens Nat. Bank, Winterset.	J. H. Wintrode, *P*.....	E. Brown.
KAN....	First National Bank, Ashland.	Geo. Theis, Jr., *P*.....	Oliver C. Ewart.
		H. C. Barroll, *Cas*.....	Geo. Theis, Jr.
" ..	United States N. B., Atchison.	W. W. Guthrie, *V. P*...	P. B. Glazen.

* Deceased.

	Bank and Place.	Elected.	In place of.
KAN.	.. Chanute Nat. Bank, Chanute..	E. E. Ward, *V. P.*.....	.....
"	.. First Nat. Bank, Chanute.....	A. N. Allen, *Ass't Cas.*..	.....
"	.. First Nat. Bank, Clyde.....	Wm. S. Hume, *V. P.*....	S. F. Robinson.
"	.. First Nat. Bank, Dodge City..	Wilson Soule, *P.*.....	A. T. Soule.
"	.. Merch. State Bank, Dodge City.	J. W. Guynn, *Cas.*.....	Chas. H. Martin.
"	.. First National Bank, Ellsworth.	J. H. Clark, *P.*.....	A. N. McLennan.
		C. Jackson, *V. P.*.....	J. H. Clark.
"	.. First Nat. Bank, Frankfort....	Geo. F. Walker, *P.*.....	T. F. Rhodes.
"	.. First National Bank, Fredonia.	M. Abernethy, *P.*.....	E. Follensbee.
		Chas. L. Morton, *Cas*...	M. Abernethy.
"	.. First Nat. Bank, Garden City..	D. R. Menke, *Ass't Cas.*	.....
"	.. First Nat. Bank, Howard.....	J. M. Given, *V. P.*.....	W. H. Gibson.
"	.. First National Bank, Kinsley.	E. A. Noble, *V. P.*.....	C. C. Sellers.
		A. M. Merryman, *A. C.*..	.....
"	.. Second National Bank, McPherson.	C. Aug. Heggelund, *P.*..	.....
		A. A. Irvin, *V. P.*.....	G. W. Allison.
		E. C. Heggelund, *Cas*...	C. A. Heggelund.
"	.. Minneapolis N. B., Minneapolis.	E. B. Eastman, *V. P.*...	C. S. Cockill.
"	.. First Nat. Bank, Oberlin.....	John P. O'Grady, *A. C.*.	C. M. France.
"	.. First Nat Bank, Osborne.....	R. J. Elliott, *A. C*.....	J. A. Earls.
"	.. First Nat. Bank, Oswego.....	O. R. Symmes, *Ass't Cas.*	.....
"	.. Peoples National Bank, Paola.	J. W. Bryan, *V. P.*.....	J. H. Hurst.
		H. C. Shepperd, *A. Cas.*	.....
"	.. Pratt Co. Nat. Bank, Pratt...	Jno. Q. Adams, *V. P.*...	S. T. Howe.
"	.. First Nat. Bank, Seneca.....	Jake H. Cohen, *Ass't C.*	.....
"	.. First National Bank, St. Marys.	John A. Moss, *V. P.*.....	Jas. White.
		Jas. White, *V. P.*.....	T. J. Moss.
		Thos. J. Moss, *Cas*.....	John A. Moss.
"	.. Fourth National Bank, Wichita.	E. R. Powell, *P.*.....	R. T. Bean.
		R. T. Bean, *V. P.*.....	E. R. Powell.
KY.	.. Second National Bank, Ashland.	J. M. Ferguson, *V. P.*...	.....
		T. J. Davis, *Cas*.....	.....
"	.. Big Sandy N. B., Catlettsburg.	D. H. Carpenter, *V. P.*.	.....
"	.. State Nat. Bank, Frankfort...	Jacob Swigert, *A. C*.....	.....
"	.. First Nat. Bank, Georgetown..	W. G. Abbett, *Cas*.....	N. Spears.
"	.. First Nat. Bank, Harrodsburgh.	C. W. Banta, *Ass't Cas.*	.....
"	.. Citizens National Bank, Lebanon.	J. A. Kelly, *1st Ass't C.*.	.....
		C. J. Edmonds, *2d A. C.*	.....
"	.. First Nat. Bank, Lexington....	W. F. Warren, *A. Cas.*.	Geo. W. Didlake.
"	.. Second Nat. Bank, Louisville.	W. R. Belknap, *V. P.*...	J. Bridgeford.
"	.. State Nat. Bank, Maysville....	Wm. H. Cox, *V. P.*.....	Wm. H. Cox, Jr.
"	.. First National Bank, Middlesborough.	J. P. Sandifer, *V. P.*...	.....
		W. J. Kinnaird, *A. C*...	.....
"	.. Nat. Bank of Union Co., Morganfield.	D. C. James, *P.*.....	R. A. Waller.
		J. M. Waggener, *Cas*...	D. C James.
"	.. First Nat. Bank, Nicholasville.	G. L. Knight, *A. C*.....	.....
LA.	.... Peoples Bank, New Orleans...	A. S. Bravd, *Act'g Cas*..	Arthur Hart.*
ME.	.... Granite Nat. Bank, Augusta...	Jas. W. Bradbury, *P*....	.....
"	.. First Nat. Bank, Bar Harbor..	Wm. Rogers, *V. P.* ..	.....
"	Union Nat. Bank, Brunswick..	S. J. Young, *P*.....	J. W. Perry.
"	.. Calais Nat. Bank, Calais	C. H. Newton, *V. P.*...	.....
"	. First Nat. Bank, Dexter.....	Cyrus Foss, *V. P*.....	.....
"	.. Kineo Nat. Bank, Dover.....	G. L. Arnold, *A. C*.....	.....
"	.. Sandy River N. B., Farmington.	A. F. Belcher, *Cas*.....	T. F. Belcher.*
"	. Northern Nat. B., Hallowell...	G. A. Safford, *Ass't Cas.*	.....
"	.. Limerick Nat. B., Limerick....	Chas. G. Moulton, *A. C.*	.....
"	.. Machais Sav. Bank, Machais...	John F. Harmon, *P.* ...	Sam'l H. Talbot.
"	.. New Castle N. B., New Castle.	L. H. Chapman, *A. Cas.*	.....
"	.. Merch. Nat. Bank, Portland...	Jos. E. Gilman, *Act'g C.*	.....
"	.. York Nat. Bank, Saco.....	Sumner C. Parcher, *A. C.*	.....
MD.	.... Nat. B. of Baltimore, Baltimore.	Jno. B. Dixon, *V. P.*...	.....
"	.. Traders Nat. Bank, Baltimore.	H. G. Vickery, *V. P*.....	.....
"	.. Charlestown N. B., Charlestown.	T. W. Eliason, Jr., *V. P.*	.....
"	.. Easton Nat. B. of Md., Easton.	Henry Hollyday, *A. Cas.*	.....
MASS.	.. Andover National Bank, Andover.	M. T. Stevens, *P*.....	E. Taylor
		John H. Flint, *V. P*....	M. T. Stevens.
"	.. First National Bank, Ashburnham.	W. F. Whitney, *P*.....	Geo. W. Eddy.
		Moses P. Greenwood, *V. P.*	.....
		Geo. W. Eddy, *Cas*.....	F. L. Wing.

* Deceased.

	Bank and Place.	*Elected.*	*In place of.*
MASS...	Blackstone National Bank, Boston.	Eustace C. Fitz, *P.*...	Joshua Loring.
		Joshua Loring, *V. P.*...	.....
"	.. Columbian Nat. Bank, Boston.	Horatio Newhall, *P.*...	.....
"	.. Third National Bank, Boston.	Francis B. Sears, *V. P.*.	.....
		F. S. Davis, *Cas*.....	Francis B. Sears.
"	.. Whitney National Bank, Boston.	N. F. Tenney, *P*.....	I. G. Whitney.
		W. R. Evans, *V. P*.....	.....
"	.. Brookline National Bank, Brookline.	Geo. H. Worthley, *P*....	J. Anson Guild.
		Austin W. Benton, *V. P.*	Geo. H. Worthley.
"	.. Lechmere N. B., East Cambridge.	Wm. H Sherman, *V. P.*	.....
"	.. First Nat. Bank, Grafton.....	C. T. Linley, *Ass't Cas.*.	.....
"	.. Hadley Falls Nat. B., Holyoke.	Wm. Skinner, *V. P*.....	.....
"	.. Hopkinton S. B., Hopkinton...	Palmer Taylor, *Treas*...	E. D. Bliss.
"	.. Lynn Five Cent Sav. B., Lynn.	Rollin E. Harmon, *P*....	H. A. Pevear.
"	.. Blue Hill Nat. Bank, Milton...	Sam'l Gaunett, *V. P*....	.....
"	.. Merch. Nat. B., New Bedford..	Geo. F. Kingman, *V. P.*.	.....
"	.. First National Bank, Salem.	L. S. Tuckerman, *P*.....	Eben Sutton.*
		Elfred A. Mower, *V. P.*	L. S. Tuckerman.
"	.. Shelburne Falls N B Shelburne F'ls	H. Newell, *V. P*.....	S. D. Bardwell.
"	.. John Hancock Nat. Bank, Springfield.	Edmund D. Chapin, *P*..	Roger S. Moore.
		Edwin D. Metcalf, *V. P.*	.....
		E. Dudley Chapin, *Cas*..	Edmund D. Chapin.
"	.. First Nat. Bank, Westfield.....	Chas. N. Yeomans, *V. P.*	.....
"	.. First Nat. Bank, Woburn.....	E. L. Shaw, *P*.....	E. D. Hayden.
MICH...	First Nat. Bank, Albion.....	G. V. Dearing, *A. C*....	.....
"	.. Bay National Bank, Bay City.	John F. Eddy, *P*.....	B. E. Warren.
		Thos. Cranage, *V. P*....	John F. Eddy.
"	.. First Nat. Bank, Bessemer....	E. R. Hall, *V. P*.....	.....
"	.. First National Bank, Corunna.	W. D. Garrison, *P*.....	Wm. McKellops.
		L. W. Simmons, *V. P.* .	W. D. Garrison.
		W. A. Rosenkrans, *A. C.*	.....
"	.. Third National Bank, Detroit.	H. P. Christy, *P*.....	W. H. Stevens.
		J. L. Hudson, *V. P*.....	F. E. Snow.
"	.. East Saginaw Nat. Bank, East Saginaw.	Edwin Eddy, *P*.....	S. S. Wilhelm.
		D. B. Freeman, *V. P*....	Edwin Eddy.
"	.. First Nat. Bank, East Saginaw.	Chas. A. Wood, *A. C*....	.....
"	.. First National Bank, Escanaba.	Frank H. Van Cleve, *P*..	C. C. Royce.
		C. C. Royce, *Cas*.....	F. G. Buck.
"	.. Grand Rapids Nat. Bank, Grand Rapids.	F. M. Davis, *Cas*.....	N. B. Brisben.
		John L. Benjamin, *A. C.*	F. M. Davis.
"	.. First Nat. Bank, Hillsdale... .	F. N. Prentice, *A. C*	.....
"	.. First Nat. B., Iron Mountain..	John Perkins, *V. P*.....	A. F. Wright.
"	.. Peoples Nat. Bank, Jackson...	F. H. Helmer, *A. C*.....	.....
"	.. First Nat. Bank, Kalamazoo...	F. N. Rowley, *A. C*.....	.....
"	.. First Nat. Bank, Mason.....	C. R. Henderson, *A. C.*.	.....
"	.. Second National Bank, Owosso.	D. M. Estey, *P*.....	J. Seligman.
		E. Salisbury, *V. P*.....	D. D. Garrison.
MINN...	First Nat. Bank, Albert Lea....	August Paulson, *A. Cas.*	.....
"	.. Austin Nat. Bank, Austin.....	J. L. Mitchell, *Ass't Cas.*	C. H. Davidson, Jr.
"	.. Nat. B. of Commerce, Duluth..	G. F. Mackenzie, *A. C* ..	.....
"	.. First Nat. Bank, Little Falls...	M. M. Williams, *V. P*...	Marc Hubbert.
"	.. Nat. B. of Com., Minneapolis.	Chas. J. Martin, *V. P*...	Geo. H. Rust.
"	.. Capital Bank, St. Paul.	Wm. D. Kirk, *P*	L. E. Reed.
		Kenneth Clark, *V. P*....	.....
		Henry S. Johnson, *Cas*..	Wm. D. Kirk.
MISS.	.. First National Bank, Columbus.	W. C. Richards, *P*.....	C. A. Johnson.
		Wm. N. Snell, *V. P*.....	W. C. Richards.
MO.....	First Nat. Bank, Carthage.....	E. B. Jacobs, *Ass't Cas.*.	.....
"	.. First National Bank, Chillicothe.	A. Johnson, *P*.....	J. M. Davis.
		J. W. Hyde, *Cas*.....	A. Johnson.
		W. A. Hummes, *A. Cas.*	J. W. Hyde.
"	.. Citizens National Bank, Kansas City.	Phil E. Chappell, *P*.....	J. J. Squier.
		J. J. Squier, *V. P*.....	Phil E. Chappell.
"	.. N. B. of Kansas City, Kan. C'ty.	F. N. Chick, *2d V. P*....	.....
"	.. First Nat. Bank, Milan.....	E. Ash, *V. P*..... . ..	J. Morris.
"	.. First Nat. Bank, Palmyra	R. L. Bowles, *P*.....	Wm. H. Lee.
"	.. Citizens Nat. Bank, Sedalia....	Wm. H. Powell, Jr., *A.C.*	.....
"	.. St. Louis National Bank, St. Louis.	Lewis C. Nelson, *P*.....	Wm. E. Burr.
		L. P. Nelson, *V. P*.....	N. Cole.
		Wm. E. Burr, Jr., *A. C.*	. .....

* Deceased.

	Bank and Place.	Elected.	In place of.
MONT ..	First National Bank, Missoula.	A. B. Hammond, *P.*.....	M. Daley.
		A. G. England, *V. P.*..	A. B. Hammond.
NEB....	First Nat. Bank, Beaver City..	R. C. Ellenberger, *A. C.*	.....
" ..	First Nat. Bank, Blue Hill.....	John S. Hoover, *V. P.*..	D. P. Newcomer.
" ..	First Nat. Bank, Columbus....	C. E. Early, *Ass't Cas.*.	.....
" ..	Central Neb. N. B., David City.	I. E. Doty, *V. P.*.....	Morris J. Jones.
" ..	First Nat. Bank, Exeter.	A. D. Gilbert, *V. P.*....	T. H. L. Lee.
" ..	First Nat. Bank, Fairbury.....	J. B. McDowell, *V. P.*..	L. C. Champion.
" ..	First National Bank, Fairfield.	J. Shively, *P.*...	W. T. Newcomb.
		Geo. J. Pielstick, *V. P.*..	J. Shively.
" ..	First National Bank, Kearney.	F. Y. Robertson, *P.*	Lew Robertson.
		F. S. Spofford, *Ass't Cas.*	.....
" ..	First National Bank, Lincoln.	J. D. Macfarland, *V. P.*.	.....
		Oscar Callihan, *Cas*.....	D. D. Muir.
" ..	First Nat. Bank, McCook.....	Floyd Welborn, *A. C*....	.....
" ..	Omaha Nat. Bank, Omaha....	W. B. Mason, *V. P.*.....	A. U. Wyman.
" ..	Farmers Nat. B., Pawnee City.	S. A. Hartwell, *P.*.....	Chas. T. Edee.
" ..	First Nat. Bank, Ravenna.....	W. W. Pool, *V. P.*.....	.....
" ..	First Nat. Bank, Seward.....	Edmund McIntyre, *V. P.*	R. T. Cooper.
" ..	First Nat. Bank, Sutton.....	Geo. A Tenney, *V. P.*...	.....
" ..	First Nat. Bank, Syracuse.....	S. H. Buck, *A. C*.....	.....
" ..	Saunders Co. Nat B., Wahoo..	J. M. Lee, *V. P.*.....	F. Kendele.
" ..	First National Bank, Weeping Water.	M. F. Wolcott, *Cas*.....	C. N. Baird.
		Thos. Murtey, *Ass't Cas.*	M. G. Baird.
" ..	First Nat. Bank, Wood River..	A. M. Jordan, *Ass't Cas.*	.....
N. H...	Loan & Trust Sav. Bank, Concord.	Jas. S. Norris, *P.*.....	J. E. Sargent.
		L. Downing, Jr., *V. P.*..	Jas. S. Norris.
" ..	Lancaster Nat. B., Lancaster..	Frank D. Hutchins, *Cas.*	.....
" ..	Nat. Bank of Lebanon, Lebanon.	C. M. Hildreth, *P.*.....	L. C. Pattee.
		F. B. Kendrick, *V. P.*...	C. M. Hildreth.
" ..	Littleton Nat. Bank, Littleton..	Cyrus Eastman, *V. P.*...	H. L. Tilton.
" ..	Citizens Nat. Bank, Tilton.....	Richard Furth, *V. P.*...	E. G. Philbrick.
" ..	Lake National Bank, Wolfborough.	D. S. Burly, *P.*.....	I. W. Springfield.
		I. W. Springfield, *V. P.*.	E. D. Shaw.
N. J....	Second Nat. B., Atlantic City..	L. C. Alberton, *V. P.*...	B. H. Brown.
" ..	Atlantic Highlands Nat. B., Atlantic Highlands.	E. C. Curtis, *V. P.*.....	.....
" ..	First Nat. Bank, Bound Brook.	Geo. V. VanDerveer, *A. C.*	.....
" ..	First Nat. Bank, Glassborough.	J. Frank Shull, *V. P.*...	J. P. Whitney.
" ..	Haddonfield N.B., Haddonfield.	A. W. Clement, *P.*.....	S. K. Wilkins.
" ..	Peoples National Bank, Keyport.	Adam Salz, *V. P.*.....	.....
		Wm. H. Tuthill, *Cas*....	.....
		Cornelius Ackerson, *A.C.*	.....
" ..	Lambertville Nat. Bank, Lambertville.	A. C. Barber, *P.*.....	C. A. Skillman.
		John Q. Holcombe, *V. P.*	A. C. Barber.
" ..	Second Nat. Bank, Paterson...	Wm. D. Blauvelt, *A. C.*	.....
" ..	First National Bank, Plainfield.	J. D. Titsworth, *P.*.....	.....
		D. F. Randolph, *V. P.*..	J. D. Titsworth.
		F. S. Runyon, *Ass't Cas.*	.....
N. MEX.	Albuquerque Nat. Bank, Albuquerque.	S. M. Folsom, *P.*.....	John A. Lee.
		John A. Lee, *V. P.*.....	.....
		H. S. Beattie, *Ass't Cas.*	.....
" ..	First National Bank, Santa Fe.	Pedro Perea, *P.*.....	.....
		Thos. B. Catron, *V. P.* .	.....
		John H. Vaughn, *A. C.*.	.....
" ..	First Nat. Bank, Silver City....	E. B. Chase, *Ass't Cas* .	.....
N. Y...	Albany Co. Bank, Albany.....	Wm. N. S. Sanders, *Cas.*	John Templeton.*
" ..	Albany Co. Sav. Bank, Albany.	Wm. N. S. Sanders, *T*..	John Templeton.*
" ..	Farmers National Bank, Amsterdam.	John Kellogg, *P.*...	.....
		J. E. Smith, *Ass't Cas*..	M. Van Buren.
" ..	First Nat. Bank, Andes.....	Geo. H. Millard, *V. P.*.	M. H. Haskell.
" ..	First Nat. Bank, Brooklyn.....	W. A. Field, *Ass't Cas*..	.....
" ..	Third Nat. Bank, Buffalo.....	D. C. Ralph, *2d A. Cas.*	.....
" ..	McKechnie & Co., Canandaigua.	Mack S. Smith, *Cas*	Alfred Denbow.*
		Frank E. Howe, *A. C*...	.....
		Fred A. McKechnie, *2d A. C*	.....
" ..	Tanners Nat. Bank, Catskill...	W. Palmatier, *A. Cas*..	H. Hill.
" ..	First Nat. Bank, Champlain...	F. W. Whiteside, *V. P.*.	W. T. Crook.

* Deceased.

	Bank and Place.	*Elected.*	*In place of.*
N. Y.	Elmira National Bank, Elmira.	S. J. Friendly, *V. P.*.... J. J. Bush, *Cas*.....	J. H. Clark. E.L.Wyckoff *A'gC.*
"	.. First Nat Bank, Ellenville.....	M. E. Clark, *Act'g Cas*..	P. S. Tice.
"	.. First Nat. B., Fishkill Landing.	Rob't J. Halgin, *V. P.*.	C. M. Wolcott.
"	.. First Nat. Bank, Franklinville.	E. D. Scott, *Ass't Cas*...	.....
"	.. First National Bank, Groton.	D. H. Marsh, *P*..... H. G. Moe, *Cas*.....	Chas. Perrigo. D. H. Marsh.
"	.. Nat. Hamilton Bank, Hamilton.	J. D. Smith, *V. P*.....	E. Dodge.
"	. First National Bank, Homer.	Geo. Murray, *P*..... J. C. Atwater, *V. P*.....	G. N. Copeland. Geo. Murray.
"	.. Farmers Nat. Bank, Hudson...	Smith Thompson, *2d V.P.*	.....
"	.. Chautauqua Co.N.B.Jamestown	C. H. Lake, *Ass't Cas*...	.....
"	.. Nat.Mohawk ValleyB.,Mohawk.	H. M. Golden, *A. Cas*..	.....
"	.. State Nat. Bank, Oneonta.....	Abe A. Phipps, *V. P*....	A. Hill.
"	.. First Nat. Bank, Owego.....	F. W. Truman, *V. P*...	A. Campbell.
"	.. Owego Nat. Bank, Owego.....	James Davidge, *V. P*....	R. B. Dean.
"	.. First Nat. Bank, Oxford.....	F. G. Clarke, *V. P*.....	.....
"	.. First Nat. Bank, Port Chester..	R. H. Burdsall, *P*.....	E. Burdsall.
"	.. Farm.&M'f'sN.B.Poughkeepsie.	Lewis H. Vail, *V. P*....	H. L. Young.
"	.. First Nat. Bank, Poughkeepsie.	Chas. P. Luckey, *V. P*..	.....
"	.. PoughkeepsieNBPoughkeepsie.	E. N. Howell, *V. P*....	E. Van Kleck.
"	.. Mohawk National Bank, Schenectady.	Chas. Thompson, *P*..... J. G. L. Ackerman, *Cas*.	Platt Potter. Chas. Thompson.
"	.. Mutual Nat. Bank, Troy.....	F. N. Mann, Jr., *V. P*..	J. H. Howe.
"	.. Wyoming Co. N. B., Warsaw.	L. H. Humphrey, *P*.....	W. J. Humphrey.*
"	.. National Union Bank, Watertown.	W. W. Taggart, *P*..... A. H. Sawyer, *V. P*....	A. H. Sawyer. W. W. Taggart.
N. C...	Nat. B. of Asheville, Asheville.	W. W. Barnard, *V. P*...	.....
"	.. Peoples Nat. B., Fayetteville..	F. W. Thornton, *V. P*..	.....
OHIO...	City Nat. Bank, Akron.....	N. C. Stone, *Cas*.....	A. N. Sanford.
"	.. First Nat. Bank, Ashland.....	F. E. Myers, *V. P*.....	J. Cahn.
"	.. Ashtabula N. B., Ashtabula...	J. B. Crosby, *V. P*.....	H. J. Nettleton.
"	.. Farmers Nat. B., Ashtabula...	James Kain, *V. P*.....	M. H. Haskell.
"	.. First Nat. Bank, Athens.....	E. D. Dodge, *V. P*.....	.....
"	.. First Nat. Bank, Bucyrus.....	Benj. Sears, *V. P*.....	Horace Rouse.
"	.. City Nat. Bank, Canton.....	Johnson Sherrick, *V. P*..	J. F. Reynolds.
"	.. Citizens Nat. Bank, Cincinnati.	G. P. Griffith, *Cas*.....	.....
"	.. Second National Bank, Cincinnati.	Chas. H. Davis, *V. P*.. B. W. Rowe, *A C*.....	H. F. Davis. .....
"	.. Commercial N. B., Cleveland..	W. P. Johnson, *A. C*....	.....
"	.. N. B. of Commerce, Cleveland.	A. B. Marshall, *A. C*....	.....
"	.. Union Nat. Bank, Cleveland..	L. McBride, *V. P*.....	G. T. Everett.
"	.. Delphos Nat. Bank, Delphos...	Alex Shenk, *P*.....	Theo. Wrocklage.
"	.. First Nat. B., East Liverpool..	David Boyce, *P*.....	.....
"	.. Amer. Nat. Bank, Findlay.....	Sam W. Miller, *V. P*....	R. B. Hubbard.
"	.. Farmers Nat. Bank, Findlay...	W. J. Edwards, *A. C*....	C. Williams.
"	.. First National Bank, Franklin.	E. B. Thirkield, *P*..... C. M. Anderson, *V. P* ..	..... E. B. Thirkield.
"	.. First Nat. Bank, Geneva.....	S. Seymour, *V. P*.....	.....
"	.. First National Bank, Germantown.	E. C. Oblinger, *Cas*..... Phil. Hemp, *A. C*.....	J. H. Cross. E. C. Oblinger.
"	.. First Nat. Bank, Ironton.....	H. B. Wilson, *V. P*.....	E. B. Willard.
"	.. Lebanon Nat. Bank, Lebanon.	P. V. Bone, *Ass't Cas*...	T. Hardy.
"	.. First Nat. Bank, Lockland....	O. C. Williams, *Cas*....	.....
"	.. Citizens Nat. Bank, Mansfield.	E. J. Forney, *V. P*.....	H. Hall.
"	.. First National Bank, Marietta.	Beman Gates, *V. P*..... J. S. Goebel, *Cas*..... G. C. Best, Jr., *A. Cas*..	....
"	.. First Nat. Bank, Mt. Pleasant..	D. B. Updegraff, *V. P*..	Isaac Thomas.
"	.. First Nat. Bank, Mt. Vernon..	H. A. Sturges, *A. Cas*...	D. W. Lambert.
"	.. Norwalk Nat. Bank, Norwalk.	E. G. Gardiner, *V. P*...	.....
"	.. Osborn Bank, Osborn.	J. H. Barkman, *P*..... J. C. Smith, *V. P*.....	Chas. L. Gerlaugh. .....
"	. Farmers Bank, Plain City.....	Earl W. Barlow, *Actg C.*	C. F. Morgan.*
"	.. Pomeroy Nat. Bank, Pomeroy.	R. E. Hamblin, *P*.....	Geo. McQuigg.
"	.. Nat. Exch. Bank, Steubenville.	W. H. McClinton, *V. P.*	D. Spaulding.
"	.. Troy Nat. Bank, Troy.....	D. M. McCullogh, *V. P.*	M. K. Knop.
"	.. Clinton Co. N. B., Wilmington.	R. C. Stumm, *A. Cas*...	C. I. Hockett.

* Deceased.

	Bank and Place.	*Elected.*	*In place of.*
ORE....	First Nat. Bank, Albany.....	E. M. Horton, *A. Cas*...	Jas. F. Powell.
" ..	Eugene Nat. B., Eugene City..	Chas. Lauer, *P*.....	J. B. Harris.
" ..	First Nat. Bank, Heppner.....	C. I. Lewis, *A. C*.....	.....
PA.....	First Nat. Bank, Bedford.....	Moses A. Points, *V. P*..	J. H. Longnecker.
" ..	First Nat. Bank, Clarion.....	M. M. Kaufman, *A. C*..	J. Black.
" ..	First Nat. Bank, Clearfield....	J. B. Nevling, *A. C*.....	.....
" ..	Tradesmens Nat. Bank, Conshohocken.	Lewis Royer, *P*.....	John Wood.
		J. Lukens, *V. P*.....	.....
" .	First Nat. Bank, Hazleton.....	John B. Price, *A. C*.....	.....
" ..	First National Bank, Hughesville.	DeWitt Bodine, *P*.....	J. Kelly.
		C. W. Woddrop, *V. P*..	De Witt Bodine.
" ..	First Nat. Bank, Jeannette.....	J. A. Chambers, *V. P*...	.....
" ..	Citizens National Bank, Johnstown.	John P. Linton, *V. P*....	.....
		W. C. Krieger, *A. C*.....	.....
" ..	Kane Bank, Kane.....	A. D. Clark, *Cas*.....	W. P. Weston.
" ..	Conestoga Nat. B., Lancaster..	A. L. Moyer, *A. C*.....	P. Lesher.
" ..	Peoples National Bank, Lancaster.	Jacob L. Steinmetz, *P*. .	S. H. Reynolds.
		J. W. Leidigh, *V. P*.....	H. W. Hartman.
" ..	First Nat. Bank, Lehighton...	H. B. Kennel, *A. C*.....	.....
" ..	First Nat. Bank, Marietta.....	E. E. Lindemuth, *A. C*.	.....
" ..	First Nat. Bank, McKeesport..	Homer C. Stewart, *A. C*.	.....
" ..	First Nat. Bank, Mercer.....	W. J. Robinson, *A. C*...	.....
" ..	First Nat. Bank, Middleburgh.	S. H. Yoder, *V. P*.....	.....
" .	First Nat. Bank, Mt. Joy.....	M. M. Brubaker, *Cas*....	Andrew Gerber.
" ..	Union Nat. Bank, Mt. Joy.....	C H. Nissly, *P*.....	J. G. Hoerner.
" ..	Citizens Nat. Bank, Muncy....	Thos. Lloyd, *Cas*.....	J. W. Rissell.
" ..	First National Bank, Nanticoke.	John Smoulter, Jr., *P*...	Isaac Everitt.
		Hendrick W. Search, *V.P.*	John Smoulter.
" ..	Consolidated N. B, Philadelphia.	Edwin H. Webb, *Cas*....	Wm. H. Webb.
" ..	Fourth St. N. B., Philadelphia.	Sidney F. Tyler, *P*.....	.....
" ..	Keystone National Bank, Philadelphia.	G. W. Marsh, *P*.....	.....
		Jno. Hayes, *Cas*	G. W. Marsh.
		Chas. Lawrence, *A. C*...	John Hayes.
" ..	N. B. of Northern Liberties, Phila.	J. Moore, Jr., *P*..... ...	Wm. Gummere.
" ..	North West'n N. B., Philadelphia	E. B. Edwards, *V. P*....	H. P. Crowell.
" ..	Quaker City Nat. Bank, Philadelphia.	S. Davis Page, *P*.....	....
		J. M. Gazzam, *V. P*.....	Jos. Leedom.
" ..	Nat. Bank of Phoenixville, Phoenixville.	P. G. Carey, *P*.....	Henry Loucks.
		Horace Lloyd, *Cas*	J. B. Morgan.
" ..	Diamond Nat. B., Pittsburgh.	G. W. Crawford, *A. C*..	.....
" ..	Penn. Nat. Bank, Pottsville...	W. E. Boyer, *V. P*.....	.....
" ..	Keystone Nat. Bank, Reading.	J. Hagenman, *P*.....	.....
" ..	First Nat Bank, Renovo.....	Jas. Murphy, *P*.....	Jas. A. Williamson.
" ..	First Nat. Bank, Shamokin....	John F. Mullen, *P*.....	Isaac May, Sr.
" ..	Union Nat. Bank, Souderton..	J. D. Moyer, *Ass't Cas*..	.....
" ..	Citizens Nat. Bank, Towanda.	J. K. Newell, *Cas*.....	Geo. W. Buck.
" .	Wyoming N. B., Tunkhannock.	John Jackson, *V. P*.....	.....
R. I....	Valley Nat. Bank, Lebanon....	John H. Lick, *V. P*.....	.....
" ..	Fifth National Bank, Providence.	S. M. Lewis, *P*.....	P. M. Mathewson.*
		Jas. B. Knowles, *V. P*..	.....
" ..	Globe Nat. Bank, Providence..	Gardiner C. Sims, *V. P*.	H. J. Steere.
" ..	Manufacturers N. B., Providence.	Caleb Seagrave, *V. P*...	.....
" ..	First National Bank, Woonsocket.	L. L. Chilson, *V. P*.....	D. D. Farnum.
		Jas. E. Cook, *Ass't Cas*.	.....
" ..	Woonsocket N. B., Woonsocket.	E. C. Francis, *Ass't Cas*.	H. L. Ballou.
S. C....	First National Bank, Rock Hill.	W. J. Roddey, *V. P*....	J. R. Linden.
		J. H. Miller, *Cas*.....	W. J. Roddey.
" ..	Merch. & Planters N. B., Union.	J. D. Arthur, *Ass't Cas*..	.....
TENN...	First Nat. Bank, Centreville...	J. B. Walker, *Ass't Cas*.	.....
" ..	Fourth Nat. B , Chattanooga.	C. D. Clark, *V. P*.....	J. M. Lee.
" ..	Farm. & Merch. N. B., Clarksville.	Geo. S. Bowling, *V. P*..	.....
" ..	Northern Bank, Clarksville....	Ed. S. Munford, *A. Cas*.	.....
" ..	Second National Bank, Columbia.	A. D. Frierson, *V. P*....	.....
		C. B. Easley, *Ass't Cas*..	.....
" ..	First Nat. Bank, Fayetteville..	R. Ed. Feeney, *A. Cas*..	.....
" ..	First Nat. Bank, Jackson.....	John A. Greer, *P*.....	Jno. L. Wisdom.
" ..	First Nat. Bank, Johnson City.	J. P. Hopple, *Ass't Cas*.	.....
" ..	State National Bank, Knoxville.	S. T. Harris, *V. P*.....	A. J. Patterson.
		Sam House, *Cas*.....	Wm. D. Kenner

* Deceased.

	Bank and Place.	Elected.	In place of.
TENN	.. Third Nat. Bank, Knoxville...	H. R. Carhart, *V. P.*....	.....
"	.. Bank of Martin, Martin.....	J. R. Lovelace, *P.*.....	G. W. Martin.
"	.. PeoplesNat. Bank, McMinnville.	O. M. Morford, *A. Cas.*..	.....
"	.. Memphis Nat. Bank. Memphis.	W. P. Halliday, Jr., *A.C.*	.....
"	.. Mech. Sav. Bank & Tr. Co., Nashville.	Lewis T. Baxter, *P.*.....	M. T. Bryan.
		Wm. Porter, *V. P.*.....	.....
		Chas. Sykes, *Cas.*.....	Wilbur Durr.
"	.. RogersvilleNat. B., Rogersville.	W. R. Neill, *V. P.*.....	W. D. Kenner.
"	.. Traders National Bank, Tullahoma.	M. R. Campbell, *P.*.....	Wm. R. French.
		A. Y. Smith, *V. P.*.....	M. R. Campbell.
"	.. First National Bank, Union City.	R. P. Whitesill, *P.*.....	T. J. Edwards.
		P. P. Thomasson, *A. C.*	.....
TEXAS	.. First Nat. Bank, Alvarado.....	W. B. Norman, *A. C...*	.....
"	.. Ballinger Nat. Bank, Ballinger.	J. N. Winters, *V. P.*....	.....
"	.. First National Bank, Bastrop.	Benj. D. Organ, *P.*.....	John C. Buchanan.
		Chester Erhard, *Cas*	S. Duncan.
"	.. First National Bank, Beaumont.	W. A. Fletcher, *P.*.....	V. Wiess.
		Jno. N. Gilbert, *V. P.*...	W. A. Fletcher.
		H. Harring, *A. C.*.....	.....
"	.. First Nat. Bank, Brady.....	W. B. White, *V. P.*....	.....
"	.. First National Bank, Calvert.	Scott Field, *V. P.*.....	L. P. McLendon.
		B. F. Elkin, *A. C.*.....	G. K. McLendon.
"	.. First Nat. Bank, Cleburne.....	P. C. Chambers, *A. C...*	.....
"	.. Fourth National Bank, Dallas.	W. C. Connor, *P.*.....	W. H. Prather.
		W. H. Prather, *V. P.*....	.....
		T. J. Wood, Jr., *Cas*....	S. B. Hopkins.
		H. B. Strange, *A. C*.....	.....
"	.. First National Bank, Denton.	H. F. Schweer, *P.*.....	J. P. Blount.
		H. T. Smith, *Cas*.....	C. R. Buddy.
"	.. Peoples Nat. Bank, Ennis.....	J. M. Gilpin, *V. P.*.....	T. C. Jasper.
"	.. Farm. & Merch. Nat. Bank, Fort Worth.	M. C. Hurley, *V. P.*....	A. W. Caswell.
		J. L. Williams, *2d V. P.*	.....
		J. T. Talbert, *A. C.*....	.....
"	.. Merch. Nat. Bank, Fort Worth.	Morgan Jones, *2d V. P.*.	.....
"	.. State Nat. Bank, Fort Worth..	Sidney Martin, *V. P.*...	H. C. Hleatt.
"	.. Traders Nat. Bank, Fort Worth.	H. C. Edrington, *P.*....	Wm. J. Boaz.
"	.. Red River National Bank, Gainesville.	R. E. Gibbons, *V. P.*...	Jno. P. Hird.
		E. B. Blanton, *A. C*	.....
"	.. First National Bank, Galveston.	M. Lasker, *V. P.*.....	E. S. Flint.
		L. M. Openheimer, *Cas*..	J. E. Beissner.
"	.. Nat. Bank of Texas, Galveston.	W. L. Moody, *P.*.....	J. E. Wallis.
		G. D. Morgan, *Cas*.....	A. J. Walker.
"	.. First Nat. Bank, Gatesville....	Y. S. Jenkins, *Cas*.....	A. R. Williams.
"	.. Farmers Nat. Bank, Hillsboro.	J. M. Duncan, *Cas*.....	R. P. Edrington.
"	.. Planters Nat. B., Honey Grove.	T. B. Yarbrough, *A. C*..	.....
"	.. First National Bank, Houston.	O. L. Cochran, *V. P.*...	.....
		W. H. Palmer, *A. C*....	F. T. Shepherd.
"	.. First National Bank, La Grange.	A. T. Bradshaw, *P.*.....	A. J. Rosenthal.
		H. A. Washburn, *V. P.*.	A. T. Bradshaw.
		A. J. Rosenthal, *Cas*....	H. A. Gladdish.
"	.. Marshall Nat. Bank, Marshall..	Joe Weisman, *V. P.*....	.....
"	.. Collin Co. Nat. B., McKinney..	E. N. McAulay, *P.*.....	G. A. Foote.
"	.. First National Bank, San Marcos.	Hammett Hardy, *V. P.*..	J. W. Hanson.
		D. F. Hardy, *A. C*.....	.....
"	.. Erath Co. National Bank, Stephensville.	Jno. A. Frey, *V. P.*....	.....
		W. H. Christian, *Cas*....	G. W. Gentry.
"	.. Inter-State Nat. B., Texarkana.	T. E. Webber, *V. P.*....	W. W. Sanders.
"	.. First National Bank, Tyler.	H. H. Rowland, *P.*.....	E. C. Williams.
		E. C. Williams, *V. P*...	H. H. Rowland.
"	.. Citizens National Bank, Waco.	J. S. McLendon, *P.*.....	J. T. Davis.
		J. T. Davis, *V. P.*.....	J. S. McLendon.
VT	..... Castleton Nat. B.. Castleton...	R. C. Abell, *V. P.*.....	H. Ainsworth.
"	.. Caledonia Nat. B.. Danville...	Henry S. Tolman, *P.*....	Jno. A. Farrington
"	.. Montpelier N. B., Montpelier.	Geo. W. Scott, *V. P.*....	.....
"	.. First Nat. Bank, Poultney.....	A. H. Varney, *Cas*.....	Henry Ruggles.
"	.. First Nat. Bank, St. Johnsbury.	Jonathan Ross, *V. P.*....	.....
"	.. Merch. Nat. B., St. Johnsbury.	L. D. Hazen, *V. P.*.....	H. E. Folsom.
"	.. Waterbury National Bank, Waterbury.	W. P. Dillingham, *P.*...	Paul Dillingham.
		J. H. Hastings, *V. P.*...	W. P. Dillingham.
		W. B. Clark, *A. C*.....	.....

	Bank and Place.	Elected.	In place of.
VA.	Mt. Jackson N. B., Mt. Jackson.	R. B. Moore, *A. C.*.....	J. H. Tisinger.
" ..	Commercial National Bank, Roanoke.	C. O'Leary, *V. P.*..... W. F. Penn, *A. C*.....	....
WASH.	Citizens National Bank, Spokane Falls.	E. B. Hyde, *P*..... B. C. Van Houten, *V. P.* E. J. Bowman, *A. Cas*..	B. C. Van Houten. J. L. Wilson. .....
" ..	First Nat. Bank, Spokane Falls.	F. R. Moore, *V. P*.....	H. M. McCarthey.
" ..	First Nat. Bank, Walla Walla.	G. T. Buckland, *A. C*. .	.....
W. VA.	South Branch Val. N. B	Moorefield A. M. Inskeep, *V. P*.....	J. S. Whiting.
WIS....	First National Bank, Appleton.	H. D. Smith, *P*..... C. B. Clark, *V. P*.....	A. L. Smith. .....
" ..	First National Bank, Columbus.	C. L. Waldo, *V. P*.. ... C. J. Evans, *A. C*.....	Wm. Griswold. .....
" ..	First Nat. Bank, Elkhorn.....	C. P. Greene, *V. P*.....	J. J. Dewey.
" ..	First Nat. Bank, Kenosha.....	Chas. C. Brown, *Cas*....	G. M. Simmons.*
" ..	First Nat. Bank, Menomonie..	Jas. F. Wilson, *A. C*...	.....
" ..	Nat. Exch. Bank, Milwaukee..	Fred'k Kasten, *A. C*....	.....
" ..	Nat. B. of Oshkosh, Oshkosh.	E. P. Sawyer, *V. P*....	P. Sawyer.
" ..	First Nat. Bank, Waupun.....	B. W. Davis, *A. C*. ...	L. D. Hinckley.

* Deceased.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from February No., page 651.)

State.	Place and Capital.	Bank or Banker.	Cashier and N.Y. Correspondent
N. Y.	CITY. Canal St. B.	Antonio Rasines, *P.* James B. Ryer, *V. P.*	James Blair, *Cas.*
CAL....	San Bernardino.	Cal. Safe Dep. & Tr. Co. H. S. McAbee, *P.* H. L. Drew, *V. P.*	..... S. F. Zombro, *Sec. & Treas.*
COL....	Cheyenne Wells $5,000	Russell Bros. & Co..... H. W. L. Russell, *P.*	..... C. P. Russell. *Cas.*
DAK. S.	Fort Pierre..... $50,000	First Nat. Bank ..... Eugene Steere, *P.*	..... Frank Sutton, *Cas.*
FLA....	Tampa $60,000	Hillsborough Co. Bank... W. S. McPheeters, *P.* H. R. Benjamin, *V. P.*	United States National Bank. Dwight B. Barnes, *Cas.*
ILL.....	Effingham..... $50,000	First Nat. Bank..... Jo. Partridge, *P.* Edward Austin, *V. P.*	National Bank of Commerce. Jo. Partridge, Jr., *Cas.* C. L. Nolte, *Ass't Cas.*
" ..	Manito..... $25,000	Manito Bank..... Joseph Daily, *P.*	..... Joseph S. Daily, *Cas.*
IOWA...	Carroll..... ... $60,000	Citizens State Bank..... O. A. Kentner, *P.* W. A. McLagan, *V. P.*	Chase National Bank. J. H. Ingwersen, *Cas.*
" ..	Corning $35,000	Corning State Sav. Bank. Arthur F. Okey, *P.* E. A. Scholz, *V. P.*	Hanover National Bank. Frank L. LaRue, *Cas.*
" ..	Manchester..... $50,000	First Nat. Bank..... A. R. Loomis, *P.* L. Atwater, *V. P.* M. Biehler, *V. P.*	Central National Bank. M. F. Le Roy, *Cas.*
KY.....	Franklin..... $17,150	Simpson Co. Bank..... M. M. Sloss, *P.* C. F. Potter, *V. P.*	..... Abram T. Bradley, *Cas.*
" ..	Lebanon..... $50,000	Farmers Nat. Bank..... Robt. A. Burton, *P.* Theo. B. Spalding, *V. P.*	United States National Bank. Sam'l B. Bottom, *Cas.*
MASS...	Stoneham..... $50,000	Stoneham Nat. Bank.... Chas. W. Tidd, *P.*	..... Chas. A. Bailey, *Cas.*
MICH...	Ludington $50,000	Commercial & Sav. B... Antoine E. Cartier, *P.* J. A. Armstrong, *V. P.*.	Hanover National Bank. John A. May, *Cas.* H. S. Fuller, *Ass't Cas.*
" .	Newberry.....	The Newberry Bank..... T. W. Burdick, *P.*	Chase National Bank. C. T. Bailey, *Cas.*

State.	Place and Capital.	Bank or Banker.	Cashier and N. Y. Correspondent.
MICH...	Reading.....	State Bank.....	Lincoln National Bank.
	$25,000	Henry F. Doty, *P.*	W. B. Northrop, *Cas.*
		Geo. G. Clark, *V. P.*	
MO.....	Clayton.....	St. Louis Co. Bank.....	Lincoln National Bank.
	$25,000	Moses B. Greensfelder, *P.*	Ernest W. Warfield, *Cas.*
		Henri Chomeau, *V. P.*	J. I. Warfield, *Ass't Cas.*
"	.. New Haven....	Bank of New Haven ...	.....
	$10,000	Sam. H. Schleef, *P.*	Chas. S. Buchanan, *Cas.*
		Robt. J. Bagly, *V. P.*	
"	.. Pierce City.....	Pierce City Nat. Bank..	.....
	$50,000	John D. Scott *P.*	Louis A. Chapman, *Cas.*
"	.. Springfield.....	Bank of Commerce.....	Hanover National Bank.
	$10,000	TrumanE.Burlingame, *P.*	Edward P. Newman, *Cas.*
MONT .	Red Bluff.....	Chas. H. Peck.....	Kountze Bros.
	$15,000		
NEB....	Omaha	Dime Savings Bank.....	.....
	$25,000	P. C. Himebaugh, *P.*	Geo. H. Payne, *Cas.*
		W. H. Russell, *V. P.*	
N. J....	East Orange...	Peoples Bank.....	.....
		Wm. M. Franklin, *P.*	Wm. H. Bryan, *Cas.*
		Edward P. Alling, *V. P.*	
N. Y.. .	Cherry Creek...	E. B. Crissey.....	Seaboard National Bank.
"	.. Poland.	Nat. Bank of Poland	.....
	$50,000	M. A. Blue, *P.*	Chas. S. Millington, *Cas.*
		W. A. Brayton, *V. P.*	
"	.. Riverhead.....	Suffolk Co. Nat. Bank...	Third National Bank.
	$50,000	Geo. W. Cooper, *P.*	Henry P. Terry, *Cas.*
		Clifford B. Ackerly, *V. P.*	Harry B. Howell, *Ass't Cas.*
OHIO...	Cleveland.....	Forest City SavingsB.Co.	Hanover National Bank.
	$50,000	John C. Weideman, *P.*	L. T. Denison, *Cas.*
		J. F. Pankhurst, *V. P.*	
"	.. Lebanon.....	Citizens Nat. Bank.....	.....
	$50,000	Jas. F. Benham, *P.*	Thos. Hardy, *Cas.*
"	.. Mt. Victory....	Mount Victory Bank.....	Chase National Bank.
		Wm. I. Witcraft, *P.*	Alexander Wallace, *Cas.*
PA.....	Pittsburgh.. ...	Pennsylvania N. B	.....
	$200,000	A. S. M. Morgan, *P.*	R. M. Davis, *Cas.*
"	.. Somerset.....	Somerset Co., Nat. Bank.	Chemical National Bank.
	$50,000	Chas. J. Harrison, *P.*	Milton J. Pritts, *Cas.*
		Wm. B. Frease, *V. P.*	
TENN ..	Franklin.....	Williamson CoBkg&TCo	National Citizens Bank.
	$60,000	Jas. W. Harrison, *P.*	Edmund B. Campbell, *Cas*.....
		Robt. J. Gordon, *V. P.*	
"	. Gallatin.....	First Nat. Bank.....	.....
	$50,000	Jas. W. Blackmore, *P.*	W. R. French, *Cas.*
"	.. Knoxville	Central Savings Bank...	Ninth National Bank.
	$25,000	Frank A. R. Scott, *P.*	Jas. R. McCallum, *Cas.*
		Wm. L. Russell, *V. P.*	J. W. McCallum, *Ass't Cas.*
"	.. Knoxville.....	Holston Bkg & Trust Co.	Central National Bank.
	$100,000	Henry M. Aiken, *P.*	Wm. H. Greers, *Cas.*
		H. D. Mizner, *V. P.*	
TEXAS..	Beeville	First Nat. Bank....	.....
	$50,000	L. B. Randall, *P.*	B. W. Klipstein, *Cas.*
"	.. Bowie	Bowie Nat. Bank.....	.....
	$50,000	John G. James, *P.*	L. C. McBride, *Cas.*
"	.. Luling.....	First National Bank....	....
	$50,000		W. D. Richardson, *Cas.*
W. VA..	Franklin.....	FarmersBankofPendleton	.....
	$12,500	D. G. McClung, *P.*	Frank Anderson, *Cas.*
			Thos. J. Bowman, *Ass't Cas.*
WASH..	Port Townsend.	State Bank of Wash.....	Laidlaw & Co.
	$75,000	David W. Smith, *P.*	Chas. A. Dyer, *Cas.*
		Wm. Payne, *V. P.*	Chas. P. Swigert, *Ass't Cas.*
"	.. Puyallup.....	First Nat. Bank.....	.....
	$50,000	Harry M. Ball, *P.*	H. S. Martin, *Cas.*
"	.. Seattle.....	Seattle Nat. Bank.....	Third National Bank.
	$250,000	G. W. E. Griffith, *P.*	Fred. Ward, *Cas.*
		W. R. Ballard, *V. P.*	
"	.. Wilbur	Bank of Wilbur.....	Hanover National Bank.

State.	Place and Capital.	Bank or Banker.	Cashier and N. Y. Correspondent.
Wis....	Oshkosh..... $100,000	German American Bank. Jos. Stringham, *P.* C. W. Davis, *V. P.*	American Exchange Nat. Bank. Theo. R. Frentz, *Cas.*
" ..	Portage..... $75,000	First Nat. Bank..... Thos. Armstrong Jr., *P.*	..... E. A. Gowran, *Cas.*
" ..	Richland Centre	Pease Bros. & Co's Bank.	Importers & Traders Nat. Bank. Earl M. Pease, *Cas.*

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Monthly List, continued from February No., page 654.)

No	Name and Place.	President.	Cashier.	Capital.
4220	First National Bank..... Bessemer, Ala.	Chollet Berney,	Thos. J. Cornwall,	$50,000
4221	First National Bank..... ... Manchester, Iowa.	A. R. Loomis,	M. F. Le Roy,	50,000
4222	Pennsylvania National Bank. . Pittsburgh, Pa.	A. S. M. Morgan,	R. M. Davis,	200,000
4223	National Bank of Poland..... Poland, N. Y.	M. A. Blue,	Chas. S. Millington,	50,000
4224	First National Bank..... Puyallup, Wash.	Harry M. Ball,	H. S. Martin,	50,000
4225	Pierce City National Bank..... Pierce City, Mo.	John D. Scott,	Louis A. Chapman,	50,000
4226	First National Bank..... Alliance, Neb.	O. M. Carter,	R. M. Hampton,	50,000
4227	Somerset County Nat. Bank.... Somerset, Pa.	Chas. J. Harrison,	Milton Pritts,	50,000
4228	State National Bank..... .. St. Joseph, Mo.	Chas. B. France,	Everest Lindsay,	1,000,000
4229	Seattle National Bank..... Seattle, Wash.	G. W. E. Griffith,	Fred. Ward,	250,000
4230	Suffolk County National Bank. Riverhead, N. Y.	Geo. W. Cooper,	Henry P. Terry,	50,000
4231	Bowie National Bank..... .... Bowie, Texas.	John G. James,	L. C. McBride,	50,000
4232	National Bank of Republic..... St. Louis, Mo.	H. C. Hieatt,	Jno. Caro Russell,	500,000
4233	First National Bank..... Effingham, Ill.	Jo. Partridge,	J. Partridge, Jr.,	50,000
4234	First National Bank..... Portage, Wis.	Thos. Armstrong, Jr.,	E. A. Gowran,	75,000
4235	Corn Exchange Nat. Bank.... Sioux City, Iowa.	John C. French,	W. G. H. Vernon,	300,000
4236	First National Bank..... Gallatin, Tenn.	Jas. W. Blackmore,	W. R. French,	50,000
4237	First National Bank..... Fort Pierre, South Dak.	Eugene Steere,	Frank Sutton,	50,000
4238	First National Bank..... Beeville, Texas.	L. B. Randall,	B. W. Klipstein,	50,000
4239	Citizens National Bank ..... Lebanon, Ohio.	J. F. Benham,	Thos. Hardy,	50,000
4240	Stoneham National Bank..... Stoneham, Mass.	Chas. W. Tidd,	Chas. A. Bailey,	50,000

CHANGES, DISSOLUTIONS, ETC.

(Continued from February No., page 655.)

N. Y. City.. ..... Green & Bateman, now Bateman & Co.
Ark.... Russellville .... Weimer Saving Bank, now Citizens Saving Bank, incorporated.
Ga..... Brunswick ..... J. M. Dexter has retired from the banking business.
Ill..... Effingham..... Partridge Bank is now the First National Bank.
" .. Highland..... C. Kinne & Co., now Kinne & Pabst.
Ind..... Rochester..... Citizens Bank, now Citizens State Bank, same officers and correspondents.

IOWA...	Eagle Grove...	First National Bank has been succeeded by the Citizens State Bank, same officers and correspondents.
KAN....	Harper.....	Harper National Bank is insolvent and has been placed in the hands of a receiver.
" ..	Stockton.....	First National Bank has gone into voluntary liquidation.
KY.....	New Castle..	National Bank of New Castle has gone into voluntary liquidation and succeeded by Bank of New Castle, same officers.
MO.....	Kansas City....	National Exchange Bank has gone into voluntary liquidation.
" ..	Plattsburgh....	Citizens Bank has been succeeded by First National Bank.
NEB....	Wymore.....	Citizens Bank (J. H. & Ben Reynolds) now First National Bank.
" ..	York.....	Meads State Bank has discontinued receiving deposits and will confine themselves strictly to the loan and trust business, same officers and correspondents.
OHIO...	Cincinnati.....	Julius Lang has been appointed receiver for Adolph Seinecke & Co. The principal partner, Adolph Seinecke, died suddenly a few days ago.
" ..	St. Marys.....	Bank of St. Marys has been succeeded by the First National Bank.
PA.	Lincoln.....	Lincoln National Bank reported failed; later reports, the bank has resumed.
" ..	Somerset	Somerset Co. Bank, now Somerset Co. National Bank, same officers and correspondents.
WASH..	Chehalis.....	N. B. Coffman has been succeeded by First National Bank.

The reports of the New York Clearing-house returns compare as follows:

1890.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*	*Surplus.*
Feb. 1...	$404,272,000	$90,056,200	$31,509,400	$429,188,600	$3,337,700	$14,268,450
" 8...	412,437,100	88,274,300	29,484,500	431,599,600	3,373,100	9,858,900
" 15...	414,211,900	85,918,300	29,171,900	430,348,400	3,392,300	7,497,100
" 21...	414,574,000	82,911,400	27,723,700	427,737,200	3,336,600	3,700,800
Mar. 1...	409,710,900	79,847,200	27,171,800	418,619,200	3,350,700	2,364,200

The Boston bank statement is as follows:

1890.	*Loans.*	*Specie.*	*Legal Tenders*	*Deposits.*	*Circulation.*
Feb. 1.....	$154,640,500	$8,864,100	$5,611,300	$131,501,100	$2,587,500
" 8.....	155,505,900	8,770,600	5,0 3,100	132,348,700	2,591,800
" 15.....	153,193,300	9,406,300	5,183,800	130,703,600	2,604,300
" 21	152,052,800	9,379,000	5,219,900	128,749,500	2,624,800

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1890.	*Loans.*	*Reserves.*	*Deposits.*	*Circulation.*
Feb. 1.....	$94,496,000	$26,054,000	$93,453,000	$2,128,000
" 8	95,323,000	24,913,000	92,525,000	2,133,000
" 15	96,313,000	24,283,000	92,653,000	2,138,000
" 21.....	96,296,000	23,254,000	91,676,000	2,131,000
Mar. 1.....	96,186,000	22,989,000	91,426,000	2,134,000

DEATHS.

BELCHER.—On January 29, aged sixty-six years, TIMOTHY F. BELCHER, cashier of Sandy River Nat. Bank, Farmington, Me.

DENBOW.—On February 6, aged forty-seven years, ALFRED DENBOW, cashier McKechnie & Co., Canandaigua, N. Y.

HART.—On January 25, aged forty years, ARTHUR HART, Cashier of Peoples Bank, New Orleans, La.

HERR.—On February 11, aged eighty years, CHRISTIAN B. HERR, President of Lancaster County National Bank, Lancaster, Pa.

JONES.—On February 5, aged sixty-two years, EVAN D. JONES, President of First National Bank, Conshohocken, Pa.

MORGAN.—On January 3, C. F. MORGAN, Cashier of Farmers Bank, Plain City, O.

SMITH.—On January 23, aged forty-nine years, ALBERT PAUL SMITH, Manager of Chicago Clearing House, Chicago, Ill.

ST. JOHNS.—On February 18, aged eighty-one years, DANIEL B. ST. JOHNS, President of the Newburgh Savings Bank, Newburgh, N. Y.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, FEBRUARY, 1890.

Opening, Highest, Lowest and Closing Prices of Stocks and Bonds in February.

GOVERNMENTS.	Interest Periods.	Opening.	Highest.	Lowest.	Closing.
4½s, 1891 reg.	Quarterly—Mar.	103½	103½	103½	103½
4s, 1891 coup.		104½	104½	104½	104½
4s, 1907 reg.	Quarterly—Jan	123¼	123⅜	122⅛	122¼
4s, 1907 coup.		123¼	123⅜	122⅛	122¼
	Quarterly—Feb.				
6s, cur'cy, 1895, reg		116	116	116	116
6s, cur'cy, 1896, reg	Jan.	118	118	118	118
6s, cur'cy, 1897, reg	&	120	120½	120	120½
6s, cur'cy, 1898, reg.	July.	123	124	123	124
6s, cur'cy, 1899, reg		125	126½	125	126½

RAILROAD STOCKS.	Opening.	Highest.	Lowest.	Closing.
Atlantic & Pacific	—	5	4⅜	—
Buff. R. & Pitts	—	—	—	—
Canadian Pacific	75½	75½	74	74¾
Canada Southern	55	55	52½	53
Central of N. J	120¼	123	115½	120
Central Pacific	—	34¼	33	—
Ches. & Ohio	—	26	22⅛	22¾
Do 1st pref.	—	64½	58½	—
Chic. & Alton	—	133	133	—
Do pref.	—	—	—	—
Chic., B. & Q	108⅛	108½	101⅝	103½
Chic., M. & St. P	70⅛	70⅞	66⅞	67⅞
Do pref.	—	116⅜	114	—
Chic. & N. W	111¼	111¼	107	107¾
Do pref.	—	143	142⅛	—
Chic., R. I. & P	95⅝	95¾	88½	90
Chic., St. L. & P	—	18¼	16½	—
Do pref.	48	53½	46½	—
Chic., St. P., M. & O	—	33⅞	31¼	—
Do pref.	—	95¼	92	—
C., C., C & St. L	73	73	66½	68¼
Col. Coal & Iron	49¾	51½	42¼	44½

RAILROAD STOCKS.	Opening.	Highest.	Lowest.	Closing.
Col., H. Valley & Tol	—	22	19¼	20
Col. & H. C. & I	—	—	—	—
Del. & Hudson	151⅞	151⅞	148¼	148¾
Del., Lack. & W	137	137⅞	134⅝	135½
Den. & Rio Grande	—	15¼	15¼	—
Do. pref.	51⅛	51⅛	46⅝	46⅝
East Tenn. V & G	9½	9¼	8⅞	8⅞
Do 1st pref.	—	74	71	—
Do 2d pref.	23	24	21¾	—
Houston & Texas C	—	—	—	—
Illinois Central	—	119	114	—
Lake Erie and Western	19¼	19¼	17	17
Do pref.	67¼	67¼	62¼	62½
Lake Shore	106½	106⅞	104½	104⅝
Long Island	—	89	86⅛	86⅛
Louisville and Nashville	90	90¼	82¼	85½
Louisville, N. Alb & Chic	—	53	45	—
Manhattan Consol	—	105	102	102
Marq. H. & O	—	—	—	—
Do pref.	—	—	—	—
Memphis & Charleston	—	—	—	—
Michigan Central	—	95	93	—
Mil., L. S. & W	—	94¾	93¼	—
Do pref.	—	113	110½	—
Minn. & St. Louis	—	7¾	6	—
Do pref.	—	15½	12½	—
Mo., Kan. & Texas	10	10¼	6⅜	7½
Missouri Pacific	75⅛	75¾	70¾	72⅞
Nash., C. & St. L	—	103¾	102	—
N. Y. C. & Hudson	106⅜	107	106⅛	106⅜
N. Y., C. & St. L	—	17¼	16	—
Do pref.	—	71	70¼	—
N. Y., L. E. & W	27¼	27¼	25½	25⅞
Do pref.	—	64	60	—
N. Y. & New Eng	49¼	49¼	43½	45
N. Y., Ont. & W	19½	19½	17⅜	—
N. Y., Sus. & W	—	7½	7	7
Do pref.	31½	31½	27	28

MISCELLANEOUS.	Opening.	Highest.	Lowest.	Closing.
Norfolk & Western	—	22⅛	20	—
Do pref.	62¼	62⅞	60⅝	61⅝
Northern Pacific	32⅝	32¼	30¼	30⅜
Do pref.	75⅝	75⅝	72	73
Ohio & Mississippi	—	21½	21	—
Ohio Southern	—	16½	16½	—
Oregon Impt	—	—	—	—
Oregon R. & N.	100½	100½	98¼	98¼
Oregon Short Line	54	54¾	43	45
Oregon & Trans-Con	37½	37½	34½	34⅞
Pacific Mail	40⅛	41	36⅛	36¼
Peoria, Decatur & Evansville	20	20½	18½	—
Philadelphia & Reading	39⅞	43¼	39	39⅞
Pullman Palace Car Co	—	190½	187	187
Rich. & W. P. Term	23⅜	23½	20	20½
Rome, W. & Ogd	—	105½	104⅞	—
St. Louis, A. & T. H	42½	42½	40	—
Do pref.	—	—	—	—
St. Louis & San Francisco	17	19	17	19
Do pref.	38½	39½	38	38½
Do 1st pref.	—	90¼	89	89
St. Paul & Duluth	—	34½	32½	—
Do pref.	—	85	83	—
St. Paul, M. & M	111½	113½	111	—
Southern Pacific Co	34⅞	34⅞	30	30⅛
Tenn. Coal & Iron	86	86	51	58⅛
Texas & Pacific	21⅞	22	19½	19⅝
Union Pacific	68	68⅛	62⅞	63⅞
Virginia Midland	—	—	—	—
Wabash, St. Louis & Pacific	13¾	13¾	12¼	12¼
Do. pref.	29⅛	29⅝	26⅛	—
MISCELLANEOUS—				
Express—Adams	—	156	151	—
American	116	116½	115	115⅛
United States	—	90	85⅛	—
Wells-Fargo	140	144	140	—
Western Union	85⅛	85⅛	82⅝	83¼
Silver Bullion Cert	—	—	—	—

THE

BANKER'S MAGAZINE

AND

Statistical Register.

VOLUME XLIV. APRIL, 1890. No. 10.

CURRENCY AND BANKING LEGISLATION.

Thus far no bill has been reported by a committee of Congress for increasing National bank circulation, and the prospect of their doing so is fading away. Indeed, it is becoming more clearly apparent that the day for increasing the National bank circulation has passed. While there is constant discussion concerning the necessity of increasing the monetary resources of the country, hardly a sound is heard in favor of increasing the National bank circulation outside banking institutions. We do not confess to much disappointment in this matter. We did, it is true, think and hope that Congress would adopt the recommendations proposed by the Comptroller of the Currency, and at least favor his recommendation of permitting banks to issue circulation to the par value of their bonds; but even this small increase, we fear, will now be denied to them. It ought to be granted, but if the committee were in favor of the increase, the report would have been made long ago. The proposition was so simple that no time was required for investigation; the inclination only is needed, and this the committee do not seem to have.

The reason for this state of things is not difficult to understand. Beside the opposition in some quarters to National banks, and especially to their right to issue notes, there is a deeper opposition on the part of those interested in issuing more silver. They clearly see that a National bank circulation is in the way of an increase of silver. They strongly favor an increase of the circulation; indeed, no class more warmly advocate an extension of the

currency, but always with the proviso that the increase shall be silver or certificates based thereon. This class is numerous, and sufficiently powerful to quite overcome the friends of the National banks, and so, whatever may be done, the National banks cannot hope for an increase in their circulation—certainly not so long as silver producers have any silver to offer for sale. We may, therefore, permanently eliminate from the currency problem the issuing of any more notes by the National banking associations. This is something, truly, toward settling the currency problem, though not in such a way as the National banks would like to see. Another thing is just as clear, that a very large portion of Congress, doubtless a majority, are quite convinced that a larger increase of the circulation is needed than the issue of two millions of silver per month beside the gold product. In this conclusion Congress is undoubtedly supported by public sentiment in every section of the country. The opinion has been strengthening, that, in consequence of the growth of business and increased population in almost every section of the country, and its enormous magnitude and necessarily slower circulation of money, a larger supply is needed than that now flowing from the usual sources. The drain from the chief money centers of the country this year, and its slow return, has fortified this conclusion. Long before this period, usually, the quantity going from New York in the autumn has found its way back, or at least a large portion, so that the banks have an ample supply, and the rates of money have become easy. This year, however, even at this date, the banks have but very little beyond the reserve required by law, and the prospect of a considerable increase within a short period is not bright; in other words, the money going into the South and West is staying there for a longer period than ever before; and for the reason that those sections are becoming more developed, and therefore have greater need for the money which has been sent there to pay for merchandise. Therefore, we repeat that our monetary resources must be increased, and that this opinion has become general.

As the monetary supply by the National banks is likely to diminish, and as the quantity of gold annually produced, or coming here to pay for exports, will probably not be large, it is evident that the additional supply must be silver. Thus much has been settled during the last few months' discussion of the subject. The only question, therefore, remains for consideration: In what form or by what method, shall the increase be made? It will be admitted that the mines are producing a large amount of silver—large enough, after deducting the amount of silver required in the arts, to supply the additional money needed for merchandizing or trade purposes. How then, or under what conditions shall this silver be issued as money? Two minor questions may be answered before proceeding to answer this.

The first of these is that the issuing of a representative of silver in the form of silver notes is a more convenient kind of currency than the silver itself. This proposition has been clearly demonstrated by experience. While the silver dollars are too heavy to carry, the silver certificates are convenient enough. Since silver certificates have gone into general use, silver dollars have been disappearing from circulation, and in a few years only a very few of them will doubtless be seen in general use. Perhaps in the less settled parts of the country there may be more in circulation, but in the cities they are becoming scarcer, thus showing more conclusively that the people prefer the certificates.

Another fact is just as apparent, that the coinage of silver should be stopped, and the metal should be hereafter put into the form of bars of varying size. There is every reason why this should be done. First, is the greatly diminished expense of making the bars. Second, they can be so much more easily handled and preserved. Whenever the Treasurer is changed there must be a recount of the public money, and the re-counting of the silver is a very slow operation. If put into bars the counting of it could be much more expeditiously managed. It is true that the cost of storing it is something, but then no greater in the form of bars than in the form of dollars; and, therefore, we sincerely hope that Congress will take some measures during the present session to suspend, for a time at least, the coinage of silver dollars which are not needed, and for which the bars can be better used as a substitute.

Having disposed of these minor questions, the larger one remains: In what form shall the use of silver as money be continued? We think that another statement will somewhat clear the ground, and that is, that many of the opponents of the present silver system would not oppose a system in which the market and legal value of the coin should correspond. Their chief objection to the present silver system is the difference between the two valuations. They feel certain that this state of things cannot always continue, that sooner or later the legal value must sink to a level with the other, and that, whenever this crisis shall come, the holders of silver money will suffer, unless Congress shall come to the rescue and make good the loss. Anyhow, there is danger, so they contend, of this kind, and that it should be avoided by adopting a system whereby the legal value of the silver in circulation shall correspond with the market value, whatever that may be. We consider this fact as well understood as any other, that many who are now opposed to the existing system would oppose it no longer if this disparity between the two valuations were overcome or removed. Indeed, many of these opponents, whatever may have been their former opinions, are convinced that a larger increase of the circulation is necessary, that gold is insufficient in quantity to supply

the increase, and therefore it must come from the use of silver, if the Government is unwilling to issue more National bank notes, which seems to be the case.

The producers of silver, on the other hand, desire free coinage, whereby they can turn their silver into coins and gain the profit existing between the legal and the market valuation. This, of course, would be the best thing for them, but it is just as clear that Congress is strong enough to prevent such a measure from passing, and is determined to do so. It is certain that Congress will not permit the producers of silver to gain the profit in the legal, over the market valuation of the metal. So long as this exists, the Government or the people are to have it in the form of coined money. Nor do we perceive that there is anything wrong in this. The Government in this affair is simply another name for the people. The producers of silver get its full market value for it, and there is no particular reason why the difference between the market and the legal valuation should go to them. On the other hand, as the difference between the legal and market valuation is an effect purely of public policy or action, as the Government has created it and not the producers of silver, therefore the Government, or the people which have created this difference, should be the gainers.

What, then, is the situation? First, more money is wanted, which must be supplied by using more silver. The holders must supply this at its market value, whatever that may be. Admit these things, and the form of using it ought not to be a very difficult question. We do not perceive why the Windom plan does not well enough serve the purpose. Nor do we perceive any particular difficulty in fixing four millions per month instead of two millions. But the essential thing to do is, whatever the amount may be, and whether this be left to the discretion of the Treasury or not, that the Government be required to give an equivalent for the amount received. In other words, such a scheme should be adapted that the holder of silver, or its representative, shall not be either the gainer or loser by fluctuations in the metal. This idea may be worked out in various ways, and, as above said, we do not think the mode of doing it is so important as the practice. Let this be done, and the chief difficulty in the use of silver as money would vanish. But the use of silver on its present basis is certainly dangerous, and the sooner it is improved the better. Surely the plan of the Secretary is a great improvement. Increase the quantity in such a way that the holder of silver is not likely to gain or lose anything by changes in its valuation; and the chief difficulty in the circulation of silver will disappear.

A REVIEW OF FINANCE AND BUSINESS.

NO IMPROVEMENT IN GENERAL TRADE.

The month of March has been more seasonable than the previous three months have been; that is, the weather has been what is usually expected at this season of the year. Yet it cannot be said that it has been any more favorable to trade than its predecessors. The coal trade, unexpectedly, even has not been materially affected thereby. The failures in the dry goods trade, which have been important as well as unexpected, certainly do not indicate any improvement in general trade, leaving collections as bad as before, and the cause, in good part, of these embarrassments. On the other hand, the weather west of the Alleghany Mountains has been worse than unfavorable. Destructive floods have visited the Ohio and Mississippi valleys, and interrupted trade and transportation to a very general and serious extent. Added to this, there has been more or less damage to the growing crop of winter wheat in the West, which was so far advanced by the previous mild winter weather that it was more exposed to damage by the freezing early in the month, where it was not covered with snow, and where the plant had jointed. Yet the reports of damage, on which the wheat market has been bulled, until near the close of the month, are regarded as exaggerated, as usual, and the advance has been in part lost on the more encouraging reports since the return of warmer weather. The iron trade has not changed much either way, but has been less active than last month, while the manufacturers complain that the improvement in prices the past year has nearly all been absorbed by the advance in wages. The dry goods trade of this city, in both wholesale and jobbing branches, in cotton as well as woolen goods, are complaining of a very poor spring trade, which is reflected in the failures alluded to above. Nearly every branch of legitimate business is complaining, and although much of this has become chronic, from force of habit, yet it cannot be denied that it is more general than usual. If this is only partly true of actual business, however, it is wholly so of speculation, and the complaint of "the dullest spring we ever had" is no doubt true in the majority of speculative markets.

SPECULATION WORSE THAN LEGITIMATE TRADE.

That speculation is worse than legitimate trade is a crumb of indirect comfort to those engaged in the latter, and is not as bad a sign for the future as it is for the present; for it indicates that there is little surplus money in the hands of anybody to speculate

with, unless, indeed, the public have learned wisdom at last, and have quit speculation, in which case it would be a hopeful sign for all interests but the speculators and brokers. Yet, if this be really true, the old adage, that a new crop of fools grows every year, is proven false. Most people, however, regard this absence of speculation as a sign of a general lack of prosperity, and this is apparently the true cause of stagnation in all the speculative markets. There are spurts of activity and occasional advances in prices, as there was in cotton early in the winter, when the trade North and South were buying on the heavier exports and lighter receipts and crop than expected. But that has subsided again, though the facts upon which it was based seemed to warrant it, as the advance has been partially maintained, in spite of the subsequent dullness. Petroleum was bulled last fall on increasing demand, which comes every year with the winter season, and decreasing and unusually small stocks. Yet this speculation died out, and the advance has been lost, on the unusual amount of new developments, owing to the mild winter and the new discoveries, although with all there has been little change in the stock. Nothing seems to be active more than spasmodically, and advances can only be sustained when the spot demand is sufficient to take the receipts and keep the stocks low; as there is not enough speculation to take anything and carry it for an advance, as no one has faith in higher prices any more, since such low ones have prevailed so long. In fact, a

SPIRIT OF GENERAL DISCOURAGEMENT PREVAILS

in nearly, if not all branches of business, which strong statistical positions, light stocks and good demand, are no longer able to dispel, except temporarily, when the shorts get scared and cover their contracts. It is this and this only that causes the short spurts of activity and strength in any of these markets, and not outside demand, either investment or speculative, for investors are getting about as scarce or wise as speculators. Few have the faith to buy anything if they have the money, while there is enough activity in legitimate channels of trade to employ the uninvested capital of the country through bank loans, even if there is little or no profit in it to the borrowing class, which is unusually numerous for times neither of panic nor inflation. What is the cause of this continued and apparently chronic pessimism that seems to have settled over the whole country, and all branches of business, no one professes to understand, any more than they did the optimism that prevailed from 1878–79 to 1882–83. We have now passed through five years of this dead-and-alive state of trade, since the liquidation that followed the period culminating in the Grant & Ward panic in 1884, and the collapse of the Blind Pool craze. The period

of depression following the panic of 1873 lasted till 1878–79, when we were lifted out of it by three years of great crops, high prices and big export demand, owing to three successive bad crop years in Europe. This last depression has now extended over the same period since the panic of 1884, and it would now be in order to have a reaction, if the country is to be prepared for another panic within the ten-year cycle allotted for panics by financial prophets, that has varied but a year or two either way since the panic of 1857, followed by that at the close of the war in 1865, again in 1873, and last in 1884, or an average of 8½ years. According to these precedents a Bull period would be due, were not the prices of equally large crops, as in 1879, so low as to leave no profit to producers of our food and feed supplies. Hence the despondent tone and air of discouragement that is met on every hand which would make one almost believe that the present state of affairs is to be permanent hereafter. Yet this can hardly be, though it cannot be denied that the tendency of values is toward a lower rather than a higher basis throughout the commercial world. No doubt part of the present depression is due to the permanent adjustment of values upon such basis. This would explain the condition of the stock, produce and all speculative markets, though each of them may be moved up or down temporarily by temporary causes. Where this adjustment is completed, however, if it is not already, a recovery should naturally follow, as the pendulum will swing too far on the down as it did on the up.

FINANCIAL DEPRESSION ABROAD.

The *Commercial Bulletin* of this city explains the financial depression in Europe thus. It says: "Depression has been the rule upon foreign Stock Exchanges and Bourses for some time past. The reasons have been various, but chief among them have been the unusual number of new schemes floated. The various markets have been glutted with these concerns, many of them of very questionable soundness. Meanwhile, general trade has been active, employing large amounts of money at good rates of interest; the result of which has been a very wholesome check upon this kind of speculation. Berlin has just escaped a serious collapse; Paris has been preserved from a further break by the stimulus derived from the Exposition, and London appears to have just passed through a period of congestion, which came dangerously near collapse. The London brokers are just now complaining very severely of the stagnation of business on their Stock Exchange."

In explanation of the trouble in London, the *Economist* of that city gives as one reason for the depression that the public have not come forward to take up many of the new securities lately brought out, and that the "underwriters" or bankers are saddled with what

they have underwritten. As a result of this indisposition to take the bait offered, a large proportion of the securities now being offered in London are on behalf of "trusts," "debenture corporations" and investment companies, which, it is said, are loaded with securities for which there is a slow or no market. In attributing this as the reason why the underwriting companies are compelled to ask for more capital, it says: "Already, in the past two months, 'trust' applications have amounted to £4,550.000, and the names which have appeared upon the face of some of the companies brought out are a sufficient indication of where the shares or bonds for the time being will be located." Easier money in London and the consequent reduction in the Bank of England rate to 4 per cent. has probably deferred, if not removed, the danger of trouble from these sources, and the market there is probably in all the better condition for the compulsory stoppage which a six per cent. rate imposed. At Berlin, a better state of affairs exists, since the retirement of Bismarck has shown that the world can move without his consent, than seemed probable at first.

CONTINUED STAGNATION IN FOREIGN EXCHANGE.

London, or rather all Europe through London, has been a steady seller of American securities again the past month. Yet it is now more than seven months since foreign exchange has altered its course, after large exports of gold for the previous six months. Since about the 1st of August there has been no important movement on either side. The slight excess of imports during these months, of about $4,000,000, occurred mainly in September last. Of late, the balance has been so small, notwithstanding the enormous excess of imports early last year, and the still larger excess of exports of merchandise within the past eight months, that the balance has been substantially liquidated. It is evident that the only explanation possible is that the movement of American securities, first out of the country during the early part of last year, and afterwards back to this country since last August, has been larger than the public generally appreciates.

The supply of commercial bills has been smaller all this month than last, as exports have fallen off, the smaller movement having been reflected in the sharp decline in ocean freights.

THE MONEY AND STOCK MARKETS.

Next to these general influences the money market has affected the stock market unfavorably the past month, not so much in values, which have but slightly changed, outside of a few speculatives, as in the volume of business which has grown smaller and beautifully less from week to week. Close money, and rates that are easily advanced, though not high, have discouraged the Bull pools from doing more than sustain their stocks against the

attacks of the Bears, which are made whenever money advances, or any unfavorable news of the railroads comes out. There has not been much of either for the Bears to work on the past month, and hence the dullness after the early part of the month, when the Reading pool twisted the over-confident shorts in that stock, and it was reconstructed by the elimination of a member, whose stock leaked out on the market which the rest were making for him. The punishment given him and his followers started the whole short interest to cover, and since then the dealings have dwindled to the smallest on record. The family jars among the Western Rate Association of Railroads have continued, but there have been no open fights, and there have been several family meetings to fix up their little quarrels. But nothing of importance has transpired except the purchase of the Burlington Northern, which has so long been the fly in the ointment with which the Granger roads have tried in vain to heal their sores. Who has drawn this blank (for such it has always been from a financial point of view) is not certain. But the important fact is that its purchase takes it out of the field as a rate breaker. On this there was an attempt to start a Bull boom, with the talk that it was another West Shore deal; *ergo*, a West Shore boom should follow. But it did not, and since then the stock market has been such only in name.

There is reason to think that nearly all through this month there has been a dribbling of stocks from the other side, coming immediately from London, but representing the liquidation of speculators in Berlin and elsewhere in Europe. It was not only that the political crisis in Germany which has culminated, had cast its shadow before, but the operators on the Berlin Bourse had been speculating heavily for some months, and a few weeks ago the money-lenders were beginning to charge heavy rates for carrying such risks, while the nominal rates of discount at the banks did not indicate the extent of the stringency. This condition of affairs made itself manifest in its depressing effect on the London speculative market for all sorts of shares. In addition to this, there has all the time, for the last three or four months, been an apprehension in London of the possible large withdrawal of gold from the Bank of England for Berlin, or if not for Berlin then for Buenos Ayres, and even for New York. To some extent these apprehensions have been quieted, as is made manifest by the recent reductions in the Bank of England rate of discount, though these reductions have been partly induced by the feeling that the Bank had secured an unusually large reserve, rather than by the belief that the situation had otherwise changed very much. It is this absence of any European speculation in American railway stocks that, perhaps more than anything else, causes the extreme dullness of the New York stock market now.

THE PRODUCE MARKETS,

outside of wheat, have shown still less of interest than the stock market. As noted above, the cold weather caused a crop scare on damage reported to our winter wheat, and on this the crop of shorts was gathered in; and when this harvest was secured the boom collapsed, as it did in railroad stocks, and prices have been sliding back the last week in the month to the old level, and the temporary activity is giving place to the dull scalping or brokers' markets again, except when the Bears make a break and compel the professional Bulls to drop their load. Flour, corn and oats all followed wheat on the advance, and the shorts were mostly scared in, and all are going back together again. Europe is buying but little of our breadstuffs at the close of the month, though the clearances on old purchases and considerable new additions, early in the month, have been going forward and kept up the volume of exports for the first half of the month; but as a whole, since then they have been falling off.

The Chicago packers, who have been bulling or rather holding hog products the past two months, have been able to drive in a pretty large short interest in those markets, in sympathy with the covering scare in the grain markets, and on the heavy clearances of old purchases during the first three weeks of the month; but exports are now falling off, as demand had ceased at the advance, and these markets begin to weaken and drag, in anticipation of a large crop of summer hogs. The remaining markets, not mentioned above, have shown little of interest, activity or change.

OUR FOREIGN COMMERCE.

The returns of our foreign commerce, last published by the Government for the year ending with February, show some interesting features. During February there was an excess of exports over imports of $7,227,531. The minor exports increased about $1,400,000 above those of the same month in 1889, and there was also an increase of over $1,000,000 in the imports outside of New York, making the value of exports $70,487,997, and of imports $63,260,466.

The exports for the twelve months ending with February were over 839 millions, and the imports over 766 millions, the increase in exports being over 134 millions, and the increase in imports over 36 millions, leaving the balance in favor of this country much larger than it was last year. In February there was a small movement of gold, exports amounting to only $1,098,362, and imports to $1,476,433, with substantially no change in the gold supply through foreign trade. The net exports of silver in that month were also unusually small, amounting to only $1,306,582, though in the past twelve months they have been $20,611,120.

NO PROSPECT OF IMPROVEMENT IN THE COAL TRADE.

Although the weather has been colder during March throughout the country, it has not seemeed to help the coal trade, either anthracite or bituminous. Of the former, the *Coal Trade Journal* says: "While the total output is now some 581,160 tons behind that of last year, the stock in first hands at tide water is fully 311,163 tons greater. This shows the effect of continued mild weather. There will be a very fair tonnage mined and shipped this year, if one may judge of the future from experience of the past. The exercise of proper business methods is needed, however, to keep the industry on the plane where it should stand, viz.: coal at reasonable figures at all the markets of the country, and an increasing sale. At the same time the soft coal trade is not at all active in any of the districts; the preliminaries of the season have not yet been fought out. Mine operators east of the Alleghanies are actively pressing for business." This is rather a dubious forecast for the coming year from an organ of the trade which would certainly not make it worse than it is, even if it has admitted the whole truth. As before predicted in this article, it seems as if the anthracite coal companies have had their day for the near future. While trade and its prospects are so poor here, it continues good in England.

The net earnings of the Reading Railroad for February were only $465,802. The total annual fixed charges for interest on bonds (exclusive of the incomes), interest on the coal and iron company's bonds, rentals, and car trusts, are $8,175,981, or an average of $681,331 per month, so that if the coal and iron company had earned enough to pay its operating expenses, there would be a deficit for February of $277,347. But it is not probable that the coal and iron company has earned its own operating expenses, and therefore the deficit is that much more. Since the suppression of the monthly reports of the Reading Coal and Iron Company it is only a fair presumption that it is not doing much better than at this time last year. Yet one of the directors is reported as saying that the two companies are about $500,000 better off than they were at this time last year. For the first three months of its last fiscal year, viz.: three months to February 28, 1889, the net earnings of the Reading Railroad were $1,592,681, from which was to be deducted the loss of $625,106 of the coal and iron company below its operating expenses, leaving net earnings of only $867,575 for the three months. If it is to be assumed as correct that the two companies are "$500,000 better off than at this time last year," and that therefore the net earnings for the three months are, say, $1,367,375, it would still leave a deficit of $676,418 below the three months' proportion of fixed charges, exclusive of interest on the

incomes, which is $733,250 more, and if counted as part of the fixed charges would make the deficit $1,409,668 for the three months.

CONTINUED COMMERCIAL ACTIVITY IN ENGLAND.

The London *Times*, in commenting on the trade returns of Great Britain for February, gives the following interesting items from these returns. It says: "The British Board of Trade returns for last month are satisfactory, considering that the high value of money during the greater part of that period must have tended to check business. The imports amounted to £31,019,000, a decrease of £1,321,000, or about 4 per cent., and the exports to £21,084,000, an increase of £2,414,000, or about 12½ per cent. The decrease in the imports is chiefly due to reductions in the arrivals of raw materials and of wheat. Most articles of food and drink show increases, especially tea, wine, bacon, and fresh beef. The increased landings of tea are chiefly from India and Ceylon, but there is also an increase in those from China. The increase in bacon is due to large arrivals from the United States, and it is also from the United States that the recent heavy supplies of fresh beef have been received. The arrivals of sheep from Germany have fallen from 66,000 to *nil*; but, on the other hand, mutton from 'other countries' has increased from 1,000 cwt. to 39,000 cwt., and 'other countries' in this case are chiefly Germany. The imports of wheat continue to show decreases, owing to the lower prices ruling for some time past. The falling off in the quantity of sheep's wool is due to the wool having come earlier this year than last, the total for the two months of this year being in excess by about 5,000,000 lbs. of the quantity received in the corresponding two months of 1889. In the case of the exports every class shows an increase in value, particularly metals and raw materials; but this is due in great measure to prices being higher. Coal, for instance, has increased only 11 per cent. in quantity, but fully 39 per cent. in value; iron and steel 5¼ per cent. in quantity and 21¾ per cent. in value. In copper, however, which is lower in price, the quantity exported is more than four times as great as it was last year, while the value has increased only three times. Salt has risen in price, but India is nevertheless taking more of it. As regards iron, the increase is chiefly in railroad of all sorts, the Argentine Republic and India having taken much more than they did last year. Turkey, Bombay and Japan are taking more cotton yarn, and the British East Indies generally more of cotton piece goods. The exports of linen yarn and piece goods do not yet show any improvement."

The general strikes in Great Britain during March will no doubt show a much less satisfactory condition of trade for the past month.

FINANCIAL FACTS AND OPINIONS.

A New Banking Bill.—These measures are appearing, and we have no doubt that somebody will introduce a bill for perpetuating the National banking system which shall meet the approval of both houses. Congressman Walker, of Massachusetts, has introduced a bill for continuing the system without the issue of bonds, the provisions of which are quite similar to those of the Bank of England. It provides for the issue of two classes of bank bills, one based on coin reserves and the other on the guarantee of the United States for their redemption in coin. Mr. Walker does not propose that either class of notes shall be legal tender, but that both shall be redeemable in coin if demanded. It is not proposed to change the existing regulations applying to National banks and providing for the supervision of the Comptroller of the Currency.

Postal Savings Banks.—This subject has a fascination for some persons; among others at the present time the Postmaster-General. Congressman Long, of Massachusetts, has introduced a bill before the Post Office Committee, which he believes would be useful and effective if enacted into a law, especially in small towns where there are no banking facilities. It is modeled largely after the English system. It provides for deposits in multiples of twenty-five cents, and that interest shall be paid on deposits of one dollar or multiples of that sum. It does not provide, as does the bill introduced by Congressman McComas, of Maryland, for a system of postal savings stamps for reckoning up the small savings before a sufficient amount is reached to be entered upon the pass book. The Postmaster-General considers this the least important of the schemes proposed, but believes that "it would receive a hearty response among the toiling people, especially the younger and smaller wage earners." Those who have considered the subject look for some opposition to the plan from the banks, especially in those States where savings banks are numerous. The theory is, however, to establish the system in the first instance in those small places which have no banking facilities, and the Postmaster-General endeavors to disarm banking hostility by this argument: "I maintain that the habit of saving engendered would be widely felt and increase the savings of all who are already depositors. Besides, but few of the existing institutions can afford to bestow their labor on receiving sums as small as those which the postal savings banks would invite. Fixing a limit to the amount of deposits at $150 from any one person in one

year would tend to turn away from the post-office banks to other banks and savings funds the aggregated deposits as soon as sufficiently large to be desirable to financial institutions." Something may be said in favor of adopting this measure for small towns or villages where there are no banks, but these are starting even in small places, so that even this plea or argument for them is weakening. In our opinion, the Government has quite enough to do without going into the banking business. It can serve the people far better by performing existing duties more perfectly.

Pennsylvania Railroad Report.—The annual report of this corporation is always the most interesting document of the kind issued during the year. While its mileage is not much larger than that of several other railroad companies, its income greatly exceeds that of any other. The gross earnings from traffic on all lines owned or controlled east and west of Pittsburgh represent the enormous sum of $122,917,337.39, and the net earnings, after deducting gross expenses and excluding rentals, interest, dividends, etc., were $39,106,209.54. The following table will be interesting as showing the debt and traffic income on the Eastern lines during the last twenty years:

Years.	*Stock and Debt.*	*Freight Earnings.*	*Total Gross Earnings.*	*Profits from Traffic.*
1870.....	$66,610,090	$12,793,160	$17,501,707	$6,271,622
1871.....	75,757,680	14,052,305	18,719,837	6,896,404
1872.....	88,344,246	16,865,891	22,012,525	8,247,852
1873.....	111,290,250	19,608,555	24,868,009	10,017,155
1874.....	118,306,485	17,267,505	22,642,371	9,940,853
1875.....	128,188,681	15,651,741	20,493,252	8,699,199
1876.....	128,976,429	14,539,784	20,788,076	8,335,387
1877.....	129,975,647	14,642,109	18,983,456	8,232,317
1878.....	129,619,063	15,904,501	20,317,140	8,336,037
1879.....	126,117,956	17,016,989	21,743,628	9,992,007
1880.....	130,916,504	20,234,046	25,987,658	11,936,172
1881.....	135,518,936	22,400,120	27,647,009	12,178,540
1882.....	142,628,200	23,517,178	30,836,982	12,958,155
1883.....	152,365,953	24,536,789	32,017,813	13,696,399
1884.....	156,870,453	22,823,329	30,196,885	12,621,778
1885.....	158,166,540	20,804,493	27,667,406	10,446,772
1886.....	161,903,990	23,820,302	31,132,287	11,983,037
1887.....	169,925,190	26,505,179	35,305,728	12,977,192
1888.....	169,924,140	27,657,543	36,698,184	13,171,605
1889.....	.....	.....	36,855,782	13,661,985

One cannot help thinking, when reading this return, why the New York Central, with greater natural advantages, should not have attained even greater proportions. The New York Central runs through a richer country, and in the beginning it had many advantages over the Pennsylvania Railroad. Yet, for reasons which cannot be given here, the road has fallen far behind, not only in its income, but also in the perfection of its management. Those interested in the New York Central ought, in the face of this report, to inquire why it is that their road, possessing such great natural advantages, should be so far in the rear. Is the difficulty with

the management? One would think, in looking over the reports of the New York Central, that the management rarely gets beyond the consideration of the next dividend. The Pennsylvania, on the other hand, is constantly building for the future, and the fruits of this wise policy are now appearing. It is one of the few corporations in the country in which the managers do not confine their view solely to immediate profits. No other railroad can compare with it in this regard, and the splendid returns of the last few years are an ample justification of its policy. Well would it be for the New York Central, even at this late day, if it should study the report of its rival, and imitate it. We say rival, although the Pennsylvania is such a long way in advance in its management that it cannot properly be said to have a rival.

Bank of England and Issue of Silver Notes.—Much has been said of late concerning the intention of the Bank of England to issue silver notes, and its power to do so has been denied in some quarters; but, as the *Financial Record* has explained, the bank has an explicit right under the third section of the Peel Act of 1844 to make such issues. This is the section: "And whereas, it is necessary to limit the amount of silver bullion on which it shall be lawful for the Issue Department of the Bank of England to issue Bank of England notes, be it therefore enacted that it shall not be lawful for the Bank of England to retain in the Issue Department of the said bank at any one time an amount of silver bullion exceeding one-fourth part of the said gold coin and bullion at such time held by the Bank of England in the Issue Department." This provision was applied in January, 1845, when the gold coin and bullion of the bank was £62,400,000 and the silver bullion £8,260,000. The bank, on the 5th February, 1890, when the gold coin and bullion in that bank amounted to £100,800,000, had the right to hold "silver bullion" to the value of £25,200,000 and to issue their notes to that amount.

Shrinkage in Speculation.—A recent number of the New York *Tribune* contains an interesting editorial on the above topic. It appears from the records of the New York Produce Exchange that three years ago the recorded sales of wheat amounted to 1,727,797,100 bushels, or more than three times the entire quantity produced in the country; but last year it fell to 1,123,148,600 bushels, or little more than twice the entire crop. Sales of corn were 620,000,000 bushels in 1883, but had fallen to 253,000,000 in 1889. Sales of oats were 242,000,000 bushels in 1883, and fell to 90,000,000 last year. Sales of lard were 5,159,762 tierces in 1883, and 3,444,405 only three years ago, but fell last year to 1,029,855 tierces. It is complained, moreover, that even these reduced transactions

do not indicate the full extent of loss in business to the members of the Exchange. Formerly a great part of the buying and selling was for account of the public; now the brokers, for want of other occupation, do a great part of the trading themselves, and seek to make up for the absence of customers by betting with each other.

The *Tribune* very properly asks what harm has come from this shrinkage in speculation? There has been no decline in the sale of real products, but simply in speculation. This decline may mean a smaller business for speculators, but the decline does not affect, as we can perceive, the condition of legitimate business anywhere. Or, if it does, the effect must be a salutary one, for, as we maintain, speculation thrives only at the cost or injury of real business:

"If that kind of business," says the *Tribune*, "has declined, it may fairly be doubted whether the public has not cause to be thankful. Especially if the public, taught by experience, has learned to let such speculation alone, so that the trading is now almost wholly by brokers and professional operators with each other, the country would seem to have gained incomparably, whether the brokers have lost or not. Money put into farms or factories, mills or mines, may produce something, and thus add to the supply of things for human need—to the actual wealth of the country. But money employed in buying and selling products, solely for the purpose of getting a profit out of somebody else, without regard to the necessary movement from producer to consumer, cannot in any way add to the wealth of the country or the health of legitimate trade. It is generally conceded by traders that two great corners, in June, 1887, and September, 1888, have practically killed speculation in wheat. These performances rendered food dearer, and were exceedingly costly to the public. The latter affected the price of bread in this and other cities, not to the advantage of poor people who were consumers, and yet no part of the benefit went to the growers of the wheat."

THE CLEARING HOUSE SYSTEM.

[CONTINUED.]

The Chicago Clearing House Association was formed March 10, 1865, and was incorporated in 1882. It is the fourth Clearing House in the United States as regards the magnitude of its transactions, and promises soon to become the third. The hour for making the exchanges at the Clearing House is 11 o'clock A. M., precisely. Thirty minutes from the time of commencing are allowed for the proof. Between the hour of 12 and 12:30 the debtor members must pay to the manager at the Clearing House the balances against them in United States gold coin, legal-tender notes, United States Treasury certificates, or Clearing House certificates.

Each member of the association must furnish to the manager, as often as five times yearly, a sworn statement of its condition, at dates required by Comptroller of the Currency, and at other

times, if required by Clearing House Committee. All checks and other items on any member of the association, presented for payment through the exchanges only, must be stamped by the bank presenting the same with the words "Paid through the Chicago Clearing House to ———," with the date thereon, in lieu of written indorsements; and the bank using such stamp thereby makes itself responsible for all items so stamped by it, and for all informalities of indorsement thereon.

Banks becoming members must pay an admission fee of $1,000, in addition to the regular assessment for expenses.

The business hours of the different members of the association must be uniform, as regulated from time to time, as the occasion may require, by a three-fourths vote at any meeting of the association. The expenses of the Clearing House are borne and paid as follows:

Each member is assessed $200, and any balance above the amount thus provided is assessed *pro rata* according to the daily average of the exchanges sent to the Clearing House for the preceding three months.

D. R. Hale was formerly manager, and was succeeded by Mr. W. S. Smith, who served many years. He was succeeded in 1884 or 1885 by Mr. A. P. Smith, who served until his death, in January, 1890.

It is only since 1881 that the balances have been recorded. The transactions of this Clearing House, so far as reported from its organization, have been as follows:

	No. of Banks.	*Clearings.*	*Balances.*	*Balances to Clearings. Per cent.*
1865....	20	$319,606,228.42	.....	....
1866....	25	453,758,648.11	.....	....
1867....	23	580,727,331.43	.....	....
1868....	25	723,293,444.91	.....	....
1869....	24	734,661,949.91	.....	...
1870....	26	810,676,036.28	.....	..
1871....	26	868,936,754.64	.....	....
1872....	29	993,060,503.47	.....	....
1873....	30	1,047,027,828.33	.....	....
1874....	26	1,101,347,918.47	.....	....
1875....	24	1,212,817,207.54	.....	....
1876....	22	1,110,093,624.37	.....	....
1877....	19	1,044,678,475.70	.....	....
1878....	18	967,184,093.07	.....	....
1879....	18	1,257,756,124.31	.....	....
1880....	18	1,725,684,894.85	.....	....
1881....	16	2,249,329,924.73	$213,694,509.99	9.5
1882....	18	2,366,536,855.00	246,266,106.00	10.4
1883....	19	2,525,622,994.00	270,789,665.00	10.7
1884....	19	2,259,680,391.74	239,625,323.30	10.6
1885....	19	2,318,579,003.07	275,421,063.20	11.9
1886....	20	2,604,762,912.35	286,775,348.50	11.0
1887....	21	2,969,216,210.00	298,085,362.00	10.0
1888....	21	3,163,774,462.00	307,987,362.00	9.7
1889....	20	3,379,925,188.00	332,253,153.00	9.8
		$38,788,779,004.64		

The Cincinnati Clearing House was established 1866, and the Clearing House year ends March 31. No official record of its transactions by calendar years exists prior to 1881. Mr. George P. Bassett was manager from the organization of the Clearing House, in 1866, to May 1, 1885, when he was succeeded by Mr. Wm. D. Duble, who still continues manager.

The hour for making the exchanges is 2 o'clock P. M. At 2:30 the manager, in settlement of balances, issues his checks or warrants upon the debtor members to the creditor members, which must be promptly paid to the satisfaction of the latter. If payment is not made before 4 o'clock on the same day the Clearing House must be notified immediately, otherwise the other members are free from responsibility on such checks. In case of default the other members must make up the deficiency, in proportion to the checks they have cleared on the defaulting member on that day, and the latter is required to return the checks it has received unmutilated.

The clearings and balances, so far as reported, have been as follows:

	No. of Banks.	*Clearings.*	*Balances.*	*Balances to Clearings. Per cent.*
1866-67.....	..	$300,732,199	$46,123,984	15
1867-68.....	..	315,113,873	43,881,672	14
1868-69.....	..	320,938,277	40,591,033	13
1869-70.....	..	318,713,984	48,988,706	15
1870-71.....	..	314,881,714	47,263,890	15
1871-72.....	..	320,127,945	44,736,960	14
1872-73.....	..	347,976,341	48,003,784	14
1873-74.....	..	332,765,063	47,115,880	14
1874-75.....	..	341,226,776	50,884,436	15
1875-76.....	21	351,111,048	63,672,784	18
1876-77.....	21	314,949,124	45,549,891	14
1877-78.....	23	294,113,821	40,494,733	14
1878-79.....	20	254,468,000	No record.	..
1879-80.....	16	304,300,000	"	..
1880-81.....	15	379,146,350	"	..
1881..Apl. 1 to Dec. 31	16	351,224,350	"	..
1882.....	18	478,994,050	"	..
1883.....	19	494,414,900	"	..
1884.....	18	460,600,000	"	..
1885.....	20	445,250,350	"	..
1886.....	20	513,711,500	89,565,600	17
1887.....	19 & P. O.	562,261,150	91,484,700	16
1888.....	17 "	520,418,850	72,259,200	14
1889.....	17 "	565,665,050	86,322,000	15
		$9,203,105,615		

The Milwaukee Clearing House was organized December 1, 1868. Its manager for the last twenty-one years has been Mr. T. L. Baker. The hour for clearing is 10:30 A. M. The various stages of the work occupy about an hour. Debtor banks pay their balances at the Clearing House at 2 o'clock P. M., in lawful money, National bank notes, or such Clearing House certificates as may be agreed on from time to time. At 2:15 P. M. the creditor banks

receive their balances. Checks not good must be returned before 12½ o'clock.

The expenses are met by a quarterly assessment upon the members, in proportions agreed upon. The members are required to keep uniform hours, and are not allowed to receive on deposit checks on any bank or bankers in Milwaukee which are not members, unless such banks make their clearings through some member of the association. The banks stamp checks sent to the Clearing House. Any member may be subjected to examination, or required to furnish security on representation that its capital is impaired. The heavy grain commission firms are mostly at one bank, so that a large amount of the business of the city does not go through the Clearing House.

The transactions of the Milwaukee Clearing House from its organization by calendar years have been as follows:

	No. of Banks.	*Clearings.*	*Balances.*	*Balances to Clearings. Per cent.*
1869.....	..	$89,289,272.47	$17,258,525.23	19
1870.....	..	102,473,505.17	18,853,197.81	18
1871.....	..	108,122,235.71	22,273,856.63	21
1872.....	..	118,739,811.36	21,856,531.74	18
1873.....	..	151,292,953.03	26,696,275.00	18
1874.....	..	157,792,272.00	26,712,686.00	17
1875.....	10	152,679,004.00	25,733,186.00	17
1876.....	10	133,319,717.00	22,440,615.00	17
1877..... ..	10	144,885,186.49	20,257,305.13	14
1878..... ..	10	107,833,364.59	31,490,602.99	29
1879..... ..	9	142,644,020.03	22,576,911.36	16
1880.....	9	158,154,503.89	27,572,600.48	17
1881.....	9	180,442,213 29	32,157,287.62	18
1882.....	9	190,026,556.09	31,268,438.78	16
1883.....	9	176,102,158.64	29,143,473.01	17
1884..... ...	9	178,995,637.57	33,818,705.80	19
1885.....	10	186,502,812.49	31,811,992.36	17
1886.....	10	196,335,615.75	34,766,165.08	18
1887.....	11	226,784,810.25	38,508,507.43	17
1888.....	11	248,155,755.55	40,150,824.90	16
1889.....	11	254,431,258.03	45,897,345 53	18
Total.....		$3,405,002,663.40	$601,245,033.88	18

The Detroit Clearing House was formally organized March 23, 1883, although a temporary and experimental clearing had been in operation from February 1, 1883. The hour for making the exchanges is 12:15 P. M. The manager, in settlement of balances, issues his checks or certificates upon the debtor members to the creditor members. Such checks must be settled in gold coin, United States legal-tender notes, National bank currency, or United States coin certificates, on presentation. The manager's checks must be presented by the creditor members before 3 o'clock of the same day, and if not paid immediately the Clearing House must be notified. This method of paying balances has been in use since March 4, 1889, previous to which the balances were paid by the debtor members to the manager between 1 and 1:30 o'clock,

and received by the creditor members after 1:30, at the Clearing House.

The expense of printing is borne equally by the members, who pay $50 each, and the remaining expenses are met by an assessment *pro rata* according to the average amount which the several members have sent to the Clearing House for the preceding year.

The name of the manager is Mr. Fred W. Hayes, who has served from the time of the organization, February 1, 1883. The number of banks associated and the transactions of the Clearing House have been as follows:

	No. of Banks.	*Clearings.*	*Balances.*	*Balances to Clearings. Per cent.*
1883 11 mos.	15	$131,006,713	$21,606,201	16
1884.....	15	133,611,910	22,416,551	17
1885.....	14	142,284,094	24,911,505	17
1886.....	15	165,798,059	28,506,791	17
1887	16	198,095,822	32,783,816	16
1888.....	17	227,526,339	37,798,303	17
1889.....	17	242,414,800	40,094,024	16
		$1,240,737,737	$208,117,791	17

The Cleveland Clearing House was established in 1858. No record of its transactions exists prior to 1877, since which time the volume of its exchanges has increased threefold. Its secretary is Mr. A. H. Wick, its manager J. C. Heinricks. The number of banks associated is eleven. Balances of more than $1,000 are settled by New York exchange; a balance check is given for balances under $1,000, which is put through the clearings of the next day. Consequently no cash is handled in paying balances. Checks cleared are marked with the Clearing House stamp. The number of banks at different periods, and the amount of the annual clearings, so far as reported, have been as follows:

	No. of Banks.	*Clearings.*
1877.....	8	$65,668,271
1878.....	8	58,177,750
1879.....	8	65,070,562
1880.....	8	85,696,156
1881.....	8	103,113,043
1882.....	8	113,287,425
1883.....	9	106,986,273
1884.....	10	106,044,770
1885.....	10	103,561,302
1886.....	11	129,813,633
1887.....	11	163,043,775
1888.....	11	164,335,988
1889.....	11	198,272,121
		$1,463,071,669

The Columbus Clearing House was established in 1868, and contains fifteen banks. Its manager for many years has been Mr. John Field. The clearings are made at 2 o'clock P. M. The exchanges occupy ten minutes; the adjustments twenty. The clearing matter consists of checks, to which no distinguishing mark is affixed. Balances are paid by manager's checks on the debtor

banks. The transactions of this Clearing House, so far as reported, have been as follows:

	No. of Banks.	*Clearings.*	*Balances.*
1875.....	..	$9,832,708	.....
1876.....	13	12,879,651	.....
1877.....	13	13,564,366	.....
1878.....	12	12,151,284	.....
1879.....	12	15,269,010	.....
1880.....	12	22,034,094	.....
1881.....	15	26,074,328	.....
1882..	14	28,841,778	.....
1883.....	14	31,596,743	.....
1884.....	15	34,858,428	$5,283,222
1885.....	15	34,735,950	5,627,434
1886.....	15	46,039,752	.....
1887.....	..	56,292,770	.....
1888.....	..	57,050,713	.....
1889.....	15	65,577,541	.....
		$466,799,116	

The Indianapolis Clearing House went into operation February 1, 1871. The exchanges take place at 12 M., and occupy about fifteen minutes. The paper cleared consists of checks, notes and acceptances drawn on or payable at one of the associated banks, and must bear the indorsement of the sending bank, either in writing or by stamp.

All notes and acceptances must be certified before passing through the Clearing House. The manager, since October 1, 1883, has been Mr. Wm. W. Woollen, who succeeded Mr. Jonathan Elliot.

Previous to 1886 the debtor banks paid their balances in cash to the manager, and the money was by him paid to the creditor banks; since that time the manager gives checks on the debtor banks in favor of the creditor banks for the balances, which checks are collected by the several creditor banks.

The transactions at Indianapolis, so far as reported, have been as follows:

	No. of Banks.	*Clearings.*	*Balances.*	*Balances to Clearings. Per cent.*
1871.....	..	$ 33,000,000	.....	..
1872.....	..	42,000,000	.....	..
1873.....	..	45,000,000	.....	..
1874.....	..	52,000,000	.....	..
1875.....	..	65,000,000	.....	..
1876.....	12	59,000,000	.....	..
1877.....	14	56,966,650	.....	..
1878.....	14	56,215,635	.....	..
1879.....	14	64,169,990	.....	..
1880.....	14	87,398,262	About $22,000,000	25
1881.....	14	109,577,205	" 30,000,000	27
1882.....	12	101,577,523	" 24,000,000	23½
1883.....	11	93,649,878	.....	..
1884.....	8	73,213,168	12,348,408	17
1885.....	8	65,235,339	10,936,134	17
1886.....	6	90,825,898	9,897,507	11
1887.....	6	95,191,882	22,671,924	24
1888.....	6	96,297,502	23,329,820	24
1889.....	7	101,936,273	23,110,460	22½
		$1,388,255,205		

The Clearing House at Peoria, Ill., was established in 1880. Until about three years ago its manager was Mr. B. F. Blossom, since which time that position has been filled by Mr. H. Hedrick. The president, from the time of organization of the association, has been Mr. G. H. McIlvaine.

The hour for making the exchanges is 11:30 A. M. Members must report upon the balances before 1 o'clock, after which hour the balance, as ascertained, becomes the debt of the bank, and must be paid by the debtor banks at the counter of the creditor banks, in such way as may be agreed upon before 3 P. M. In practice balances are paid either in currency or in exchange on Chicago, St. Louis, Cincinnati, New York, Boston and Philadelphia.

All the banks in the city are members of the association. The paper cleared consists of checks. The transactions are not recorded prior to 1881. Since that time they have been as follows, the clearings for the first four months of 1881 being estimated:

	No. of Banks.	*Clearings.*	*Balances.*	*Balances to Clearings. Per cent.*
1881.....	..	$49,474,800	....	..
1882.....	8	53,231,703 Est.	$15,750,000	30
1883.....	7	50,779,885	.....	..
1884.....	8	44,058,884	.....	..
1885.....	8	40,755,650	11,447,526	28
1886.....	9	40,318,563	10,032,840	25
1887.....	9	58,785,921	15,635,888	27
1888.....	10	70,159,318	19,037,970	27
1889.....	10	77,284,173	19,426,876	25
		$484,848,897		

The Clearing House at Grand Rapids, Michigan, was organized December 30, 1885. The number of banks December 31, 1889, was seven. The manager for the last three years has been Mr. Chas. L. Grinnell. The clearings and balances have been as follows:

	No. of Banks.	*Clearings.*	*Balances.*	*Balances to Clearings. Per cent.*
1886....	..	$21,428,206.11	$4,828,486.89	22½
1887....	7	27,959,193.65	5,914,508.51	21
1888....	7	30,932,342.29	6,269,553.23	20
1889....	7	34,068,269.71	7,715,749.02	23
		$114,388,011.76	$24,728,297.65	21

The Kansas City Clearing House was organized in April, 1873, with ten banks, reduced in 1875 to eight, and in 1878 to four. In 1879 the number was increased to five. Its business since that time has shown a development truly wonderful. The name of the manager is E. P. Sutherland.

The hour for making the exchanges is 12:30 P. M. The proper matter for clearing, according to the by-laws, consists of checks, drafts, certificates of deposit, demand or matured, and any other matter especially agreed upon. In place of written indorsement,

all checks sent to the Clearing House must be stamped "Kansas City Clearing House," the name of the bank presenting them, and the date.

The method of transacting business is substantially the same as at St. Louis. The business hours of the members are to be uniform as regulated from time to time by unanimous vote. The manager issues his certificates on the debtor banks, payable to the creditor banks, for the balances due, without recourse upon any member of the association, after 2:30 P. M.

Only National and State banks, having a capital of $50,000 or more, are eligible as members. Balances are not reported. The number of banks and amount of annual clearings, so far as reported, have been as follows:

	No. of Banks.	*Clearings.*	*Balances.*
1874.....	..	$23,792,464	.....
1875.....	8	20,407,967	.....
1876.....	8	31,417,707	.....
1877.....	7	34,589,505	.....
1878.....	4	20,500,159	.....
1879.....	5	34,140,125	.....
1880.....	5	50,665,000	.....
1881.....	6	68,400,300	.....
1882.....	5	98,135,500	.....
1883.....	5	132,501,100	.....
1884.....	6	177,175,467	.....
1885.....	8	223,389,419	$35,499,647
1886.....	9	284,938,362	.....
1887.....	9	388,731,532	.....
1888.....	12	421,771,953	.....
1889.....	11	447,258,231	.....
		$2,457,814,791	

The Minneapolis Clearing House was organized January 1, 1881. The clearings occur daily, at 11 o'clock A. M. The name of the manager was Mr. Wm. E. Burwell, who served from 1881 to 1888, when he was succeeded by Mr. Perry Harrison, the present manager. No record of the transactions prior to 1883 exists. The amount of the clearings and balances, and the number of banks, so far as reported, have been as follows:

	No. of Banks.	*Clearings.*	*Balances.*	*Balances to Clearings. Per cent.*
1883....	10 About	$90,000,000.00	.....	..
1884....	12	110,556,619.73	.....	..
1885....	11	125,477,478.00	.....	..
1886 ...	13	165,573,842.93	$26,520,247.28	16
1887....	14	194,777,533.38	31,434,767.14	16
1888....	16	215,626,250.43	33,978,331.56	16
1889....	16	240,221,068.70	42,128,025.10	17½
		$1,142,332,793.17		

The St. Paul Clearing House was organized February 16, 1874. Its regulations are modeled after those of Chicago and Milwaukee. The exchanges are made at 10:30 A. M., at the First National Bank of St. Paul, and the average time occupied is about seven minutes. Checks only are exchanged. The manager from the time of organ-

ization of the association to the present has been Mr. Henry P. Upham, president of the First National Bank of St. Paul.

Balances are payable in coin, National bank notes, legal tenders, and gold and silver certificates. By mutual understanding no silver dollars are ever offered. The "paid" stamp of the sending bank is the only distinguishing mark affixed to checks passing through the Clearing House. No report of its transactions, prior to 1882, has been made. Since that date the clearings, and the number of banks in the association, have been as follows:

	No. of Banks.	*Clearings.*	*Balances.*	*Balances to Clearings. Per cent.*
1882....	8	$80,276,100.38	.....	..
1883....	9	105,635,291.99	.....	..
1884....	10	101,636,568.07	.....	..
1885....	11	118,340,977.91	.....	..
1886....	13	153,615,117.30	.....	..
1887....	14	205,012,122.78	$34,819,949.96	17
1888....	14	194,913,011.43	33,083,411.52	17
1889....	14	209,409,381.03	37,246,912.01	18
		$1,168,838,570.89		

The Duluth Clearing House was established March 1, 1887. The clearings and balances and number of banks have been as follows:

	No. of Banks.	*Clearings.*	*Balances.*	*Balances to Clearings. Per cent.*
1887.....	7	$103,454,420 24	$10,791,853.20	10
1888.....	6	101,325,298.99	10,768,212.96	11
1889.....	7	81,546,670.11	16,469,345.04	20
		$286,326,389.34	$38,029,411.20	13

The name of the manager is James C. Hunter. The business, outside of the clearings was, in 1889, fully 30 per cent. heavier than in 1888, according to the manager.

The Omaha Clearing House was established October 23, 1884. Mr. W. H. Hewes has been manager from the organization of the association to the present time.

The exchanges are made at 12:30 P. M. daily. The manager issues certificates on the debtor members in a prescribed form, payable to the creditor members for the amount of their balances, without recourse upon any member of the association, after 2:30 P. M. of the same day. The banks are required to pay a membership fee of $100, in addition to the regular assessment for expenses. The assessment upon the members for expenses, except for printing, which is borne equally, is made in proportion to the average amount of their clearings.

All checks sent to the Clearing House must be stamped with the words "Omaha Clearing House," the name of the bank presenting them, and the date on which they are cleared. The banks using the stamp thereby make themselves responsible for the genuineness of all indorsements, and for the informalities of

such indorsements. The business hours of the members must be uniform, to be regulated from time to time by a three-fourths vote of all the members.

Proper matter for clearing consists of checks, drafts, certificates of deposit, demand or matured, notes and acceptances, made payable at bank, and other matter specially agreed upon. The Clearing House year ends September 30. The following statistics of the clearings, balances and number of banks has been furnished by the manager:

	No. of Banks.	*Clearings.*	*Balances.*	*Balances to Clearings. Per cent.*
Year ending Sept. 30, 1885....	6	$ 51,528,609	.....	....
" " " 1886....	6	82,690,570	.....	....
" " " 1887....	8	137,220,535	.....	....
" " " 1888....	8	166,007,003	$27,423,673	16½
" " " 1889....	8	201,250,166	39,237,733	19½
		$638,696,883		

The Denver Clearing House was organized October 30, 1885, with seven banks. Its officers were as follows: President, D. H. Moffert; vice-president, C. B. Kountze; treasurer, Wm. D. Todd; secretary, E. P. Wright. The banks take turns, each bank being the Clearing House for three months. The name of the manager December 31 was Jno. R. Hanna; the present manager is Charles M. Clinton. The hour for making exchanges is 11 o'clock. The manager issues his certificates on the debtor members payable to the creditor members of the association for the amount of their balances, without recourse upon any member of the association, after 3 o'clock P. M. of the same day.

The expenses of the Clearing House, other than for blanks, which are apportioned equally, are borne *pro rata* by the several banks, according to the average amount of clearings at the close of each month. The manager makes a statement showing the clearings of each bank for the month, and other facts.

The proper matter for clearing consists of checks, drafts, certificates of deposit, demand or matured, notes and acceptances made payable at bank, and any other matter specially agreed upon. Any bank clearing paper not proper is subjected to a fine. The institution went into actual operation November 16, 1885, and its transactions from that date have been as follows:

	No. of Banks.	*Clearings.*	*Balances.*	*Balances to Clearings. Per cent.*
1885.....	7	$20,400,588.00	$2,708,712.56	13
1886.....	7	171,329,074.00	31,199,890.00	18
1887.....	7	118,139,479.00	....	..
1888.....	7	134,349,418.45	6,099,113.66	4½
1889.....	10	194,778,647.72	34,511,067.08	18
		$638,997,207.17		

The Clearing House at Des Moines was established December,

1887. The number of banks December 31, 1888, was ten; December 31, 1889, nine. The clearings for 1888 were $26,188,199; for 1889, $30,520,742. Balances are not reported. The name of the manager is Mr. J. G. Rounds.

The St. Joseph Clearing House was organized February 24, 1877. Its manager for several years was Mr. E. O. Sayle, who was succeeded by Mr. John T. Johnson. The present manager is Mr. W. S. Hendrick, who was elected June 1, 1889.

There is no official record of its balances accessible. The transactions of the association and the number of banks associated, so far as reported, has been as follows:

	No. of Banks.	*Clearings.*	*Balances.*	*Balances to Clearings. Per cent.*
1877.....	6	$11,469,165.00	.....	..
1878.....	4	11,513,655.00	.....	..
1879.....	3	12,405,759.00	.....	..
1880.....	3	16,873,707.00	.....	..
1881.....	4	22,536,810.00	.....	..
1882.....	4	29,728,217.00	.....	..
1883..	5	32,171,974.00	.....	..
1884.....	4	34,657,818.00	$5,640,000	16
1885.....	5	36,562,528.00	9,631,050	28
1886.....	5	48,304,385.00	13,526,144	28
1887.....	5	71,597,392.43	.....	..
1888.....	7	67,808,928.23	.....	..
1889.....	7	66,891,479 15	.....	..
		$462,611,817.81		

The Wichita Clearing House was established on the 29th day of March, 1888. The items for clearing, unless otherwise agreed on by the members, consist of checks, drafts and certificates of deposit, demand or matured. The hour for making the exchanges is 12 o'clock at noon. Balances must be paid by the debtor banks to the association before 1:30 P. M., and the creditor banks receive their balances between 1:30 and 2 P. M. of the same day. The items received in the noon exchanges which are ascertained not to be good, must be returned to the members from whom they were received before 2 P. M. of the same day.

By a rule of the Clearing House the business hours of all members are fixed at from 9 A. M. to 3 P. M. The manager is required to give bonds. Each bank must pay an initiation fee of $100, in addition to an equal assessment on each member to meet any deficiencies in the expenses not provided for by fines or other sources. There is a system of fines similar to those prevailing at other Clearing Houses. The Clearing House year ends April 1st. The name of the manager is Roy M. Sohn. The term of office of the manager is placed at three months, and each bank messenger takes it in his turn.

The clearings for 1888 from opening were $33,866,914.22; for 1889, $35,633,050.86. Balances are not reported.

The Topeka Clearing House was established June 1, 1887. No record of balances was kept until October, 1889. There is no record of its clearings prior to 1888:

	No. of Banks, Dec. 31.	*Clearings.*
1887.....	4	.....
1888.....	5	$17,150,402.00
1889.....	6	19,586,044.63
		$36,736,446.63

The name of the manager is Mr. A. C. Martin.

The Sioux City Clearing House was established July 14, 1889, with Mr. George Weare as president, and Mr. H. M. Bailey manager. It is composed of the following named banks and bankers, eleven in number:

Weare & Allison.
First National Bank.
Sioux National Bank.
Iowa Savings Bank.
Security National Bank.
Sioux City Savings Bank.
Commercial State Bank.
Merchants' Bank.
American National Bank.
Iowa State National Bank.
Union Stock Yards State Bank.

The hour for clearing is 11 o'clock A. M. After the proof is made the manager issues his certificates on the debtor banks, payable to the creditor banks for the amount of their balances, without recourse upon any member of the association, after 2 o'clock P. M. The exchange and delivery of checks at the Clearing House is to be in trust only until the debit balances are paid, and to be returned without mutilation by any defaulting member.

Checks found not good must be returned before 3 o'clock P. M. Checks must be stamped with the name of the bank, the words "Sioux City Clearing House," and the date. Proper matter for clearing consists of checks, drafts, certificates of deposit, demand or matured, and any other matter especially agreed upon by any member, until notice is given to the contrary.

A clearing appears to have been in operation somewhat prior to the formal organization of the Clearing House. The clearings, as reported in the *Commercial and Financial Chronicle* for forty-eight weeks in 1889, were $28,018,117.

DUDLEY P. BAILEY.

[TO BE CONTINUED.]

THE AUTHORITY AND LIABILITY OF BANK OFFICERS.*

DIRECTORS.

SEC. I.

THEIR AUTHORITY AND DUTY.

In discounting a note for an individual, the proceeds of which are to be used for a commercial purpose, the directors ought not to receive as collateral security notes or other obligations held by him as trustee. Of course, a trustee, unless restrained by statute, can sell the trust estate, or pledge it for all purposes in discharge of his trust; and even if the sale or pledge be made for other purposes, of which the purchaser or pledgee has no knowledge, the transaction will be sustained. But if an executor should borrow money for a commercial purpose, and pledge the assets of the estate as security, the law will impute knowledge to the directors of a misapplication of the money. In *Smith* v. *Ayer* (101 U. S. 320), which was a case of this nature, Judge Field remarked that the directors "could not say that such assets could be rightfully used as collateral security for loans to be employed in the business of a commercial house. It would be attributing to them the lack of ordinary good sense to suppose they entertained any such notion." (*Manhattan Bank* v. *Walker*, 130 U. S. 267; *Duncan* v. *Jaudon*, 15 Wall. 165; *National Bank* v. *Insurance Co.*, 104 U. S. 54; *Shaw* v. *Spencer*, 100 Mass. 382; *Loring* v. *Brodie*, 134 Mass. 453; *Bell* v. *Farmers' Deposit National Bank*, 25 Weekly Notes, 166.) The bank, therefore, was obliged to surrender the assets thus held as collateral. (*Smith* v. *Ayer*, 101 U. S. 320.)

Should they violate their charter by lending too much to a person, or by accepting indorsements when they ought not, their violations would be no defense to the lenders in actions to recover their money. (*Richmond Bank* v. *Robinson*, 42 Me. 589; *Tuttle* v. *O'Brien*, 9 Mass. 423; *Bond* v. *Central Bank*, 2 Ga. 92; *Bates* v. *Bank*, 2 Ala. 451; *Chester Glass Co.* v. *Dewey*, 16 Mass. 94; *Lampton* v. *Commonwealth's Bank*, 2 Littell 301; *Hughes* v. *Bank*, 5 *Id.* 46; *Banks* v. *Poitiaux*, 3 Rand. 136.) So, too, whenever the maker of a note knows that a director, who has procured it for discount, has exceeded his authority in doing so, he cannot defend himself by proving that the director's conduct was fraudulent in pledging the note to the bank for a loan to the director himself. (*Washington Bank* v. *Lewis*, 22 Pick. 24.)

Likewise an officer who borrows money in violation of the char-

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ter of his bank is liable for it. (*Lester* v. *Howard Bank*, 33 Md. 558.) The power of a bank to save its debts, so Judge Lumpkin has remarked, is essential to its existence. The regulations in the charter as to its discounts are merely directory. (*Bond* v. *Central Bank*, 2 Ga. 92.) The rule is always applied, that no action will lie to enforce a contract *malum in se*, nor, if executed, to recover money paid under it. But the rule is less generally applied to contracts which are prohibited by statutory law. "Public policy," as Judge Robinson has well said, "lies at the basis of the law in regard to illegal contracts, and the rule is adopted not for the benefit of parties, but of the public. It is evident, therefore, that cases may arise, even under contracts of this character, in which the public interests will be better promoted by granting than by denying relief, and in such the general rule must yield to this policy." (*Lester* v. *Howard Bank*, 33 Md. 558, 562.) In harmony with this remark, the Supreme Court of the United States have said: "Before the rule can be applied in any case of a statute prohibiting or enjoining things to be done, with a prohibition and a penalty only for doing a thing which it forbids, . . . the statute must be examined as a whole, to find out whether or not the makers of it meant that a contract in contravention of it should be void, or that it was not so to be. In other words, whatever may be the structure of the statute in respect to prohibition and penalty, or penalty alone, it is not to be taken as granted that the legislature meant that contracts in contravention of it were to be void, in the sense that they were not to be enforced in a court of justice. In this way the principle of the rule is admitted without at all lessening its force, though its absolute and unconditional application to every case is denied." (*Harris* v. *Runnels*, 12 How. 80.) Consequently, whenever the legislative intention to declare a prohibited contract void is questioned, the intention should be observed, and the contract enforced. (*Lester* v. *Howard Bank*, 33 Md., p. 565; see *Albert* v. *Savings Bank*, 2 Md. 160; also *Smith* v. *Bromley*, Doug. 697, note; *Jaques* v. *Golightly*, 2 W. Black. 1,073; *Browning* v. *Morris*, 2 Cowp. 790; *Williams* v. *Hedley*, 8 East 378. See Officers, §§ 73-76.)

Formerly, in Maryland, if a bank had no authority to make a loan to a director it could not be recovered, and the loan, and any security taken therefor, was void. (*Albert* v. *Savings Bank*, 2 Md. 159; 3 Wend. 574.) But this is not the law now, as we have already shown.

Indeed, nowhere can a loan be defeated on this ground. His interest in another corporation, as a stockholder, would not affect its legality. (*Id.*) So, too, he would be none the less liable as an indorser, though exceeding the limit permitted by law. The mem-

bers of a board might indeed render themselves individually liable for lending more to a director on his credit than the legal limitation, but as Judge Rice has said, a director cannot shield himself behind this failure of his co-directors to observe the law; as to him, that violation was entirely collateral; it did not enter into or affect his contract." (*Richmond Bank* v. *Robinson*, 42 Me. 589, 592; *Little* v. *O'Brien*, 9 Mass. 423; *Bond* v. *Central Bank*, 2 Ga. 92; *Bates* v. *Bank*, 2 Ala. 451.)

The purpose for which money is loaned will not prevent its recovery, unless it be illegal. Thus, a board loaned money to a person who employed it in manufacturing arms for the Confederate States. The directors, after granting the loan, expressed their pleasure that the borrower had procured it for this purpose, and assured him that he could have obtained it for no other. But their official action did not show that the loan was made "with any other view than to benefit the bank and to accommodate a customer." Said the court: "The loose expressions of three or four directors made privately to the defendant, that he could not have obtained the money for any other purpose, cannot be dignified into an official or corporate act that will bind the bank." (*Jones* v. *Planters' Bank*, 9 Heisk. 455, 459, 460; *Puryear* v. *McGavock*, *Id.* 461.)

Directors may assign or transfer securities belonging to the bank. (*Stevens* v. *Hill*, 29 Me. 133, citing *Northampton Bank* v. *Pepoon*, 11 Mass. 288; *Spear* v. *Ladd*, *Id.* 94; *Folger* v. *Chase*, 18 Pick. 63.) So may they direct one of their number to assign them. In an early case, Chief Justice Parker remarked that there was no reason why this power should not be exercised by one of the body, with the consent of the rest expressed by their vote. "We are satisfied, therefore, that the directors might, by their vote or power of attorney, authorize the president, or any other officer of the bank, to assign over the promissory notes payable to the company." (*Northampton Bank* v. *Pepoon*, 11 Mass. 288, 293, 1814.)

Occasionally the interests of a bank require that it should borrow money. Long ago it was decided that directors can authorize the president and cashier to do this. (*Ridgway* v. *Farmers' Bank*, 12 Serg. & Rawle 256.) "It is well-settled law," in New York, says Judge Barnard, "that any corporation may borrow money for the ordinary business, and to accomplish the objects of the corporation, and may give its obligations for the money thus borrowed. . . . A corporation having the power to issue its own obligations for money so borrowed has also the right, instead of giving its own obligation, to turn out its assets to secure the payment of money so borrowed. The two powers stand on the same principles." (*Clark* v. *Titcomb*, 42 Barb. 122,

124.) And if directors in good faith raise money for their bank by giving their own notes, taking other notes and bills belonging to the bank as security therefor, they can hold them (Warner's Appeal, 7 At. Rep. 216 Pa. 1886); and if they have obtained the money through discounts from other banks, the benefit of the securities thus taken will inure to these banks. (*Id.* Kramer's Appeal, 37 Pa. 71; Rice's Appeal, 79 *Id.* 168.) Furthermore, when a bank is authorized by statute to borrow money for a specific purpose, the shareholders, even though unanimous in their action, cannot lawfully divert it. (*Bagshaw* v. *Eastern Union R. Co.*, 7 Hare 114; see *Stevens* v. *Rutland & Burlington R. Co.*, 29 Vt. 545.)

A bank, also, to some extent, has dealings in real estate in connection with its loans or place of business. Real estate is taken for debts, and afterward is sold. Questions have arisen with respect to the proper mode of executing conveyances. It has been determined that directors may appoint, by a vote of the board, an agent to convey land. A letter of attorney is not necessary. (*Savings Bank* v. *Davis*, 8 Conn. 191.) In executing his authority, however, he must affix the seal of the corporation to the conveyance. (*Id. The King* v. *North-Duffield*, 3 Maule. & Sel. 247; *Randall* v. *Van Vechten*, 19 Johns. 60; *Bank of Columbia* v. *Patterson's Adm.*, 7 Cranch 299; *Damon* v. *Granby*, 2 Pick. 345; *Stinchfield* v. *Little*, 1 Greenl. Me. 231; but see *Decker* v. *Freeman*, 3 *Id.* 338; *Taft* v. *Brewster*, 9 Johns. 334.) In executing a deed to a director, with the instruction not to deliver the same until the settlement of a dispute between the grantor and the bank, this would be no delivery. (*Bank* v. *Bailhache*, 65 Col. 327.)

[TO BE CONTINUED.]

A New Demand for Silver.—Another demand for silver, not previously mentioned in the various market reports, is the withdrawal of the Treasury notes of small denomination by the Brazilian Government and their replacement by silver coin. If this measure is carried out without interruption the amount of silver that will be absorbed will be considerable, since the total circulation of National paper money in the new republic is $96,860,430, of which a large amount is in notes of small denomination. The first appropriation made for this purpose is $1,617,600. This measure on the part of Brazil suggests the probability that the Argentine Republic, in the now essential re-arrangement of its finances, may probably make use of silver to a considerable extent in reducing the deluge of paper money with which the country has been flooded through unsound finance, and thus gradually enable its transactions to be placed on a specie basis.

WINDOM SILVER BILL.

As only an outline of the Secretary's statement to the house committee of Congress on coinage, weights and measures made at their request, in explanation of his silver bill, has appeared in the newspapers, the importance of the subject justifies a complete presentation of his remarks in the MAGAZINE.

Mr. WINDOM. I appreciate very highly the opportunity which the committee has given me to appear before you. I want to say, however, I did not come here for the purpose of making an address. I have prepared no speech on the subject. I have no pet theories to advance; no sentimentalism to sustain on this subject of silver. What we need is practical legislation to meet the difficulty of the financial situation, and I prefer to appear here, not as an advocate especially of any measure, but rather to confer with you, gentlemen, and to give you my views upon any point you may desire, expressly saying I do not assume to know all about the silver question, but there are some practical questions that occur to us which I am very glad to have an opportunity of considering with you.

This bill which I hold in my hand, Mr. Chairman and gentlemen, was framed to meet, in the best way I could devise, the present financial condition of the country. I have seen it stated that it was framed to defeat something else, and its author did not really believe in it himself. I want in the outset to disavow any such intention, and to state that it was not framed to defeat any other measure. It was prepared solely with a view of obtaining the best possible solution I could devise for the present financial problem.

There are many things about which I think we all agree. In the first place, I believe it is the almost unanimous conviction that, owing to the rapid growth in population and business, and the rapid retirement of National bank circulation, some sound currency should be devised to take the place of these retired notes and to meet the growing wants of the country. In the second place, I think we all agree that in the United States we must allow the use of both silver and gold as a circulating medium; and furthermore we all agree that during the last seventeen years there has been a great divergence in the market value of silver and gold. If gold be taken as the measure or standard, then silver has fallen about 28 per cent. in the last seventeen years and over 20 per cent. in the last eleven years. If silver be taken as the measure or standard, then gold has appreciated nearly 40 per cent. in the same time.

Now, as I said in the outset, I have no theories to present on the subject, and I do not wish to take up your time by discussing the question why gold has advanced or silver fallen in value. What I think is of more importance on this point is, that there is a very great divergence, which, if possible, we ought to remove. My own opinion is that gold has increased in value and silver has fallen very much in value, but I do not intend to go into the theoretical part of it. This bill was framed, Mr. Chairman and gentlemen, with the hope, in the event of it becoming a law, that a large portion of the difference in value between the two metals might be removed and some ratio might be fixed between them which would nearly equalize them. I do not believe that it is possible to fix any ratio absolutely by which a certain number of grains of gold and silver shall be coined and maintain that ratio so far as this

nation alone is concerned; therefore, I have sought by this bill to find some means of establishing and maintaining an equivalence of value between the two metals in our circulation.

I know that a great many believe that if this nation alone will assume to say that a certain number of grains of silver and a certain number of grains of gold shall be a dollar that will make it so. I know we are very strong, very rich and very powerful, but I gravely doubt whether it is in the power of this nation to do this thing. I believe it is in the power of the commercial nations to do it, but I do not believe that the United States alone can fix a certain ratio and maintain that ratio between the metals. This bill was designed, therefore, to adopt the ratio which the commercial world has adopted, or may adopt, as their value, and to keep it there. And I believe the passage of this bill will give us a currency, stable, sound, expanding with the increasing conditions of trade and the increase of population of the country better than any other method I can devise. If this committee can prepare one that will be more certain to accomplish this result it shall have my most hearty concurrence, as I have no especial pride in any plan, and I am ready to adopt any which will best accomplish these results.

There have been some criticisms of the bill which I hold in my hand and I would like to refer to a few of the points which have been suggested in opposition to it. One is the difficulty in enforcing the provison in the first section to exclude foreign ores, the bill providing, as you remember, gentlemen, that "silver bullion, the product of the mines of the United States, or ores smelted or refined in the United States"—that is, the product of all ores smelted or refined in the United States may be deposited at any coinage mint, or at any assay office of the United States, and be received and provided for as stated in the bill. I have brought with me, and will leave with the committee, with their permission, a section which, if added to the bill, I believe will obviate the difficulty that has been raised by some as to the practicability of excluding foreign silver. Perhaps I might read it right at this point. Before doing so, I will say that my purpose in excluding foreign silver was to obviate the difficulty which a great many people seem to think we will have—I do not think there is so much in it myself—of being flooded with the silver of the old world.

It shall be the duty of the collectors of customs of the United States to stamp with a steel stamp on every bar of silver bullion imported into the United States the word "foreign"

It shall be the duty of every assayer or refiner in the United States, or any other person or firm, who may receive bars of silver stamped "foreign," in case such bars are remelted or refined, to stamp with a steel stamp the resulting bars "foreign."

In case bars of silver stamped "foreign" are remelted or refined with other silver products of the United States in such a way that it is not possible to separate in the resulting bars the exact product of such foreign silver, it shall be the duty of such assayer or refiner, or other person or firm, to stamp with a steel stamp on an amount of silver bars which shall be equivalent to the amount of foreign silver melted or refined, the word "foreign."

It shall be the duty of every assayer or refiner in the United States, or any other person or firm, who may receive coins of silver of the coinage of countries other than the United States, in case such coins are remelted or refined, to stamp with a steel stamp the resulting bars "foreign."

In case foreign silver coins are remelted or refined with other silver products of the United States in such a way that it is not possible to separate in the resulting bars the exact product of such foreign silver coins, it shall be the duty of such assayer or refiner, or other person or firm, to stamp, with a steel stamp, on an amount of silver bars which shall be equivalent to the amount of foreign silver coins melted or refined the word "foreign."

Every person who fails to stamp bars resulting from the remelting or refining of foreign silver bullion or foreign silver coins with the word "foreign," and every person who falsely removes this stamp, or who by any art, way, or means mutilates the stamp

for the purpose of preventing identification of the bars, shall be punished by a fine of not less than $100 nor more than $1,000 for each bar: *Provided*, That nothing in this section shall be held to apply to silver products extracted by the processes of smelting, amalgamation, and lixiviation or any other metallurgical process, in the United States, from ores imported from foreign countries.

Mr. WINDOM. I will leave that with the committee, Mr. Chairman, for its consideration, and if you will excuse me I will feel more at home if you will allow me to keep my seat.

The CHAIRMAN. Certainly, Mr. Secretary.

Mr. WINDOM. This is intended as an additional section in case the committee shall deem it important to have it, but I think that it can be substantially accomplished without it. It will, however, be an aid in carrying out the principle of the bill as provided for in the first section.

I stated in the outset, Mr. Chairman, that I did not intend to make any argument in favor of the principle of the measure I have proposed, for the reason there is not time, and I have already stated in a general way in my report (which I hope you will do me the favor to read) on the silver question all I need to say on the subject. I think it best to take up the time in the discussion of the bill itself, and I want to call attention to some of its features that have been criticized, and I hope other points will be suggested afterwards which we can discuss together. Another very important objection which has been made to the bill is the discretion which section 6 gives to the Secretary of the Treasury and the President of the United States, or to the Secretary with the approval of the President, to suspend the receipt of silver. I know it has been thought this is a very dangerous discretion. It is supposed to be, as I judge from the public comment upon it, a new power to be given to the Secretary far more dangerous than any heretofore existing. I want to say in reference to that, so far as speculative power is concerned, so far as any inducement to the Secretary to use it for speculative purposes, the powers he now possesses under the existing law are far greater than any contained in this bill.

By this bill there is only one condition under which this discretion can be exercised, and that is in case there may be a combination or speculative manipulation of the markets so as to place silver at an arbitrary, nominal, and fictitious price. In that case he could simply stop the purchase temporarily. Under the existing law the Secretary of the Treasury can either put up the price of silver or put it down. It would be a very easy matter to-day for the Secretary of the Treasury to give notice to some of his friends that, say next month, he will buy $4,000,000 worth of silver; undoubtedly that would temporarily put up the price. He could continue to buy four millions of silver for such a time as necessary for speculative operations, and then give notice that thereafter he would buy only two millions per month, and that would probably put the price down. If the Secretary of the Treasury had no fear of public opinion, if he had no conscientious scruples as to the discharge of his duty, if he had no fear of impeachment, he could do this now without any trouble; that is, at least so long as he remained Secretary, which we know no ordinary President would permit if he went into such an operation.

On the other hand, under the provisions of this bill all he could do would be to stop temporarily speculative operations, and he would have to be satisfied they were speculative operations, and he would have to satisfy the President, so that he would have to have facts upon which to base his action, and those facts would have to be made public. I do not believe there is any danger from this provision. There might be cases in which it would be advantageous to the Government to exercise

that discretion, and the only case I have had in mind would be where combined capital, a large amount, should manipulate the market, buy all the silver product it could get hold of and deal out small quantities to a starving market and thereby put up the price, and perhaps accomplish this by purchasing small quantities at fictitious prices in order to make a fictitious market while they were holding back the great body of silver which they had bought for months, and when this fictitious price was worked up, to dump it on the market at the highest price and then let the price drop back again. That is the only thing I want to avoid. That there would be an advance, and a rapid one, in the price of silver if this bill shall pass, I think is quite clear, and it would take place without any manipulation or combination.

It will advance because the people will believe that the absorption by the Government of the entire product of this country of its mines and smelters will consume the surplus and leave a scant market in the rest of the world, and believing that an investment in silver will be profitable they will compete for it, and advance the price. This would be a natural operation and the result of the bill. I have felt it was important to retain this section, and I still think it would be imperative to retain it, if we were taking all the silver offered instead of limiting it to the product of this country. I should be very sorry to have to administer this bill if it opened to the Treasury the entire product of the world without some such provision as this. The bill, however, as prepared, limits it to the product of this country, and while I believe it is better to retain it, I do not believe it is as essential as in the other case. Nor do I believe, Mr. Chairman, that under this section the Secretary would ever be compelled to suspend the operation of the law.

Its deterrent effect upon speculation is, in my judgment, its great value, because with the section standing as it is these combinations would not be formed, when the Secretary and the President have the power to prevent the result which speculators of that character would hope to accomplish. They would not furnish the amount of money necessary to do it, and I do not think such combinations would be undertaken. It was in reference to its preventive effect rather than any expectation that it would ever have to be used, that it was inserted in the bill. I submit the matter, however, so far as the section is concerned, to the wisdom of the committee and to Congress to do as they think wise, with the remark that the present incumbent of the office of Secretary of the Treasury has no desire whatever to have any more power than he has, and certainly no more responsibility than is at present placed upon him in various ways in reference to the finances of the country.

A sentimental objection has been made to the bill—I think it is sentimental—that it makes a commodity of silver, that it degrades it from its use as a money metal to a mere commodity; and I have been asked the question, "If you by this bill make silver a commodity, why not use wheat, corn, iron, steel, or any other commodity?" My reply was that I had inserted in my report an answer to that criticism, but upon re-reading it I had stricken it out because I considered the criticism frivolous; that wheat, corn, and iron had never been made the basis of money in this country or any other civilized nation that I knew of, and that gold and silver had for all time been the money metals of the world; that in using silver in this way as a basis for circulation for money we were not varying materially from the practice of the world ever since commerce began.

I do not think there is anything in the idea that because we may use silver in this way, therefore, we may use anything else. I am a believer

in silver; silver and gold are the money metals, and my purpose in this bill is not to degrade silver, but to bring it up as near as we can to its former equivalence with gold. I believe that through hostile legislation, and perhaps through increase of production and other causes, that silver has depreciated, and I do not doubt that gold has somewhat appreciated, but this bill, in my judgment, will restore it substantially to its old ratio with gold. I am sanguine about that, and I submit it to the judgment of the committee. I do not think it is degrading to silver to use it as a basis for money.

I was very much impressed the other day, Mr. Chairman and gentlemen, as I went through the mint in Philadelphia, with the wonderful transformation which suddenly took place. There are, perhaps, a dozen or more processes from the time the silver bullion is first taken up for manipulation in the mint until it is a finished dollar. I had never been in the mint before, and I followed it through all its various processes until it reached the form of a planchet—that is, a milled piece of metal of exactly the size and shape of a dollar, ready for stamping. I found it finally in a little basket, from which a lady sat feeding it through a hopper into a stamp. During all these processes this piece of silver was bullion, worth about 72 cents—the metal, I mean, was worth 72 cents. That piece of metal was put into a little hopper, and the stamp struck it, and in an instant that piece of silver, worth 72 cents, became worth 100 cents, according to general belief. It struck me that the dividing line between the bullion and the coin was very marked and very apparent in that process. I believe it dignifies silver just as much for the Government of the United States to issue upon it, through the Bureau of Printing and Engraving, a stamped piece of paper saying it is worth so much, as it does when that lady feeds it into the hopper, and it runs under that stamp and comes out nominally worth 100 cents.

There may be something in the sentimental idea that if this country will only adopt a policy contrary to the universal judgment of the world outside of it, that we are strong enough to indefinitely transform that 72 cents' worth of metal into a hundred cents and maintain it at any length. But, as I said, I will not go into a discussion of that theory, whether it be true or not; but, for one, I do not believe we can do it indefinitely. I believe that, so far as the advance of silver in price and the restoration of the two metals to the former equivalence of value is concerned, this bill will do it far better than any other proposition that has been made. I believe it will do it far better than $4,000,000 per month of coined silver would, or even say $5,000,000 per month, or any other reasonable fixed increase, for this reason: We would, under this bill, take an amount probably equal to $4,000,000 or $5,000,000 per month. If you coin $4,000,000 or $5,000,000 per month—increase the present coinage—you will be met constantly throughout the world with the objection on the part of a great many people that it is not worth it, and it cannot be maintained at that price.

You buy silver for use of the Government precisely as we propose to receive it under this bill. You purchase the bullion and then you coin it. This bill proposes to receive bullion and store it, and issue Treasury notes upon it, but in both cases it is paid for at the market rate. In the coinage process, the financial people of the world generally have an apprehension that you cannot indefinitely continue this process, and by the increase you will finally have only the silver standard, and that silver will then be redeemed at its bullion value. I think that apprehension will tend to prevent the enhancement of the value of silver. On the other hand, by this bill I confess I see no period under present conditions when you need stop. I know it is one of the objections, and

perhaps one of the strongest that has been urged against it, that the time will come, perhaps twenty-five or thirty years' hence, when we shall have piled up so much of this bullion, and increased the circulation of the country to such an extent, that we will be compelled to stop, and when we do stop there will be a great fall in silver, and that the Government, with this vast amount piled up, will be a heavy loser.

I noticed in some of the English, and also some of the Holland papers, that the people of Europe are very apprehensive on the subject; I also notice that some of our papers are apprehensive. Now if I could assume, Mr. Chairman, that there would be a great change in the production of silver, that it would be greatly increased, that a radical change in the production of the two metals would take place by reason of the increased price, and if I could assume that we should have no Congress in session to deal with the facts as they arise in the next twenty-five years, and if I could further assume that the nations of the earth are going to treat silver just as they have been doing for the last seventeen years, there might be danger on this point. But I apprehend that we will have a Congress, and that as conditions change there could be changes made to meet them; so I do not apprehend any difficulty on that ground. But some of our friends who are afraid of too much money say, "If you continue issuing notes to the amount of fifty or sixty million dollars a year you will get so much money in the country that it will become depreciated on account of excessive volume."

Let us look at that for a moment. We have now about fourteen hundred million dollars of all kinds of money, according to the best estimates we can make in circulation. I think I stated the sum right [examining book]; it is $1,426,000,000 according to the best estimate we can get for all kinds of money in circulation in this country. I think no complaint is more common than we cannot decrease the bank circulation; that money is too scarce in this country; that we have not enough in circulation. The increase of population, if I remember right, is 3 per cent. per annum, and the increase in wealth and business more than that. If you could in any way make a combination of the increase of population and the increase in wealth and business I think you would find it would average much more than 3 per cent. Now, if you add 3 per cent. to the present circulating medium of the country you will have forty-two millions a year, so that if we had an increase of forty-two millions every year indefinitely we would not have any larger proportion of circulation to population and business than we have to-day; therefore I am not apprehensive that an annual increase of forty to fifty millions of sound currency is going to produce any serious detriment to the country.

I may say I think it is what the country needs. If there be any class of people who desire to cheapen money, to have a dollar that is not worth a dollar, this bill offers no inducement whatever to them, and the present Secretary of the Treasury will never present one that does. I believe in maintaining a sound dollar, a dollar which is the dollar of the world, and I think this bill will do it. It will maintain a dollar at its actual value, the equivalent of gold at all times. I do not say that there is a class of people in the country who desire to cheapen the dollar of commerce, but I say if there be any I cannot present an argument in this bill that would be of value to them, because it does not do it. I think it will cause an increase of currency in proportion to the population and the growing wealth of the country, and I think in about the proportion that we need the increase.

To refer once more to the statement I made in the beginning, that there has been a criticism of this bill that it was designed to defeat

some other proposition, and not introduced because it was believed to be the best thing to be done, I want to again disavow any such intention. I am thoroughly convinced myself that it will meet all the needs of the situation, and that it will do it without danger to the interests of the country; that it will absorb the surplus of silver and thereby put up the price of silver. I therefore think, Mr. Chairman and gentlemen, that it will substantially, with such amendments as the wisdom of the committee may suggest, meet the requirements of the situation, and do it safely and effectually. I do not now recall any other serious objections that have been made to it, and I will be very glad to discuss it with you, gentlemen, knowing you have studied the question. I do not think any bill can be presented that will not be liable to criticism and objection.

The CHAIRMAN. Will you please state if you know any reasonable objection to including gold bullion in the first clause of your bill?

Mr. WINDOM. No, I do not; but I will say——

The CHAIRMAN. I mean gold certificates.

Mr. WINDOM. I have not any objection to it. I will say to you, Mr. Chairman, that that was very seriously considered in preparing the report, and I should have inserted it, except that I preferred to place this question solely and alone as regards silver.

The CHAIRMAN. What objection is there to making the certificates a full legal tender?

Mr. WINDOM. There is an objection in the minds of a great many people, which is well for us to consider. One of the forms of redemption provided for in this bill is a commodity. We must call things by their right names, because until it passes through the hopper and is stamped, it is a commodity. Gold is a commodity in the same way, and there is objection to making any commodity a legal tender. Another objection of a great many people is to making anything except coin a legal tender. I think this bill would encounter a great deal of opposition if the notes were made a legal tender. It is for you to consider whether you think it is advisable to insert the legal tender clause, in view of the fact that one of the forms of redemption may be in bullion as a commodity. We have never gone that far yet in legal tender legislation.

The CHAIRMAN. There is one question in connection with section 5. Will you be kind enough to explain to the committee the real necessity for section 5, which authorizes a suspension of the act when the price of silver exceeds one dollar for 371¼ grains of silver.

Mr. WINDOM. I say very frankly to the committee what was in my mind when that clause was inserted. My wish was to keep it at a ratio, and not let speculation put one above the other.

The CHAIRMAN. Of course if the discretionary clause was left in the bill, we should have practically no use for this.

Mr. WINDOM. I do not care anything about that clause especially. I thought, however, it was safe to put it in.

The CHAIRMAN. Do you believe it is possible for any legislation to keep the price of gold and silver practically together?

Mr. WINDOM. Mr. Chairman, perhaps if you had asked that question before I studied this bill and became enamored of it, I might have expressed some doubt, but I am thoroughly convinced that it will attain the object sought.

The CHAIRMAN. But it never has yet been kept together.

Mr. WINDOM. No, sir, because a fixed number of grains have heretofore been adopted as the amount; this does not adopt any fixed amount, but takes the world's daily adjustment of the relative value of the two,

and that is one thing in which I think the great merit of this bill consists. It adopts the world's daily or weekly adjustment of the relative values, and keeps it there.

The CHAIRMAN. What would be the effect upon the carrying out of the law if the amount which the Secretary might receive was limited to any particular amount per month?

Mr. WINDOM. I think one of the results would be some little inconvenience in regard to the adjustment of the amounts to be received at each place. It would only be inconvenient.

The CHAIRMAN. What would be the effect if the amount received each month was limited by law? For instance, if you were prohibited by law from receiving more than $4,000,000 or $5,000,000 per month.

Mr. WINDOM. I think a limitation of that kind would operate against the enhancement of the value of silver, as any limitation might leave a surplus. There is a limit in this bill, it is true. It is limited to the product of this country. Right there let me diverge and mention a point which I overlooked before. It has been urged against this bill that it was wholly in the interest of the silver producers, that it was a bill gotten up to provide a market for the product of the mines of this country. Now, Mr. Chairman, that was not alone the motive of the bill. I believe in advancing, in aiding all the products of this country so far as we can; but this bill was not framed solely nor chiefly in the interest of silver producers. The wheat raisers of the country, for instance, are far more interested in it than my friend from Montana, or any other silver producer. I believe that our wheat farmers and other farmers who compete with the products of foreign countries which are on a silver basis, are more interested in the enhancement of the value of silver, than the silver producers themselves.

Our product of silver is about 45,000,000 ounces a year. Suppose you increase the value of that 28 per cent., you will add ten to fifteen millions to the value of the product. Our cash product of wheat will be enhanced in value tenfold more than our silver product.

The CHAIRMAN. In your judgment, could the object sought to be obtained by your bill be achieved if you received the bullion at its market price, issuing certificates at the market price, redeemable in silver dollars instead of redeeming them in bullion, as your bill provides?

Mr. WINDOM. I should doubt it very much, and I would think that the silver producers would not want that.

The CHAIRMAN. Why do you doubt it? Why would it not attain the object sought by your bill?

Mr. WINDOM. To redeem wholly in silver?

The CHAIRMAN. In silver dollars.

Mr. WINDOM. Because it would not maintain the ratio which I want to maintain between silver and gold.

Mr. WALKER. Maintain or appreciate?

Mr. WINDOM. It would not appreciate and it would not maintain it.

The CHAIRMAN. You do not think that would have the same tendency to bring the two metals together as the proviso of your bill?

Mr. WINDOM. I do not; and I should think that the silver producers of the country, and the people who want to see silver advanced, would not want it, because you compel them to put into the Treasury an amount of silver that the world would pay 100 cents for, and to accept in redemption what at present the world would pay but 72 cents for—outside the United States, I mean. I want to get a currency that will be good wherever the credit and wealth of this nation are known and recognized. I believe my plan would do it, and I do not think the other would.

The CHAIRMAN. Does any other member of the committee wish to ask the Secretary any questions?

Mr. CARTER. In regard to section 5 I want to ask a question. "That when the market price of silver as determined by the Secretary of the Treasury shall exceed $1 for 371.25 grains of pure silver, it shall be the duty of the Secretary of the Treasury to refuse to receive deposits of silver bullion for the purposes of this act." What would be the objection to coining it in dollars as far as the bullion may be presented?

Mr. WINDOM. For coining?

Mr. CARTER. Yes, sir.

Mr. WINDOM. You mean so far as it is the same bullion that may be presented?

Mr. CARTER. Assuming free coinage practically at the standard specified by the section.

Mr. WINDOM. You mean free coinage in part where it is the same silver.

Mr. CARTER. I mean the same class of bullion received.

Mr. WINDOM. I should have no objection myself to coining it when it reaches that point, so long as it remains at that point.

Mr. CARTER. And stop the coinage and issue certificates when it drops below?

Mr. WINDOM. I should have no objection myself. I am really a strong friend of silver, but some of my friends do not think so.

Mr. BLAND. I understand your bill assumes that gold shall be the measure of value.

Mr. WINDOM. It does assume that. It is the measure.

Mr. BLAND. You would purchase it at the gold valuation without any fixed ratio. That is to say, that the value of silver bullion as measured by gold would be the price at which you purchase it.

Mr. WINDOM. I would purchase it at the world's price for silver, and they measure it by gold; yes.

Mr. BLAND. Then your objections to coining silver after purchasing it, to make certificates redeemable in coin instead of bullion, would be that it would not conform to that theory in the bill?

Mr. WINDOM. I do not think it would.

Mr. BLAND. That is, to this gold theory?

Mr. WINDOM. I do not think it would. That is, I do not think it would keep the two metals together, and that is the great objection.

Mr. BLAND. What I mean is you have fixed the coining of gold at so many grains constituting a dollar, 25.8 grains.

Mr. WINDOM. That is the world's recognized gold dollar.

Mr. BLAND. I understand your bill is wholly framed upon the proposition that gold shall be the sole standard of value.

Mr. WINDOM. That is the world's standard to-day, as I understand it.

Mr. BLAND. It is part of the world's standard.

Mr. WINDOM. It is the standard of the commercial and financial world generally. There are nations that have not adopted it, but I propose to bring the silver up to that value, as I think they would.

Mr. BLAND. By section 5, I understand that if silver bullion should reach the value of 412½ grains with gold 25.8 grains in the market, you would be willing to open the mints to the unlimited coinage of silver at that ratio.

Mr. WINDOM. Certainly I should have no objection to converting the silver into that coin so long as it remains there, as I think it would remain there.

Mr. BLAND. Suppose the gold should get below the silver?

Mr. WINDOM. Or silver should go above gold?

Mr. BLAND. I take it for granted that your bill is upon the theory that gold is a measure of value. Suppose that silver should go above gold; in other words, that 25.8 grains of gold are fully three per cent. below the value of a silver dollar?

Mr. WINDOM. What is the question you base upon that?

Mr. BLAND. The question is that in the event 412½ grains of silver should be worth 3 cents more than 25.8 grains of gold, what then would become of gold?

Mr. WINDOM. I am perfectly willing to coin the silver then, but it will not be coined because it will be worth more as bullion, and it will not be coined at all.

Mr. BLAND. You do not wish to alter the value of a gold dollar by raising; in that event you would not desire any change in our monetary system so as to require an increase in the value of the gold dollar or decrease in the amount of the silver dollar.

Mr. WINDOM. I do not think that that condition will arise, and if it does there will then be time enough to meet it.

Mr. WALKER. Why should you not treat the gold, if silver goes to that point, as the silver is treated now?

Mr. WINDOM. I do not understand you.

Mr. WALKER. The point is, why not treat the gold when silver goes to that point precisely as silver is treated now?

Mr. BLAND. That is what I am asking.

Mr. WINDOM. I am entirely willing to treat it——

Mr. BLAND. Our bonded national debt, and I think probably a large amount of our State and county debts and railroad debts, amounting to probably many millions of dollars, are made specifically payable in coin. Now, by your bill I do not see how silver can be utilized to liquidate any payments, because it is based entirely upon certificates.

Mr. WINDOM. You think the certificates could not be used.

Mr. BLAND. That is the question. Do you think you could make it a legal tender if it is payable specifically in coin?

Mr. WINDOM. That is a law question. I think there would be no difficulty if silver were now a legal tender in payment of those debts. I do not think there is any difficulty in this bill in paying debts, because you can take the certificates and get silver dollars and pay it in that way; so there would be no serious trouble, that is, if they are now payable by silver coin.

Mr. BLAND. What is your opinion on this subject?

Mr. WINDOM. That is wandering.

Mr. BLAND. I do not think it is. I think that is a very important question.

Mr. WINDOM. I should want to look at the law.

Mr. BLAND. If they are really payable by law in silver dollars it is a very important question.

Mr. WINDOM. If they are payable in silver dollars, Mr. Bland, now, under this bill the notes could be presented and they could be paid in silver dollars still.

Mr. BLAND. But your bill does not provide for the coining of silver dollars, except in the event of certificates, which are issued at a gold valuation. That is to say, the amount of silver certificates or Treasury notes that would be put in circulation and be utilized for the payment of these debts would be limited to the amount of bullion at its gold value as much as the value of 412½ grains.

Mr. WINDOM. I should have no objection, then, for authority to coin as much as necessary to meet demands.

Mr. LEECH. The bill itself provides that that should be done.

Mr. BLAND. You could only coin the amount of bullion.

Mr. WINDOM. I think Mr. Leech is right about that. As I understand your point, it is, suppose there are not enough silver dollars to meet the demand in case a large amount should be required for payment of these obligations. Assuming they are payable in silver, you ask, as I understand it, where we are going to get silver dollars to meet them. As fast as silver dollars are used in the redemption of the notes we can coin silver to take the place; so under the bill we will always have silver dollars enough to meet these requirements.

Mr. BLAND. The point I make is this: If these debts are payable in coin and 412½ grains is a legal coin to pay, you compel the payment in 420 grains of silver instead or 412½ grains of silver, because you measure your purchase of silver by the gold value, and by that means you fail to get as much silver into circulation, or as much silver coin, as you would with free coinage at a fixed ratio.

Mr. WINDOM. I do not see that. We assume now that these large debts are payable in silver coin, and there will be a very large demand for silver coin to meet them. This bill provides for supplying any amount of silver dollars necessary for that purpose, for as these notes are redeemed in silver coin, we have the right to supply its place by other coinage, so you will have the same as now.

Mr. BLAND. The basis, however, of this amount that is to be redeemed is fixed by a gold valuation.

Mr. TRACY. I think that is a point the public is not very clear about.

Mr. WINDOM. I do not know that I am very clear what the question means. It may be that I am a little obtuse.

Mr. TRACY. A person going with bullion to get certificates for his bullion would not get as many dollars as if he took silver dollars.

Mr. WINDOM. Of course he would not; but he would get as many as he does now.

Mr. TRACY. You say he gets as many dollars as now?

Mr. WINDOM. Yes, sir. Not as many as he would get under free coinage, but as many as he would now.

Mr. BLAND. Of course, I compare this to free coinage, and in that view I take the ground that any limitation upon the coinage of silver is a limitation upon the payment part of debtors and creditors that the law gives them in respect to coin payments especially.

Mr. WINDOM. Then would it not be better, Mr. Bland, to reduce the intrinsic value—that is an offensive word to some gentlemen, I know—would it not be more easily paid if it got down to 50 cents?

Mr. BLAND. That is the proposition. We might reduce a gold dollar to conform to the silver dollar if we would change the ratio at all. Now, I understand the proposition of this bill is to purchase bullion produced from our own mines and exclude the foreign production of silver. What effect do you think that would have upon the value of silver? In other words, would not the silver you produce here be regulated by the value of silver throughout the world?

Mr. WINDOM. Yes, sir.

Mr. BLAND. And would not the limitation upon the purchase of the silver of the world necessarily depreciate it and continue its depreciation?

Mr. WINDOM. One of the laws of trade is that whenever a useful commodity becomes scarce it increases in value, and as we would absorb more than the entire surplus, according to the ordinary laws of trade, the price of silver would go up.

Mr. BLAND. That is very true. Silver, I grant, would probably appreciate somewhat under your bill. I understand your theory and

idea is to bring silver to a par with gold and maintain it, but I say how can that possibly be done as long as you place a limitation upon this and limit it to our own mines, excluding all other silver from foreign mines, and the market price at which you purchase it is to be governed by the prices abroad? How can it reach a parity with gold under a system of that sort?

Mr. WINDOM. I am not sure it will reach par, but I believe it will bring them as near as any other possible scheme, and I think it would do it before a very great while. Under the ordinary laws of trade, if you absorb the surplus and the demand for silver continues for India, China, the arts, etc., and this demand not being supplied as it was when there was a surplus thrown upon the market, it will appreciate in value.

Mr. TAYLOR. How much silver do we export?

Mr. WINDOM. About 25,000,000 ounces a year.

Mr. TAYLOR. It would take that amount?

Mr. WINDOM. Yes; it would reduce the amount on hand that amount.

Mr. BLAND. I understand you claim to take simply our own production, and that will bring the two metals practically at a par.

Mr. WINDOM. I think the tendency would be to do that.

Mr. BLAND. Do you think it would do it?

Mr. WINDOM. I believe so.

Mr. BLAND. What would be your objection to free coinage?

Mr. WINDOM. There so many objections to free coinage, and as my bill does not provide for free coinage, and I am not speaking in regard to that——

Mr. BLAND. Certainly if we coin $50,000,000 worth of silver, which you say might be done safely, and it ought to be done, would bring them to a par, I do not see what danger there can be in free coinage.

Mr. WINDOM. The danger in free coinage—but it is not necessary for me to go into that, as I know your arguments, and you know mine, and there is no use to rehash that old subject.

Mr. BLAND. I think that if the mining of our product will tend to bring them to a par, certainly free coinage would.

Mr. WINDOM. I think free coinage would reduce the value of silver below what it is now.

Mr. WALKER. Immediate free coinage?

Mr. WINDOM. Yes; immediate free coinage. I believe it would reduce the value of silver below where it is now.

Mr. TRACY. You have pretty near free coinage when you get gold and silver at nearly the same value under this bill, Mr. Bland.

Mr. TAYLOR. How is the price of silver fixed?

Mr. WINDOM. It is fixed by the market of Europe and this country.

Mr. TAYLOR. London?

Mr. LEECH. It is fixed by the price in London received daily by cable and the rate of sight sterling exchange between New York and London. In that way we fix the price in New York.

Mr. TAYLOR. How would there be any danger of silver going abroad if you pay the same price here as in London.

Mr. WINDOM. I should not want to risk that. I think the danger is, if we open it to the world, that a combination with large capital might buy up all the silver product of the world, and that they would then withhold it from the market, until by starving the market in Europe, and by their own manipulation, they would put the price up beyond what it ought to be, to a fictitious price, and in the meantime hold the great body of it here, and when they had worked it up to a very high price, they would dump it upon the Treasury. To answer the question a little more directly; the reason for sending it here instead of putting it

on the London market is, if they put a large amount on the London market they would depreciate the price. They could put any amount of it upon the Treasury and not depreciate it, because we must take it at the market price. Hence they may withhold it from that market, and keep it for this market.

Mr. WALKER. That is, in one market it would be distributed, and here it is not distributed.

Mr. WINDOM. Yes, sir.

Mr. TAYLOR. What is the production of this country?

Mr. WINDOM. About 45,000,000 fine ounces.

Mr. BLAND. About 60,000,000 coinage value. That is our mines.

Mr. WINDOM. Yes, sir.

Mr. BLAND. What is the proportion used in the arts?

Mr. WINDOM. About 5,000,000.

Mr. TAYLOR. You would expect to get about 45,000,000?

Mr. WINDOM. Forty-five millions; for I think there will be some little increase in it. Mr. Carter, would the increase of the price increase the product of the mines?

Mr. CARTER. I presume there would be some increase, but I do not think it will be any more than would follow from the ordinary growth and development of the country.

Mr. TAYLOR. What proportion of silver coin enters into circulation now?

Mr. WINDOM. It is largely by certificates. It is represented by certificates.

Mr. TAYLOR. I mean coined silver dollars.

Mr. WINDOM. We have about $60,000,000 I think actually in circulation. I speak from memory. Mr. Leech, here is my memorandum book. Is that right? [Addressing Mr. Leech.]

Mr. LEECH. That is right.

Mr. TAYLOR. That includes the dollars going in circulation.

Mr. WINDOM. We have about 60,000,000 of the actual dollars.

Mr. TAYLOR. I understand you buy two millions a month and issue certificates——

Mr. WINDOM. No; we buy it as we buy anything else. We pay for it by check.

Mr. TAYLOR. How much does it increase the circulation?

Mr. WINDOM. I should think the bill would increase the circulation in the neighborhood of $50,000,000 a year.

Mr. TAYLOR. It would not increase that much, because you are putting $2,000,000 a month in circulation now.

Mr. WINDOM. Oh, yes; it would increase about $25,000,000. We increase now by coinage about $30,000,000.

Mr. BLAND. The coining of four millions a month under our present law would increase our circulation to somewhere over 58 millions.

Mr. WINDOM. Yes, sir.

Mr. MUTCHLER. I think I understood you to say that free coinage, or the coinage under your bill, would increase the value of products especially——

Mr. WINDOM. I did not say it would with free coinage; but I think it would under this bill.

Mr. MUTCHLER. Especially the agricultural products. Why would that be so? Would it be because there would be an inflation of the currency, because the currency would be appreciated?

Mr. WINDOM. I think our farmers labor at a disadvantage with countries, say India, where silver is the standard, and where prices have not increased, as I am informed, on account of the depreciation of silver.

If we sell at all we must sell in competition with them, and their products and ours in the market of Liverpool, for instance, fix the prices, and our people work at a disadvantage on account of the fact that this price is so much reduced there by the depreciation of silver.

Mr. MUTCHLER. Is it your opinion, then, that it would increase the products of the farm, or not?

Mr. WINDOM. You mean increase the value?

Mr. MUTCHLER. Increase the value of the farm products.

Mr. WINDOM. I think it would increase the value of all products in this country that come in competition with the products of countries upon a silver basis, whatever they may be. I mention wheat, because that is one of our greatest products. I do not think this would be done by free coinage.

Mr. BLAND. Why not?

Mr. WINDOM. You do not keep any equality between the values. You say, in the face of the world, "We can keep it alone." You simply say that if *we* call this piece of metal a dollar it will be a dollar, regardless of other nations.

Mr. BLAND. What do you call a dollar?

Mr. WINDOM. I adopt what the world calls a dollar.

Mr. BLAND. If we are to be confined to one standard, I suppose your theory is probably correct, but in the bimetallic system you have got to have a ratio.

Mr. WINDOM. I know that some of you gentlemen can talk by the week in regard to what a dollar is.

Mr. MUTCHLER. Suppose you exercise your discretion and coin four millions a month for the next year or two; would that have a tendency to increase the value of products?

Mr. WINDOM. Temporarily; but to injure them in the end.

Mr. MUTCHLER. You would then be consuming more than the entire product of the country if you coined four millions a month.

Mr. WINDOM. I believe now you are getting into the domain of prophecy.

Mr. MUTCHLER. I think it is——

Mr. WINDOM. I do not object to the question; but I say you get into the domain of prophecy. I think temporarily it would enhance the price of the products; but as to what would be the result in the end, I think it would injure prices.

Mr. MUTCHLER. As I understand it, the principal object of your bill is to give Mr. Bland an honest silver dollar.

Mr. WINDOM. I do not use the word "honest," because that might be offensive to Mr. Bland.

Mr. BLAND. If nothing but a gold dollar is honest, you are correct.

Mr. WINDOM. I do not say that, and I do not believe I have so declared.

Mr. TRACY. Here is an article which I picked up this morning. This is something which I presume came in the mail to every member of the House. It says you propose for every 412½ grains of silver deposited with the Government a certificate shall be issued. That is not a correct statement.

Mr. WINDOM. No, sir; I remember receiving a copy of this some time ago.

Mr. TRACY. I just happened to pick up one before coming here.

Mr. WINDOM. I dictated a note to the author when I received his letter, stating I hoped it would not be any inconvenience hereafter in analyzing my silver bill to know what it was, therefore I sent him a copy.

Mr. BARTINE. As I understand you, two or three times you spoke of

your bill as being substantially a proposition to purchase silver bullion. Do you so regard it?

Mr. WINDOM. In one sense it is a purchase, in another it is not.

Mr. BARTINE. Would you have any objection to having the phraseology changed so as to make it an absolute purchase and to prevent the withdrawal of bullion?

Mr. WINDOM. I should, because that is contrary to the principle of the bill.

Mr. BARTINE. Of course I see your object, but what strikes me in connection is this, and if you would explain it I would be obliged to you: A simple deposit, it seems to me, in the Treasury would not be a withdrawal of bullion from the market in such a sense as it would be a withdrawal in the case of its being purchased, and it seems to me, having a great mass of bullion piled up in the Treasury subject to withdrawal might be considered being held *in terrorem*, so to speak, over foreign mints, and have a tendency to prevent them opening for free coinage.

Mr. WINDOM. I believe under this bill there will be little withdrawal of silver. I do not think there will be any except by persons who want to use silver in the arts. Nobody would have a motive for withdrawal.

Mr. BARTINE. Suppose you issue notes against it and not make the notes redeemable in bullion, but make them redeemable in——

Mr. WINDOM. Make them redeemable in something else?

Mr. BARTINE. Make them redeemable, say, in lawful money.

Mr. WINDOM. The objection I have to making them redeemable in lawful money is summarized in my report. My objection to it is that you pile up a large amount of silver and cannot use it for the very purpose for which it was taken, that is, the redemption of the notes upon which it was issued.

Mr. BARTINE. You think the tendency of this bill as you have it prepared is to bring silver to a par with gold, and that, I understand, is upon the theory it would withdraw from the markets the surplus.

Mr. WINDOM. And keep it withdrawn.

Mr. BARTINE. Would not free coinage have the same effect in a better degree?

Mr. WINDOM. I do not think it would, because free coinage would simply put us upon a silver basis. Our prophecies have been fallacious, I admit, in that respect; but I still firmly believe, as the prophets did when Mr. Bland's bill first passed, that that time is not very far distant.

Mr. BARTINE. If the purchase of silver at a market price of from 95 cents to $1 has a tendency to bring it to a par with gold, would not the purchase at $1.29, practically the effect of free coinage, have a stronger tendency?

Mr. WINDOM. It is not a purchase at all.

Mr. BARTINE. It results the same way.

Mr. WINDOM. No, sir; it simply says that everybody who had 72 cents in silver, by bringing it to the mint and dropping it into the hopper and having it stamped, makes it worth 100 cents, which I do not believe.

Mr. BARTINE. As far as the producer is concerned, if a man should take bullion and immediately have it coined at a ratio of sixteen to one, he is getting $1.29 and a fraction for the silver.

Mr. WINDOM. That is, so long as that dollar holds its value. In other words, the Government takes what is worth in the markets of the world about 72 cents and gives to the man that which is said to be worth 100 cents.

Mr. BARTINE. Do you think that the bimetallic ratio was maintained by France as long as free coinage was maintained——

Mr. WINDOM. I beg your pardon; I did not hear your question.

Mr. BARTINE. Do not writers upon monetary matters state that the bimetallic ratio of fifteen and a half to one was maintained by France as long as she kept the mints open?

Mr. WINDOM. Why, it stopped because it could not be maintained any longer.

Mr. BARTINE. Perhaps you are mistaken upon that.

Mr. WINDOM. If the leading nations will recognize this ratio it can be maintained again, but the trouble is to get them to do it.

Mr. BARTINE. France did this substantially alone up to 1873, and there was no departure of value.

Mr. WINDOM. She was not alone; she had the States of the Latin Union.

Mr. BARTINE. But they only came into the arrangement a few years before 1873.

Mr. WINDOM. Before 1873 there was no trouble; all the nations of the world recognized this, but circumstances have changed since then.

Mr. BARTINE. But bimetalism was not maintained generally; some were upon a silver basis and some upon a gold basis.

Mr. WINDOM. But all recognized the ratio.

Mr. BARTINE. Was it not the fact that it was maintained by France that made the other nations recognize the ratio?

Mr. WINDOM. No, sir; I do not think it did. Up to 1871 Germany was——

Mr. BARTINE. Germany was on a silver basis solely.

Mr. WINDOM. She coined silver. They maintained it at that price because there was an agreement of a sufficient number of commercial nations to do it. If you can get such an agreement to-day I will join heartily in it. But I do not believe it can be done.

Mr. BARTINE. Then all we lack is free coinage in France and the States of the Latin Union to put us back where we were before.

Mr. WINDOM. I do not know; Germany has a larger business now. When we demonetized silver in 1873 we were supposed to be on that basis then, and all recognized a certain ratio. Now, if we could go back I will join you, but I do not think we could get back to that basis at present.

Mr. BARTINE. Do I understand you to say you would not object to the provision Mr. Carter suggested providing for free coinage when the market price of silver shall exceed one dollar for three hundred and seventy-one and a quarter grains of silver, when that was reached?

Mr. WINDOM. So far as the silver taken by this bill is concerned——

Mr. LEECH. Mr. Carter's question was if silver should advance to the ratio of sixteen to one, would you receive it after that and coin it?

Mr. WINDOM. So long as the ratio was maintained.

Mr. WALKER. How much has silver advanced in the last sixty or ninety days?

Mr. WINDOM. Mr. Leech can tell you.

Mr. LEECH. It advanced 2 cents an ounce, but it has dropped off again. It was worth Saturday about 96 cents per fine ounce.

Mr. CARTER. It has gone back.

Mr. LEECH. It went down to about 95.

Mr. WALKER. Objection has been made to this bill because it is simply a warehouse receipt.

Mr. WINDOM. That is not true.

Mr. WALKER. I want to know if that answers any more perfectly to a warehouse receipt than a gold certificate does?

Mr. WINDOM. Not that I am aware of.

Mr. WALKER. That is to say that, practically, money redeemable in gold is a warehouse receipt?

Mr. WINDOM. Certainly it is, and I do not know either why silver certificates are not warehouse receipts. We hold and store the silver and issue that receipt for them.

Mr. BLAND. If you will excuse me, I would like to suggest that a certificate for gold is based upon a metal that has free coinage, and a silver certificate is based upon a kind of commodity, and if silver bullion can not be coined you cannot call it anything else. There is a vast distinction between coin and making it a commodity.

Mr. WINDOM. These Treasury notes are made payable in gold or bullion and redeemable in silver dollars, and in the other it is redeemable in the thing deposited, so I think there is a difference between that and a warehouse receipt, decidedly.

Mr. BLAND. I see the word "specie" was used in the National bank note act and also "coin." What is the difference between specie and coin; are they synonymous?

Mr. WINDOM. They are synonymous.

Mr. LEECH. In shipments abroad, specie generally includes bars: specie is the general name for all kinds of metallic money.

Mr. BLAND. So it includes bars and the word "coin," does not; that is the difference?

Mr. LEECH. Yes, sir.

Mr. WALKER. Now, Mr. Secretary, you speak of seeing a piece of silver you described going through a process which was only worth 72 cents, and after it was stamped it was worth 100 cents. Did you ever see a piece of paper go through a process, and after it was stamped it was worth a dollar?

Mr. WINDOM. No, sir, I never saw greenbacks printed.

Mr. WALKER. But it is done the same way.

Mr. WINDOM. Yes, sir.

Mr. WALKER. That is to say, the difference between silver that is made a dollar and a piece of paper that is made a dollar is, silver is worth 72 cents, and the piece of paper is probably worth a quarter of a cent.

Mr. WINDOM. That is if there is nothing behind the paper. I am much obliged to you for the suggestion.

Mr. WALKER. It is a matter of record. Speaking of the bill being made a legal tender, why could not other countries be compelled to pay gold exchanges on their imports?

Mr. WINDOM. I think these notes would be better if they are receivable for customs; I do not think that a foreigner can get these notes for anything less than the equivalent of gold, so he is compelled to pay in gold.

Mr. WALKER. If we should make these certificates legal tender we ought not to allow those Governments who only maintain a gold standard to have the advantages that may arise from our double standard——

Mr. BLAND. You are talking about imports.

Mr. WALKER. I want to see what the Secretary has to say in regard to this.

Mr. WINDOM. I would be entirely willing to have our duties payable in gold, but I am afraid it would detract from the value of these notes if they are not made receivable for customs. I do not think there is any danger of using them in that way, and I doubt very much whether you would not encounter a very serious obstacle in making them a legal tender.

Mr. WALKER. I am willing to go further than the bill, as far as I am concerned, and I am not a bimetalist. I think it should be made a legal tender except for customs receipts. I put it entirely in the way I suggested it to you, and I wanted to know what you thought in regard to it.

Mr. WINDOM. I do not believe we would have any trouble in obtaining all the gold needed. There would be no inducement to those who pay duties to use these Treasury notes rather than gold, because they have to pay the equivalent of gold under the theory of this bill, and as the notes could not be any cheaper than gold, there would be no advantage to them.

Mr. WALKER. I think it is a bad policy to concede anything to those Governments who maintain a gold standard only.

Mr. BLAND. Do you assume that foreigners pay the duties on their imports? I think we have to pay them ourselves.

The CHAIRMAN. We will confine our interrogatories to you, Mr. Secretary; you are the one from whom we would elicit information this morning. Is there any other gentleman who wishes to ask any questions? If not I would like to ask you what effort the Department has made to get silver dollars into circulation; what your method is.

Mr. WINDOM. Mr. Leech has been in the Department a great while, and is perfectly familiar with that, and I hope you will permit him to answer.

Mr. LEECH. We ship to any one who asks for them in sums of $500 and multiples thereof free of cost, that is, laid down at their doors.

The CHAIRMAN. That is understood by the banks throughout the country.

Mr. LEECH. Certainly, it is well understood by all the people of the country. In addition to that, we pay them out at the Treasury in the shape of certificates.

The CHAIRMAN. How then does the silver get back?

Mr. LEECH. After the trade movement of the crops is over and the farmers no longer need silver dollars they accumulate in the banks and are shipped back to the sub-treasuries, and they get certificates for them.

The CHAIRMAN. The silver only comes to the sub-treasury from the large trade centers.

Mr. LEECH. I speak as a rule; that is the general method by which it comes back. Of course, you and I, or anybody, could go into the assistant Treasury and deposit ten silver dollars, or any multiple, and get a certificate for it, but as a rule they come back in the way I have mentioned.

The CHAIRMAN. If a banker in Wyoming or Nebraska wants a lot of silver dollars what does he do to get them?

Mr. LEECH. He sends a certified check, and as soon as we collect the money we send the dollars by express.

The CHAIRMAN. And you pay the express?

Mr. LEECH. We pay the express, whatever may be the express charges.

The CHAIRMAN. So it costs the banker who desires silver nothing to get it.

Mr. LEECH. Absolutely nothing.

Mr. TRACY. Do you pay for the return of the silver dollars?

Mr. LEECH. No, sir; not for the return.

Mr. TRACY. Does not the bank send them to you at the expense of the Government?

Mr. LEECH. No, sir; not for bringing them back. Of course if we

wanted to bring them from an assistant Treasury or mint to the Treasury of the United States we pay the express charges; that is, if we move the coin from one Government depository to another.

The CHAIRMAN. That is confined to silver coin.

Mr. LEECH. To silver coin.

The CHAIRMAN. Do you pay for gold coin?

Mr. LEECH. No, sir; they pay the express charges.

The CHAIRMAN. Do they pay for nickel?

Mr. LEECH. All the minor coins are shipped free; everything but gold.

Mr. BLAND. Just one proposition in connection with Mr. Bartine's question about this paying out bullion on certificates; whether or not that would not necessarily be a bar to speculation itself. Suppose the speculator gets certificates and draws out a large quantity of bullion and holds it for a rise in the market, and by taking advantage of the rise he will get the difference from the Government. That would not exist if it is redeemable in bullion or in coin?

Mr. WINDOM. I expected that objection to it, and I have considered this question in my report, and it was the reason why I gave the option of paying in gold, so that speculation might easily be prevented.

The CHAIRMAN. Mr. Secretary, would it be impossible under the present law for the country to avail itself of the use of silver certificates if silver coinage was made absolutely free? I understand you to say that silver certificates are a real benefit now to the country, because they are used for silver because there is little silver in circulation.

Mr. WINDOM. I suppose if the law permitted the exchange of silver for certificates hereafter we could exchange them still. And this bill provides that we may coin bullion into silver dollars for the purpose of replacing the coin used in redemption.

The CHAIRMAN. One question. Under your bill you provide for redeeming these certificates in silver dollars at the option of the holder. Would it be possible to exhaust the silver in the Treasury at any time by presentation of a very large amount, so that you would not have an opportunity under the provisions of this bill to coin silver to replace it?

Mr. WINDOM. I do not think it would. We could always keep an amount on hand sufficient to meet any demand. I do not think there would be any trouble in that regard.

The CHAIRMAN. If it were possible to present to you, say, three hundred million dollars of silver?

Mr. WINDOM. We should not possibly have that.

Mr. BARTINE. You would be in the same fix as the greenbacks.

The CHAIRMAN. Suppose you make an addition of $200,000,000 of silver certificates redeemable at the option of the holder, then you would have $600,000,000 of silver certificates out, and only about $350,000,000 to redeem them in.

Mr. WINDOM. That is true; but I cannot conceive of any practical difficulty on that account. The reason I inserted the authority or permission to redeem on the demand of the owner in silver dollars was based upon the argument like this of my friend: Suppose we issue a large number of Treasury notes, and suppose there came a depression or panic, and people who had these certificates wanted to pay their debts with these certificates, and creditors would say they are not legal tender; therefore I would make them redeemable in silver dollars, and they are legal tender. I think it would help to make a use for the silver dollar, and as I said to Mr. Bland, I am friendly to the silver dollar, and I want to help it as much as I can. I do not apprehend the slightest trouble in this regard, however.

Mr. WALKER. I suppose in regard to these certificates, in regard to their being redeemed at once, it will be just about the same time when everybody takes the same train at the same hour.

The CHAIRMAN. The hour for the meeting of Congress has arrived, and we have no permission to sit during its session.

Mr. MUTCHLER. I would like to ask one or two questions. Is it your judgment that there cannot be such a thing as too much money in the country?

Mr. WINDOM. I have never had any apprehensions of it, if it is absolutely good money.

Mr. MUTCHLER. In your judgment there cannot be such a thing as being too large a volume of currency in the country.

Mr. WINDOM. I do not think there is any practical danger of that if it is kept absolutely good.

Mr. MUTCHLER. Will not too much money inevitably tend to depreciate it?

Mr. WINDOM. I think it would.

Mr. MUTCHLER. When there is more than necessary?

Mr. WINDOM. Yes, I think it would.

Mr. MUTCHLER. Is not there danger under your bill, where $40,000,000 of silver is received a year, there might be too large a volume of currency brought in?

Mr. WINDOM. I do not think so, for the reason I stated awhile ago, that the increase of currency has not kept pace with the growth in population and business of the country. The increase of currency would not be as great as they would be, and I think the demand would be equal to the supply.

Mr. MUTCHLER. Is it true the amount of money per capita is continually decreasing; that is, it is necessary now that we should have as large an amount per capita as there was before the National banks were established all over the country?

Mr. WINDOM. I should think our various uses of paper, checks, etc., are increasing, and yet I do not see any reason why it should increase much in the future, because all the appliances that can be devised almost are being used now.

The CHAIRMAN. On behalf of the committee I desire to express our thanks to you.

Mr. WINDOM. I desire to express my thanks to the committee.

THE HOUSE SILVER BILL.

The Windom Silver bill, as amended by the House Committee on Coinage, Weights and Measures, reads as follows:

Section 1. Any owner of silver bullion, the product of the mines of the United States, or of ores smelted or refined in the United States, may deposit the same at any coinage mint or at any assay office in the United States that the Secretary of the Treasury may designate, and receive therefor Treasury notes equal at the date of deposit to the net value of the silver, at the market price, which is to be determined by the Secretary of the Treasury, based upon the price current in the leading silver markets of the world; but no deposit consisting in whole or in part of silver bullion or foreign silver coins imported into this country, or bars resulting from melted or refined silver coins, shall be received.

Sec. 2. The Secretary of the Treasury shall cause to be prepared Treasury notes in such amounts as may be required for the purpose of the first section, and in such form and denominations as he may prescribe. Provided, That no note shall be of a denomination less than $1 nor more than $1,000.

Sec. 3. The notes issued under this Act shall be receivable for customs, taxes, and all public dues, and when received into the Treasury may be re-issued; and if held by any National banking association shall be counted as part of its lawful reserve.

Sec. 4. The notes issued under the provisions of this Act shall be redeemed upon demand at the Treasury or at the office of an Assistant Treasurer of the United States, by the issue of a certificate of deposit for the sum of the notes so presented, payable at one of the mints in an amount of silver bullion equal in value, on the date of said certificates, to the number of dollars stated therein at the market price of silver, or such notes may be redeemed in gold coin at the option of the Government; provided, that upon demand of the holder such notes shall be redeemed in silver dollars.

Sec. 5. When the market price of silver, as determined by the Secretary of the Treasury, shall exceed one dollar for 371.25 grains of pure silver, it shall be the duty of the Secretary of the Treasury to refuse to receive deposits of silver bullion for the purposes of this act; provided, that when the market price of silver as determined in accordance with section 1 is one dollar for 371.25 grains of pure silver, the owner of any silver bullion, the deposit of which for notes is herein provided for, may deposit the same at any coinage mints of the United States, to be coined into standard dollars for his benefit, as provided in the Act of January 18, 1837.

Sec. 8. Any gain or seigniorage arising from the coinage which may be executed under the provisions of this Act shall be accounted for and paid into the Treasury, as provided by existing law.

Sec. 9. Silver bullion received under the provisions of this Act shall be subject to the requirements of existing law and the regulations of the mint service governing the methods of receipt, determining the amount of pure silver contained, and the amount of charges or deductions, if any, to be made.

Sec. 10. It is the duty of the Collectors of Customs to stamp with a steel stamp on every bar of silver bullion imported into the United States the word "Foreign." Every assayer or refiner in the United States, or other person or firm, who may receive bars of silver stamped "Foreign," in case such bars are remelted or refined, must stamp on the resulting bars "Foreign." In case bars of silver stamped "Foreign" are remelted or refined with other silver products of the United States in such a way that it is not possible to separate in the resulting bars the exact product of the foreign silver, the assayer or refiner, or other persons or firm, must stamp on an amount of silver bars which shall be equivalent to the amount of foreign silver melted or refined, the word "Foreign." Every assayer or refiner in the United States, or any other person or firm, who may receive coins of silver of the coinage of countries other than the United States, in case such coins are remelted or refined, must stamp the resulting bars "Foreign." In case foreign silver coins are remelted or refined with other silver products of the United States in such a way that it is not possible to separate in the resulting bars the exact product of such foreign silver coins, the assayer or refiner, or other person or firm, must stamp on an amount of silver bars which shall be equivalent to the amount of foreign silver coins melted or refined, the word "Foreign." Every person who fails to

stamp bars resulting from the remelting or refining of foreign silver bullion or foreign silver coins with the word "Foreign," and every person who falsely removes this stamp, or who by any art, mutilates the stamp for the purpose of preventing identification of the bars, shall be punished by a fine of not less than $100, nor more than $1,000 for each bar; Provided, that nothing in this section shall be held to apply to silver products extracted by the processes of smelting, amalgamation and lixiviation or any other metallurgical process. in the United States, from ores imported from foreign countries.

Sec. 11. Nothing in this Act shall be construed to prevent the purchase, from time to time, as may be required, of silver bullion for the subsidiary silver coinage, nor to affect the legal-tender quality of the standard silver dollar.

Sec. 12. A sum sufficient to carry out the provisions of the Act is appropriated.

Sec. 13. All Acts and parts of Acts inconsistent with the provisions of this Act are repealed.

Sec. 14. This Act shall take effect thirty days after its passage.

THE SENATE SILVER BILL.

The Finance Committee of the Senate have reported the following bill relating to the purchase and coinage of silver:

Section 1. That the Secretary of the Treasury is hereby directed to purchase from time to time silver bullion to the aggregate amount of $4,500,000 worth in each month at market price thereof, not exceeding $1 for 371¼ grains of pure silver, and also to purchase such gold bullion as may be offered at the Treasury or any sub-treasury of the United States, at a price not exceeding $1 for 23 22-100 grains of pure gold, and to issue in payment for such purchase of silver and gold bullion Treasury notes to be prepared by the Secretary of the Treasury, in such form and of such denomination, not less than $1 nor more than $1,000, as he may prescribe, and a sum sufficient to carry into effect the provisions of this Act is hereby appropriated out of any money in the Treasury not otherwise provided for.

Sec. 2. That the Treasury notes issued in accordance with the provisions of this Act shall be redeemable on demand in lawful money of the United States at the Treasury of the United States or at the office of any Assistant Treasurer of the United States, and when redeemed shall be canceled; and such Treasury notes shall be receivable for customs, taxes, and for all other public dues, and when so received may be reissued; and such notes, when held by any National banking association, may be counted as a part of its lawful reserve.

Sec. 3. That the Secretary of the Treasury shall coin such portion of the gold or silver bullion purchased under the provisions of this Act as may be necessary to provide for the redemption of the Treasury notes herein provided for, and any gain or seigniorage arising from such coinage shall be accounted for and paid into the Treasury.

Sec. 4. That gold and silver bullion purchased under the provisions of this Act shall be subject to the requirements of existing law and the regulations of the mint service governing the methods of determining the amount of pure gold or pure silver contained, and the amount of charges or deductions, if any, to be made.

Sec. 5. That so much of the Act of February 28, 1878, entitled, "An

Act to authorize the coinage of the standard silver dollar and to restore its legal-tender character," as requires the monthly purchase and coinage of the same into silver dollars of not less than $2,000,000 nor more than $4,000,000 worth of silver bullion, is hereby repealed.

Sec. 6. That this Act shall take effect thirty days from and after its passage.

FORGED CHECK.

SUPREME COURT OF TENNESSEE.

People's Bank v. *Franklin Bank.*

When a bank pays a forged check without requiring identification or preserving any evidence of the identity of the person to whom it is paid, and indorses it, and sends it for payment to the bank upon which it is drawn, the latter bank, upon discovering the forgery after having paid the check, can recover the amount thereof from the former.

FOLKES, J.—Young was a depositor of the complainant bank. His name was forged to a check drawn on the complainant, payable to the order of one Morgan. Morgan's name was also forged as an indorser on the check. This check, with the forged name of Young, the maker, and of Morgan, the indorser, was presented to the defendant, the Franklin Bank, and was cashed or purchased by the defendant, and transmitted, after indorsement, by the defendant to the complainant bank by mail. The complainant bank had and kept an account with the defendant bank, and upon the receipt of the check passed the amount thereof to the credit of the defendant bank. The complainant bank was located and did business at Springfield, in the county of Robertson; the defendant bank was located and did business at Clarksville, in Montgomery county. The check which had been received by the complainant bank and passed to the credit of defendant bank, as above stated, on December 8, 1888, was ascertained nineteen days thereafter to be a forgery; this discovery being made by the depositor, Young, when he came to examine his pass-book, together with the checks returned therewith. Thereupon the complainant bank canceled the charge against Young, the depositor, and at once notified the defendant bank of the forgery, and demanded that the same be made good by the defendant bank. Upon refusal, complainant filed this bill to recover the amount of the check, as having been paid by it through mistake upon the forged check, charging in the bill the facts above stated, and also the further fact that when presented the check bore the indorsement of the defendant bank, and that upon the faith of such indorsement the complainant's teller accepted the check, and gave credit to the defendant bank, with less careful scrutiny of the genuineness of the drawer's signature, by reason of the confidence reposed in the genuineness of the paper, as evidenced by the indorsement of the defendant bank. The defendant answered the bill, admitted that it had received and cashed the check as charged, and stating that it was unable to furnish the names of the party or parties by whom the check had been presented, and to whom it had been paid by it, but presumed that it had required identification; but of this they do not remember. The allegations of the bill were sustained by the proof; but the chancellor, being of opinion that the plaintiff should, at its peril, know the genuineness of the signature of its depositor, refused the relief prayed for, and dismissed complainant's bill, from which complainant has appealed, assigning errors.

The general rule undoubtedly is that the bank has, at its peril, to know the genuineness of the signature of its depositor; and if it pays a forged check the loss must fall upon the bank, and not upon the depositor, except in cases where the negligence of the depositor has induced or brought about the payment by the bank. This duty with reference to the bank may be said to be an exception to the general rule that money paid by mistake can be recovered, and to the general statement of another equally well-settled rule, that payment of a forged paper conveys no title, for it is well settled that the deposit of a forged bill or base coin created no indebtedness, although credited to the depositor's account, for the reason that payment in such material could not discharge a debt, and cannot create one. The bank is not only responsible to the depositor where the check, with the depositor's signature forged, is paid by the bank, except where the depositor has been guilty of negligence sufficient to mislead the bank, but the bank is precluded from recovering from a party to whom the forged check has been paid, where such party, being without fault, would be prejudiced by being required to refund to the bank, upon whom rests the duty of determining the genuineness of the depositor's signature. Notwithstanding some conflict of authority upon the subject, a careful investigation of the adjudged cases and the text-books leads us to the conclusion that the bank can recover of a party to whom payment is made on a forged check, indorsed by the party to whom paid, where the party to whom paid has been guilty of negligence in receiving and indorsing the check; for, notwithstanding the negligence to some degree that the paying bank has been guilty of in paying the forged check without detecting the forgery of its depositor's signature, it often happens, or may happen, that the party to whom payment is made has been guilty of the first negligence in purchasing and indorsing the forged paper. The bank upon whom the check is drawn, in the practical administration of banking business, may well be lulled to a less careful scrutiny of its depositor's signature of a check, where the same is indorsed by another bank with which it is in correspondence or interchange of business, than it would exercise in accepting and paying the same check, not so indorsed, to a stranger. The indorsement of the check by the payee may be said ordinarily to be a guaranty of the genuineness of the indorsements theretofore on the paper, and also of the genuineness of the drawer's signature; subject, perhaps, to some exception in particular cases, as for instance, where the indorsement is made after the genuineness of the preceding signature has been approved by the paying bank.

Applying these principles to the case at bar, we are of opinion, and so adjudge, that the first fault was with the defendant bank. This bank accepted and cashed a check drawn on a bank in another county, to which the name of the drawer and the payee had both been forged, and, so far as the record discloses, without requiring any identification of the parties to whom such payment was made; certainly without preserving any evidence of the identity of such parties for the benefit of itself or of others who might be injured by such forgery. The complainant bank, upon receiving such check in due course of mail for deposit to the credit of defendant, might well rely upon the exercise of due prudence and diligence on the part of its depositor, the defendant bank, and might well regard the latter's indorsement of the check as significant of the fact that such prudence had been exercised, and, if not, that the indorsement would stand as a guaranty to the paying bank from loss that might otherwise fall upon it by reason of its passing the amount of the check to the credit of such indorser. Such

would not only seem to be sound in theory, and supported by authority, but is in accordance with the proof in this case; and it is a matter of such general information that perhaps the court might be warranted in taking judicial knowledge of it, that, in dealings between banks, and especially with reference to clearings and clearing-houses, banks will adjust and pay differences between each other or between itself and the clearing-house, upon the faith of the indorsement by other banks of the checks involved in such settlement, before they examine the signature to the check involved or embraced in the settlement, relying on such indorsements as protecting it in such payment, should a subsequent and more careful scrutiny of the signatures disclose forgeries in the making and indorsing of the checks so paid. Mr. Daniel, in his work on Negotiable Instruments, after discussing and criticising the cases that are supposed to hold a bank liable at all hazard, and to the last extremity, where it pays the check with the signature of its depositor forged, lays down the rule substantially as we have stated it. (2 Daniel, Neg. Inst. §§ 1655, 1657, with cases cited in the notes.) And the rule is stated by the learned contributor to the article on forged checks in 3 Amer. & Eng. Cyclop. Law, 223, as follows: "Where, however, the loss has been traced to the fault or negligence of the drawer or holder, it will be fixed upon him." (See cases cited in note 1.) And on page 225 of 3 Amer. & Eng. Cyclop. Law it is said: "Also the holder by indorsing a check warrants the genuineness of all prior indorsements." See note 1, citing numerous cases, among which is the case of *Harris* v. *Bradley*, 7 Yerg. 310, where Judge Green lays down the doctrine as to the effect of an indorsement in guaranteeing the genuineness of prior indorsements in the language as quoted. It is true that in the Tennessee case the language was used with reference to a note, and not a check, and such may also be the case with other of the authorities cited in said note which we have not examined.

Now, while we concede there is quite a difference between this rule, as applicable to indorsers on commercial paper, and as applied to checks, so far as the liability of the drawer is concerned, yet we see no reason why the bank should not have the benefit of such rule where the indorsement is made under circumstances which establish or impute negligence to the indorser. The case of *Levy* v. *Bank*, 4 Dall. 234, and *Bank of U. S.* v. *Bank of Georgia*, 10 Wheat. 333, are relied on as authority for the judgment of the chancellor in the case at bar. The facts of the case in 4 Dall. are so briefly stated as to leave us uninformed as to the manner in which the question was presented. The case of the *Bank of U. S.* v. *Bank of Georgia*, 10 Wheat. 333, was where a forgery was by raising the notes of the defendant bank. The notes, coming in due course to the United States Bank, were presented to the Bank of Georgia, and passed to the credit of the United States Bank. Nineteen days thereafter the forgery was discovered, and notice given. Upon refusal of the United States Bank to make good the loss, the credit was, by the Georgia Bank, withdrawn from the account, and the United States Bank brought suit for money had and received. It was held that the plaintiff could recover. While the reasoning of the learned Judge, and much of the argument, tends to sustain the contention of the defendant here, still the court put its judgment in that case distinctly upon the ground that the defendants were bound to know their own notes, and having received them without objection, they cannot recall their assent. While these two cases are criticised by Mr. Daniel as unsound, that criticism, so far as the latter case is concerned, may be well confined to the argument contained in the opinion; for the point decided is in no manner hostile, as we understand it, to the principle announced by Mr.

Daniel, and adopted by us in the disposition of the case at bar; for there is nothing to show that there had been any negligence on the part of the United States Bank in receiving the notes of the Georgia Bank; and we can well understand how there could and ought to be a higher obligation upon the bank to know the genuineness of its notes of issue, passing current as money, than rests upon it to know the signature of the depositor, on a check indorsed by a solvent correspondent. But, putting them both on the same footing, there is wanting in the report of the case in 10 Wheat. any evidence of negligence on the part of the United States Bank.

The views we have expressed, and the principle upon which we reverse the chancellor, and award judgment here for the complainant, are not only sustained by Mr. Daniel, but also by Mr. Chitty, Mr. Parsons and Mr. Bolles, who fortify their conclusions by ample authority. (See Chit. Bills (13th Amer. Ed.), *431, *485; 2 Pars. Notes & B. 80; Bolles, Banks, §189; *Hardy* v. *Bank*, 51 Md. 585; *Bank* v. *Morgan*, 117 U. S. 96, 112, 6 Sup. Ct. Rep. 657; *Ellis* v. *Insurance Co.*, 4 Ohio St. 628; *McKleroy* v. *Bank*, 14 La. Ann. 458; *Bank* v. *Bangs*, 106 Mass. 441; *Rouvant* v. *Bank*, 63 Tex. 610; *Bank* v. *Ricker*, 71 Ill. 439.) It results, therefore, that the decree of the chancellor must be reversed, and judgment rendered here for the amount of the check, with interest and cost.

SNODGRASS, J. (*dissenting*).—I concur in the result reached on account of the negligence of the indorsing bank; but I do not agree to what may be implied from the argument of the opinion, that this bank would have been liable had it not been negligent, but had taken the check from a known and good-faith indorser. This is the point determined in the case in 4 Dall., referred to. I am of opinion that the view is a sound one. As between itself and good-faith indorsers, the paying bank should be the place of final settlement, where all prior mistakes and forgeries should be corrected, and, if not then corrected, the action of acceptance and payment should be treated as final. There must be a time and place to adjust and end these things as to innocent indorsers, and, if the paying bank and date of payment is not that time and place, I do not see what can be or should be. Certainly there are no better or more appropriate ones. It is the last time and last place the check is presented. It is to the paying bank, after it has gone through every hand it can, when all opportunity for mistake and forgery is over. It is to the depository of the signature as well as the funds of the drawer. It is the place selected by him, and trusted by all to correct any mistakes and reject forgeries. Every interest and duty to itself, to its depositor, and to all indorsers and parties interested, require that the paying bank should settle any questions which could arise on it. If it fail to do this, it should take the consequences. (See 3 Amer. & Eng. Cyclop. Law, 222, and cases cited.) It will not do to say that this bank does not injure the indorsing bank by payment and delay. Days are of great moment in transactions of this kind; any delay may, and much delay must, be injurious. Nor does the clearing-house arrangement affect this question. Banks are represented there, as well as at their own counters, in an arrangement satisfactory to them. If not safe, they should change it, but not escape liability for failure to exercise the usual care to detect errors and forgeries in consequence of exercising one more desirable to them, but less safe.

LEGAL MISCELLANY.

CONTRACTS—OPTIONS.—A contract to sell, "in consideration of one dollar, receipt of which is acknowledged," certain railway stock at a stated price, "if taken on or before" a certain day, is void on its face under Rev. St. Ill., ch. 38, § 130, which makes void all contracts "to have or give the option to sell or buy at a future time any grain or stock of any railroad," etc. The statute makes void all contracts for the future sale of grain or railroad stock, whether such contracts are to be settled by paying differences or not. [*Schneider* v. *Turner*, Ill., 22 N. E. Rep.]

MORTGAGES—COLLATERAL NOTES.—A promissory note secured by an act of mortgage, executed and issued only for use as collateral security for a presently existing debt, payable at a future date, to the maker's own order, and by him indorsed, passes, before maturity, free of all equities and offsets in the maker's favor. [*Levy* v. *Ford*, La.]

PARTNERSHIP—NOTE.—After an assignment for benefit of creditors by a firm, one member, in the presence of the others, executed a note in the name of the firm, the proceeds of which were paid to the firm's assignee, with the knowledge and consent of all partners, and used to procure the release of property of the firm which would otherwise have been applied in payment of the firm debts: *Held*, that the note was that of the firm, which was liable therefor. [*Williston* v. *Camp*, Mont.]

ASSIGNMENT FOR BENEFIT OF CREDITORS.—In an action to set aside an assignment by a partnership as in fraud of certain firm creditors, the burden is on plaintiffs to prove their allegation that a note preferred in the assignment was indorsed by one partner in the firm's name for his own private interest, without the consent of his copartners. [*Bernheimer* v. *Rindskopf*, . Y.]

CORPORATIONS—CAPITAL STOCK.—Civil Code Cal. § 309, prohibiting the directors of a corporation from creating debts "beyond their subscribed capital stock," under penalty of being individually liable therefor, applies to all the subscribed capital stock, whether paid in or not, and regardless of the disposition made of it; and the debts do not include capital stock paid for corporate property. [*Moore* v. *Lent*, Cal.]

CORPORATIONS—DIRECTORS.—Directors of a corporation are personally liable if they suffer the corporate funds of property to be wasted or lost by gross negligence and inattention to the duties of their trust: and an action at law may be maintained against them jointly and severally for the amount of such losses [*Horn Silver Mining Co.* v. *Ryan*, Minn.]

NEGOTIABLE INSTRUMENT.—A promissory note payable "on demand after date" is due at once, without an actual demand, and the statute of limitations begins to run against it immediately. [*O'Neil* v. *Magner*, Cal.]

USURY.—In an action upon three promissory notes, the defense was usury: *Held*, that if M. S. acted as the agent of the borrowers in procuring the loan, the bonus received by him would not taint the transaction with usury. [*Davis* v. *Sloman*, Neb.]

NEGOTIABLE INSTRUMENTS—INDORSERS.—An indorser who voluntarily pays a note from which he has been discharged by the negligence of a bank which held it for collection, in not making presentment for payment until a month after its maturity, during which time the makers had become insolvent, cannot recover the amount from the bank. [*Oil-Well Supply Co.* v. *Exchange Nat. Bank*, Penn.]

BANKS AND BANKING—SET-OFF.—A bank, when sued by the administrator of a deceased depositor for the amount of his deposit, may set off the amount of a note of the intestate held by it which was due at the time of his death. [*Traders' Nat. Bank* v. *Cresson*, Tex.]

BANKS AND BANKING—EQUITY.—A bank president is not such a trustee of the bank's funds as to give equity jurisdiction of a suit against him for misappropriation thereof. [*Appeal of McMullen*, Penn.]

CORPORATIONS—DISSOLUTION.—Where a corporation exists by law, after the expiration of its charter, solely for the purpose of winding up its affairs, a majority in interest of its stockholders cannot sell its property to a new corporation, of which they are directors and stockholders, at a valuation estimated by themselves, against the will of the minority, and compel such dissenting stockholders either to receive shares of stock in the new corporation in return for their old shares, or be paid therefor on a basis of the estimated valuation of the property, and the minority may have the property publicly sold. [*Mason* v. *Pewabic Min. Co.* U. S. S. C.]

NEGOTIABLE INSTRUMENTS—LEX LOCI CONTRACTUS.—In an action in Kentucky on a note payable in another State, and negotiable under its laws, the law of the forum governing defenses between antecedent parties to negotiable instruments will be applied though the note is not negotiable under the Kentucky laws. Overruling Davis v. Morton, 5 Bush. 190. [*Stevens* v. *Gregg*, Ky.]

PLEADING—EQUITY.—To a bill to subject stocks of an estate to the payment of a debt for which they were held as collateral security, the answer by one of the executors admitted that the money was borrowed from plaintiff, and the security given as alleged in the bill, but averred that the loan was made to the business firm of which the executor was a member, and that the stock pledged by the executor as security then belonged to the estate, and that these facts were known to plaintiff: *Held*, that the answer set up no new contract, but was responsive to the bill, and, unless it was overcome by proof, plaintiff could not recover. [*Bell* v. *Farmers' Dep. Nat. Bank*, Penn.]

PRINCIPAL AND SURETY—INSOLVENCY.—A sole solvent surety on a note, the maker of which is insolvent, becomes liable thereon immediately on its maturity and non-payment, and is from that time in equity a matured creditor of the maker, though she does not then know of his insolvency, and, where the maker is shortly afterwards judicially declared an insolvent, his trustee takes the property subject to the surety's rights. [*Merwin* v. *Austin*, Conn.]

TRUSTEES—INVESTMENTS.—Investments by trustees upon mere personal security are not regarded by the courts as safe, prudent, or proper; consequently, if they be made, they are at the risk of the trustees, who must personally answer for any loss that may result from them. [*Dufford* v. *Smith*, N. J.]

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

NEGOTIABILITY OF INSTRUMENTS PAYABLE IN EXCHANGE.

Have the courts decided in regard to the negotiability of business paper made payable in exchange? If so, please give references. The question is an important one, for if exchange is not money, the old rule would destroy the negotiability of much paper that is afloat.

REPLY.—In the January number we reviewed the case of *Bradley* v. *Lill* (4 Biss. 473), which was decided by Justice Drummond in 1861, in which he held that a note payable "in exchange" was negotiable. The judge admitted "that under the general law a note must be payable absolutely in money." Nevertheless, it was remarked that the court had always held "that the fact that a note is made payable in exchange does not prevent its being a promissory note," and so did the judge decide in that case.

The judge admitted that the Supreme Court of Illinois the year before had decided the question the other way. (*Lowe* v. *Bliss*, 24 Ill. 168.) But the note read differently. The maker promised to pay a specified sum, "with current rate of exchange on New York." In our opinion we think there is a clear distinction between the two kinds of instruments; in one kind, the promissor does not promise to pay in money at all, but in exchange, which is simply another document or instrument; in the other kind, the promissor promises to pay the principal sum in money in addition to another sum, namely, the cost of the exchange specified. But Justice Drummond treated the two kinds as similar, and then declined to follow the decision of the Illinois Supreme Court, "the more especially when it is contrary to the opinion of the whole mercantile community, as shown by uniform practice, and contrary also to the general opinion of the profession." To this assault the Supreme Court yielded, for, in 1862, it was decided that the following instrument—"Due W. B. G. $450, to be paid in lumber when called for, in good lumber at $1.25"—was negotiable (*Bilderback* v. *Burlingame*, 27 Ill. 338, and see later cases, *Hill* v. *Todd*, 29 Ill. 101; *Hoyt* v. *Jaffray*, *Id.* 104). We also referred to the cases of *Smith* v. *Kendall* (9 Mich. 241), and *Leggett* v. *Jones* (10 Wis. 34) in our previous discussion of this question, in which the courts held that instruments payable "with exchange" are negotiable.

This, therefore, is the law in those three States and in one of the federal courts; but it is not the law everywhere. In *Windsor Savings Bank* v. *McMahon* (38 Fed. Rep. 283), another federal judge has decided this question squarely the other way. The note in that case was payable "with exchange on New York." Justice Shiras, after declaring that the authorities were not in accord on this question, gave the following reasons for his judgment: "The general rule has long been established that certainty in the sum to be paid is one of the elements essential to render notes negotiable. Many cases hold that the spirit of the rule is observed if the principal sum to be paid is made certain, even though there may be some slight addition by way of interest or exchange to be made thereto. While

the argument in support of the conclusion is certainly plausible, yet the difficulty with it is that it opens the way to introducing too many uncertainties; that it may ultimately obviate the rule itself; and that is not advisable. If we adhere to the principle that to render a note negotiable, the amount to be paid at maturity must be ascertainable from the face of the note, without resort to evidence *dehors* [outside] the instrument, we have a fixed and certain rule for guidance; but, if we depart from this principle, doubt and uncertainty will arise as to the true character of notes and other like instruments for the payment of sums depending on contingencies." And this opinion has since been reinforced by Justice Brewer, now of the U. S. Supreme Court, in *Hughitt* v. *Johnson* (38 Fed. Rep. 865). Lastly may be mentioned a recent decision of the Supreme Court of South Carolina of the same character. (*Carroll Co. Savings Bank* v. *Strother*, 6 S. E. Rep. 313; and also *Read* v. *McNulty*, 12 Rich. Law 445.) The note in the first of these cases was to pay a specified amount "with exchange on New York." The rule in Pennsylvania is the same. (*Philadelphia Bank* v. *Newkirk*, 2 Miles 442.) The tendency of the decisions is toward the relaxation of the old rule, for once paper payable in exchange would certainly not have been negotiated. In 1839 Justice McLean decided *Hasbrook* v. *Palmer* (2 McLear 10), in which he held that a note, payable "in New York funds," was not negotiable, and fortified his decision with abundant authorities. We have no doubt that in those States in which the courts hold that promises to pay "with exchange" are not negotiable, they would hold that promises to pay "in exchange" are also non-negotiable. It is not less clear that different rules exist in the States, and even in the federal courts; and the question will probably remain unsettled until the supreme tribunal shall pass on the question. It is a good illustration to those constantly occurring, of the need of a national code of commercial law.

The reports of the New York Clearing-house returns compare as follows:

1890.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*	*Surplus.*
Mar. 8...	$406,230,100	$77,365,900	$25,547,000	$410,806,200	$3,472,700	$ 211,350
" 15...	404,682,100	78,470,300	25,194,000	410,454,000	3,519,700	1,050,800
" 22...	403,531,200	81,480,300	24,794,900	411,435,100	3,637,500	3,416,475
" 29...	404,577,600	83,004,000	24,335,900	412,033,000	3,662,300	4,331,675

The Boston bank statement is as follows:

1890.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*
Mar. 1.....	$151,381,500	$9,239,100	$5,150,200	$126,205,700	$2,6
" 8.....	150,136,800	9,295,500	4,654,900	124,051,700	2,7
" 15.....	150,781,500	9,557,500	4,541,100	126,077,300	2,7
" 22.....	151,510,300	9,488,100	4,615,800	127,669,100	2,7
" 29.....	152,836,100	9,132,600	4,713,500	127,459,900	2,8

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1890.	*Loans.*	*Reserves.*	*Deposits.*	*Circ*
Mar. 8.....	$95,869,000	$22,187,000	$89,315,000	
" 15.....	95,484,000	22,944,000	90,937,000	$2,6
" 22.....	95,712,000	23,392,000	91,183,000	
" 29.....	95,107,000	23,316,000	91,158,000	

CONDITION OF THE STATE BANKS IN ILLINOIS.

NAME.	LOCATION.	LIABILITIES.							
		Capital Stock Paid In.	Surplus Fund.	Undivided Profits.	Savings Deposits Subject to Notice.	Individual Deposits Subject to Check.	Demand Certificates of Deposit.	Time Certificates of Deposit.	Total Liabilities.
1. Alexander County Savings Bank	Cairo	$50,000	$500 00	$785 84	$140,668 55			$8,050 00	$200,004 39
2. Alton Savings Bank	Alton	100,000	27,000 00	8,2[illegible]6 88		$198,418 80	$34,838 26	312,515 49	686,384 27
3. Bank of Illinois	Chicago	100,000		1,338 33					101,338 33
4. Bank of Schuyler County	Rushville	25,000		53 88		14,174 70	3,020 85		42,249 13
5. Chicago Trust and Savings Bank	Chicago	350,000		9,973 74	78,468 50	187,195 59	7,360 50		697,288 78
6. Corn Exchange Bank of Chicago	Chicago	1,000,000	550,000 00	25,557 27		3,036,175 36	331,250 33	475,000 00	6,381,429 41
7. Dime Savings Bank	Chicago	50,000	5,000 00	3,900 63	313,277 05				372,186 68
8. Enterprise Savings Bank	Cairo	50,000	75,790 63		398,349 81			73,083 71	557,224 15
9. First State Bank of Mound City, Ill.	Mound City	25,000		778 43		14,027 39			39,805 82
10. First State Bank of Beardstown, Ill.	Beardstown	25,000		1,254 98		50,834 52	1,299 00	16,855 34	109,542 72
11. Franklin Grove Bank	Franklin Grove	25,000		1,822 57		11,597 53	6,254 53	2,000 00	46,674 63
12. Home Savings Bank	Chicago	5,000		19,071 28	217,072 76				241,144 04
13. Illinois Trust and Savings Bank	Chicago	1,000,000	688,916 20	24,138 51	5,303,154 52	3,627,314 28	257,561 34	1,026,714 36	12,233,977 55
14. International Bank	Chicago	486,000	85,000 00	5,324 26		717,387 43	30,046 58		1,344,704 40
15. Northwestern Bond and Trust Co.	Chicago	100,000		6,214 59				326,304 97	433,357 41
16. People's Bank of Rockford	Rockford	125,000		47,980 02	167,414 38	154,097 82	52,529 84		547,902 06
17. Pittsfield Bank	Pittsfield	30,000		1,986 27		87,503 50			123,774 27
18. Pullman Loan and Savings Bank	Pullman	100,000	40,000 00	8,527 71	313,314 53	161,380 81	2,124 05		630,797 10
19. Springfield Marine Bank	Springfield	85,500	214,500 00	77,926 83		456,871 90	4,904 55	277,525 72	1,118,182 54
20 State Bank of Hamilton	Hamilton	25 000		856 87		21,613 31	984 00		48,474 18
21. Stock Yard Bank of Brooklyn, Ill.	Brooklyn	50,000		10,247 15		264,387 64	6,744 00		409 896 00
22. Stronghurs' State Bank	Stronghurst	25,000		400 32		20,270 13	2,146 81		47,817 26
23. The American Trust and Savings Bank	Chicago	1,000,000	25,000 00	4,177 77	199,081 64	917,301 43	155,726 35		2,387,107 27
24. The Belleville Savings Bank	Belleville	150,000	50,000 00	49,299 41		227,925 41	55,450 60	287,704 58	820,379 90
25. The East St Louis Bank	East St. Louis	40,000		2,715 68		104,601 58	1,200 00	50,292 60	198,809 86
26. The Elgin City Banking Company	Elgin	30,000		18,208 51	362,168 17				410,376 68
27. The Farmers and Mechanics' Bank	Galesburg	100,000	60,000 00	1,375 15		152,086 62	16,843 64		359,117 01
28. The Farmers & Miners' B'k of Ladd, Ill.	Ladd	25,000		1,247 90		8,771 43	943 00	1,610 00	40,072 33
29. The Hibernian Banking Association	Chicago	111,000		183,481 62	1,804,102 53	805,938 28	16,675 72		2,974,131 82
30. The Merchants' Loan and Trust Comp'y.	Chicago	2,000,000	1,000,000 00	351,571 10		6,242,195 17	250,939 61		12,220,955 19
31. The Moline Savings Bank	Moline					380,598 50			389,598 50
32. The Montgomery County Loan & Tr. Co.	Hillsboro	50,000	1,650 00	1,047 34		78,084 00	27,676 68		159,093 27
33. The Northern Trust Company	Chicago	1,000,000		45,438 24		969,895 93	37,744 52	254,407 43	2,318,304 74
34. The People's Bank of Belvidere	Belvidere	50.000		548 43		37,026 21	27,629 27		115,203 91
35 The People's Bank of Bloomington	Bloomington	100,000	70,000 00	7,771 66		244,204 92	111,313 00		546,786 20
36 The Prairie State Loan and Trust Comp'y	Chicago	100,000	5,000 00	30,472 25	1,389,221 69	888 86		66,171 05	1,600,490 96
37. The Sangamon Loan and Trust Company	Springfield	54,000		787 77		50,458 16	15,463 50	183,875 00	304,599 13
38. The State Bank of Woodstock	Woodstock	25,000		567 53		46,646 62	7,334 82		79,548 97
39. The Union Trust Company	Chicago	500,000	309,500 00	9,610 55	1,275,752 09	951,479 65	32,310 00		3,150,087 30
40. The Workingmen's Banking Company	East St. Louis	50,000	3,310 58	7,888 06		115,224 65	3,750 00	52,053 36	232,226 65
41. Western Investment Bank	Chicago	100,000		1,073 10	4,737 45	71,054 93	10,000 00		245,911 83
Total		$9,316,500	$3,161,167 41	$979,637 01	$11,966,783 67	$20,436,653 06	$1,512,065 35	$3,414,163 61	$54,965,646 64

						Banks.	Estate.	Fixtures.	rent Expense.	Items.	
2.	[illegible]	$636 37	[illegible]	$1,850 00	$10,000 00	$27,510 42	[illegible]	[illegible]	$215 25	[illegible]	$200,004 39
3.	928,975 14	175 22	$3,000 00	16,300 00	58,194 57	192,000 53	$2,484 39	[illegible]	[illegible]	$1,436 93	686,384 27
4.	[illegible]	[illegible]	[illegible]	69,500 00	[illegible]	31,838 33	[illegible]	[illegible]	[illegible]	[illegible]	101,338 33
5.	1,609 00	[illegible]	[illegible]	[illegible]	7,901 77	28,722 81	[illegible]	$121 87	68 48	80 00	42,249 13
6.	553,910 18	3,021 31	[illegible]	2,150 00	82,873 09	38,683 80	10,246 00	4,500 00	1,853 25	[illegible]	697,288 78
7.	4,322,339 30	301 52	[illegible]	5,000 00	700,219 95	1,053,546 74	[illegible]	[illegible]	[illegible]	299,821 90	6,381,429 41
8.	208,156 78	1,678 27	1,625 90	85,975 33	6,372 66	36,780 02	7,016 68	18,475 00	362 16	3,229 71	372,186 68
9.	332,158 28	[illegible]	8,996 00	146,804 75	[illegible]	41,488 52	20,776 60	[illegible]	[illegible]	[illegible]	557,224 15
10.	14,582 95	199 81	[illegible]	1,854 28	2,753 28	15,411 84	[illegible]	1,326 59	1,022 13	[illegible]	39,805 82
11.	74,980 60	3,534 45	[illegible]	7,713 00	7,170 73	10,902 40	[illegible]	803 50	730 10	592 83	109,542 72
12.	26,958 58	348 45	[illegible]	[illegible]	3,679 75	9,816 06	[illegible]	928 96	813 16	462 90	46,674 63
13.	157,551 28	[illegible]	10,548 50	41,629 75	[illegible]	30,882 36	[illegible]	532 15	532 15	[illegible]	241,144 04
14.	9,161,827 61	855,379 19	527,150 00	267,983 47	606,357 88	647,937 60	26,291 34	[illegible]	3,024 07	138,026 39	12,233,977 55
15.	783,996 67	5,055 24	[illegible]	2,838 87	83,395 56	185,140 84	246,047 31	[illegible]	230 30	27,200 58	1,344,704 40
16.	429,443 46	[illegible]	[illegible]	500 00	892 24	303 71	[illegible]	2,000 00	[illegible]	[illegible]	433,357 41
17.	380,819 07	411 21	[illegible]	23,478 54	36,081 39	84,457 31	6,515 89	3,995 21	198 08	11,945 36	547,902 06
18.	80,037 15	21 15	[illegible]	[illegible]	19,415 89	22,582 41	[illegible]	1,500 00	217 67	[illegible]	123,774 27
19.	488,677 70	271 14	[illegible]	3,215 00	23,318 22	111,993 01	327 82	2,500 00	494 21	[illegible]	630,797 10
20.	787,951 16	67,328 01	[illegible]	16,000 00	62,800 31	115,469 50	16,074 09	[illegible]	536 14	17,023 33	1,118,182 54
21.	30,345 39	569 11	[illegible]	[illegible]	6,122 88	7,306 85	[illegible]	700 00	597 26	1,020 00	48,474 18
22.	128,744 73	568 64	[illegible]	[illegible]	8,265 66	271,361 57	[illegible]	[illegible]	955 40	[illegible]	409,896 00
23.	24,884 69	[illegible]	[illegible]	[illegible]	6,722 94	11,257 99	[illegible]	1,858 15	501 29	[illegible]	47,817 26
24.	1,714,226 19	2,169 25	127,000 00	15,500 00	86,495 64	292,976 24	[illegible]	[illegible]	[illegible]	148,505 02	2,387,107 27
25.	474,973 35	1,081 28	250 00	143,459 03	51,772 20	105,647 16	25,980 94	2,000 00	274 92	941 02	820,379 90
26.	62,595 04	3,601 54	[illegible]	52,500 00	5,770 52	23,968 50	25,725 92	2,700 00	2,721 76	[illegible]	198,809 86
27.	300,912 51	[illegible]	628 00	10,940 00	[illegible]	83,477 45	11,602 00	[illegible]	852 68	1,964 04	410,376 68
28.	289,884 22	3,557 64	[illegible]	[illegible]	8,670 66	48,558 02	[illegible]	2,800 00	[illegible]	5,620 42	359,117 01
29.	31,867 73	407 45	[illegible]	[illegible]	2,748 18	2,435 17	300 00	883 99	1,244 81	250 00	40,072 33
30.	2,165,995 21	1,231 04	29,085 87	177,894 26	146,459 39	438,910 65	7,798 79	3,963 16	338 05	2,455 40	2,974,131 82
31.	8,462,683 08	18,089 00	21,400 00	225,475 00	2,345,638 69	1,141,004 36	[illegible]	[illegible]	5,965 06	[illegible]	12,220,255 19
32.	341,803 72	52 85	[illegible]	[illegible]	[illegible]	46,590 19	[illegible]	[illegible]	[illegible]	[illegible]	389,508 50
33.	84,995 15	8,023 81	[illegible]	[illegible]	12,144 04	23,560 99	6,347 77	[illegible]	531 09	8,710 42	159,003 27
34.	1,147,233 67	848 73	250,037 50	246,281 25	126,801 40	537,343 62	[illegible]	[illegible]	[illegible]	4,678 94	2,318,394 74
35.	90,640 35	[illegible]	[illegible]	5,131 25	5,723 97	9,959 94	[illegible]	2,090 15	443 25	1,215 00	115,203 91
36.	331,835 19	7,552 63	[illegible]	15,300 00	42,066 47	103,375 84	12,800 00	2,510 70	369 55	975 82	546,786 20
37.	960,907 61	[illegible]	[illegible]	353,636 86	153,736 50	24,289 17	[illegible]	4,000 00	2,807 13	[illegible]	1,600,490 96
38.	268,988 78	[illegible]	[illegible]	[illegible]	11,253 42	20,964 68	[illegible]	730 00	2,662 25	[illegible]	304,599 13
39.	15,369 34	[illegible]	[illegible]	[illegible]	44,744 15	18,077 69	[illegible]	650 00	294 04	413 75	79,548 97
40.	1,975,188 81	1,758 32	45,850 00	475,869 16	153,239 11	441,052 13	11,886 71	5,000 00	2 044 79	27,107 81	3,150,087 30
41.	151,520 26	5,435 53	[illegible]	10,100 00	11,352 36	48,338 54	197 10	1,000 00	3,751 64	[illegible]	232,226 65
	229,196 46	1,181 42	[illegible]	[illegible]	4,173 97	5,864 95	[illegible]	2,965 50	1,535 23	[illegible]	245,211 83
	$37,668,396 74	$994,669 58	$1,025,571 77	$2,424,279 80	$4,939,329 44	$6,391,789 91	$438,419 35	$70,002 78	$38,187 35	$703,677 57	$54,965,646 64

State Auditor Pavey has issued a statement of the condition on January 27, of the Illinois State banks, doing business under the new General Banking Law of the State, which has been in force less than two years. It requires reports to be made to the State Auditor at such times as he may designate. The present statement shows forty-one such banks now in business, with a paid-up capital of $1,316,500. Of these, fifteen are in Chicago. The loans and discounts to the date of the report are $37,668,396, and the resources $54,965,646. The savings deposits amount to $11,966,783, and the individual deposits subject to check, $20,436,653. The largest savings deposit in any one institution is in the Illinois Trust and Savings Bank of Chicago, $5,303,154. The largest amount of individual deposits subject to check is carried by the Merchants' Loan and Trust Company of Chicago, $6,242,195.

BANKING AND FINANCIAL ITEMS.

PHILADELPHIA.—A controlling interest in the Commonwealth National Bank, located at the southwest corner of Fourth and Walnut streets, has been bought by a number of business men who are also interested in the Citizens' Trust, Tax Indemnity and Surety Company, and who propose to put the institution on a more popular basis. The sale has been actually accomplished, and at a meeting of the board of directors recently Messrs. Samuel Dutton, J. H. Burroughs, Edwin F. Keen and J. H. Conrad resigned, their places being filled by Duncan L. Buzby, Vice President of the Citizens' Trust Company; Eugene C. Sherman, James H. Campbell, of Wood, Brown & Co., and Thomas H. Belcher, the dry goods merchant. Of the old board, H. N. Burroughs, T. H. Bechtel, George T. Hensel, George P. Eldridge and W. L. McDowell still retain their seats, but some of these will retire to make place for new ones. The Commonwealth was one of the last of what are called family banks. Its president, H. Nelson Burroughs, owned a majority of the $208,000 of capital stock, and his son-in-law, Effingham Perot, was cashier. The bank has not been doing a very large business, its deposits being only about $380,000, and its line of discounts about $430,000. Although an old bank, it was making little progress and had a very small surplus. The last public sale of the stock was at $48, the par being $50, but it is understood Mr. Burroughs received something over par for his stock, the book value of its assets being about 53. Mr. Burroughs owns the building in which the bank is located, but it is the intention of the new owners to remove the business to a more central location, and it will probably engage in business somewhere on Eighth street, between Chestnut and Arch. There is an extensive business district in this limit, which is without convenient banking facilities. The capital stock will be increased to $500,000 and energetic business men interested in it.

PHILADELPHIA.—The latest financial scheme is the organization of a bank and a trust, loan and safe deposit company, to represent the National and State Government and the military and naval service. A meeting to found the same was held at the hall of George G. Meade Post, G. A. R., 1109 Chestnut street on Thursday afternoon. An organization was effected by the election of Colonel Wendell P. Bowman as chairman, and a committee was appointed to carry the scheme into effect. A prominent bank official has already been named for president. It is proposed to start the concern with a capital of half a million dollars, 20,000 shares, par value $25 each. Option of one of the finest bank buildings in the city has been obtained, with immediate possession. The stock is being freely subscribed for, and it has already been found necessary to limit the amount of each individual subscription to 100 shares. The interests of the Grand Army, the Loyal Legion, Union Veteran Legion, Naval Veteran Association, the National Guard and other organizations, military and naval, will be centered in the new company, which promises to become popular.

PHILADELPHIA.—The stock of the Keystone National Bank has recently sold at $66.75, an advance of $8.50 per share. This must be very gratifying to Mr. Marsh, the newly elected president.

ASBURY PARK, N. J.—The examination of the National Bank Examiner, Robert E. James, into the affairs of the Asbury Park National Bank has resulted in statements connecting the bank with Claassen, Pell & Simmons, and charging President George W. Byram with securing unauthorized bonds amounting to $56,000. As to the bank's connection with Claassen, Pell and Simmons, the bank officials state that Pell, Wallack & Co., in November, had large transactions with the bank through the account of Arthur L. Meyer, of the firm of Sigmond T. Meyer & Son. Checks to the amount of $10,000 were drawn on the bank, cash to meet the same being remitted by express. The failure of remittances, on several occasions, to arrive on time, caused the bank to decline further business of that nature. The Meyers, however, have Long Branch real estate interests and keep a running account with the bank.

PITTSBURGH, PA.—The Fidelity Title and Trust Company, assignee of the Lawrence Bank, which failed last November for nearly $400,000 has brought suit against the 480 stockholders to recover $181,605, due the bank in the shape of rates, loans, etc.

WILLIMANTIC, CONN.—The injunction placed on the Williamantic Savings Institute in February, 1889, forbidding the withdrawal of deposits for one year, has been dissolved, but there is little apparent inclination of depositors to avail themselves of the removal of this restriction, confidence in the institution having been re-established.

OMAHA, NEB.—The Omaha Loan and Trust Company Savings Bank, which was organized under the new banking laws of Nebraska, allows interest on deposits at the rate of 5 per cent. per annum, compounded semi-annually. Centrally located at the corner of Douglas and Sixteenth streets, its convenient banking quarters and experienced management make it a favorite place of investment with savings depositors. Officers, A. U. Wyman, late United States treasurer, president; J. J. Brown, vice president; H. F. Wyman, treasurer; W. T. Wyman, secretary, and George B. Lake, counsel. Directors: A. U. Wyman, E. W. Nash, J. J. Brown, J. H. Millard, Guy C. Barton, Thomas L. Kimball and George B. Lake. The stockholders comprise business and financial men of high standing in the West and East.

PLANS FOR AN INTERNATIONAL BANK SYSTEM.—Nee Soko, of Japan, is in the United States to confer with leading bankers regarding the establishment of banks in which Japan, China and America will be interested. Rich merchants of Tokio will organize a banking institution with a capital of $6,000,000. There will be main offices in the commercial centers of Japan and China, and branches in New York and San Francisco. "That a profitable investment might be made is the least object of this big banking system," said Nee Soko. "By such a chain of financial institutions the monetary transactions of the two Oriental countries can be brought into nearer and more systematic communication. It will also lessen the difficulties now experienced in the transportation of the $20,000,000 shipped each year from the United States to China. This passes through the slow mill of the Custom House now. The banks will also be a sound depository for the natives, who make the best bank customers in the world. Perhaps the institution will be so increased that all foreign banks will be forced to depart. This is the intention now. Although Tokio merchants are the prime movers in the enterprise, Chinese capitalists have signed the papers to advance their share of the capital just as soon as the money is needed. This scheme is not a new one, as Count Soyeshima started a similar venture previously. He attempted too much for his capital, and naturally failed. In the new enterprise he is also interested." Nee Soko will start for New York this morning, where he hopes to complete the arrangements for the opening of a branch in that city. He declined to give the names of the American and Oriental capitalists interested. He said: "Full details will be given to the world in a few weeks, when the Japanese Government will make the official announcement of the institution and its policy."

CHICAGO reports a farmers' trust as the most important news in the consolidation line. The purpose is to do a general farming business, handle and store grain, and by a closer union promote the interests of the farmers as against all trusts and monopolies, and to raise money to purchase farm products. The name of the corporation will be the Farmers' Co-operative Brotherhood of the United States. The capital stock is $50,000,000, but the whole scheme is only as yet on paper. It is proposed to have 1,000,000 farmers of the West take each one share of $50; after this is accomplished the Brotherhood expects to control the grain markets of the world.

SAN ANTONIO, TEXAS.—We erroneously stated in last month's issue that Mr. T. C. Frost, instead of W. D. Richardson, who has been connected with Mr. Frost's banking house, had been appointed cashier of the First National Bank of Luling in that State. We are pleased to learn that Mr. Frost s business is in no way affected by the event, and that it is increasing in a most satisfactory manner.

BUFFALO.—A plan for the protection of the banks in that city has been signed

by the following banks: Bank of Attica, Marine Bank, American Exchange Bank, the Manufacturers and Traders' Bank, Farmers and Mechanics' Bank, Third National Bank, the German Bank, Bank of Buffalo, Bank of Commerce, Merchants' Bank, Buffalo Loan, Trust and Safe Deposit Co., German-American Bank. This is the plan: In view of a possible money crisis at any future time, the banks, members of this association, for the purpose of sustaining each other and the business community, do hereby resolve: That a committee of five be elected, as hereinafter provided, to receive from banks, members of the association, bills receivable and other securities to be approved of by said committee, who shall be and are hereby authorized to issue therefor to such depositing banks, loan certificates not in excess of 75 per cent. of the securities or bills receivable so deposited (except in case of United States bonds), and such certificates shall be received and paid in settlement of balances at the Clearing House; the obligation given for such certificates to bear interest at the rate of 6 per cent. per annum. Said committee shall be elected by ballot at the regular meeting of the association in January of each year, to hold office for one year or until a new committee is elected. In case of a vacancy in such committee at any time through death or resignation, new members shall at once be elected by ballot by the remaining members of said committee. If at any time the committee is called upon to act and any of its members are absent from the city, or through sickness or otherwise unable to serve, temporary substitutes shall be appointed by the president of the association, or, in his absence, by the vice-president; or, in the absence of the president and vice-president, by the secretary; or, in the absence of the president, vice-president, and secretary, by the treasurer, to act during the absence or disability of such members. The plan was recommended by a committee of the Clearing House. The bankers of Buffalo have shown a commendable spirit in thus protecting themselves and those with whom they do business from a possible danger. The bankers in other places would do well to imitate this example.

CHAMBERSBURG, PA.—A new national bank, called the Valley National Bank, has been opened for business. The new bank has purchased the building of the Chambersburg Deposit Bank. John R. Orr, of the Deposit Bank, will be cashier of the new bank, and George H. Stewart, of Shippensburg, president. Colonel T. B. Kennedy, president of the Cumberland Valley Railroad, and Hastings Gehr, of the Chambersburg Gas Company, are among the leading stockholders.

PROVIDENCE, R. I.—The stockholders of the Union Bank have decided to wind up the affairs of the institution. This is the bank from whose vaults the teller, Charles A. Pitcher, stole all the cash in June, 1888. He is now in a Canadian jail. The bank recovered nearly all of the cash and securities which he stole, but its affairs have not been in a flourishing condition for some time.

PRINTING FOREIGN BANK NOTES.—Senator Evarts has introduced a bill to amend Section 530 of the Revised Statutes so as to provide that responsible bank note companies in this country shall have the right to manufacture, under such regulations as the Secretary of the Treasury may prescribe, paper similar to that now used for the printing of United States notes and other securities, to be used for the printing in this country of securities for foreign governments and banks.

FRACTIONAL CURRENCY.—The subject of issuing a fractional paper currency has been under consideration by the House Committee on Banking. The sub-committee to which the subject was assigned have reported adversely on the bills before them, on the ground that they provided no method by which the proposed issues could be applied to the particular purposes desired, and that the currency would go into general circulation in competition with the fractional silver coin. The full committee discussed the subject somewhat, and agreed to refer it to the Committee on Post Offices and the Postmaster-General for their consideration. The idea in doing this is that a bill must be framed similar to that reported in the Senate during the last session by Senator Aldrich, of Rhode Island, for simplifying the issue of postal notes and reducing the fee.

NEW YORK.—The following is the petition presented to the Assembly of New York against the five per cent. interest bill that has been introduced into that body:

The undersigned, representing the Clearing House Association of Banks of New York, respectfully represent that the bill reducing interest in the State to 5 per

cent. per annum, presented to your honorable body, would, if it became a law, work most injuriously to every industrial interest of the State, because among other reasons:

1. No State of the Union has a lower rate than 6 per cent., and this commercial metropolis could not bear such unfavorable discrimination among the cities and States with which it is continually in active business competition.

2. Such a change would not only divert home capital to other places where it can secure better rewards, but would prevent it coming here, as now, from all parts of the world to participate in the prevailing commercial activity, with which prosperity our large agricultural and mechanical interests are so closely identified with each other, and that no more serious injury could be inflicted upon our State than would be produced by the repression of commercial activity through the measure proposed.

3. Any cause tending thus to divert capital from concentrating in New York would not only be a blow to its commercial vitality, but would deprive it of means of relief which are indispensable to the country in times of financial stringency.

4. It would withdraw large sums from existing loans upon real estate in New York and send it to other cities whose agencies in large numbers are here constantly soliciting such loans at higher rates.

5. It would seriously impair the resources and profits of our savings banks, which hold the earnings of the poor, and which already find it difficult to earn their depositors even a low rate of interest.

The undersigned are convinced by experience that a low rate of interest for money is best secured by competition through the ordinary laws of supply and demand, and the reduction of the rate is best attained by the competition of lenders.

The petition is signed by the following presidents of New York National banks: George S. Coe, American Exchange; J. D. Vermilye, Merchants'; G. G. W. Williams, Chemical; F. D. Tappen, Gallatin; W. A. Nash, Corn Exchange; Richard Hamilton, Bowery.

MAINE.—The thirty-third annual report of Hon. Geo. D. Bisbee, State Bank Examiner of Maine, contains some interesting information. The fifty-five banks doing business in Maine represent a total deposit of $43,977,085 09 which amount is divided among 132,192 depositors, making an average of $332.60 each, showing a total increase in the amount of the deposits during the year of $3,007,422.04 and an increase of depositors of 7,630. The largest increase in deposits has been made by the Bangor Savings Bank, $346,204.11. The Portland Savings Bank comes next, with an increase of $329,774.70, then the Bath Savings Institution, with $319,263.50, and the Maine, of Portland, with $225,553.10; Biddeford, $131,586.88; People's, Lewiston, $117,369.55; Rockland, $111,662.49; Androscoggin county, $101,446.24. The total reserve fund now amounts to $1,778,935.13, being an increase of 127,792.73 during 1889. The total undivided profits are $1,105,428.07; liabilities, $77,830,526.75.

MR. FRANK W. PARKER, treasurer of the Androscoggin County Savings Bank, Lewiston, Me., for the past sixteen years, has retired from the office, to accept the position of National Bank Examiner. He is succeeded by Mr. J. Frank Boothly, who has represented the Eastern and American Expresses in Lewiston for the last twenty-five years.

PHILADELPHIA—THE DREXEL BANKERS.—The house of Drexel arose in Philadelphia somewhat earlier than that of Jay Cooke, commencing with a Tyrolese artist who painted pictures and shaved notes and currency. Upon careful foundations he raised a house, which, at the decay of Jay Cooke, seized upon many great occasions, and, drawing in such men as Mr. Morgan, of New England, began to play a vast intermediate part between the railroads and investment and general financial directions. The fortunes of the three Drexel brothers—though not as large as some fortunes in New York City—have been in the aggregate probably $25,000,000 to $30,000,000. These bankers were wise in drawing young blood into their departments, and buying experience as princes formerly bought great military commanders. The Drexels have recently absorbed the Stock Exchange of Philadelphia into their huge marble block, which they have put up on Chestnut street, opposite the old Hall of Congress, and between that and the Bank of the United States, which still stands, and is the American custom house. A portion

of that ground was covered by the Philadelphia library, which Franklin founded, and before which his statute stood. I know of no American city where the lawyers' offices seem to extend so many miles as in Philadelphia; they commence down by the old—and now effete—Stock Exchange on Third street, and can be followed up Walnut street nearly to Broad. The civil war finding Philadelphia far out upon its frontier, since Baltimore sulked at the recovery of the Union, electrified the former city, absorbed all its functions, and hence, to the present day, the politics of Pennsylvania are as much directed by the war on one side as the politics of Virginia by the opposite site.—*Cincinnati Enquirer.*

WARREN, PA.—One of the most flourishing savings banks in the State is located at Warren. The following condensed statement of its resources and liabilities contains the proof:

STATEMENT, FEB. 11, 1889.		STATEMENT, FEB. 11, 1890.	
RESOURCES.		RESOURCES.	
Loans and Discounts	$955,893 48	Loans and Discounts	$1,150,628 45
Bonds	4,000 00	Bonds	10,000 00
Banking House	10,500 00	Banking House	34,459 05
Other R. E., F. and F.	6,337 70	Other R. E., F. and F.	6,567 20
Due from Banks	171,005 94	Due from Banks	288,345 75
Cash and Exchanges	37,490 14	Cash and Exchanges	61,534 16
	$1,185,127 26		$1,551,535 61
LIABILITIES.		LIABILITIES.	
Capital	$100,000 00	Capital	$100,000 00
Surplus	75,000 00	Surplus	125,000 00
Earnings	28,219 75	Earnings	9,359 61
Deposits	960,918 86	Deposits	1,271,825 43
Due to Banks	20,988 65	Due to Banks	45,360 57
	$1,185,127 26		$1,551,535 61

The business of the bank is conducted by A. J. Hazeltine, president; O. W. Beaty, vice-president, G. B. Ensworth, cashier; with whom are associated as directors, M. B. Dunham, L. B. Wood, Chas. H. Noyes, James Clark, L. R. Freeman, Charles W. Stone and F. H. Rockwell.

Sterling exchange has ranged during March at from 4.84¼ @ 4.87½ for bankers' sight, and 4.80¼ @ 4.84½ for 60 days. Paris—Francs, 5.21¼ @ 5.16¼ for sight, and 5.23⅛ @ 5.19⅜ for 60 days. The closing rates for the month were as follows: Bankers' sterling, 60 days, 4.84 @ 4.84¼; bankers' sterling, sight, 4.86¼ @ 4.87; cable transfers, 4.87 @ 4.87¼. Paris—Bankers', 60 days, 5.20 @ 5.19⅜; sight, 5.17½ @ 5.16¼. Antwerp—Commercial, 60 days, 5.22½ @ 5.21¼ Reichmarks (4)—bankers', 60 days, 94¼ @ 94⅜. sight, 95⅛ @ 95⅜. Guilders—bankers', 60 days, 40 1-16 @ 40⅛; sight, 40¼ @ 40 5-16.

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money have been as follows:

QUOTATIONS:	Mar. 3.	Mar. 10.	Mar. 17.	Mar. 24.	Mar. 31.
Discounts	6 @ 7	6 @ 7	6½ @ 7½	6½ @ 7½	6 @ 7
Call Loans	6 @ 2	5 @ 4	4 @ 3½	4 @ 3½	5 @ 3
Treasury balances, coin	$163,382,088	$163,323,807	$163,087,441	163,000,822	162,945,043
Do. do. currency	7,557,231	7,808,702	6,362,674	5,360,376	4,690,315

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from March No., page 732.)

	Bank and Place.	*Elected.*	*In place of.*
N. Y.	CITY..Bank of America.....	Wm. H. Perkins, *P*.....	E. W. Corlies.
"	.. Fifth Avenue Bank.....	Frank Dean, *Ass't Cas*..	.....
"	.. Fourth National Bank..	J. G. Cannon, *V. P*.....	Wm. H. Perkins.
"	.. Merchants Exchange. N. Bank.	F. V. Gambier, *Ass't Cas*.	.....
"	.. National Bank of Commerce..	A. A. Low, *V. P*.....	John J. Astor.*
"	. National Bank of Deposit.....	H. B. Moore, *V. P*.....	.....
"	.. New York Nat. Exchange Bank.	Isaac Howland, *Cas*.....	C. B. Outcalt.
"	.. Sixth National Bank,	A. H. Stevens, *P*.....	Chas. H. Leland.
		Chas. G. Landon, *V. P*..	C. Frothingham.
"	.. Western National Bank.....	Brayton Ives, *P*	C. N. Jordan.
ALA....	American Nat. B., Birmingham.	J. F. B. Jackson, *V. P*...	Geo. C. Kelley.
"	.. PeoplesS.B&T.CoBirmingham.	W. J. Rushton, *P*.....	B. A. Thompson.
"	.. B.ofGunthersvilleGunthersville.	L. D. Lusk, *P*.....	A. G. Henry, Jr.
CAL....	First National Bank, Colton...	Geo. E. Burrall, *A. Cas*.	.....
"	.. Los Angeles N. B., Los Angeles.	E. W. Coe, *Ass't Cas*...	.....
"	.. First National Bank, Monrovia.	Joseph F. Sartori, *V. P*..	John Wilde.
		Jno. H. Bartle, *Cas*.....	Jos. F. Sartori.
"	.. First National Bank, San Bernardino.	Jos. Brown, *P*.....	J. H. Smith.
		O. H. Kohl, *Cas*.....	Jos. Brown.
"	. San BernardinoN.B., S.Bernar'o	S. E. A. Palmer, *V. P*...	Seth Marshall.
"	.. Garden City Nat. B., San Jose.	A. McDonald, *P*.....	C. W. Breyfogle.
"	.. First National Bank, San Luis Obispo.	J. P. Andrews, *P*.....	R. E. Jack.
		R. E. Jack, *Cas*.....	Morris Goldtree.
"	.. Santa Rosa National Bank, Santa Rosa.	B. M. Spencer, *V. P*.....	J. H. Brush.
		J. H. Brush, *Cas*.....	L. M. Alexander.
"	.. First Nat. Bank, Stockton.....	Jas. H. Hough, *A. Cas*..	.....
COL....	First National Bank, Trinidad.	Delos A. Chappell, *V. P*.	F. G. Bloom.
"	.. Trinidad Nat. Bank, Trinidad..	E. D. Wight, *P*.....	Lonny Horn.
CONN...	Mercantile Nat. B., Hartford..	Edwin Brower, *Cas*. ...	Chas. H. Field.
"	Society for Savings, Hartford.	John C. Parsons, *P*.....	Roland Mather.
		A. E. Hart, *Treas*.....	Z. A. Storrs.*
"	.. Central Nat. B., Middletown...	R. C. Markham, *Ass't C*.	.....
"	.. First Nat. Bank, Norwich.....	Chas. Bard, *V. P*.....	.....
"	.. First Nat. B., Stafford Springs..	F. G. Sanford, *Ass't Cas*.	.....
DAK.	N. Merchants Nat. Bank, Devil's Lake.	M. B. Mears, *V. P*.....	C. W. Kelley.
		M. B. Young, *Ass't Cas*..	C. W. Greene.
"	N. Nat. B. of North Dak., Fargo.	Geo. W. Brown, *Cas*...	.....
"	N. Grand Forks, Nat. Bank, Grand Forks.	D. Rhomberg, *V. P*....	.....
		G. F. Shutt, *Ass't Cas*...	J. P. Walker.
"	N. First National Bank, Minot.	Olaf A. Olsen, *V. P*. ...	Jas. Johnson.
		H. F. Salyards, *Cas*.....	Ashley E. Mears.
"	S. Aberdeen National Bank, Aberdeen.	Robt. Moody, *P*.....	J. T. McChesney.
		John T.McChesney, *V. P*.	J. Q. A. Braden.
		F. W. Brooks, *Cas*.....	Robt. Moody.
"	S. Bank of Centreville, Centreville.	Seth Ely, *P*.....	G. D. Dayton.
		Orlin A. Abeel, *Cas*.....	W. E. Briggs.
"	S. First National Bank, Fort Pierre.	Geo. D. Mathieson, *V. P*.	.....
		C. F. S. Templin, *Cas*...	Frank Sutton.
"	S. Black Hills Nat. Bank, Rapid City.	M. Keliher, *V. P*.....	V.T.McGillycuddy.
		Warren W.Price, *A. Cas*.	.....
D. C....	N. B. of Republic, Washington.	A. A. Wilson, *V. P*.....	.....
DEL....	Central Nat. B., Wilmington..	Wm. M. Field, *P*.....	Sam'l McClary, Jr.
FLA....	First Nat. Bank, Gainesville...	J. W. Williams, *V.P*....	John Sheridan.
GA.....	Germania Savings Bank, Savannah.	Henry Blun, *P*.....	.....
		Geo. W. Owens, *V. P*...	.....
		John M. Hogan, *Cas*....	.....
IDAHO..	First Nat. Bank, Hailey.....	C. J. Selwyn, *Cas*.....	J. M. Burkett.*
ILL....	Second Nat. Bank, Belvidere...	Ezra May, *P*.....	Allen C. Fuller.
"	.. Exchange Bank, Gardner.....	M. T. Fuller, *Cas*.....	A. L. Booth.

* Deceased

	Bank and Place.	*Elected.*	*In place of.*
ILL.....	Exchange Bank, Marion.	John H. Burnett, *P.*.... / Henry T. Goddard, *Cas.*	..... / .....
" ..	First National Bank, Morrison.	W. S. Wilkinson, *P.*... / Edward A. Smith, *V. P.*	..... / W. S. Wilkinson.
" ..	First Nat Bank, Paris.	R. G. Sutherland, *A.Cas.*	.....
" ..	Central National Bank, Peoria.	F. F. Blossom, *Ass't C.*.	.....
" ..	First Nat. Bank, Shawneetown.	Wm. A. Peeples, *V. P.*..	.....
" ..	Farmers Nat. Bank, Springfield.	Wm. T. Lewis, *A. Cas.*.	.....
" ..	SpringValleyN.B.,Sp'ngValley.	H. J. Miller, *V. P.*.....	E. N. Saunders.
" ..	First National Bank, Watseka.	David McGill, *P.*..... / John L. Hamilton, *V.P.*	S. Williams. / David McGill.
IND	Citizens Nat. Bank, Attica.....	Clement G. Jones, *V. P.*	Thos. P. Campbell.
" ..	First N. B. of Porter Co. Valparaiso	A. J. Lauderback, *A. Cas.*	J. H. Skinner.
IOWA...	Western Loan & Tr. Co. Atlantic.	D. S. Crain, *P.*.....	E. Willard.
" ..	Citizens Nat. Bank, Des Moines.	A. Lederer, *V. P.*.....	.....
" ..	First Nat. Bank, Grundy Centre.	D. C. Shuler, *Ass't Cas*	.....
" ..	Nat. State Bank, Mt. Pleasant..	Jas. T. Whiting, *A. Cas.*	E. S. Howard.
" ..	First Nat. Bank, Shenandoah..	A. T. Irwin, *Ass't Cas...*	.....
" ..	First Nat. Bank, Sigourney.. .	Edw. Bower, *Ass't Cas..*	.....
" ..	American Nat. B'k, Sioux City.	Thos. C. Pease, *Cas.*....	H. Russell.
" ..	Corn Exch. National Bank, Sioux City.	C. B. Oldfield, *V. P.*.... / L. F. Gray, *Ass't Cas...*	..... / .....
" ..	Iowa State Nat. B., Sioux City.	H. A. Jandt, *V. P*.....	.....
KAN....	Abilene Nat. Bank, Abilene....	A. K. Perry, *Ass't Cas* ..	.....
" ..	First National Bank, Eureka...	J. W. Kenner, *Ass't Cas.*	.....
" ..	Anderson Co. Nat. Bank, Garnett.	J. F. McKinney, *Cas* ... / J. H. Slicer, *Ass't Cas...*	J. H. Beatty. / .....
" ..	First National Bank, Hays City.	A. P. West, *P*..... .... / W. A. Myers, *V. P*.....	A. S. Hall. / C. H. Lebold.
" ..	First Nat. Bank, Hiawatha....	Edward Bierer, *V. P*....	D. K. Babbit.
" ..	Hutchinson N. B., Hutchinson.	G. A. Vandevere, *V. P.*.	F. Vincent.
" ..	First National Bank, Kingman.	A. C. Fredick, *V. P.*....	E. W. Hinton.
" ..	First National Bank, La Crosse.	E. S. Chenowith, *V. P.*..	... .
" ..	Merchants N. Bank, Lawrence.	W. F. March, *Ass't Cas..*	.....
" ..	First National Bank, Lyons...	J. T. Ralston, *Cas*.....	J. E. Gilmore.
" ..	First Nat. Bank, McPherson...	S. L. Whitzel, *V. P*....	Theo. Boggs.
" ..	First National Bank, Ness City.	Henry F. Black, *V. P.*..	W. D. Miner, Jr.
" ..	First National Bank, Osage City.	D. C. Lake, *P*..... / A. D. Cooper, *Cas*.....	J. D. Hall. / D. C. Lake.
" ..	National Bank of Paola, Paola.	W. T. Potts, *P*..... / E. Gilmore, *V.P*..... / H. T. Fowler, *Ass't Cas.*	E. Gilmore. / W. T. Potts. / ... .
" ..	N. B. of Pittsburgh, Pittsburgh.	Arthur K. Lanyon, *A.C.*.	.....
KY.....	Second Nat. Bank, Ashland....	A. F. McCown, *Ass't C.*.	.....
" ..	Farmers Nat. Bank, Danville..	Thos. McRoberts, *V. P.*.	G. W. Welsh.
" ..	First National Bank, Louisville.	Thos. J. Wood, *Ass't C.*	.....
" ..	First National Bank, Mayfield.	C. Farthing, *V. P*..... / N. A. Hale, *Ass't Cas*...	..... / D. B. Stanfield.
ME.....	Nat. Village B., Bowdoinham.	Wm. K. Maxwell, *P*.....	S. W. Randall.
" ..	First National Bank, Fairfield..	C. G. Totman, *V. P*.....	D. C. Hall.
" ..	First Nat. Bank, Portland.....	Frederick Robie, *V. P*...	.....
" ..	Merch. Nat. Bank, Portland...	J. E. Gilman, *Cas*.....	Chas. Payson.
" ..	Thomaston N. B., Thomaston.	Edwin A. Robinson, *V.P.*	.....
MD.....	German-Amer. B., Baltimore..	N. M. Smith, *P*.....	.....
MASS..	Collateral Loan Co.. Boston...	L. S. Moore, *Cas*....	E. H. Batcheler.
" ..	Monument National Bank, Boston.	Amos Stone, *P*..... / A. D. S. Bell, *V. P*.....	Jas. O. Curtis.* / Amos Stone.
" ..	Nat. Webster Bank, Boston....	John P. Lyman, *P*.....	Francis A. Peters.
" ..	New England Nat. B., Boston.	Chas. W. Jones, *P*.....	Sam'l Atherton.
" ..	Winthrop National Bank, Boston.	N. F. Tenney, *P*.... ... / W. R. Evans, *V. P*.....	I. G. Whitney. / .....
" ..	Broadway Sav. B., Lawrence..	Thos. Scott, *P*.....	John Fallon.*
" ..	Monson Savings Bank, Monson.	Cyrus W. Holmes, Jr., *P.*	Rice S. Munn.*
" ..	First National Bank, Woburn..	John Johnson, *V. P*....	.....
MICH.	First Nat. Bank, Albion.....	W. O. Donoughue, *P*....	Sam'l V. Irvin.
" ..	First Nat. Bank, Constantine..	Geo. C. Harvey, *Ass't C.*	.....
" ..	First Nat. B., Sault Ste. Marie.	A. J. McClung, *Ass't Cas.*	.....

* Deceased.

	Bank and Place.	*Elected.*	*In place of.*
MINN...	Anoka National Bank, Anoka.	C. S. Guderian, *V. P.*...	H. S. Plummer.
		O. S. Miller, *Cas*.....	C. S. Guderian.
" ..	Nat. B. of Commerce, Duluth.	G. F. Makenzie, *A. Cas*..	.....
" ..	First Nat. Bank, Glencoe.....	C. H. Davis, *P*.....	A. H. Reed.
" ..	Union National Bank, Rochester.	Thos. Brooks, *V. P*.....	.....
		Jesse A. Smith, *A. Cas*..	.....
" ..	Nat. German-Amer. B., St. Paul.	Joseph Lockey, *P*.....	G. Willins.
MISS....	Merch. & Farm. Bank, Macon..	H W. Foote, *P*.....	W. H. Bogle.
MO.....	Frankford Exchange Bank, Frankford.	Edw. C. Jackson, *P*.....	C. S. McCune.
		Henry C. Benn, *V. P*....	.....
		Jas. G Cash, *Cas*.....	J. C. McCune.
" ..	First National Bank, Hannibal.	W. F. Chamberlain, *P*...	Robt. Elliott.
		Jno. F. Meyer, *V. P*.....	W. F. Chamberlain.
" ..	German-American Nat. Bank, Kansas City.	C. E. Moss, *2d V. P*.....	.....
		J. G. Strean, *Cas*.....	W. F. Sargent.
" ..	Pierce City Nat. B., Pierce City.	D. S. Flowers, *V. P*.....	.....
" ..	First National Bank, St. Charles.	B. F. Becker, *P*.....	Henry Angert.
		Edward Gut, *V. P*.....	B. F. Becker.
		Henry Angert, *Cas*.....	W. W. Kirkpatrick.
" ..	Continental Nat. B., St. Louis.	H. A. Crawford, *V. P*...	J. M. Thompson.
" ..	St. Louis Nat. Bank, St. Louis.	H. M. Noel, *V. P*.....	.....
" ..	First National Bank, Trenton..	Stephen Harvey, *A. Cas*.	L. L. Ashbrook, Jr.
MONT ..	Nat. Park Bank, Livingston...	G. H. Carver, *V. P*.....	J. S. Thompson.
NEB....	First National Bank, Arapahoe.	W. S. Morlan, *V. P*.....	Geo. J. Burgess.
" ..	Peoples Bank, Davenport.	J. F. Walker, *P*.....	E. Randall.
		E. Randall, *V. P*.....	.....
		Wm. H. Jennings, *Cas*..	G. G. Pratt.
" ..	First National Bank, Grant.	O. M. Carter, *P*.....	.....
		F. H. Stevens, *V. P*....	.....
		C. W. Anderson, *A. Cas*.	.....
" ..	Dawson Co. N. B., Lexington..	W. D. B. Motler, *V. P*..	.....
" ..	Keith Co. Bank, Ogallala.....	John D. Bassett, *P*.....	H. L. McWilliams.
" ..	American Nat. Bank, Omaha..	Henry F. Wyman, *Cas*..	Thos. H. McCague.
" ..	Omaha Nat. Bank, Omaha....	W. B. Millard, *V. P*....	.....
" ..	Union Nat. Bank, Omaha.....	Chas. Marsh, *Ass't Cas*..	.....
" ..	Carson Nat. B., South Auburn.	F. E. Johnson, *V. P*....	.....
" ..	South Omaha National Bank, South Omaha.	J. P. Millard, *P*.....	A. U. Wyman.
		Truman Buck, *V. P*.....	N. W. Wells.
" ..	First National Bank, Wisner..	Hugo A. Leisy, *A. Cas*..	.....
N. H....	First National Bank, Newport.	Sam D. Lewis, *Cas*.....	F. W. Lewis.
N. J....	Swedesboro N. B., Swedesboro.	John S. Batten, *V. P*....	Sam'l Black.
N. Y..	North Side Bank, Brooklyn.....	C. Doscher, *P*.....	Wm. D. Chase.
" ..	Deposit National Bank, Deposit.	Chas. Maples, *V. P*.....	.....
" ..	First Nat. Bank, Glens Falls...	Wm. McEchron, *V. P*...	M. A. Sheldon.
" ..	N. Ulster Co. Bank, Kingston.	H. G. Smith, *Cas*.....	Wm. H. Finch.
" ..	Citizens N. B., Saratoga Springs.	W. T. Rockwood, *V. P.*	H. Newell.
" ..	First N. Bank, Saratoga Springs.	Jno. R. Putnam, *V. P*..	P. P Wiggins.
" ..	Central National Bank, Troy...	Justus Miller, *V. P*. . .	J. B. Wilkinson.
" ..	N. B'k of Waterville, Waterville.	W. L. Race, *Ass't Cas*...	.....
N. C...	First National Bank, Winston..	J. C. Buxton, *P*.....	J. A. Bitting.
OHIO...	Bank of Andover, Andover.	B. D. Morley, *Cas*.....	A. S. Bates.*
		C. B. Leonard, *A. Cas*..	B. D. Morley.
" ..	Ohio Valley N. B., Cincinnati.	Clifford B. Wright, *V. P.*	.....
" ..	Preble Co. Nat. Bank, Eaton...	J. H. Foos, *V. P*.....	J. Campbell.
" ..	Citizens Nat. Bank, Lebanon..	R. M. Gallaher, *V. P*...	.....
" ..	First National Bank, Mt. Gilead.	W. M. Carlisle, *P*.....	A. Levering.
		John T. Brown, *V. P.*	.....
		J. G. Russell, *Cas*.....	R. B. Levering.
		W. W. McCracken, *A. C.*	.....
" ..	Morrow Co. Nat. B., Mt. Gilead.	H. B. McMillin, *A. Cas*.	.....
" ..	First National Bank, Norwalk.	F. Vandercook, *P*.....	Theo. Williams.
		N. G. Sherman, *V. P*...	G. M. Cleveland.
		D. A. Baker, Jr., *Cas*....	.....
" ..	First National Bank, St. Marys.	Fred Dicker, *V. P*.....	.....
		L. R. Piper, *Ass't Cas*...	.....
" ..	Western Reserve N. B., Warren.	H. J. Barnes, *V. P*.....	.....
ORE....	First National Bank, East Portland.	John Sommerville, *V. P.*	.....
		H. L. Holgate, *A. Cas*..	.....

* Deceased.

	Bank and Place.	Elected.	In place of
ORE....	First Nat. Bank, Independence.	L. W. Robertson, *V. P.*	.....
PA.....	Braddock Nat. Bank, Braddock.	R. P. Duff, *V. P*	J. N. Anderson.
" ..	Nat. Bank of Catasauqua, Catasauqua.	Frank M. Horn, *P*.....	M. H. Horn.
		C. R. Horn, *Cas*.....	Frank M. Horn.
" ..	Northampton Co. N.B., Easton.	Thos. Rinek, *P*.....	T. T. Miller.*
" ..	Hatboro Nat. Bank, Hatboro..	Sam. S. Thompson, *V.P.*	G. J. Mitchell.
" ..	Citizens Nat. Bank, Johnstown.	Dwight Roberts, *Cas*....	Geo. K. Linton.
" ..	Lancaster Co. Nat. Bank, Lancaster.	F. H. Breneman, *P*.....	Christian B. Herr.*
		Walter A. Haldy, *Cas*...	F. H. Breneman
" ..	Lincoln Nat. Bank, Lincoln.. .	Sam'l H. Wissler, *Cas*...	E. F. Bard.
" ..	Lititz National Bank, Lititz.	H. B. Beckler, *Cas*	N. S. Wolle.
		N. S. Wolle, *Ass't Cas*..	H. B. Beckler.
" ..	N. B. of Middletown, Middlet'n.	C. W. Raymond, *P*.....	J. D. Cameron.
" ..	Merch. Nat. B., Philadelphia..	A. C. Sinn, *P*.....	Wm. Wood.
" ..	First National Bank, Saltsburg.	Sam. Waddle, Sr., *V. P*..	J. M. Stewart.
" ..	First National Bank, Shamokin.	A. D. Robertson, *V. P*..	John Mullen.
TENN ..	First Nat. Bank, Centreville...	J. B. Walker, *Cas*.....	Jno. T. Walker.
" ..	First National Bank, Memphis.	Jas. Lee, *V. P*.....	J. Lee, Jr.
		C. Q. Harris, *Ass't Cas*..	.....
TEXAS..	City National Bank, Austin....	W. Von Rosenberg, *V.P.*	.....
" ..	First National Bank, Beeville...	A. C. Jones, *V. P*.....	.....
" ..	Bowie National Bank, Bowie...	F. R. Malone, *V. P*.....	.....
" ..	First National Bank, Clarksville.	T. H. Dick, *Ass't Cas*...	R. M. Walker.
" ..	Corsicana National Bank, Corsicana.	C. W. Jester, *V. P*.....	E. W. Johnson.
		E. W. Johnson, *2d V. P.*	.....
		T. P. Kerr, *Cas*.....	C. W. Jester.
" ..	Bankers & Merch. N. B., Dallas.	C. W. Gano, *V. P*.....	.....
" ..	City National Bank, Dallas....	O. E. Tenison, *A. Cas*...	L. R. Bergeron.
" .	North Texas Nat. B., Dallas..	J. B. Oldham, *Cas*.....	F. R. Malone.
" ..	Wise Co. National Bank, Decatur.	J. F. Johnson, *V. P*.....	.....
		C. W. Collom, *Ass't Cas.*	.....
" ..	First National Bank, Dublin...	R. H. McCain, *V. P*....	F. C. Oldham.
" ..	El Paso Nat. Bank, El Paso...	H. P. Brown, *Ass't Cas.*	.....
" ..	First National Bank, Granbury.	E. B. Hilbun, *Cas*.....	A. L. Williams.
" ..	First Nat. Bank, Honey Grove.	J. A. Underwood, *A.Cas.*	R. J. Thomas.
" ..	First National Bank, Kaufman.	H. T. Nash, *V. P*.....	A. E. Carlisle.
" ..	Milmo National Bank, Laredo..	M. T. Cogley, *Ass't Cas.*	.....
" ..	First National Bank, Marshall.	E. Key, *P*.....	R. C. Garrett.
		B. W. Long, *Ass't Cas*..	.....
" ..	First National Bank, Montague.	W. A. Ponder, *V. P*.....	D. C. Jordan.
		W. M. Dugan, *Cas*.....	W. A. Morris.
		A. H. Palmer, *Ass't Cas.*	.....
" ..	Plano National Bank, Plano...	Joseph H. Gulledge, *A. C.*	G. W. Jones.
" ..	First National Bank, Weatherford.	W. W. Davis, *P*.....	H. Warren.
		Henry Warren, *V. P*....	A. F. Starr.
		W. S. Fant, *Cas*.....	W. W. Davis.
UTAH ..	First Nat. Bank, Provo City...	C. A. Glazier, *Ass't Cas.*	J. R. Twelves.
VT.....	Rutland Co. Nat. B., Rutland..	John D. Miller, *V. P*....	.....
VA.....	Bank of Chase City, Chase City.	N. H. Williams, *Cas*....	R. G. Maddux.
" ..	Front Royal National Bank, Front Royal.	Jas. A. Sommerville, *C*..	D. C. Cone.
		W. R. Buck, *Ass't Cas* ..	J. A. Sommerville.
WASH..	First National Bank, Colfax.	W. F. Burrell, *P*.....	L. Ankeny.
		Chas. F. Russell, *Cas*....	C. F. Adams.
" ..	Columbia National Bank, Dayton.	D. C. Guernsey, *V. P*..	.....
		F. W. Guernsey, *Cas*....	D. C. Guernsey.
" ..	First National Bank, Palouse...	L. C. Wheeler, *V. P*....	.....
" ..	First National Bank, Seattle.	J. H. McGraw, *P*.....	.....
		M. McMicken, *V. P*.	J. H. McGraw.
		L. Turner, *Cas*.....	J. Goodfeller.
" ..	Puget Sound Nat. B., Seattle..	A. B. Stewart, *V. P*.....	E. P. Ferry.
" ..	Seattle National Bank, Seattle.	G. W. E. Griffith, *P*.....	John Leary.
		W. R. Ballard, *V. P*.....	.....
" ..	Spokane Nat. B., Spokane Falls.	H. Baxter, *Ass't Cas*....	.....
" ..	First National Bank, Sprague.	D. K. McPherson, *V. P*..	.....
		W. B. Lottman, *Ass't C.*	.....
" ..	Pacific National Bank, Tacoma.	W. D. Tyler, *2d V. P*....	.....
		S. B. Dusinberre, *Ass't C*	Jas. M. Kern.
" ..	First National B'k, Vancouver..	Chas. Brown, *P*.....	Louis Sohns.

* Deceased.

	Bank and Place.	Elected.	In place of.
W. Va..	Merchants Nat. B'k., Clarksburg.	T. W. Harrison, *V. P.*...	John Irwine.
Wis....	First National Bank, Hudson.	A. E. Jefferson, *P.*.....	John Comstock.
		J. A. Andrews, *Cas*.....	A. E. Jefferson.
" ..	First National Bank, Kenosha..	F. Robinson, *V. P*.....	L. G. Merrill.
" ..	First National Bank, Madison..	F. W. Barnes, *V. P*.....	.....
" .	Stephenson Nat. B'k, Marinette.	Fred L. Brown, *Ass't Cas.*	H. J. Brown.
" ..	First National Bank, Portage.	A. C. Flanders, *V. P*....	.....
		Chas. A. Colonius, *A. C.*	.....
" ..	First Nat. Bank, West Superior.	Mark Paine, *2d V. P*....	.....
" ..	Citizens Nat. B., Whitewater...	L. G. Graham, *V. P*....	F. W. Tratt.
Wyo...	Albany Co. N.B., Laramie City.	H. R. Butler, *Ass't Cas.*.	.....

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from March No., page 734.)

State.	Place and Capital.	Bank or Banker.	Cashier and N.Y. Correspondent.
Ala....	Anniston	Anniston National Bank.	Continental National Bank.
	$100,000	S. A. Woods, *P.*	John S. Mooring, *Cas.*
		John M. McKleroy, *V. P.*	
" ..	Anniston.....	Security Bank.....	.....
	$100,000	Wm. S. Witham, *P.*	Perrin B. Brown, *Cas.*
" ..	Union Springs..	Merch. & Farmers Bank.	Hanover National Bank.
	$50,000	J. H. Rainer, *P.*	J. H. Rainer, Jr., *Cas.*
Ark....	Little Rock....	Nat. Bank of Commerce.	.....
	$50,000		Oscar M. Nilson, *Cas.*
" ..	Russellville.....	Citizens Savings Bank...	Third National Bank.
	$50,000	G. W. Harkey, *P.*	W. G. Weimer, *Cas.*
		R. F. Roys, *V. P.*	J. A. Potts, *Ass't Cas.*
" ..	Warren.....	Merch. & Planters Bank.	.....
	$25,000	Wm. H. Wheeler, *P.*	I. J. Adair, *Cas.*
Cal....	Alameda.....	Alameda Savings Bank..	First National Bank.
	$20,000	Henry Sebering, *P.*	Jas. E. Baker, *Cas.*
		Dell Linderman, *V. P.*	
Col....	Del Norte.....	First National Bank.....	Hanover National Bank.
	$50,000	Wm. H. Cochran, *P.*	Chas. W. Thomas, *Cas.*
		Robt. H. Sayre, *V. P.*	
" ..	Denver.....	Mead Bond & Trust Co..	Mercantile National Bank.
	$250,000	F. F. Mead, *P.*	S. C. Grippen, *Cas.*
		W. H. Brevoort, *V. P.*	A. P. Crapser, *Ass't Cas.*
Dak. S.	Fort Pierre.....	Stock Growers Bank....	Chase National Bank.
		S. S. Clough, *P.*	Chas. L. Millett, *Cas.*
		T. L. Riggs, *V. P.*	
" "	Pierre.....	Nat. Bank of Commerce.	National Bank of Deposit.
	$75,000	Basil J. Templeton, *P.*	Adolph Ewert, *Cas.*
		John J. Kleimer, *V. P.*	E. P. Farr, *Ass't Cas.*
D. C...	Washington.. ..	Lincoln National Bank .	.....
	$200,000	John A. Prescott, *P.*	Fred. A. Stier, *Cas.*
" ..	Washington.. ..	Traders National Bank .	.....
	$200,000	Geo. C. Henning, *P*.....	Brenton L. Baldwin, *Cas.*
" ..	Washington....	United States Trust Co..	Chase National Bank.
	$100,000	W. L. Bruen, *P.*	I. H. Miller, *Treas.*
		C. G. Lee, *V. P.*	
Ga.....	Macon..	Union Sav. B. & Tr. Co.	.....
	$125,000	H. J. Lamar, *P.*	J. W. Cabaniss, *Cas.*
" ..	Tallapoosa	First National Bank....	Commercial National Bank.
	$50,000	John C. Kibbey, *P.*	D. R. Keith, *Cas.*
Ill.....	Allerton.	Allerton Bank.....	.....
		Samuel W. Allerton, *P.*	John H. Herron, *Cas.*
		Wm. G. Herron, *V. P.*	
" ..	Astoria.....	Peoples State Bank.....	.....
	$50,000	Wm. H. Emerson, *P.*	John W. Green, *Cas.*
		Wm. Bader, *V. P.*	
		H. Clay Mooney, *V. P.*	

State.	*Place and Capital.*	*Bank or Banker.*	*Cashier and N. Y. Correspondent.*
ILL....	London Mills...	Bank of London Mills...	.....
	$25,000	I. P. Pillsbury, *P.*	Frank Shelly, *Cas.*
			C. H. Rodgers, *Ass't Cas.*
"	.. Okawville.....	Exchange Bank.....	.....
		(Moehle & Eppel.)	
"	.. Orion.....	Farmers Bank.....	Hanover National Bank.
		Wm. Love, *P.*	Geo. W. Core, *Cas.*
		Alex. L. Love, *V. P.*	
IND....	Rochester..	Citizens State Bank.....	United States National Bank.
	$25,000	L. C. Curtis, *P.*	Ed. L. Zeis, *Cas.*
			Geo. B. Curtis, *Ass't Cas.*
"	.. Rockport.....	Farmers Bank.....	.....
		F. M. Hackleman, *P.*	Edward M. Payne, *Cas.*
		F. E. Snyder, *V. P.*	Wm. Jacobs, *Ass't Cas.*
IOWA...	Corning.....	Nat. Bank of Corning...	Chemical National Bank.
	$50,000	D. S. Sigler, *P.*	Chas. T. Cole, *Cas.*
		Frank M. Davis, *V. P.*	
"	.. Hastings.....	Farmers Exchange Bank.	Kountze Bros.
	$20,000	A. J. Wearin, *P.*	H. B. Gray, *Cas.*
		S. J. Coffman, *V. P.*	
"	.. Holstein.....	German State Bank.....	Hanover National Bank.
	$40,000	F. C. Knepper, *P.*	E. H. McCutchen, *Cas.*
		E. M. Donaldson, *V. P.*	O. Berger, *Ass't Cas.*
KAN....	Cherry Vale....	Cherry Vale Nat. Bank..	National Park Bank.
	$50,000	Geo. T. Guernsey, *P.*	R. F. Webb, *Cas.*
		Wm. H. Powell, *V. P.*	D. F. Powell, *Ass't Cas.*
"	.. Irving.....	Marshall County Bank.	Hanover National Bank.
	$10,000	L. J. Dunn, *P.*	John O. Phillips, *Cas.*
		G. W. Clawson, *V. P.*	
"	.. Little River....	B'k'g House of Edwards & McCulloch.	.....
	$10,000	W. C. Edwards, *P.*	C. E. Hamilton, *Cas.*
		John McCulloch, *V. P.*	E. J. Loop, *Ass't Cas.*
"	.. Meriden.....	State Bank.....	Hanover National Bank.
	$5,000	J. W. Walker, *P.*	Lester A. Sharrard, *Cas.*
"	.. Westphalia.....	Bank of Westphalia.....	Gilman, Son & Co.
	$10,000	John R. Foster, *P.*	Wm. L. Cayot, *Cas.*
		J. H. Hill, *V. P.*	
KY..	.. Covington.	Citizens National Bank..	.....
	$200,000	Henry Feltman, *P.*	Wm. G. Allen, *Cas.*
		A. R. Mullins, *V. P.*	
.	.. Middlesborough	Coal & Iron Bank.....	.....
	$250,000	Winthrop E. Scarrett, *P.*	Wilbur F. Baker, *Cas.*
		G. W. Arthur, *V. P.*	A. U. Marvin, *Ass't Cas.*
"	.. Owensboro.... .	Owensboro Banking Co.	Hanover National Bank.
	$50,000	C. W. Bransford, *P.*	F. V. Stirman, *Cas.*
		W. B. Armendt, *V. P.*	
"	.. Pembroke.....	Pembroke Deposit Bank.	.....
		Wm. W. Garnett, *P.*	Eustice A. Hail, *Cas.*
		Dr. E. S. Stuart, *V. P.*	
ME.....	Houlton.....	Farmers National Bank.	.....
	$50,000	Lewis B. Johnson, *P.*	Albert B. Page, *Cas.*
		John P. Donworth, *V. P.*	
"	.. Westbrook.....	Westbrook Trust Co....	.....
	$50,000	Leander Valentine, *P.*	R. D. Woodman, *Treas.*
		John C. Scates, *V. P.*	
MD. ...	Baltimore.....	South Baltimore Bank...	.....
	$26,775	John A. J. Dixon, *P.*....	Howard P. Orem, *Cas.*
		John Meeth, *V. P.*	Geo. R. Woods, *Ass't Cas.*
"	.. St. Michaels....	St. Michaels Sav. Bank..	.....
		H. C. Dodson, *P.*	Wm. D. J. Morris, *Cas.*
		Clifton Hope, *V. P.*	
MICH...	Benton Harbor.	First National Bank.....	Chemical National Bank.
	$50,000	Sam'l A. Baley, *P.*	James Baley, *Cas.*
		J. S. Morton, *V. P.*	
"	.. Berrien Springs.	Dix & Wilkinson.....	.....
	$10,000		
"	.. Dryden.....	Farmers Bank.....	Importers & Traders Nat. Bank.
		Jacob C. Lamb, *P.*	Edwin Lamb, *Cas.*

State.	Place and Capital.	Bank or Banker.	Cashier and N. Y. Correspondent.
Mo....	Bonne Terre...	Farmers & Miners Bank.	National Bank of Deposit.
	$6,000	Benj. F. Settle, *P.*	Chas. H. Meyer, *Cas.*
		Fred. C. Weber, *V. P.*	
"	.. Cameron.....	First National Bank.....	National Bank of Commerce.
	$50,000	Willard H. Bohart, *P.*	Jim E. Bohart, *Cas.*
		W. D. Coberly, *V. P.*	Arthur R. Bradley, *Ass't Cas.*
"	.. ElDorado Sp'gs.	Bank of El Dorado Sp'gs.	Importers & Traders Nat. Bank.
	$20,000	John T. Wilson, *P.*	Wm. H. Allen, *Cas.*
"	.. Green Ridge...	Farmers & Merch. Bank.	Hanover National Bank.
	$11,000	M. Doherity, *P.*	Jacob A. Fults, *Cas.*
		Wm. Martin, *V. P.*	
"	.. Hale.....	Peoples Bank.....	.....
	$12,000	Stephen Norris, *P.*	Fred. S. Hudson, *Cas.*
		Jacob R. Houx, *V. P.*	
"	.. Kansas City....	Ætna National Bank....	.....
	$250,000	Robt. W. Trueman, *P.*	Lucien D. Cooper, *Cas.*
"	.. Kansas City....	Franklin Savings Bank	National Bank of Commerce.
	$30,000	W. V. Lippincott, Jr., *P.*	Henry E. Marshall, *Cas.*
		J. K. Johnson, *V. P.*	
"	.. Kingsville.....	Bank of Kingsville.....	.....
		R. T. Fryer, *P.*	Robt. W. Adams, *Cas.*
"	.. Maryville	Maryville National Bank.	.....
	$50,000	Geo. S. Baker, *P.*	Geo. L. Wilfley, *Cas.*
		Jas. S. Frank, *V. P.*	Elmer Fraser, *Ass't Cas.*
"	.. St. Louis.....	Laclede National Bank.	.....
	$1,000,000	Sam'l G. Hoffman, *P.*	Jas. R. True, *Cas.*
		John D. Perry, *V. P.*	D. A. Phillips, *Ass't Cas.*
Neb....	Creighton.....	First National Bank.....	Chemical National Bank.
	$50,000	Geo. E. Cheney, *P.*	F. E. White, *Cas.*
		H. H. Parkhurst, *V. P.*	H. A. Cheney, *Ass't Cas.*
"	.. Maywood.....	Bank of Maywood.....	Kountze Bros.
	$10,000	S. L. Binson, *P.*	H. A. Edghill, *Cas.*
"	.. Omaha.....	Nat. Bank of Commerce.	Chemical National Bank.
	$500,000	Geo. E. Barker, *P.*	Frank B. Johnson, *Cas.*
		E. L. Bierbower, *V. P.*	W. S. Rector, *Ass't Cas.*
"	.. York.....	Nebraska National Bank.	.....
	$50,000	Earnest Davis, *P.*	Nelson M. Ferguson, *Cas.*
		F. F. Mead, *V. P.*	S. A. Ward, *Ass't Cas.*
N. J....	Barnegat Park..	Farrow & Conkling.....	Holland Trust Co.
	$100,000		
"	.. Boonton.....	Boonton National Bank.	.....
	$50,000	James Holmes, *P.*	Melvin S. Condit, *Cas.*
"	.. Hopewell	Hopewell National Bank.	.....
	$50,000	Joseph M. Phillips, *P.*	John N. Race, *Cas.*
		John S. Van Dike, *V. P.*	
N. Y...	Attica.....	Bank of Attica..	National Park Bank.
	$25,000	Lewis Benedict, *P.*	Wm. H. Lawrence, *Cas.*
		E. B. Wallis, *V. P.*	
"	.. Lockport...	Merchants Bank	Merchants National Bank.
	$100,000	J. S. Helmer, *P.*	J. J. Arnold, *Cas.*
		J. H. Helmer, *V. P.*	
"	.. Sherman.....	State Bank of Sherman..	Seaboard National Bank.
	$25,000	Enoch Sperry, *P.*	Henry F. Young, *Cas.*
		C. H. Corbett, *V. P.*	
N. C...	Winston.....	Peoples National Bank..	.....
	$100,000	Wm. A. Blair, *P.*	Frank E. Patterson, *Cas.*
		Geo. W. Hinshaw, *V. P.*	Thos. A. Wilson, *Ass't Cas.*
Ohio...	Cleveland..	Dime Sav. & Banking Co.	.....
	$150,000	Moses G. Watterson, *P.*	Edward Moore, *Treas.*
		O. M. Burke, *V. P.*	
		C. Morris, *V. P.*	
"	.. Mechanicsburg .	Central Bank.....	National Bank of Republic.
		Chandler Mitchell, *P.*	Pearl J. Burnham, *Cas.*
		C. R. Hunter, *V. P.*	
"	.. Stryker.....	Exchange Bank	Third National Bank.
	$10,000	H. F. Burnes, *P.*	
"	.. Weston.....	Citizens Banking Co....	Fourth National Bank.
	$15,000	Henry C. Uhlman, *P.*	Joseph A. Holmes, *Cas.*

State. Place and Capital.	*Banker or Banker.*	*Cashier and N. Y. Correspondent.*
ORE.... Pendleton.....	Nat. Bank of Pendleton.	Third National Bank.
$100,000	Jacob Frazer, *P.*	Thos. F. Rourke, *Cas.*
	G. W. E. Griffith, *V. P.*	
PA. .... Chambersburg..	Valley National Bank...	.....
$100,000	Geo. H. Stewart, *P.*	John R. Orr, *Cas.*
" .. Claysville.....	First National Bank.....	.....
$50,000	B. Minton, *P*	
" .. Claysville.....	Nat. Bank of Claysville.	.....
$50,000	J. R. McLain, *P.*	W. C. King, *Cas.*
" .. Waynesburg. ..	Citizens National Bank..	.....
$50,000	Geo. Wisecarver, *P.*	J. C. Garard, *Cas.*
" .. West Chester...	DimeSBofChesterCounty	.....
	Alfred P. Reid, *P.*	Horace M. Phillips, *Cas.*
	Wm. P. Marshall, *V. P.*	
S. C.... Abbeville.....	Farmers Loan & Tr. Co.	Hanover National Bank.
$20,000	Wm H. Parker, *P.*	Aug. M. Aiken, *Cas.*
	Jas. E. Todd, *V. P.*.....	
TENN .. Harriman.....	Winslow, Fisher & Baird.	.....
		Richard B. Baird, *Cas.*
" .. Memphis.....	Continental Nat. Bank..	.....
$1,000,000	James C, Neely, *P*	Chas. F. M. Niles, *Cas.*
	Wm. M. Farrington, *V.P.*	Chas. Q. Chandler, *Ass't Cas.*
" .. Watertown.....	Watertown Bank	.....
$10,000	Journal Bryan, *P.*	Jas. W. Beckwith, *Cas.*
TEXAS.. Bellville.....	First National Bank. ...	.....
$50,000	E. J. Marshall, *P.*	E. M. Raymond, *Cas.*
	C. F. Hellmuth, *V. P.*	
" .. Bowie	First National Bank. ...	.....
$50,000	Z. T. Lowrie, *P.*	T. C. Phillips, *Cas.*
" .. Denison.....	City Bank.....	Hanover National Bank.
	L. B. Moore, *M'g'r.*	R. S. Legate, *Cas.*
	A. H. Coffin, *V. P.*	
" .. Franklin.....	Mitchell Bros. & Decherd.	American Exchange Nat. Bank.
$65,000	A. E. Decherd, *P.*	John Mitchell, *Cas.*
	Henry Mitchell, *V. P.*	Kate Mitchell, *Ass't Cas.*
" .. Groesbeck..	Groesbeck Nat. Bank....	Hanover National Bank.
$50,000	L. J. Farror, *P.*	R. Oliver, *Cas.*
	T. K. Stroud, *V. P.*	D. Oliver, *Ass't Cas.*
" .. Navasota.....	First National Bank.....	.....
$50,000	Ferdinand W. Brosig, *P.*	Jas. M. Shaw, *Cas.*
" .. Seymour.	First National Bank.....	.....
$50,000	A. M. Britton, *P.*	D. D. Wall, *Cas.*
	J. O. Woodyear, *V. P.*	
" .. Waco....	Waco Savings Bank.....	.....
	C. M. Seley, *P.*	W. W. Seley, *Sec. & Treas.*
	Jno. L. Dyer, *V. P.*	
" .. Wichita Falls...	City National Bank.....	.....
$50,000	John G. James, *P.*	
VT..... Swanton.	Ferris National Bank..	Hanover National Bank.
$50,000	E. W. Jewett, *P.*	A. J. Ferris, *Cas.*
	G. W. Crampton, *V. P.*	
VA. .... Bedford City...	First National Bank.....	National Bank of Republic.
$50,000	Thos. D. Berry, *P.*	Chas. L. Mosby, *Cas.*
	Allen W. Talley, *V. P.*	
" .. Radford.....	Exchange Bank	Kountze Bros.
	Stockton Heth, *P.*	Sam'l W. Burton, *Cas.*
	W. E. Hubbert, *V. P.*	
WASH.. Aberdeen	Bank of Grays Harbor..	.....
	G. W. E. Griffith, *P.*	H. A. Hayes, *Cas.*
	J. A. Taft, *V. P.*	
" .. Port Townsend.	Commercial Bank.....	Continental National Bank.
	J. A. Kuhn, *P.*	Thos. E. Jennings, *Cas.*
WIS.... Fox Lake.....	Bank of Fox Lake.....	.....
	Wm. Holgate, *P.*	
WYO... Lander.....	Noble, Lane & Noble...	Chemical National Bank.
	Albert D. Lane, *P.*	Fred. F. Noble, *Cas.*
		Wm. Cox, *Ass't Cas.*

OF NEW NATIONAL BANKS.

(*Continued from March No., page 734.*)

		President.	*Cashier.*	*Capital.*
	.....	E, J. Marshall,		
	...lle, Texas.		E. M. Reynolds,	$50,000
	...nk.....	Geo. E. Cheney,		
	Creighton, Neb.		F. E. White,	50,000
	...tional Bank.....	Geo. S. Baker,		
	Maryville, Mo.		Geo. L. Wilfley,	50,000
	National Bank.....	Geo. C. Henning,		
	Washington, D. C.		B. L. Baldwin,	200,000
	...oraska National Bank.....	Earnest Davis,		
	York, Neb.		N. M. Ferguson,	50,000
	Comanche National Bank.....	J. B. Chilton,		
	Comanche, Texas.		W. B. Cunningham,	50,000
4247	Lincoln National Bank.....	John A. Prescott,		
	Washington, D. C.		Frederick A. Stier,	200,000
4248	City National Bank.....	John G. James,		
	Wichita Falls, Texas.			50,000
4249	National Bank of Pendleton...	Jacob Frazer,		
	Pendleton, Ore.		Thos. F. Rourke,	100,000
4250	Anniston National Bank.....	S. A. Woods,		
	Anniston, Ala.		John S. Mooring,	100,000
4251	Ætna National Bank.....	Robt. W. Trueman,		
	Kansas City, Mo.		Lucien D. Cooper,	250,000
4252	Farmers National Bank.....	Lewis B. Johnson,		
	Houlton, Me.		A. B. Page,	50,000
4253	First National Bank.....	Ferd. W. Brosig,		
	Navasota, Texas.		Jas. W. Shaw,	50,000
4254	Hopewell National Bank.....	Jos. M. Phillips,		
	Hopewell, N. J.		John N. Race,	50,000
4255	National Bank of Claysville....	J. R. McLain,		
	Claysville, Pa.		W. C. King,	50,000
4256	Nat. Bank of North Dakota....	E. Ashley Mears,		
	Fargo, North Dakota.		Geo. W. Brown,	250,000
4257	First National Bank.....	Thos. D. Berry,		
	Bedford City, Va.		Chas. L. Mosby,	50,000
4258	Ferris National Bank.....	E. W. Jewett,		
	Swanton, Vt.		A. J. Ferris,	50,000
4259	First National Bank.....	Willard H. Bohart,		
	Cameron, Mo.		Arthur R. Bradley,	50,000
4260	Citizens National Bank.....	Henry Feltman,		
	Covington, Ky.		Wm. G. Allen,	200,000
4261	First National Bank.....	Sam'l A. Baley,		
	Benton Harbor, Mich.		Jas. Baley,	50,000
4262	Laclede National Bank.....	Sam'l G. Hoffman,		
	St. Louis, Mo.		Jas. B. True,	1,000,000
4263	First National Bank.	A. M. Britton,		
	Seymour, Texas.		D. D. Wall,	50,000
4264	First National Bank.....	Wm. H. Cochran,		
	Del Norte, Col.		Chas. W. Thomas,	50 000
4265	First National Bank.....	Z. T. Lowrie,		
	Bowie, Texas.		T. C. Phillips,	50,000
4266	First National Bank.....	J. V. Hutchins,		
	Luling, Texas.		W. O. Richardson,	50,000

No.	*Name and Place.*	*President.*	*Cashier.*	*Capital.*
4267	Citizens National Bank..... Waynesburg, Pa.	Geo. Wisecarver,	J. C. Garard,	$50,000
4268	National Bank of Corning..... Corning, Iowa.	D. S. Sigler,	Chas. T. Cole,	50,000
4269	Groesbeck National Bank..... Groesbeck, Texas.	L. J. Farror,	R. Oliver,	50,000
4270	National Bank of Commerce... Omaha, Neb.	Geo. E. Barker,	Frank B. Johnson,	500,000
4271	Farmers National Bank..... Lebanon, Ky.	R. A. Burton,	Sam'l B. Bottom,	50,000
4272	Valley National Bank..... Chambersburg, Pa.	Geo. H. Stewart,	John R. Orr,	100,000
4273	First National Bank..... Claysville, Pa.	B. Minton,		50,000
4274	Boonton National Bank..... Boonton, N. J.	Jas. Holmes,	Melvin S. Condit,	50,000

CHANGES, DISSOLUTIONS, ETC.

(*Continued from March No., page 735.*)

CAL.... San Francisco.. Belloc & Cie reported assigned.
DAK. S.. Pierre..... Bank of Commerce is now the National Bank of Commerce.
GA..... Monroe.. ..... Geo. W. Felker is closing out his banking business.
" . Savannah..... Henry Blun has been succeeded by the Germania Savings Bank.
" .. Tallapoosa .... The Merchants & Miners Bank (Kibbey, Keith & Co.) has been succeeded by the First National Bank.
ILL..... Carlinville..... The Carlinville Bank has been succeeded by the Carlinville National Bank.
" .. Chicago..... Western Investment Bank is now the Western Trust & Savings Bank, same officers.
" .. Marion..... Exchange Bank (L. A. Goddard), now Burnett & Goddard, proprietors.
" .. Mechanicsburg. Thompson & Brother is now A. T. Thompson & Co.
" .. Tonica..... Tonica Exchange Bank (G. G. Pratt), now Harkins & Hartenbower, proprietors.
IND .... Winchester. ... C. L. Lewis & Co. reported assigned.
IOWA... Corning. ..... Bank of Corning is now the National Bank of Corning.
" .. Holstein..... Farmers Bank has been succeeded by the German State Bank.
KAN... Burden ..... Burden Bank reported temporarily suspended.
" .. Cherry Vale... State Bank, now Cherry Vale National Bank.
" .. Irving..... The Armstrong Bank has been succeeded by the Marshall County Bank.
" .. Larned..... Larned State Bank reported suspended.
" .. Westphalia... Flusche Bros. has been succeeded by the Bank of Westphalia.
MICH... Benton Harbor. Bank of Benton Harbor is now the First National Bank.
MO..... Maryville..... Baker, Saunders & Co. have been succeeded by the Maryville National Bank.
" .. St. Louis..... Laclede Bank is now the Laclede National Bank.
NEB.... Creighton. .... Knox County Bank has been succeeded by the First National Bank.

NEB....	Davenport.....	Peoples Bank has been incorporated.
" ..	Omaha.....	Bank of Commerce is now National Bank of Commerce.
" ..	York.....	Meade State Bank has been succeeded by the Nebraska National Bank.
N. Y.. .	Amsterdam....	Merchants National Bank has gone into voluntary liquidation.
" ..	Attica.....	Benedict & Dow has been succeeded by the Bank of Attica.
" ..	Lockport.....	First National Bank has gone into voluntary liquidation, and succeeded by the Merchants Bank.
TEXAS.	Galveston.....	National Bank of Texas has gone into voluntary liquidation.
" ..	Navasota.....	Shaw & Horst has been succeeded by the First National Bank.
WIS....	Fox Lake.....	First National Bank has been succeeded by the Bank of Fox Lake.

DEATHS.

BATES.—On February 4, A. S. BATES, Cashier of Bank of Andover, Andover, O.

CORNELL.—On March 30, aged seventy-six years, THOMAS CORNELL, President of the First National Bank and of the Rondout Savings Bank, Rondout, N. Y.

CURTIS.—On March 3, aged eighty-five years, JAMES O. CURTIS, President of the Monument National Bank, Boston, Mass.

ENGLISH.—On March 2, aged seventy-eight years, JAMES E. ENGLISH, President of Connecticut Savings Bank, New Haven, Conn.

FINCH.—ON March 17, aged forty-five years, WILLIAM H. FINCH, Cashier of National Ulster County Bank, Kingston, N. Y.

HEBARD.—On March 11, aged sixty-three years, HENRY S. HEBARD, President of East Side Savings Bank, Rochester, N. Y.

MADDUX.—On February 4, R. G. MADDUX, Cashier of Bank of Chase City, Chase City, Va.

MUNN.—On February 15, aged seventy-five years, RICE S. MUNN, President of Monson Savings Bank, Monson, Mass.

PARKER.—On March 14, aged seventy-five years, CHARLES H. PARKER, President of Second National Bank, Beloit, Wis.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, MARCH, 1890.

Opening, Highest, Lowest and Closing Prices of Stocks and Bonds in March.

GOVERNMENTS.	Interest Periods.	Opening.	Highest.	Lowest.	Closing.
4½s, 1891.... reg.	Quarterly—Mar.	103½	103½	103¼	103½
4s, 1891.....coup.		104½	104½	103¼	103½
4s, 1907.....reg.	Jan	121½	122	121¾	122
4s, 1907.....coup.		122½	123	122¼	123
	Feb.				
6s, cur'cy, 1895, reg.		116	116	116	116
6s, cur'cy, 1896, reg.	Jan.	118	118	118	118
6s, cur'cy, 1897, reg.	&	120½	120½	120	120
6s, cur'cy, 1898, reg.	July.	124	124	123	123
6s, cur'cy, 1899, reg.		126½	126½	125	125

RAILROAD STOCKS.	Opening.	Highest.	Lowest.	Closing.
Atlantic & Pacific	—	5⅜	5	5¼
Canadian Pacific	—	73⅝	71⅝	—
Canada Southern	—	55¼	53	54½
Central of N. J.	120½	121¾	117¾	119½
Central Pacific	—	30¼	30½	30¾
Ches. & Ohio.	22½	24⅝	22½	23
Do 1st pref.	59	61	58	59½
Chic. & Alton	—	130½	130	—
Do pref.	—	—	—	—
Chic., B. & Q.	103½	108½	102¾	107¼
Chic., M. & St. P.	67¼	70	66⅛	68¼
Do pref.	—	117¾	113½	—
Chic. & N. W.	107¾	111⅜	107⅜	111
Do pref.	142⅞	142⅞	140¾	—
Chic., R. I. & P.	89⅞	95	89¼	91⅞
Chic., St. L. & P.	—	18	16	16½
Do pref.	—	52½	48½	—
Chic., St. P., M. & O.	—	33¼	31	—
Do pref.	—	93	92	—
C., C., C. & St. L.	68	71¾	67¾	70⅜
Col. Coal & Iron	43⅜	47	41¼	45

RAILROAD STOCKS.	Opening.	Highest.	Lowest.	Closing.
Col., H. Valley & Tol.	20	23	20	22⅛
Col. & H. C. & I.	—	—	—	—
Del. & Hudson	—	150⅝	148⅛	—
Del., Lack. & W.	135¼	137¼	134½	135¼
Den. & Rio Grande	—	16	15	15
Do. pref.	—	47½	46	—
East Tenn. V & G.	—	9	8½	—
Do 1st pref.	72½	72½	71½	—
Do 2d pref.	22¼	23¼	22	22⅛
Evansville & T. H.	—	109¼	105	—
Houston & Texas C	—	—	—	—
Illinois Central	115	115½	114¼	—
Lake Erie and Western	—	18⅛	17	17¼
Do pref.	62½	64⅞	62	64
Lake Shore	104⅝	107½	104½	107¼
Long Island	—	88	86	—
Louisville and Nashville	84⅝	85½	82¾	84
Louisville, N. Alb & Chic.	48½	54½	39	—
Manhattan Consol.	—	109¼	102½	106¼
Marq. H. & O.	—	—	—	—
Do pref.	—	—	—	—
Memphis & Charleston	—	60	60	—
Michigan Central	—	98⅜	93½	97½
Mil., L. S. & W.	—	92½	91⅞	—
Do pref.	—	112	109	—
Minn. & St. Louis	—	6¾	5¾	—
Do pref.	—	14½	14½	—
Mo., Kan. & Texas	8	8	7	—
Missouri Pacific	72	75⅛	71⅜	72¾
Nash., C. & St. L.	—	103¼	102	—
N. Y. C. & Hudson	106¼	108⅝	106¼	—
N. Y., C. & St. L.	16½	17⅝	16	—
Do pref.	—	70½	70	—
N. Y., L. E. & W.	25⅝	26¼	23⅞	24¼
Do pref.	—	62⅝	60	—
N. Y. & New Eng.	44⅜	48	43⅞	45⅞
N. Y., Ont. & W.	—	18⅜	17¼	18¼
N. Y., Sus. & W.	7	7	6⅜	—
Do pref.	—	29	27½	27½

MISCELLANEOUS.	Opening.	Highest.	Lowest.	Closing.
Norfolk & Western	20	20½	19⅛	—
Do pref.	—	61⅝	59⅜	—
Northern Pacific	30½	31¼	30	31⅛
Do pref.	73¼	74⅜	71¾	73½
Ohio & Mississippi	20½	20¾	19⅜	—
Ohio Southern	—	15	14	—
Oregon Impt.	—	45⅞	43⅝	—
Oregon R. & N.	—	100	97¼	—
Oregon Short Line	44	47⅛	43	44¼
Oregon & Trans-Con.	34¾	39	34½	38⅛
Pacific Mail	36½	39	36⅜	—
Peoria, Decatur & Evansville	18⅛	22	18	—
Philadelphia & Reading	39¼	41¾	35⅝	40¾
Pullman Palace Car Co.	188½	192¼	187½	—
Rich. & W. P. Term.	20⅝	21¾	20½	21¼
Rome, W. & Ogd.	—	105¼	104½	105
St. Louis, A. & T. H.	—	—	—	—
Do pref.	—	115	115	—
St. Louis & San Francisco	—	18½	16¼	—
Do pref.	38	38½	37	—
Do 1st pref.	—	—	—	—
St. Paul & Duluth	—	33	32¼	—
Do pref.	—	86	83½	86
St. Paul, M. & M.	111½	112⅞	111	112
Southern Pacific Co.	30	35½	29½	34
Texas & Pacific	19¾	20¾	19¼	19½
Union Pacific	63⅜	64⅝	61⅜	62½
Wabash, St. Louis & Pacific	12¼	13¼	12	12½
Do. pref.	26	27⅜	25¾	26
Wisconsin Central	—	31¾	28¾	30½
MISCELLANEOUS—				
Am. Cotton Oil Trust	26⅜	27⅝	26⅛	26¼
Nat. Lead Trust	17⅛	19¼	17	18
Sugar Refineries	64⅜	70½	68¼	64
Tenn Coal & Iron	60⅞	62¾	43½	49½
Express—Adams	—	154	150	—
American	116¾	116¾	114	114
United States	—	89	88	88⅞
Wells-Fargo	144	144	140	—
Western Union	83⅛	83⅛	81⅛	81⅜

THE

BANKER'S MAGAZINE

AND

Statistical Register.

VOLUME XLIV. MAY, 1890. No. 11.

SOUTH AMERICAN TRADE AND BANKING.

If the trade of the United States is ever to pass beyond its own boundary, it should certainly be in a southerly direction. The West Indies and South America are the countries to which the American people should look for foreign markets. The Pan-American Conference, the chief object of which was to promote intercourse between these countries and our own, was an excellent idea, and we trust that it may yield some permanent fruit. For many reasons a closer relation, political and mercantile, should exist between these countries and our own, and this Conference ought to strengthen that feeling and quicken intercourse between the several countries.

One of the chief agencies for facilitating commercial intercourse would be the establishing of an international bank. Though one of the last recommendations of the Conference, it is one of the first in importance, and perhaps for that reason was reserved until near the close of the deliberations of that body.

At present, whatever commerce we have with South America is conducted to some extent in a round-about fashion. Most of the remittances are made through Great Britain, and the English banks profit largely by these operations.

The total exchange of commodities between the United States and the countries to the south for the fiscal year ending with June, 1888, aggregated $282,902,408. Of this sum the imports amounted to $181,058,966. Of these, $21,236,791 consisted of specie and bullion, and the exports from the United States consisted of $71,938,181 of

merchandise and $8,668,470 of specie and bullion. The merchandise imported into the United States was discharged chiefly by remittances to London or the Continent to cover drafts drawn in the exporting markets against European letters of credit. The committee in their report to the Conference on this subject declared that "for the use of these credits on Europe a commission of three-quarters of one per cent. is customarily paid, and the foreign banks reap this great profit at a minimum of risk, inasmuch as the drafts drawn against these credits are secured not only by the goods represented by the shipping documents against which the bills of exchange are drawn, but also by the responsibility of the party (generally the consignee) for whose account the letters of credit are issued, and without any outlay of cash, as the American merchant places the cash with the European bankers to meet such drafts at or before maturity.

"This system results in the loss to America of interest and differences in exchange as well as of commissions, all of which could be saved to our countries if international American banking were so developed and systematized as to afford a market for drafts drawn against letters of credit issued in America such as now exists for drafts drawn against European letters of credit. At present, therefore, the situation is such that the merchants of this continent are virtually dependent upon European bankers, so far as financial facilities are concerned, notwithstanding the fact that there are ample capital and responsibility in the countries here represented; and it is the opinion of competent persons that such capital would be ready to avail itself of the opportunity of transacting this business directly between the financial centers of our respective countries without the intervention of London, if the laws were such as to permit the conduct of the business of international banking under as favorable provisions as now are enjoyed by the European bankers."

Why should not these profits be reaped by the people of this country? Certainly we have means enough to devote to the extension of trade abroad.

Since, then, we have ample means, why should not this bank be established, and the profits which now go to the people living in other countries be gained by ourselves? Of course, one of the necessary means for extending and promoting international exchanges is the establishing of direct lines of transportation; but beside doing this, the necessity of making direct payments and of lending to the South Americans who wish to trade with us is apparent. One of the peculiarities of this trade is that long credits are required. Foreign bankers possessing ample means have not hesitated for a moment to grant such credits, as the profits were large and the security for the most part has been quite satisfactory.

The committee considered what kind of a bank should be established, and their recommendation is that Congress should grant a charter, giving the bank all the powers usually possessed by a banking institution, except that of issuing circulating notes. The capital, it is affirmed, would be readily subscribed by persons in the South American countries as well as our own. It is declared that private banks would not meet the case, as they would be lacking in the character of a banking institution which is subject to governmental supervision. Doubtless the committee are right in this recommendation, and we do not suppose that any opposition would be raised to the granting of such a charter. It may be asked, does not authority already exist for establishing such a bank? But it is declared that at present no such authority exists among either the States or the general Government. The committee say that, after careful investigation, "there is no general statute of the United States, nor of any of the States of the United States, under which a banking company can be organized with ample capital, which would have the power of issuing such letters of credit and transacting such business as is done by the leading banking companies of London, which virtually occupy the field. In the United States it will be necessary, in order to secure the proper facilities, and the proper corporate existence, that there should be legislation granting a charter, and in most of the States such legislation is expressly prohibited by the terms of their Constitutions. Furthermore, the laws of the several States are such as to impose the severest restrictions upon moneyed corporations, and to subject them to taxation so heavy that it would render it impossible to carry on the business of international banking in successful competition with the English, French and German bankers."

Not only should such a bank be established, but trade also should be rendered as free as possible between these countries and our own. The Secretary of State, with the wisdom and far-sightedness which he sometimes displays, has clearly seen the necessity of liberalizing our trade relations. The position of the United States is best reflected by a clause prepared and presented by him for incorporation in the McKinley tariff bill.

The President shall by proclamation declare the ports of the United States open to the products of independent nations on this continent on which no export duties had been levied, so long as such nations admit free of all duties, breadstuffs, provisions, preserved meats, fish, vegetables, fruit, and, in fact, all articles of food; lumber, refined petroleum and such other peculiar products of the United States as may be agreed upon from time to time; provided, however, that this concession shall apply only to merchandise transported in vessels of the United States or of the other countries entering into the agreement.

A few figures on this point are worth giving. Our direct im-

ports for the last fiscal year from the American countries, excluding the West Indies, were about $117,000,000. Of this, $102,000,000 were free, and only the remainder were dutiable. On the other hand, the exports to these countries amounted to $47,000,000, and almost all of them were subject to duties. The following table is a clear presentation of the dutiable and free merchandise imported from South American countries:

From.	*Dutiable.*	*Free.*	*Total.*
Arg. Repub..... ..	$1,320,212	$4,134,406	$5,454,618
Brazil.....	4,935,328	55,468,476	60,403,804
Costa Rica.....	519	1,441,846	1,442,365
Guatemala.....	49,526	2,297,159	2,346,685
Honduras.....	4,954	1,210,607	1,215,561
Nicaragua.....	250	1,746,996	1,747,246
San Salvador.....	26,696	1,635,466	1,662,162
Ecuador.....	917	694,088	695,005
Chili.....	78,864	2,543,761	2,622,525
Mexico.....	7,428,359	13,825,242	21,253,601
Peru.....	6,271	307,761	314,032
U. S. of Col.....	37,600	4,225,919	4,263,519
Uruguay.....	836,094	2,150,870	2,986,964
Venezuela.....	6,800	10,385,769	10,392,569
Total.....	$14,732,390	$102,068,366	$116,800,756

Keeping these facts before us, is it not clear that the United States would be the gainer by adopting the most liberal policy to which the South American States will agree in conducting international trade? Let this be done and adequate banking facilities established, and we have no doubt that the trade between this country and South America would be increased. Surely the time has come when such a policy ought to be adopted. Heretofore our own markets have been so large that the American producer has not thought much of the desirability of acquiring other markets; but the times have changed. Surely the South American States are the ones to which the people of this country should first turn for establishing larger trade relations.

THE FARMERS AND SILVER.

It will not be questioned that the demand for an increase of silver money has strengthened within a few months. The movement is no longer confined within the circle of silver producers. Perhaps this demand is more pronounced among the farming class than any other. For a considerable period they have been discontented over the small gains, and too often losses, which have followed their labors, and they are looking in many ways for relief. Reduced taxation, including that on imports, reduced interest on their indebtedness, compromises with their creditors, comprise their later thoughts and conduct. Relief also, they believe, will come from expanding the volume of money. In other words, by doing this they believe that they can get a higher price for their products, and thus have a larger fund for paying their debts.

This is the main supply of the new blood imparted to the silver movement. As the farmers in this country are a numerous and highly important class, and as they are more clearly making known their demands, it is evident that they must be considered in future legislation on this subject.

What is the explanation of this change in their opinions or demands? A few months ago hardly a voice among them was heard on the silver question. If they had been asked for their opinion they would have given an indifferent answer, or have said that it was a question to be settled by bankers and persons interested in money affairs, and not by them. But to-day many of them are of one mind. Let us have more silver, say they, and speedily. Why, we repeat, are they so earnestly desirous of increasing the circulating medium?

In the first place, the farmers have plunged into debt in many portions of the country, either from necessity or because they believed that their expenditures, even with borrowed capital, would bring large returns. They have expended their money for houses and barns, stock, improved farming implements and the like.

In some sections of the country they have mortgaged their farms heavily; but from one ocean to the other a very large number have borrowed to some extent. Unfortunately, the prices of agricultural products have fallen; nor is there any prospect of a permanent rise. A general European war, or an epidemic or pestilence, or some untoward act, might occasion a temporary rise, but nothing more. In the range of ordinary events the farmers are beginning to see that there is no new or enlarged demand for

their products. On the other hand, by purchasing these improved implements and fitting themselves with all the conditions needful for producing the most at the least cost, they find that they are able to produce enormous quantities, much more than the world needs, and as a natural outcome of this, of course, there is a large diminution in the prices of their products. This is the whole story. If farmers are in a depressed condition, they have caused it themselves by simply carrying production too far. There is clearly an over-production of the leading agricultural products of the world, and this, we affirm, is the consequence of the conduct of the farmers, for which they can blame only themselves. They have never considered the possibility of producing more than the world needed; and so, leaving this important thing out of sight, they have bent all their energies on producing the most they could at the least cost.

Now they suddenly find themselves confronted with new difficulties. There is a large surplus of the leading products for which there is no market. Other nations have been doing like themselves, producing more than was wanted; and so the same difficulties prevail in other countries beside our own. There is a surplus and no purchaser, and as an inevitable consequence a large decline in prices.

The farmers, seeing this state of things, are trying to find a remedy. It is quite time. Where shall they find it? What policy, what accident, what event can bring relief? They believe that if the quantity of money can be increased either by issuing more silver, or by issuing more paper money, that prices will advance; that they will get a dollar instead of seventy-five cents for a bushel of wheat, and consequently can more easily pay their debts. And is not this true? That they are in a bad way no one will deny; that an increase in the prices of products, no matter in what way, would also bring relief to them, no one can deny. It is true that in making future purchases they would find that other persons of whom they bought would also advance their prices, and so there would not be such a gain in the end as they imagine; but if they can sell much and buy little they will be the gainers.

If they can get a dollar instead of three-quarters of that sum for a bushel of wheat, of course they have a larger fund wherewith to discharge their debts. The seventy-five cents may be only enough to pay for the cost of raising the wheat, but the other quarter might suffice to discharge their mortgages in a single year, and before they were obliged to borrow more for raising another crop. If an increase of money would have this effect, if it would bring so much relief to them, it is not strange that they should advocate the measure.

We think this is the explanation of their sudden conver-

sion to the issue of more silver money, and their strong support of the measure, and we expect that they will make their power felt to the end. We expect that they will be powerful enough to secure the adoption of a measure of some kind to increase the monetary resources of the country.

An increase of the quantity we regard as a certainty, and the great question is to surround this measure with all the safeguards needful to render the currency sound and safe for general circulation.

We believe the bill of the Secretary to be the most conservative and prudent measure that has been devised, and we should regret much of a departure from it. Increase the circulation, but do so in a safe manner. If the plan adopted shall make the market and legal valuation of silver correspond, and is likely to keep the valuations the same, then we cannot see any harm from increasing coinage.

We ought also to remark we do not believe that such a measure will bring all the relief imagined by the farmers. It would certainly be a good thing for the mine owners, and would probably stimulate production, and the farmers who are in debt would get some relief. But they are utterly and hopelessly wrong in supposing that more money will increase the sale of products.

There is no magic in money for increasing trade and reviving business. The office of money is of a very different character. It is a strictly neutral one. In one sense it may be truly said that money has no influence whatever on business. As before remarked, it is clear enough that, if the currency is largely increased, it may inflate prices, and this, of course, will be a good thing for the debtor in all cases; but it does not follow that people are going to buy and sell any more than they did before. What quickens business is an increased demand, and this demand does not depend on the supply of money, whether it be great or small, but entirely on other causes. The ascribing of this magic quality to money grew out of the issue of more paper money during the war, when prices enormously advanced and the volume of business was greatly enlarged; but the quickening of business was due, not to the increase in the supply of money, but to the enormous demand for things occasioned by the war. If we had never gone through our war experience people would not be thinking of the stimulation of trade by a new issue of money. The office of money is purely to render exchanges more easy than they would be without it; but it cannot quicken or increase them. The increase of money, however, would be a good thing for the debtor class, and doubtless they are in such a condition to-day that relief of some kind is needed. Bankrupt laws are passed from time to time to relieve the distress, but an increase of money, whereby they can

get larger prices for the things they sell, is a better mode in many respects of relieving them of their obligations. By doing this, by putting them on their feet again, they are in a condition to undertake new things, to make new purchases, and in this way a general improvement is effected. This is what a new supply of money always does; it enables the world to square its accounts, but in doing so, let it be remembered that the creditor is to some extent a sufferer. Yet it is a good thing for the world, and perhaps for the creditor, too, for otherwise he might not get as much. Let us then clearly understand what a new supply of money will do; and also what it will not do, that it will not create a demand for products where none existed before. A more harmful delusion to the farmer he has never heard.

A REVIEW OF FINANCE AND BUSINESS.

THE SILVER METAMORPHOSIS.

Actual business conditions and legitimate trade have shown few and unimportant changes the past month, save as the volume of the latter has increased as usual at this season of the year, stimulated by the return of more favorable and normal climatic conditions, although spring weather has been somewhat backward. But the spirit of speculation, which has not yet reached the industrial interests, has undergone a process of transformation, which, though not yet complete, threatens to end in an old-fashioned Bull boom, in the speculative markets at least, should the premises upon which it has been predicated become established in law, as is probable. This premise is nothing more nor less than the Silver Bill in Congress, and its passage, which is regarded as secure, is expected to produce a complete metamorphosis in prices in this country, by causing a general inflation of values of commodities, and especially of our export products. Indeed, the prospect of such a law has already affected the trade in these staples, and their values, by increasing the export demand. This has been due directly to the advance in silver in New York and London, but that in turn was caused in great part by the prospective increased demand, and higher price for silver, consequent upon the passage of this Silver Bill. Strange as it may seem, when all hope of better times in the near future had been generally abandoned, as explained in the last number, this stone which the builders of sound finance and business prosperity had rejected, as the rock upon which the trade of this country was in the most imminent danger of splitting, has unexpectedly, and to the surprise of everybody, the delight of its friends, and hope of the whole country,

East, as well as West, been made the corner-stone upon which good times are to be builded. As an evidence of how completely the situation has been changed from that of a month ago, in the estimation of Wall Street even, which has been the chief temple for the worship of the gold dollar, the following is quoted from the New York *Sunday Times* "Financial World," of April 27:

"Just about the time Wall Street is declared to be played out, its business gone to the dogs, and all the offices to let, it wakes up and goes to work again with more energy than ever. That is the case now. The turn came at the bottom, as it always must come; and instead of Wall Street being dull and melancholy, as it was three weeks ago, it is the liveliest place anywhere within miles; business is beginning to boom and everybody is cheerful, for prices are going up all along the line. They have made some progress already, but we appear to be only at the beginning of the Bull movement. The market will not only rise, it must broaden as it rises, and the spirit of speculation spread and strengthen. The business done in the two hours yesterday was over 200,000 shares. That tells a story of new life. Of course, that represents plenty of realizing by the traders, and a small reaction may follow Monday afternoon or Tuesday morning; but with the present outlook, the chances are all in favor of most of the active stocks closing appreciably higher next Saturday than they did yesterday, no matter what the reactions may be between this and then. The causes of this outburst of spring weather in speculation lie on the surface. The winter of rest and renewal has passed, during which time it seemed that nothing, however favorable, could make business or lift prices; finally, the touch was given by silver legislation, and at once everything springs into life. The big railroad earnings now produce their proper effect, and wherever one looks, nothing but good earnings are seen. There is scarcely a road in the country which does not show them."

THE FIRST EFFECTS OF THIS PROPOSED LEGISLATION

were, strange to say, felt in Europe, and from there were communicated to our markets for export articles, even before merchants here had begun to take any personal interest in this legislation as affecting their business, except in a general sense. The way in which this effect was communicated, was by an increased demand for our export staples, which was as unexpected and as sudden as the revival in general speculation has been. At first, no one seemed to know the cause of one, more than of the other, until London buying of our railroad bonds first and stocks next attracted attention. This came simultaneously with the increased demand for our export stuffs, and was attributed, at first, to the belief that followed the first excitement over Bismarck's retirement, that the internal as well as foreign policy of Germany would be changed in consequence. It was asserted by commission houses, who do a large European trade, that their increased orders were due to semi-official information that the German prohibitory tariff against our breadstuffs and provisions would be abolished or greatly reduced. At the same time the press of this country and of Europe was

writing the retirement of Bismarck down, as the removal of the chief bulwark of the peace of Europe.

While the public was instructed in these journalistic theories, silver began advancing there and here, and had made material progress before the wise men of the press and of commerce had noticed it. Abandoning their old guesses, they caught up the real cause of the increased activity and advance in our securities and commodities, and have been discussing it with increasing interest and vigor since, as the demand from the other side continues, even at the sharp advance in values that had been attributed to local manipulation, and which were expected by the trade, as well as Bear speculators, to stop both the demand and the advance in prices. But when it did not, then both began to scratch their heads and to look around to see if this sudden revolution in public sentiment, as indicated by the "outsiders'" appearance in these markets, for the first time in several years, and as always on the Bull side, was likely to become general and permanent. As a result of their investigations, the Bears became convinced that it was time to come ashore, lest a tidal wave of Bull speculation should follow "this silver inflation," as they termed it, and overwhelm them. Hence the heavy short interests in most of these markets covered, and materially helped the advance begun by European buying. It was not until this had transpired, however, that the business public generally woke up to the importance of this bill.

HOW IT WILL AFFECT OUR EXPORT TRADE.

It will be remembered that the loss of our export trade, outside of that in cotton and petroleum, and the prolonged period of depression in our produce markets, began with the decline in silver, some years ago, in connection with, or following, the Bull speculation and "Corner" craze that culminated in 1882, on the short crops of 1881, and led Europe to develop all the other grain-raising countries in the world, where speculation in these staples was not carried on, and with which, her exchanges were made in this depreciated silver. Since then every produce-exporting country in the world, whose exchanges are made in silver, has had an advantage in the markets of Europe over the United States, which has been able to sell her surplus products to Europe only when those of other exporting countries were exhausted. Bear speculation and low prices for the past seven years, with few exceptions, have utterly failed to restore this lost trade, because, in the first place, the United States still makes the price of her export products for the rest of the world, though she may not be able to supply the world's demand; for, no matter how low the prices are here, our rival exporting nations will undersell us

and get the trade, while Europe will buy of those nations at the same price in preference; because she can pay first, in her manufactured goods, and, second, settle whatever balance there may be against her in silver. It is this that has made India and the other colonies of England such formidable competitors of the United States, which has at the same time furnished this cheap silver with which to cut our own throats. When, therefore, the Silver Bill proposed to take away this weapon with which Europe has killed our export trade, and the price of silver in London began to advance in anticipation of its becoming a law, India and our other rivals lost the cudgel with which they have been beating our agricultural interests into the earth, and suddenly "offerings of Indian and Russian wheats are decreasing," bega n to come over the European grain cables, and at the same time orders for our almost forgotten "American wheat." At this time we had already had over a ten cent advance in wheat, on the reports of damage to the winter crop by the cold weather in the early part of March; and, on light receipts and free exports of corn and oats, the two latter had advanced also nearly ten cents from the bottom prices on this crop. Yet Europe kept buying at this advance, and took more at the top than at any time this crop year or in recent years, notwithstanding these prices were 10c over a year ago on wheat, and 5c. on corn and oats. This, however, was not wholly due to the advance in silver, for ocean freights had declined in the past two months 7½c. per bushel to most ports on grain. Yet had not the "offerings of Indian and Russian wheats decreased," these same cheap freights would have been equally as available to bring supplies from those countries, as from this; for a large supply of "tramp" steamers here, has caused the break in our freight rates, rather than any extra supply of room by the regular lines. That the Silver Bill would therefore be a godsend to our export trade, is apparent, as well as to our agricultural interests, both of which have suffered more than any other for the last half decade, with little or no other prospect of relief, which must come to both before general prosperity can return to a country whose chief surplus products are agricultural. If nothing more were accomplished, it would be one of the strongest arguments in favor of its becoming a law. But the general discussion in trade circles shows that the prejudice of the East against further coinage of silver is declining, in the belief that, even if it does cause inflation, it will lift business generally out of the Slough of Despond in which it has been sinking deeper and deeper, with little prospect of being extricated, under existing conditions of trade, natural and artificial, in this country. Hence with this belief that such a law would help business generally, the effects of its passage would probably be seen first

in a general revival of Bull speculation, a restoration of confidence in the basis of values for the immediate future, and increased demand for goods, which in turn would cause activity in all classes of industry, followed by increased consumption with better employment of capital and labor, and better profits to both.

FEARS OF INFLATION DISAPPEARING.

On the other hand, the dangers of inflation were probably never less than now, and hence the fears of evil effects, to follow later, are disappearing, for the reasons apparent to all, that the Bear sentiment and speculation that has prevailed in almost everything for several years, has unduly and unnaturally depressed the values of almost every commodity, until prices are below a normal level, and hence will stand a general and material advance before they will reach the point of inflation, which can be met and checked by subsequent legislation if the spirit of speculation should become dangerous on the upper side of the true basis of values. As to the danger point, it will be a long time before one will be reached, where more injury can be done by Bull speculation to the consumers of the country than has been done for the past few years to the producers by Bear speculation, or where as much as is being done now from the effects of that depression, which has been unnecessarily aggravated by it. The fear of inflation, to these old and dangerous Bear cliques would furnish a necessary and wholesome restraint, and protect the producers of the country from further "raids" by these vultures of commerce and industry.

To give an idea of what influence the price of silver has on the price of our export staples, the following figures and facts are obtained from one of the largest of our operators in wheat. Said he, "The advance in silver from the bottom price has been equal to 12½c. per bushel against Indian and Russian wheats, and hence that much in favor of American, the lowest price of silver in London having been 41⅜ against 48¼d. now, or 15 per cent. advance, 5 per cent. of which has been within the last week (ending April 26th); yet," said he, "silver is still 7 per cent. under the price in London ten years ago, when the United States had the supremacy of the grain and provision export trade of the world. Since then, this country, instead of furnishing Europe with her food supplies, has furnished the cudgel in the shape of cheap silver, which we produced also for export, yet of which we could have controlled the price, by the legislation proposed at this late day, with which she has beaten down the price of our products, and thus kept down those of the rest of the world, which she bought in preference to ours, because she could settle the balance of trade against her with those countries in our depreciated silver, while any balance with this country had to be paid in gold. And yet," said he, "the

great financiers, so-called, of this country have led the worship of the gold fetish in the East against the silver ring, as it has been called, of the West, until they had nearly ruined our export trade and our farming interests. Finally," said he, "it would, no doubt, be news to these so-called financiers to be told that for the first three years of our great decline in wheat, India was able to obtain old prices for her wheat, through the decline in our silver."

THE MONEY AND STOCK MARKETS.

Money has worked easy during the month. The bank statements have improved on return of funds from the West and South, as shown by the gain in currency, while the increased buying of our railroad bonds and stocks by London investors, and easy money there, has helped to keep rates for both money and sterling exchange at a point where they have ceased to be of influence, except in advancing prices. Hence, the conditions were favorable to a higher stock market, in large railroad earnings, except on some of the Pacific roads, notably the Union and Southern Pacific, and on general maintenance of peace and rates, except between some of the Granger roads. Yet there has been no general rate cutting, and no generally bad returns of earnings, though the damage by floods to the Ohio Valley roads in March have extended to the Mississippi valley roads during the past month, and will doubtless show in future earnings. When, therefore, the silver boom struck the stock market, the conditions were favorable to a Bull market. The earnings reported during the month, however, have mostly been those of March, since when, and during the whole month of April, they have been smaller, owing to the smaller grain movement at the West over the Granger roads, while the Trunk lines have brought comparatively little to the Atlantic. So general were these light receipts of grain, that they have bulled the corn market here nearly 10c. per bushel on almost a famine, with stocks nearly exhausted at the seaboard, as well as of oats and wheat. The export movement of provisions and flour from the West, however, has kept pretty well up, and, with general traffic, will not make a bad showing for April. Yet all this will not keep up the average of the past six months, as shown by the decline in ocean freights, from over 5d. on grain to Liverpool and London, to 1d. to 1½d., and other freights, and to other ports in proportion, because of the greatly reduced outward movement of our export staples, including a marked falling off in cotton. The coal roads have also joined the advance, but more on the large short interest, which covered on the fear of the effects of the silver legislation, rather than on any material improvement in the coal trade. Yet, what change there is has been for the better; and while the output is still kept 500,000 tons per month less than a year ago, the

stocks at tide-water are being reduced to a healthy volume, and the trade is getting into a stronger position for a good fall trade with prospects of better prices, if the output is kept down to the current demand, as now, which is in excess of supply, of the manufacturing sizes, which is proportionately smaller than the domestic sizes, which are still in excess of demand, and are being substituted to some extent for the steam grades. An output of 2,000,000 tons per month, however, as so far this year, is the smallest in ten years, and does not mean a good year for these roads, unless the deficit of the first quarter is to be made up in the last half of the year. There was only one year, and that 1882, in the last ten, in which the production of February, March and April was smaller than this year. Yet it is probable that this trade, like others, has seen its worst for the present, and that any change will be for the better, in any event, while a silver boom would help this great industry as well as all others. The bituminous trade is in better shape than the anthracite, from the fact that the manufacturing demand is good, and that it is supplied largely by the former.

THE PRODUCE MARKETS.

The winter wheat crop damage done in March has proven to be more serious than was believed a month ago, and it has caused a further advance in wheat, on the covering of shorts among professional traders and the buying of longs on the part of the outside public, which still has the wheat and at low prices, and is holding on, in the belief that the improved export demand, reduced stocks here and abroad, will put prices higher before another crop. It was on this they bought. Since then came the Silver Bill, in which the country is generally a believer, and it shows no disposition to sell and take its profits. As stated, the corn and oat markets have nearly cornered themselves; and the shorts in all these markets have been stampeded, as they have in stocks, since the silver legislation seemed a certainty. Hence we have had a sharp and general advance along the whole produce line the past month, flour following wheat. Provisions joined the Bull procession on the large export demand, and the packers have been Bulls until the shorts have been scared in, as well as in grain, and the receipts of hogs increased by the advanced prices, when they began realizing toward the end of the month, and this, together with the threatened strike at the Chicago packing houses on May 1st, broke prices quite sharply.

Cotton has also awakened again, after the reaction in March, when a third of the January and February advance was lost, and it has since gone 20 to 25 points higher than then, and virtually touched the high-water mark of the Bulls—12c. This has been

due to the light receipts, confirming the later and reduced crop estimates, as shown by the premium of this crop options over next, while the latter have advanced on the floods in the Mississippi Valley, which have delayed the planting to a point endangering an average crop in that section, though it is not yet too late to secure one. Added to these influences, and a Bull speculation, was the silver question, whose influence was felt on cotton, among the first staples, owing to the trade of England with India in cotton goods and yarns. Manchester has advanced as well as Liverpool in consequence, and both have helped our market, and speculation is increasing.

Petroleum is showing some signs of speculative life again, after a long period of torpor, though not marked. The iron and metal markets have been trying to join the Bull procession, but it has been slow and feeble work so far, as the legitimate trade is still dragging. The cotton goods trade has been better with the season, and better weather and the advance in cotton. But it will take a good deal of a boom, and quite general prosperity in other branches of trade, to help the woolen goods business before fall trade, which is too far away as yet to judge of its prospects.

The sugar crop of Cuba is estimated to have been reduced from 700,000 to 500,000 tons by a drought which has lasted since October last, while the United States have been flooded. Its corn and tobacco crops are equally damaged.

GENERAL TRADE AND SPECULATION.

As showing the increase in general trade and speculation throughout the country, we give the following aggregate clearings of forty-eight cities for the week ending April 26, which gave an increase of 23 per cent:. New York increased 8 9-10 per cent.; Boston, 28.1; Philadelphia, 8.8; Chicago, 25.9; St. Louis, 25.6; San Francisco, 10.6; Pittsburgh, 14.6; Baltimore, 17.8; Cincinnati, 20.7; Kansas City, 17.3; Louisville, 24.5: Buffalo, 17.6; Denver, 40.9; Detroit, 22.6; Omaha, 39; Milwaukee, 54.4; Cleveland, 42.8; St. Paul, 26.4; Richmond, 64; Indianapolis, 92; Fort Worth, 54; Duluth, 35.6; Galveston, 54.2; Dallas, 98; Washington, 64.1; Sioux City, 36.8; Tacoma, 109.9; Chattanooga, 33.1; Lexington, 35.1; New Orleans decreased 8.9; Memphis, 14; Los Angeles, 10.6.

The following is a comparison of the transactions at the stock exchanges for the week ending April 26:

NEW YORK STOCK EXCHANGE.

	1890	1889	*Changes.*
Stocks, shares.....	1,631,999	969,804	Inc. 662,195
Governments.....	$65,500	$6,500	Inc. $59,000
State and R. R. bonds.....	13,870,850	13,619,200	Inc. 260,650
Pipe-line certificates, barrels.	423,000	4,302,000	Dec. 3,879,000
Silver certificates, oz.....	771,000	.....	.....
Stock Rights.....	2,200	.....	.....
K. T. Bond Rights.....	20,000	.....	.....

BOSTON STOCK EXCHANGE.

	1890	1889	*Changes.*
Shares	220,292	51,941	Inc. 168,351
Unlisted	49,205	388	Inc. 48,817
Bonds	$3,291,361	$731,755	Inc. $2,560,606

The latest Government report, giving the export of flour, wheat and corn from the principal Atlantic and Pacific ports of the United States for the month of March, as compared with the same month of 1889 and 1888, was as follows:

March.	*Flour. Barrels.*	*Wheat. Bushels.*	*Corn. Bushels.*
1890	1,151,287	4,842,732	13,248,292
1889	669,006	2,840,956	8,204,451
1888	944,679	4,313,680	2,115,666

The export for nine months ended March, 1890, as compared with the corresponding time of 1889 and 1888, was as follows:

	Flour. Barrels.	*Wheat. Bushels.*	*Corn. Bushels.*
1890	8,986,246	41,914,197	68,693,070
1889	6,896,472	36,546,926	46,911,434
1888	9,218,436	57,106,877	18,564,366

The export of provisions from the principal ports of the United States during the month of March in the years mentioned below was as follows:

	1890 *Pounds.*	1889 *Pounds.*	1888 *Pounds.*
Bacon	42,199,537	30,897,686	19,193,076
Hams	7,308,065	4,385,428	3,196,334
Pork	7,961,220	6,446,615	4,219,398
Lard	49,136,050	33,153,672	20,195,951

And for the five months ended March 31:

	1890 *Pounds.*	1889 *Pounds.*	1888 *Pounds.*
Bacon	243,643,774	160,950,747	139,321,700
Hams	34,906,976	17,622,478	18,688,473
Pork	35,917,673	29,599,304	24,190,226
Lard	222,768,758	155.741,915	123,522,764

FINANCIAL FACTS AND OPINIONS.

Bank Clearings.—With the June number we shall conclude our review of bank clearings for the last year, which have run through the last three numbers. These are always deserving of profound study. One of the noteworthy features is the appearance of new Clearing Houses. This is an agency for economizing the use of money, and there are many cities in our country in which Clearing Houses if established would serve a useful purpose. Those who are demanding more currency leave quite out of sight the greater economy in the use of money than formerly existed. Through banks and Clearing Houses money is doing more and more work every year. Clearing Houses are exceedingly useful agencies for economizing the use of money, and therefore we hope to see them established in every city having half a dozen or more banks. In this connection, however, we wish to emphasize the desirability of forming associations among banks for mutual assistance in times of crises whereby Clearing House certificates may be used for a temporary currency. The banks of Buffalo have taken the lead in this matter, among the banks outside New York and Philadelphia, and their example should be imitated everywhere. The plan adopted in New York, and recently in Buffalo, is as simple as it is effective. Its efficacy has been demonstrated in New York city on several occasions. It may be said that the banks can resort to this mode of relieving one another whenever the pressure occurs, but it is always desirable to have the machinery in readiness to put into immediate operation, and not wait until the emergency has happened before inventing it. It would strengthen confidence in these institutions if the people knew that the banks were always watchful for crises, and were prepared to protect as far as possible themselves and their customers from untoward consequences. The step taken by the Buffalo bankers is one that ought to find favor among bankers everywhere.

Walker's Banking Bill.—Last month brief mention was made of the bill introduced by Congressman Walker, of Massachusetts, for perpetuating the National Banking System. It proposes that the banks shall, in place of United States bonds, deposit United States notes, coin, or coin certificates for the circulating notes of the bank to the extent of ten per centum of its capital for associations having a capital of $250,000 or less, and for those whose capital exceeds $250,000 to the extent of $25,000; that these notes, upon the insolvency or expiration of the charter of the bank, shall be redeemed by the Treasurer of the United States in coin or coin certificates, and confers upon him the right to sell bonds for

coin to redeem such notes. The bill also provides that the bank shall have the right to issue notes to an amount not to exceed its coin or coin certificate reserve, as determined from time to time by the Comptroller of Currency; that the notes issued redeemable by the banks and not by the Treasurer of the United States shall differ in color and in the affirmation printed upon them from the notes received from and to be redeemed by the United States Treasurer, with provision in case of the insolvency of the bank that assures their final payment. Mr. Walker proposes that of the lawful money deposited with the Treasurer for circulation, 90 per centum should be used for the redemption and destruction of United States notes to that amount, the notes issued under the bill taking their place; that ten per centum should be set aside in coin or coin certificates for the redemption of the notes of each bank; that all the provisions of law now existing for supervision and control of banks be retained. Mr. Walker says that practically the redemption of the notes issued by the banks upon the money deposited with the United States Government would never be required. The bill would release all the United States bonds now held by the banks, so that the United States Government might buy them at the cheapest rate, at their normal price in the market, instead of the fictitious price given to them by the requirement that National banks shall hold them to secure their currency notes. Other advantages which are claimed for the measure are set forth by Mr. Walker as follows:

"The provisions of this bill make the bank equally as secure, and the redemption of its circulating promissory notes equally certain, with the present system, and at the same time save to the people the interest on the lawful money held in the redemption accounts, which under any other system is lost to the people. The coin held by the Government outside of the banking system of the country is so much capital held out of practical use, and the interest upon that amount of capital is lost to the country, while coin to the amount necessary to safety, held in the banking system in its reserve account, is represented in the circulating medium of the country, as is the case in every Christian country excepting the United States. In the latter case there is no advantage to the people in the amount of coin held by the Government. In the case of the banks holding it with the right to issue notes to the same amount, the coin performs two offices: It ministers to the safety of the banking system of the country, which it cannot do while in the Treasury of the United States, and also is represented in the currency notes of the bank.

"The $621,000,000, more or less, of coin, now in the United States Treasury, is a certain loss to the people, at four per centum per annum interest, of over twenty-four million dollars per annum, and this loss is not lessened by issuing certificates that circulate for money among the people, because if these certificates were issued by the banks as bank promissory currency notes, representing coin held by the banks, it makes coin a part of the

monetary system of the country, and does the two offices named. When held in the United States Treasury, it is no more a part of the monetary system of the country, than it would be if it were held in other countries, or held by an individual."

This bill, we think, is the best that has been introduced into Congress. We have never doubted that a satisfactory bill would be framed for perpetuating the National banking system. Surely the system is too valuable to lose. Every one admits its superiority over every other that has been tried, and we do not believe that any one desires its destruction. The chief source of contention all along has been the privilege of issuing bank notes. Eliminate this feature from the system and opposition would speedily cease. It is claimed that a system without this privilege would be unconstitutional, but even that may be questioned. If that were the case it would be better to amend the Constitution and permit banks to be established without power to issue bank notes than to abolish the system. Certainly if this be the difficulty in the way of perpetuating it, why does not some one introduce a measure of that kind? It would not be likely to meet with opposition from any quarter.

Note Circulation.—The following statement, prepared by the Treasury Department, shows the increase in the note circulation of the country from 1878 to the close of 1889, and the changes in the amounts of different denominations outstanding. The statement for 1878 ends with June 30, and includes only $1,850,410 in silver certificates, all above $5 in denomination, and the following notes of other classes:

(IN 1,000S.)

Denomination— Fiscal year 1878.	*U. S. Notes.*	*Gold Certificates.*	*National Bank Notes.*	*Total.*
1s.....	$20,929	.....	$4,059	$24,989
2s.....	20,910	.....	2,820	23,731
5s.....	54,669	.....	93,908	148,578
10s.....	65,551	.....	104,097	169,772
20s.....	62,720	$2	68,632	131,365
50s.....	27,182	.....	21,704	48,900
100s.....	31,624	1,338	28,300	61,442
500s	30,878	3,022	1,097	35,265
1,000s	33,212	6,205	305	40,978
5,000s.....	.....	5,400	.....	5,400
10,000s.....	.....	28,400	.....	28,400
Total.....	$347,681	$44,367	$324,925	$718,823
Less:				
Am't destroyed..	1,000	.....	... ..	1,000
Am't in Treas'y..	15,775	19,469	12,789	49,489
Net amount in circulation.....	$330,905	$24,897	$312,135	$668,334

The amount of bank notes increased until June 30, 1882, when it was $357,555,266. From that date began the decline due to the retirements of bonds and the small profit on circulation, resulting in the following totals in different fiscal years: 1883, $356,069,408;

1884, $338,689,301; 1885, $316,852,618; 1886, $308,488,358; 1887, $278,893,513; 1888, $252,179,641; 1889, $211,172,726. The silver certificates increased from $12,374,270 in 1880 to $51,166,530 in 1881, and had reached a total of $115,977,675 in 1886, all of denominations of $10 or more, before the clause in the appropriation Act of 1886 authorizing the issue of the smaller denominations. Since then the increase has gone steadily on, until on December 31 last the amount outstanding was $285,202,039. The gold certificates remained at a small figure until 1883, when they leaped to the amount of $82,378,640, after which they increased to $140,323,140 June 30, 1885. Since the latter date there has been comparatively little change in the amount out. The United States notes have nominally remained at the same figures since the passage of the Act forbidding further issues. The statement of the issues outstanding December 31 last shows an aggregate increase in twelve years of over $250,000,000. The last statement, including $154,301,989 in gold certificates of denominations above $10, is as follows:

(IN 1,000S.)

Denomination—Q'rter ending Dec. 31, 1889.	*U. S. Notes.*	*Silver Certificates.*	*National Bank Notes.*	*Total.*
1s.....	$3,350	$30,872	$374	$34,597
2s.....	2,957	22,109	187	25,253
5s.....	58,496	98,531	55,436	212,464
10s.....	94,556	97,202	63,556	255,316
20s.....	101,403	30,741	48,087	192,429
50s.....	23,012	3,300	10,904	46,509
100s.....	32,017	1,960	18,256	64,380
500s.....	12,636	291	207	24,456
1,000s.....	19,204	193	52	43,730
5,000s.....	35	....	....	32,590
10,000s.....	10	....	....	52,520
Total.....	$347,681	$285,202	$197,062	$984,247
Less:				
Am't destroyed....	1,000	....	....	1,000
Am't in Treasury..	6,673	2,252	4,500	44,743
Net am't in circulation.....	$340,007	$282,949	$192,561	$938,503

The Farmer's Idea of Banking.—Senator Ingalls, of Kansas, has introduced into the Senate a bill providing for a system of banking proposed by the Wage Workers' Alliance. It provides for the establishment of an executive department of banking, with a secretary at its head, whose salary shall be $8,000, and four assistant secretaries, with salaries of $5,000 each. At the department the banking for the people shall be done free of cost, except such merely nominal fees as are necessary to pay expenses. Branches shall be established at post-offices throughout the country, and maintained so long as they are necessary. Loans shall be made on security, the interest payable on the 31st of December every year. Failure to pay interest shall terminate the loan, and after the sale of the security the excess over the loan, if any, shall

be paid to the borrower. The money necessary to transact the business of the department shall be furnished by the Treasurer of the United States, and it shall be full legal tender for all debts and dues within the United States. This scheme is somewhat novel, though the Government has had some experience already in banking. It is true that the first United States bank was well conducted. We all know what happened to the second. So long as civil service is not a part of our system, and politics enters into the appointment of every man, from a country postmaster to the selection of the President, we cannot imagine a worse thing for the Government than to become the people's banker. The Government is trying to do too much now; the aim of a progressive Government is to simplify its functions. This is an old scheme in some respects, of turning the Government into a lender for the people. But Lawism did not flourish in France, and it cannot here. Probably the surplus arising from the sale of all the securities pledged to secure the loans and for a long period could be easily carried in one's upper vest pocket.

Banking Education.—The American Bankers' Association has made several reports on the subject, and has suggested courses of study and examinations. In Great Britain and other countries much has been done in the way of educating bank clerks, and surely why should not such work be done here? Our country is so large that a plan of a general banking institution is hardly practicable. But local institutions might be established in our larger cities, or for sections of the country. New York, Philadelphia, Chicago and Boston are pre-eminently the places for having schools in banking. We receive many letters of inquiry concerning books and courses of study. But a school already exists in Philadelphia, in which such instruction is one of its aims—the Wharton School of Finance and Economy—which is a department of the University of Pennsylvania. This school owes its existence to an endowment by Mr. Joseph Wharton, of that city, who accompanied his gift with an elaborate plan for a general business education. At the meeting of the Executive Council of the American Bankers' Association last October Mr. Rhawn, president of the National Bank of the Republic of Philadelphia, introduced the following resolution, which was adopted:

Resolved, That a committee of not less than three or more than five be appointed by the chairman, to whom shall be submitted the subject of the preparation or procurement of a paper to be read at the next Convention of the Association upon the establishment of schools in connection with the universities and colleges of the country, of general scope and character like that of "The Wharton School of Finance and Economy" connected with the University of Pennsylvania, and the best means by which the establish-

ment and endowment of such schools may be promoted and fostered by the Association.

The outcome of this resolution is that one of the professors in the school was appointed to prepare and read a paper on schools of finance and economy, which we suppose will be presented at the next meeting of the Association. This paper, we presume, will fully explain the methods of the Wharton School, and it is hoped that it will kindle a new interest in the subject. We have no doubt that if the facilities existed many would be found eager to avail themselves of them. We are certain that in our larger cities there are many young men in the banks who are desirous of equipping themselves more perfectly for their business. We sincerely trust that this movement will receive the encouragement of bankers everywhere.

Coinage Reformation.—While we are a great country and wide awake in most matters, we are very slow in improving the character of our coinage. No material changes in designs have been made for many years. The present design of the double eagle was adopted in 1849; of the eagle, 1838; of the half-eagle, 1839; of the three-dollar piece, 1854; of the quarter-eagle, 1840; of the gold dollar, 1854; of the silver dollar, 1878; of the half-dollar, quarter-dollar and dime, 1838. The Coinage Act of 1873 authorized the Director of the Mint to prepare devices for the new coins; but the only new coin authorized has been the silver dollar, so that practically all the coins are made from very old designs. Those who are most interested in the subject have long sought to make improvements. These are of two kinds: the discontinuing of the coinage of useless pieces, like the gold dollars and three-dollar gold pieces, but more especially in the devices which are now used on the coins. A bill which has passed the lower House authorizes the Mint officers to make changes. Hitherto they have had none. Those that think the devices are perfect will read with interest the following interview between the present Director of the Mint, Mr. Leach, and a reporter of the Washington *Star:*

"It is my idea that each of the smaller coins should have an individual design instead of having, as now, the same design upon the 10, 25 and 50-cent pieces. The present goddess is a burlesque upon liberty. How does a slab-sided woman, sitting on a bale of cotton, signify anything free? A head of George Washington would be far more appropriate than a nondescript female with a crinoline skirt. Look at this penny. How can anybody find a symbol of liberty in the head of an Indian? It is no wonder that the Europeans sometimes think of us as savages, judging us from our penny coins. It is more symbolic of slavery than anything else to put the head of an Indian, the man whom we despise and maltreat and drive ahead of us, on a coin. It is a symbol of barbarism rather than of civilization. As to the buzzard on the dollar piece, I would like to see that bird changed for a more

heroic bird, with his head higher in the air. We have at the Mint in Philadelphia the stuffed figure of an eagle that used to fly around the building, which would serve as a good model. We had to take a feather out of the tail of the bird on the dollar. After we had struck off a couple of million pieces we found that there were eight feathers in his tail when there should have been but seven."

School Savings Banks.—These institutions are beginning to multiply in our country. We believe that they were first introduced into the schools of Long Island City in New York about five years ago. The success attending their operation there has led to the establishing of them elsewhere. It is said that the pupils of the schools in that place have at present over sixteen thousand dollars on deposit. A brief description of them may be given. Every Monday morning deposits are received by the teacher, each depositor receiving credit on a weekly card. This is always presented when a deposit is made. The amount is then placed in an envelope, sealed and delivered to the superintendent, who, having received the returns from all the teachers, and having made a record of them, deposits them the same day with a bank to the credit of the school fund. When the deposit exceeds a dollar or more the depositor is provided with a bank-book by the bank in which the money is deposited. Once a month the teachers furnish the bank with a list of the depositors from their respective schools, showing the amount deposited by each pupil. No money is withdrawn except by a check duly signed by the pupil and approved by his parent or guardian and the superintendent. When the deposit reaches the sum of three dollars or more it draws interest. Such are the outlines of this system. The advantages to be gained by this system are many. A pupil having become an individual depositor in the bank is stimulated to economy in the handling of small sums of money falling into his hands—too frequently expended for useless and injurious articles. Above all is disciplined a habit of thrift, which contributes so largely to a successful life. Why should we withhold instruction so important when it is known that his future prosperity is contingent upon this very preparation for practical life? The great need of the day is *legitimate* methods of gaining wealth. Industry, skill and frugality are the only means by which the masses of American youth can lawfully prosper, hence not only the earnings, but the earnings in conjunction with the savings of a people, tell of their prosperity more satisfactorily than the orator. This system contemplates those principles of accumulation without which achievements of any kind would be impossible. The difference between this and the postal savings banks is apparent. In the first place, the money of the pupils is placed

in regularly established banks, and therefore there is the utmost security for it. It is true that the Government would be the holder of the money deposited under the postal bank system, but one of the radical difficulties with that is, all of the persons connected with its management are employes of the Government, and thus the system is left without sufficient checks and supervision. In the other system a double set of agencies watch each other. The banks having the money are looked after by the school authorities, and the banks themselves can easily prevent the school authorities from going astray. The largest amount of deposits which the school authorities could steal would be those for a single day.

Regulating Speculation by Law.—From time to time bills have been introduced into the State Legislatures aimed to prohibit or lessen speculation. The latest effort of this kind is Congressman Butterworth's bill, which is aimed at the regulation of speculation in grain and animal products and cotton. At first it was believed that this bill would go the way of the several thousand other bills introduced into Congress. The long examination given to it, however, clearly reveals a strong desire on the part of the committee, at least, to enact a law on this subject, and a bill will probably be reported restricting sales to those only followed by immediate delivery. In other words, the bill will aim to destroy the sale of products for future delivery, and it is believed that such a restriction would effectually uproot all speculation in these products. Of course, it is very desirable to eliminate, if possible, the element of speculation in food products. Even those who are opposing it do not attempt to maintain that speculation in these products is a good thing, but that the bill is too sweeping, and that in uprooting illegitimate speculation it would uproot desirable dealing also. This is the nature of the principal attacks on the bill. The New York Cotton Exchange, for example, does not permit option trading; sales are confined exclusively to cash purchases, or those in which cotton is to be delivered. No one will contend that sales for future delivery which are to be made ought to be prevented; but it is believed by those who favor the enactment of this bill that, to prevent speculation effectually, all sales for future delivery must be condemned. Is it not possible to frame a bill separating these two kinds of transactions, condemning the one and upholding the other? It cannot be denied that there are many sales for future delivery that are made with the intention of making the delivery. For many years the cotton manufacturers of New England have purchased cotton to be delivered several months afterward, and in due time it is delivered. A bill like the one under consideration, without any mod-

ification, would brand such a transaction as illegal. Large purchases of wheat for future delivery are made, especially by the millers; surely these ought not to be classified as illegal. Evidently the thing to do is to enact a law declaring all sales for future delivery in which the delivery is not contemplated, but only the payment of differences, as illegal. The law might also provide that *prima facie* a contract for future delivery should be regarded as a contract only for the payment of differences, and thus throw the burden of proof of showing that an actual delivery was intended on the party trying to enforce it. Would not this be a wiser and safer measure to pass than the one now under consideration by Congress?

Embezzlements of State Treasurers.—Within a short time four State treasurers have been accused of embezzling the funds or securities entrusted to their keeping. Major Burke, of Louisiana, was the first, and for a long time after the disclosure was made his friends—and they were legion—refused to believe that he had done wrong, but his removal to a country from which he could not be extradited became a virtual confession of guilt. Treasurers Hemingway, of Mississippi, and Noland, of Missouri, were less widely known; but Stevenson Archer, of Maryland, was a member of Congress for several years, and hence became widely known outside of his State. The conduct of these officers suggests many unwelcome thoughts. Why were such persons selected for duties so important; and again what laws exist fixing these, and what supervision is exercised over them? We fear that an investigation into the doings of these officers will show that they were permitted to do quite as they pleased. It is true that in some of the States excellent laws exist for the auditing and investigation of accounts, but they are not observed. The laws of Maryland require the treasurer to give bonds, and also provide for a complete examination of his accounts and investments but they were disregarded. There are thousands of municipal officers whose accounts are rarely or never examined. Such neglect is inexcusable, and is bad both for the officers and the public.

An International Dollar.—One of the difficulties in establishing an international silver dollar as a standard of value in all of the Latin-American nations is that the monetary standard of Brazil, Uruguay and the Argentine Republic is gold. These countries object to the international silver coin with a purely arbitrary valuation different from that of the gold dollar. A silver dollar, to please the people in those countries, must be worth a dollar expressed in gold. They say, and probably with reason, that any other dollar would never become assimilated with their

respective currencies, and would consequently prove a worthless coin. It is affirmed that the chief difficulty in the way of adopting a silver dollar that would circulate at par with the gold dollar comes from the producers of silver in the United States, who are desirous of bringing the present silver dollar to par with the gold one. The Mexican *Financier*, whose comments on such subjects are always very intelligent, says: Practically this is impossible unless England's adhesion to bimetalism is secured, and, as yet, that country is a long distance away from restoring silver to its ancient place in its currency. An international silver dollar would help to keep down the rate of exchange between American countries by rendering it possible to ship hard dollars in payment of trade balances, in case of an arbitrary high rate of exchange. But at present the international coin seems difficult of realization.

Taxation of Non-Residents.—A bill has been introduced into the Legislature of Massachusetts for the taxation of shares of foreign corporations held by the residents of that State. This is the old story of trying to get a tax on something not held within the limits of the taxing power. In other words, of trying to be a little smarter than its neighbor. All the shares which the State of Massachusetts would tax under this bill are only the deeds or evidences of property located in other States, and which is presumably taxed in the States where it is located. If it is not, it ought to be, and undoubtedly in almost all cases the presumption is a fair one that the property thus represented by certificates of stock is taxed at the place of location. The taxation of shares is double taxation, and is without justification. The representatives of these corporations have tried to show that the State would get nothing under such a law; that the owners would transfer their certificates to other persons; that the books of the companies in many cases would not show who are the true owners, and that in one way or another the State would not get much revenue from this source. In many cases corporations are located in Boston for the sake of convenience; and very likely they would move their offices into other States if the law was enacted. So long as they have their offices in the city they give employment to persons residing there, and in many ways the city and State derive some advantage from their presence. But this is not the worst objection to the measure. It would give rise to deception and lying and to a long series of evils. The first principle to be adopted in a correct scheme of taxation is the taxation of property where it is located, and the relieving of it from taxation in other places where the owner may happen to be. The situs should determine the place of taxation, and not the place where

the owner may happen to reside. This is the true principle which should be adopted and enforced everywhere, and a multitude of evils have sprung from the disregard of it in nearly all the States of the Union. The adoption of this principle is needful if ever the States are to have a system of taxation worthy of the name. We are surprised that a State so intelligent as Massachusetts should continue in the night of darkness in this matter.

English Investments.—In *Burdett's Official Intelligence* for 1890 is a table of the nominal aggregate value of all the securities quoted in the official list of the London Stock Exchange. A comparison with the list for 1885 shows an increase of 9 per cent.:

Class of Securities.	—*Nominal Value of Securities*— *End of 1889.*	*End of 1885.*
British funds, etc.	£824,190,280	£822,830,585
Corporation stocks	74,053,239	60,770,324
Colonial Government bonds	91,015,622	125,067,031
Colonial inscribed stock	145,592,665	74,148,861
Foreign stocks (coupons payable in London)	708,418,462	714,384.973
Foreign stocks (coupons payable abroad)	1,804,455,860	1,585,662,245
Railways, ordinary	277,827,657	255,053,615
Railways, leased lines	11,206,358	16,372,510
Railways, debenture stock	192,369,287	166,287,083
Railways, guaranteed	103,012,584	93,964,944
Railways, preference	192,069,133	122,501,060
Indian railways	110,309,903	76,797,508
Railways, British possessions	101,552,973	80,414,710
American railroad shares	246,544,378	.....
American bonds (currency)	266,581,497	314,136,109
American bonds (sterling)	41,224,878	51,816,280
Foreign railways	119,879,897	85,090,225
Foreign railways, obligations	206,545,561	483,488,292
Banks	56,320,650	52,665,934
Breweries and distilleries	30,391,994	.....
Canals and docks	44,723,048	35,756,636
Commercial and industrial	58,051,469	27,943,457
Corporation stocks	36,325,852	17,692,206
Financial, land and investment	38,694,856	31,427,074
Gas	27,026,406	24,395,945
Insurance	12,374,298	11,287,838
Coal, iron and steel	14,381,205	15,174,494
Mines, British	724,030	579,537
Mines, colonial and foreign	24,546,198	19,804,623
Shipping	11,187,175	11,878,148
Tea and coffee	1,682,692	1,393,152
Telegraphs and telephones	30,495,389	30,949,772
Trams and omnibuses	10,446,191	8,161,880
Water-works	16,473,135	12,640,289
Totals	£5,975,719,922	£5,480,637,340

Says the London *Economist*: "This growth of £495,000,000 since 1885 will serve as some indication of the immensity of the flow of British capital into new securities during recent years. It is not, of course, an exact measure of the amount of our new investments, for British investors do not by any means hold the whole of the securities quoted in the list; while, on the other hand, there are a multitude of securities into which British capital has gone which are not quoted in the list. Still, as we have said, the

figures are valuable as an indication of the great rapidity with which our capital commitments have recently been growing, and of the distribution of the new investments."

British Directors.—In London a book has recently been published, a directory of directors, in which appears the names of twelve thousand five hundred noblemen and gentlemen who may be called professional directors, as they are paid for their time and especially for the use of their names as managers and promoters of companies which are incorporated for almost all purposes and doing business in all parts of the world. The London *Railway News* thinks that at least twenty-five thousand companies are represented in the list mentioned. A small average payment of $500 per year for each company makes a total of $12,500,000 for the use of names of professional directors in England, and this by no means equals the probable sum paid. The system is liable to great abuse, and in practice, even where no misstatements were made, it has led to losses. A case in point is the collapse of the Allsopp Brewing Company. This company was formed to buy the celebrated brewery at Burton-on-Trent at inflated prices. The Allsopps guaranteed the minimum value of their property to be $9,250,000. The good-will was put at $7,000,000. Of this entire amount of $16,250,000 the owners demanded of the shareholders the sum of $11,000,000 in hard cash. The enormous valuation put upon the mere good-will proved—as any one might have foreseen—to be fictitious. An investigation into the whole matter of the sale is in progress, with some hopes on the part of shareholders of a recovery from the Allsopps of part of the money paid. Altogether the distrust has caused the introduction into Parliament of a bill providing for the liability of directors and others for statements in prospectuses soliciting applications for shares or bonds. A clause of this bill enacts that every prospectus shall be deemed to contain a warranty of its statements by every person named in such prospectus as a director or as authorized or responsible for anything therein contained, that every extract from a report of engineer or expert is a true and fair extract, and that such report was actually made as stated and in good faith, and that the person reporting was competent to make the report. Every person subscribing for stock or bonds under a prospectus or notice shall be entitled to bring an action on this implied warranty against any and all persons deemed to have given such warranty, and recover damages and other relief the same as though the warranty was contained in the prospectus. The principle contained in the bill has the approval of an influential part of the English public.

THE CLEARING HOUSE SYSTEM.

[CONTINUED.]

The Louisville Clearing House began operations January 3, 1876, with a membership of twenty banks. It is modeled mainly after that at Cincinnati. Checks only are cleared. Balances are settled by the manager's check, which must be collected on the same day or the holder loses recourse.

The name of the manager is Mr. Clinton McClarty, who has served since its organization. Its transactions, so far as reported, have been as follows:

	No. of Banks.	*Clearings.*	*Balances.*	*Balances to Clearings. Per cent.*
1876.....	20	$101,782,331.00	.....	..
1877.....	20	113,880,208.00	.....	..
1878.....	20	104,974,977.00	.....	..
1879.....	20	127,928,408.00	.....	..
1880.....	19	149,557,213.00	.....	
1881.....	19	198,165,503.00	.....	..
1882.....	19	193,667,491.00	.....	..
1883.....	21	214,802,485.00	.....	..
1884.....	21	211,700,000.00	.....	..
1885.....	21	217,527,215.31	.....	..
1886.....	21	233,282,562.23	$56,967,491.24	24
1887.....	21	281,110,851.76	.....	..
1888.....	21	301,159,336.90	69,081,907.62	23
1889.....	22	359,679,462.81	86,730,234.40	24
		$2,809,218,045.01		

The St. Louis Clearing House, the most important in the Southern States, and the fifth in importance in the United States, was organized November 2, 1868, and began business December 24, 1868. Its transactions now reach about one thousand millions of dollars annually—more than three times the clearings during the first year. Its very efficient manager for the past twenty years has been Mr. Edward Chase. The hour for making the exchanges is 10 o'clock A. M. Each clerk must report the debits against his bank within twelve minutes after commencing, under a penalty of $2, and $2 additional for every five minutes thereafter. The time required for completing the morning settlement varies from fifteen to thirty minutes. At 11 o'clock the manager issues his certificates of indebtedness on the debtor to the creditor members. The payment of balances, which are not handled at all by the Clearing House, but are settled directly between the banks, occupies from an hour to an hour and a half.

Checks sent to the Clearing House must, in lieu of written indorsements, bear the impress of a uniform stamp, showing the name and number of the bank sending the same, and the date, with the words "St. Louis Clearing House."

Proper matter for clearing consists of checks or drafts upon, or certificates of deposit, demand or matured of, any member, or any bank clearing through any member of the Clearing House, or any other matter specially agreed upon, all duly stamped as above. Any bank clearing paper not proper is subject to a fine. The expenses are paid by the members in proportion to their clearings. The manager compiles periodical statements, showing the condition of the banks from returns made by them. By a rule adopted in 1875, no new member can be admitted to the Association, or make the exchanges for any outside bank, unless such member has a paid up capital of $150,000.

The transactions of the St. Louis Clearing House, which are estimated at about one-half the payments made by checks in the city, have been as follows since the organization of the Clearing House:

	No. of Members.	*Clearings.*	*Balances.*	*Balances to Clearings. Per cent.*
1869.....	34	$321,794,648	$80,000,000	25
1870.....	35	390,477,273	97,500,000	25
1871.....	37	432,152,385	101,665,570	24
1872.....	41	498,792,310	100,695,942	20
1873.....	41	551,951,451	119,438,984	22
1874.....	39	607,967,427	143,646,211	24
1875.....	38	575,686,327	121,199,764	20
1876.....	38–33	518,343,600	87,576,434	17
1877.....	33–25	494,888,761	75,703,899	15
1878.....	24	478,634,441	85,877,281	18
1879.....	22–18	559,684,128	97,112,269	17
1880.....	18	711,459,489	119,927,074	17
1881.....	18	832,641,830	126,805,237	15
1882.....	19	863,129,287	138,484,976	16
1883.....	20	870,961,645	146,890,899	17
1884.....	20	785,202,177	125,260,945	16
1885.....	20 & P. O.	759,130,425	127,547,955	17
1886.....	18 " "	810,795,062	149,968,903	18½
1887.....	18 " "	894,527,731	138,859,622	15½
1888.....	17 " "	900,474,878	141,883,529	16
1889.....	17 " "	987,522,629	163,461,257	17
		$13,846,207,904	$2,489,506,751	18

The New Orleans Clearing House, the second in importance in the South, began operations June 1, 1872, with fifteen banks, the same number as at present. Mr. Isaac N. Maynard served as manager from the date of the organization of the Clearing House until his death, May 5, 1888, when he was succeeded by Mr. Thos. C. Herndon, the present manager. The hour for the clearing is 9 o'clock A. M. At 11:30 o'clock, or as soon thereafter as the accounts can be made up and proved, the creditor banks receive from the manager of the Clearing House, in settlement of their balances, checks on the debtor banks, which checks are not transferable, and are in no case to be sent through the exchanges. The liability of the associated banks on such checks ceases at 2 P. M. on the day of their issue.

Each member of the association is required to keep on hand in coin, legal tenders and National bank notes, and sight exchange on New York, 25 per cent. of its liabilities, subject to check as they appear each morning after the clearing, and 20 per cent. of such liabilities in coin, legal tenders and National bank notes.

The members of the association are required to furnish weekly statements of their condition. Members are required to pay an admission fee, and the expenses (except for printing, which is divided equally) are apportioned according to the average amount of clearings. The exchanges are delivered at the Clearing House in sealed envelopes. Strict rules prescribe the manner in which bundles of currency shall be assorted, wrapped up and sealed for greater security when designed to be used for paying balances.

No complete statement of transactions at New Orleans by calendar years exists. The following are the transactions for Clearing House years to June 1, 1880, and since that date by calendar years:

	Banks.	*Clearings.*	*Balances.*	*Balances to Clearings. Per cent.*
1872-73	15	$501,716,239.06	$58,933,605.49	11.5
1873-74	14	476,235,854.96	52,751,419.86	11.0
1874-75	16	406,829,292.01	45,293,424.66	11.1
1875-76	15	426,266,105.89	47,937,793.62	11.2
1876-77	15	414,527,870.21	47,296,575.14	11.4
1877-78	14	428,750,803.03	46,341,330.11	10.8
1878-79	12	*372,651,150.10	44,579,081.67	12.0
1879-80	10	433,011,636.52	46,157,056.22	10.7
June 1 to Dec. 31, '80	10	247,843,058.00	24,800,000.00	10.0
1881	10	506,550,483.94	50,299,961.55	9.9
1882	10	499,113,347.00	50,000,000.00	10.0
1883	11	526,984,660.00	50,000,000.00	9.5
1884	10	454,500,000.00	45,000,000.00	9.9
1885	12	386,363,450.00	42,000,000.00	10.9
1886	12	387,000,000.00	40,000,000.00	10.3
1887	14	433,048,693.00	50,615,491.00	11.7
1888	14	457,085,845.00	55,746,509.00	12 2
1889	15	504,474,843.00	61,685,613.00	12.2
		$7,862,953,331.72	$859,437,861.32	10.9

* Yellow fever epidemic.

The Clearing House at Norfolk, Va., was established and went into operation March 21, 1871. No record of its clearings exists prior to 1882. Its transactions, with the number of banks associated since that time, have been as follows:

	No. of Banks.	*Clearings.*	*Balances.*	*Balances to Clearings. Per cent.*
1882	6	$25,908,185	$5,053,442	20
1883	5	27,035,083	5,428,181	20
1884	5	34,158,781	6,071,617	18
1885	4	33,228,651	5,958,620	18
1886	5	40,344,389	6,070,870	15
1887	6	42,013,162	6,794,065	16
1888	6	45,447,259	6,909,727	15
1889	6	39,945,470	6,427,102	16
		$288,080,980	$48,713,624	

The banks take turns, each bank being the Clearing House and its cashier the manager for one year, beginning March 1. The hour for making the exchanges is 11 o'clock. At 12:30 the debtor banks must pay to the manager at the Clearing House the balances against them in currency. At 11 o'clock the creditor banks receive their balances. Checks not good must be returned to the banks from which they were received at 12 o'clock, and the currency for the same must be paid at 2:30 o'clock.

The currency taken to the Clearing House must be paid in packages of $500 each, securely sealed in an envelope, with the amount, name of the bank, and date, marked on the back thereof, and reclamations for errors and deficiencies in such packages must be made within one month by the receiving bank directly against the bank whose mark the sealed package bears.

The Memphis Clearing House was organized November 15, 1879. The exchanges occur at 9 A. M. In settlement of balances the manager issues his check on the debtor in favor of the creditor members. Balances must be settled in current funds. Checks only are cleared, and they are delivered in sealed envelopes, properly marked on the outside.

The name of the manager is Mr. James Nathan. Mr. Edward Goldsmith was manager for several years. The clearings and balances have been as follows:

	No. of Banks.	*Clearings.*	*Balances.*	*Balances to Clearings. Per cent.*
1880.....	6	$47,860,740.66	$10,636,864.70	22
1881.....	6	45,224,597.22	10,316,585.17	23
1882.....	6	45,806,139.97	9,527,913.31	21
1883.....	7	56,563,962.00	11,315,813.00	20
1884.....	7	60,040,360.76	11,872,930.09	20
1885.....	6	67,703,940.17	16,276,136.94	24
1886.....	6	82,642,192.90	21,630,585.84	26
1887.....	8	101,177,377.14	24,491,162.67	24
1888.....	8	112,077,519.09	24,787,498.81	22
1889.....	8	127,932,473.79	31,581,182.65	25
		$747,039,308.70	$172,436,673.18	23

At Nashville there is no regular Clearing House, but there is a clearing in which ten banks participate. The amount of the exchanges, estimated on the basis of the last three months of 1889, were $83,707,216.

There was formerly a Clearing House at Augusta, Georgia, composed of five banks, not a regularly organized institution, but a voluntary arrangement between these five banks, which was discontinued on the failure of the Bank of Augusta, a State institution, January 9, 1885.

The Clearing House at Birmingham, Ala., was established June 1, 1889. The number of banks December 31 was nine. Balances are not reported. The clearings for seven months, to December 31, 1889, were $19,327,269.92.

No returns have been received from the Clearing Houses at Richmond, Va., and Dallas, Texas, but their clearings are reported in the *Boston Post* and *New York Commercial and Financial Chronicle* as follows:

	Richmond.	*Dallas.*
1887.....	$78,324,390	.....
1888.....	89,255,000	$25,296,952
1889.....	108,510,052	44,613,970

The Clearing House at Galveston, Texas, commenced business September 8, 1885, and was organized on its present basis in January, 1887. The representatives of the associated banks meet each day at 2 P. M., to make the exchanges. Only checks on the Clearing House banks are cleared. For the balances due in settlement the manager draws his checks on the debtor in favor of the creditor banks. The name of the first manager was Mr. N. B. Sleigh. The manager on December 31, 1889, was Mr. C. J. Walston. Balances are not reported. Its clearings, so far as reported, have been as follows:

	No. of Banks.	*Clearings.*
1885, 10 weeks.....	..	$20,354,104
1886.....	7	71,161,351
1887..	7	63,483,633
1888.....	7	56,709,836
1889.....	7	71,865,673
		$283,574,597

The Clearing House at Fort Worth, Texas, was established January 2, 1888, and its clearings since that date have been as follows:

	Clearings.
1888.....	$16,089,235.42
1889.....	31,632,391.11
	$47,721,626.53

The number of banks December 31, 1888, was 6; since increased to 7. The name of the manager is Mr. E. B. Harrold, cashier of the First National Bank.

The San Francisco Clearing House was organized February 4, 1876, and its transactions are seven times those of all the other Clearing Houses on the Pacific coast. Its manager since September 1, 1887, has been Mr. Charles Sleeper. There are two clearings daily, one at 10 A. M., the other at 2 P. M. precisely. At 2:30 o'clock the debtor banks pay to the manager at the Clearing House the balances against them. At 3 o'clock the creditor banks receive their balances from the manager at the same place, provided that the balances due from the debtor banks have been paid. On Saturday the exchanges are made at 11 and 11:30 o'clock; the settlements at 12 o'clock. About ten minutes are occupied in getting the proof, about thirty minutes in receiving debit balances, and about twenty minutes in paying credit balances.

Formerly the gold balances were paid in gold coin, the silver

balances in silver coin, and the currency in currency. At present the balances are paid in gold coin, Clearing House certificates of deposit, and United States gold certificates. United States certificates began to be used in paying balances March 5, 1883, and Clearing House certificates June 1, 1883. The expenses, beyond admission fees and an annual payment of $150, are made up by *pro rata* assessments, according to the amounts cleared by each bank. During the year 1889 balances were paid as follows:

Gold coin	$56,261,916.49
Clearing House certificates	67,175,000.00
United States gold certificates	3,329,000.00
Total	$126,765,916.49

The matter cleared consists of checks. It was estimated a few years ago that only about 45 per cent. of the checks issued pass through the Clearing House, leaving about 55 per cent. as the amount paid at the counters of the various banks. Errors in exchanges and claims arising from the return of checks, or any other cause, are to be adjusted directly between the banks, and not through the Clearing House. The transactions of the San Francisco Clearing House since its establishment have been as follows:

	No. of Banks.	*Clearings.*	*Balances.*	*Balances to Clearings. Per cent.*
1876	15	$476,123,237.97	$104,804,707.74	22
1877	15-20	519,948,803.68	126,172,850.21	24
1878	16	715,329,319.70	151,888,434.05	21
1879	16-15	553,953,955.90	129,561,079.52	23
1880	15-14	486,725,953.77	118,046,934.94	24
1881	14	598,696,832.35	125,388,744.81	21
1882	14	629,114,119.81	108,487,872.15	17
1883	15	617,921,853.51	107,269,494.53	17
1884	16	556,857,691.03	95,275,201.49	17
1885	16	562,344,737.93	100,460,388.52	18
1886	16	642,221,391.21	105,832,828.47	16
1887	17	829,181,929.86	129,474,942.72	16
1888	17	836,735,954.39	123,271,533.66	15
1889	17	843,386,150.94	126,765,916.49	15
		$8,868,541,932.42	$1,652,700,928.80	19

The Clearing House at Los Angeles was established September 13, 1887. Its clearings and balances have been as follows:

	No. of Banks.	*Clearings.*	*Balances.*
1888	8	$53,913,292.07	$9,191,968.28
1889	8	34,232,091.62	8,004,228.70
		$88,145,383.69	$17,196,196.98

The name of the manager, December 31, was George H. Stewart.

The Portland (Oregon) Clearing House was established July 15, 1889. The number of banks associated is ten. The clearings from July 15 to December 31, 1889, were $45,613,427; the balances for the same time were $8,231,001.98. The manager, December 31, was Mr. J. L. Hartmann.

The Tacoma Clearing House was established January 1, 1889,

with four banks, which number was increased to seven December 31, 1889. The clearings for the year 1889 were $25,086,677.82; balances, $6,174,433.52. The name of the manager, December 31, was Mr. S. B. Dusinberre.

The Seattle Clearing House was opened August 26, 1889. The number of banks December 31, 1889, was 12. The clearings since it was opened have amounted to $16,579,478.85.

No accurate means exist for determining the ratio which exists between the amount of clearings and the amount of internal commerce, but it is certain that the aggregate bank transactions must be very much in excess of the total clearings. Outside of New York it is safe to say that the clearings represent very much less than half the volume of commercial transactions. Bearing this fact in mind, the following table, giving comparative statistics of our own and the British Clearing Houses for a series of years in millions of dollars, will be instructive:

	No. of Associations.	*No. of Associations Reporting.*	*Aggregate Exchanges U. S.*	*Gold and Currency Ex. N. Y.*	*Exchanges Outside N. Y.*
1853.....	1	1	*$1,304.09	*$1,304.09	.....
1854.....	1	1	5,798.06	5,798.06	.....
1855.....	1	1	5,673.07	5,673.07	.....
1856.....	2	2	8,404.02	7,346.08	$1,057.04
1857....	2	2	8,591.04	7,196.01	1,395.03
1858.....	5	3	7,215.07	5,376.02	1,839.05
1859.....	5	3	9,069.03	6,598.08	2,470.05
1860.....	5	3	10,022.00	7,393.08	2,628.02
1861.....	6	4	7,507.04	5,516.04	1,991.00
1862.....	6	4	10,120.01	8,234.09	1,885.02
1863.....	6	4	20,442.04	17,427.07	3,014.07
1864.....	6	4	30,053.04	25,640.00	4,413.04
1865.....	8	5	30,437.00	25,858.00	4,579.00
1866.....	11	7	36,235.09	31,466 05	4,769.04
1867.....	11	7	30,322.01	25,811.02	4,510.09
1868.....	14	7	36,079.07	31,159.07	4,920.00
1869.....	14	9	41,157.01	35,541.01	5,616.00
1870.....	14	9	32,849.07	27,086.03	5,763.04
1871.....	16	10	37,200.04	30,643.00	6.557.04
1872.....	20	12	43,581.06	36,369.06	7,212.00
1873.....	21	13	37,686.06	29,840.05	7,846.01
1874.....	23	14	31,822.00	24,450.00	7,372.00
1875.....	23	15	32,339.07	24,313.08	8,025.09
1876.....	26	18	29,579.09	21,476.07	8,103.02
1877.....	27	23	31,944.01	23,800.06	8,143.05
1878.....	27	24	30,133.01	22,401.01	7,732.00
1879.....	28	24	38,591.01	29,235.06	9,355.05
1880.....	29	26	50,113.09	38,614.04	11,499.05
1881.....	30	27	63,414.06	49,376.09	14,037.07
1882.....	30	29	60,877.04	46,917.00	13,960.04
1883.....	31	31	51,827.01	37,434.03	14,392.08
1884.....	32	32	44,201.09	30,985.09	13,216.00
1885.....	35	35	41,453.05	28,152.02	13,301.03
1886.....	35	35	49,186.05	33,676.08	15,509.07
1887.....	41	38	51,156.01	33,474.06	17,681.05
1888.....	44	44	49,458.08	31,100.00	18,358.08
1889.....	51	51	56,279.08	35,895.01	20,384.07
			$1,162,133.07	$888,588.08	$273,544.09

* From October 11.

This table shows very clearly how steadily the outside Clearing

Houses are gaining on New York. While the exchanges at the latter still exceed by 75 per cent. those of all the other Clearing Houses of the United States combined, the preponderance of the great commercial metropolis is growing steadily less. While the exchanges outside of New York ten years ago were scarcely more than one-fifth those of New York, the proportion has now reached four-sevenths.

DUDLEY P. BAILEY.

[TO BE CONTINUED.]

THE AUTHORITY AND LIABILITY OF BANK OFFICERS.*

[CONTINUED.]

MINOR OFFICERS.

We shall now consider the authority, duty and liability of the assistants in a bank to the principal officers—the tellers, bookkeepers and others. "A teller," says Judge Hayden, "is an agent, acting under a special or express authority, and not one so appointed by a principal that there can arise any implication of undefined powers. By the nature of the teller's employment, his duties are defined with an approach to exactness. Such a one, sometimes called a special agent, though the phrase is open to objection, the principal holds out to the public as an agent with limited powers, and with such a one third persons deal *suo periculo*." (*Walker* v. *St. Louis National Bank*, 5 Mo. App. 214, p. 217.) Consequently his statement to the holder of a check, that an indorsement thereon is genuine, will not bind the bank. (*Id.*)

"The public are not bound to inquire into the special instructions which the officers or servants of a bank may have received as to the manner in which they shall discharge their duties." (Caton, Ch. J. *Munn* v. *Burch*, 25 Ill. 35, p. 41.) Thus a depositor requested a bookkeeper to enter on his pass-book, to his debit, several checks he had drawn on the bank that morning, and after he had done so the depositor drew another check, which he presented, and was paid. The bank claimed that the act of the bookkeeper was not binding, because he had no right to enter the checks on the pass-book until they had gone through other hands. But the court held that the act was binding on the bank. This was a matter solely between the employer and employed. (*Id.*)

With these general remarks, we shall now look more closely into the authority of these officers. In delivering money to them, whenever a package is addressed, for example, to "T., cashier of

the A. bank," and delivered to a clerk or receiving teller while discharging his duties, the delivery is effective, especially where he had received a similar package which the bank had credited. (*Hotchkiss* v. *Artisans' Bank*, 2 Abb. Ct. of App., Dec. 403; *Sweet* v. *Barney*, 23 N. Y. 335.)

Where a bank has a receiving and a paying teller, the former only has any authority to receive deposits. (*Thatcher* v. *Bank*, 5 Sandf. 121.) If a teller receive money without a deposit ticket or pass-book required by custom, or by a rule of the bank, and by mistake credit the wrong person, the bank is liable. The non-observing of its rules and customs by its officers will not absolve it from liability. Said McFarland, J.: "For some purposes it is important to ascertain the rules, regulations and by-laws of the corporation. Yet it must be borne in mind that these are, in many respects, but intended to direct the action and conduct of its own officers, and it does not follow that a failure of its own officers to observe any one of these regulations absolves the bank from all liability. The bank must be held liable for the just responsibility of its acts as an individual is held liable; observing the difference, of course, as to the manner in which a corporation acts." (*Jackson Insurance Co.* v. *Cross*, 9 Heisk. 283, p. 287.)

A teller has no authority to make an agreement concerning a deposit. Thus, in making a deposit in a savings bank it was alleged that an agreement was made to which the receiving teller was a party, that the deposit should be withdrawn only in the presence of the three who were there at the time of making the deposit. It was withdrawn in their absence, and the depositor's administrator sued for the amount. It was proved that the clerk was not a party to the agreement, and if he had been, he could not have bound the bank by it. Said the court: "The written pass-book, with the regulations therein contained, was the contract between the parties, and the alleged statements to [the clerk] by persons who brought the money, did not bind the bank. [He] had no authority to make such a contract as is alleged. No discretionary power was given to him. This is positively proved. But it is found, as a matter of law, by the court that [the clerk] had such apparent power to make the agreement that the bank was bound by its terms. It is true that a principal is bound, not only by the actual authority which he gives an agent, but by such apparent power as the authorized acts of the agent justify third persons in believing him to possess." But the Supreme Court found that he had no apparent power to make such a verbal agreement. (*Riley* v. *Albany Savings Bank*, 36 Hun. 513, aff'd, 103 N. Y. 669.)

If a teller, following the usage of other banks, as well as the one in which he is employed, receive as cash the check of an indi-

vidual in good credit, though it should appear that he had no funds in the bank on which it was drawn, his conduct is not a violation of the condition of his bond "to make good to the bank all damages which it should sustain through his unfaithfulness or want of care." (*Union Bank* v. *Mackall*, 2 Cranch C. C. 695.) If he should receive a deposit not knowing of the bank's insolvency, and a few minutes afterwards the doors are closed, the depositor can recover the deposit if it has been kept apart from the other funds by order of the directors. (*Furber* v. *Stephens*, 35 Fed. R. 17.)

Whenever a clerk can certify, his act binds the bank, regardless of the condition of the drawer's account. (*French* v. *Irwin*, 4 Bax. 401; *Cooke* v. *State National Bank*, 52 N Y. 96, 114.) This is only another application of the rule that applies to cashiers and other certifying officers. And in a suit by a *bona fide* holder of a certified check against the certifying bank, the authority of its assistant teller to certify checks may be shown by evidence of a course of dealing as between himself, his principals, and the bank customers. But such authority cannot be shown by evidence of a general custom of banks to authorize such an officer to pledge the credit of the bank by certifying checks. (*Hill* v. *National Trust Co.*, 108 Pa. 1; *French* v. *Irwin*, 4 Bax. 401.)

When a note has been deposited with a bank for collection, the teller may demand payment by inquiring of the bookkeeper whether a deposit has been made to pay it. (*Browning* v. *Andrews*, 3 McLean, 576.) Even if the teller act as agent of the notary public, the demand is valid; for, "had the funds been placed in the bank the possession of the note by the bank would have authorized the teller to deposit them to the credit of the [holder.]" (*Id.*)

If a note should be left with a teller for collection, payable to his order, and the bank should receive the money, though credited to the teller's account, it would be regarded as having notice of the ownership of the note, and be liable to the owner for the amount collected. Said Maltbie, J.: "It is objected that [the teller] had no authority to receive the note for collection in behalf of the bank; his business as teller being to receive and pay out money over the counter. Let it be conceded that the duties of a teller, by the rules of banking, are thus limited. It was shown that [the teller] on other occasions had made collections for the bank. But, if it had not been shown, it is a well-known fact that the collection of money for others is a part of the regular business of all banks; and when a bank opens its doors for business with the public, and places officers in charge, persons dealing with them in good faith, and without notice of any want of authority in such officer, and the act done is in the apparent scope of the officer's

authority, whether the officer was actually clothed with such authority or not, the party so dealing would be protected." (*City National Bank* v. *Martin*, 8 S. W. Rep. 507, Texas, 1888, citing *Bank* v. *Bank*, 10 Wall. 650.)

In describing the liability of these minor officers we remark that a bookkeeper is not liable for a mistake. (*Union Bank* v. *Knapp*, 3 Pick 96, 108; *President of Union Bank* v. *Clossey*, 10 Johns. 271.) And if a teller, observing the usage of banks, receive as cash the check of an individual in good credit, he is not personally liable therefor if the drawer should have no funds. (*Union Bank* v. *Mackall*, 2 Cranch C. Ct. 695; *Russell* v. *Hankey*, 6 Term. 12.) But if, after receiving such check, he should consent to take it as his own, and to look to the drawer for payment, he could not return the check to the bank without its consent. (*Id.*)

Occasionally an error will occur in counting money transmitted to another bank or person, and the question may arise who has miscounted. Thus the clerks of a New York city bank received, during a certain week, $56,526 of the notes of a Buffalo bank, which were counted, put into small parcels, which were marked; a list was then made of them, and afterward they were put into a bundle and sealed. The bundle safely reached the Buffalo bank, but by the testimony of the cashier and clerk of that bank there was a deficiency of $2,000 in amount, and the other bank was required to make the deficiency good. (*Commercial Bank* v. *Bank of the State of New York*, 4 Edw. Ch. 32.)

The effect of entries will now be considered. These are of a two-fold nature—in the books of depositors and in the bank books. Depositors or third persons are not affected by them, whatever they may be. Thus a person left bonds with a bank for exchange, but they were credited on the account of the president. This entry did not prevent the owner from recovering of the bank. (*Van Leuven* v. *First National Bank*, 6 Lans. 373.) In another case a bookkeeper made false entries in the books of a bank of the amount belonging to a depositor, whose agent (who was duly authorized to make checks and draw his principal's deposit) was thereby enabled to draw a much larger sum than was really due to the principal. The transaction had been arranged between the bookkeeper and the agent. The bank sought to escape paying the depositor the amount he had deposited, but the court declared that the institution was liable. "The loss," so the court said, "was 'occasioned' by the fraud of an agent, clerk and servant of the bank; by the fraud of a clerk in regard to his legitimate business, in his appropriate department in the bank, and therefore obligatory on the bank, so far as respects innocent third persons. In judgment of law, therefore, the act of the clerk in this respect was the act of the bank." (*Union Bank* v. *Mott*, 39 Barb. 180;

see *Washington Bank* v. *Lewis*, 22 Pick. 24; *Foster* v. *Essex Bank*, 17 Mass. 479.)

A book was kept by a bank, in which a clerk regularly entered certificates of the notices given by him to the makers and indorsers of promissory notes. This, in connection with his testimony, that it was his practice to carry the notices personally to their houses or places of business, and that he had no doubt they were carried in a particular case, mentioned in his book, though he had no recollection of the note itself, was considered competent and sufficient evidence to prove that notices were given in that case. (*Shore* v. *Wiley*, 18 Pick. 558.) So would be his evidence concerning the form of the notices given in that case used in connection with the form itself then in common use. (*Id.*)

In proving entries, the clerk making them is the proper person for that purpose, if he is alive and within the State. (*Ocean National Bank* v. *Carll*, 55 N. Y. 440; *White* v. *Ambler*, 4 Seld. 170; *Brewster* v. *Doane*, 2 Hill 587.)

In making entries on the books of depositors, the officers act as representatives, not only of the bank, but also of the stockholders. Consequently in a suit against them to enforce their individual liability, the entries are as binding on them as on the bank. (*Schalucky* v. *Field*, 124 Ill. 617; *Conklin* v. *Furman*, 8 Abb. Pr. N. S. 161.)

If a clerk should state to the holder of an outstanding check, given prior to an attachment against the maker, that it would be paid, the statement would not bind the bank. Said Chief Justice Church: "The drawee owes no duty to the holder until the check is presented and accepted. The statement of the clerk to the holder that the check was in order, and would be paid before the attachment was served, is of no avail. A parol acceptance is not valid. The promise did not bind the bank, and no action would lie upon it in favor of the holder." (*Duncan* v. *Berlin*, 60 N. Y. 151; *Bullard* v. *Randall*, 1 Gray, 605.)

B., a stockholder in a bank, sold his shares to a broker in good faith, to whom he delivered his stock certificate and a power to transfer them, leaving blanks for the names of the attorney and transferee. The broker sold them to C., the president of the bank, who gave his own check in payment and received the certificate and power. By his directions a bookkeeper inserted his own name as attorney, and transferred the stock to C. as trustee on the official stock register. The entries in the stock ledger and other books of the bank show that C. purchased the stock for it and reimbursed himself with its funds. The bookkeeper had actual knowledge of all the facts. In a suit by the receiver to compel C. to retransfer the shares and B. to repay the money and to be declared a stockholder, the bookkeeper was declared to be the agent of the

bank; his knowledge of the transaction, therefore, could not be imputed to B., and consequently the suit could not be maintained. (*Johnston* v. *Laflin*, 103 U. S. 800.)

The admissions of a defaulting teller to the president, when the default was first discovered, may be used against him and his sureties. (*Union Savings Association* v. *Edwards*, 47 Mo. 445.) But he could not make admissions afterward detrimental to his sureties. (*Id.*) But if he and they were sued together, subsequent admissions could be introduced to affect him. (*Id.*) In this case the teller permitted an overdraft without authority, though he claimed to have it.

If a clerk should steal from the drawer of another clerk bills belonging to the bank, and deliver them to the cashier, and they should be accepted by him in discharge of a balance due from the clerk to the bank, this would be no payment. (*State Bank* v. *Welles*, 3 Pick. 394.) And if he should take money and apply it to his own use, the cashier's consent would be no shield for his conduct. (*Chew* v. *Ellingwood*, 86 Mo. 260; *Taylor* v. *Bank*, 2 J. J. Marshall, 564; *Rochester City Bank* v. *Elwood*, 21 N. Y. 94; see also *Railroad Co.* v. *Shaeffer*, 59 Pa. 357; *German Bank* v. *Auth* 87 Pa. 419; *Engler* v. *People's Fire Insurance Co.*, 46 Md. 322.)

If a messenger promise in his bond "to account for and pay over all moneys that may come into or pass through his hands as such messenger, and that he shall in all things conduct himself honestly and faithfully as such messenger," he and his sureties would be liable for money stolen by him from the bank, whether acting in the scope of his employment or not, for the robbery would be a breach of the condition "to conduct himself honestly and faithfully." (*German American Bank* v. *Auth* 87 Pa. 419.) Nor would the bank be regarded negligent in entrusting him with the keys of the vault and the combination of the safe. (*Id.*)

If a teller knowingly assist the cashier or any other officer in embezzling the funds of the bank, he will be civilly responsible for the loss to which he thus contributes. Said the court in a case involving this principle: "Some of the cashier's transactions were of such a nature that it is difficult to believe that the teller was not apprised of their dishonest or unauthorized character, yet nevertheless he lent himself to their furtherance by actually delivering to the cashier the money which he asked for, and concealing the facts beneath false statements in his accounts. For knowingly assisting in such an abstraction the teller would be as responsible to the bank as if he had spent the money himself." (*Hobart* v. *Dovell*, 38 N. J. Eq. 553.)

The acts of a teller, bookkeeper or other clerk can be ratified, like those of the president, cashier and other officers. Thus a depositor

drew his check on a bank for a sum payable to the order of a person named therein. The depositor's clerk, P., erased the name of the payee and obtained the money on the check from the bank. Statements were sent by it to the depositor, which included, among other payments, the check in question, and no objection was made thereto for nearly two years afterward. He then had no account with the bank. In an action by the depositor to recover the amount, it was held, first, that the bank could not legally claim that if, after a reasonable opportunity to examine the checks returned, he did not object to the payment of this particular one, he would be presumed to ratify it; second, that the ratification was a question for the jury; third, that the depositor was bound to use due diligence in discovering the forgery, and was affected by the knowledge which the clerk had who committed the forgery, and whose duty it was to examine the checks returned by the bank. (*Dana* v. *National Bank*, 132 Mass. 156; see Banks and their Depositors for further account of this case, § 200 (d) p. 197.)

The question is quite important, What are the powers of a clerk who, during the cashier's absence, is acting in that capacity? In (*Potter* v. *Merchants' Bank*, 28 N. Y. 641, p. 650), Mullin, J., remarked that "the cashier could not clothe him with any more of his power than was necessary to enable the latter to carry on the usual and ordinary business of the bank." In that case the clerk, "in the absence of the cashier, had authority, undoubtedly, to pay checks, receive payment of notes and surrender them to the persons entitled, and, in a word, to do whatever was necessary and proper to be done in the ordinary course of business." "I do not doubt," Judge Mullin continued, "but that [the clerk] had power to transmit notes owned by the bank, or held by it for collection, and payable in other places, or at other banks, to its agents for that purpose, and as, in order to do so, it becomes necessary to indorse the paper for the bank, he had power to make such indorsement. But he had no power to pledge its securities, unless they become pledged by the mere act of transmitting for collection." (See *Smith* v. *Lawson*, 18 W. Va. p. 228.) An assistant cashier who is acting as teller and cashier, can certify a check. (*Clarke National Bank* v. *Bank of Albion*, 52 Barb. 592.)

[TO BE CONTINUED.]

THE COMPROMISE SILVER BILL.

The select committee, composed of fifteen Republican members of the House and thirteen of the Senate, have agreed on a plan for the purchase and use of more silver as money, which is embodied in the following bill:

Section 1—That the Secretary of the Treasury is hereby directed to purchase from time to time silver bullion to the aggregate amount of four million five hundred thousand ounces of free silver in each month, at the market price thereof, not exceeding one dollar for three hundred and seventy-one and twenty-five one hundredths grains of pure silver, and to issue in payment for such purchases of silver bullion, Treasury notes of the United States to be prepared by the Secretary of the Treasury, in such form and of such denominations, not less than one dollar nor more than one thousand dollars, as he may prescribe, and a sum sufficient to carry into effect the provisions of this act is hereby appropriated out of any money in the Treasury not otherwise appropriated.

Sec. 2—That the Treasury notes issued in accordance with the provisions of this act shall be redeemable on demand, in lawful money of the United States, at the Treasury of the United States or at the office of any Assistant Treasurer of the United States, and when so redeemed may be reissued, but no greater or less amount of such notes shall be outstanding at any time than the cost of the silver bullion then held in the Treasury, purchased by such notes; and such Treasury notes shall be receivable for customs, taxes and all public dues, and when so received may be reissued; and such notes, when held by any National banking association, may be counted as a part of its lawful reserve, provided that, upon the demand of the holder of any of the Treasury notes herein provided for, the Secretary of the Treasury may, in his discretion and under such regulations as he may prescribe, exchange for such notes an amount of silver bullion which shall be equal in value, at the market price thereof on the day of exchange, to the amount of such notes.

Sec. 3—That the Secretary of the Treasury shall coin such portion of the silver bullion purchased under the provisions of this act as may be necessary to provide for the redemption of the Treasury notes herein provided for, and any gain or seigniorage arising from such coinage shall be accounted for and paid into the Treasury.

Sec. 4—That the silver bullion purchased under the provisions of this act shall be subject to the requirements of existing law and the regulations of the Mint service governing the methods of determining the amount of pure silver contained and the amount of charges or deductions, if any, to be made.

Sec. 5—That so much of the act of February 28, 1878, entitled, "An act to authorize the coinage of the standard silver dollar and to restore its legal tender character," as requires the monthly purchase and coinage of the same into silver dollars of not less than two million dollars nor more than four million dollars' worth of silver bullion is hereby repealed.

Sec. 6—That this act shall take effect thirty days from and after its passage.

BILLS OF EXCHANGE: THE PART THEY HAVE PLAYED IN ENGLISH BANKING, PAST AND PRESENT.

"Il n'y aucun vestige de notre contrat de change, ni des lettres de change, dans le droit romain." So says *Pothier* in his *Traité du Contrat de change*. He, however, goes on to explain that not unfrequently money was paid in one town to some specified person, and charged to the account of the adviser, living elsewhere. Thus, we find Cicero, when sending his son to study at Athens, made use of the facilities afforded between these two large cities, for obviating the otherwise necessary transmission of money to defray his son's expenses. This transaction could not, however, be taken as an example of the early negotiation of a bill of exchange, as we understand the term, taking, as it did, the form of a simple request. Thus, Cicero, knowing some friend at Rome who had money due to him from Athens, requested the latter to advise his debtor at Athens to hold a certain sum at the disposal of his (Cicero's) son.

With regard to the actual origin of bills of exchange, the same authority (Pothier) states as follows: "Several authors have pretended that the custom of using bills of exchange originated in the Lombardie, and that the Jews who had established themselves there were their inventors; others have attributed their invention to the Florentines, on their being chased out of their own country by the faction of the Guelphs, and their subsequent establishment at Lyons and several other cities. There is, however, nothing known for certain upon the point, except that bills of exchange were in use in the fourteenth century." A practical explanation of the difficulty is given by Mr. Reddie, who says: "The precise era of that most useful invention does not appear to have been exactly ascertained, but that it originated . . . . . in the usages and customs observed, and in the regulations adopted at fairs, from considerations of general security and convenience, there is every reason to believe."

That they were known in England in the fourteenth century, is apparent from the English Statute Book (3 Ric. II, c. 3), where they are mentioned as *letteres d'eschange* as early as the year 1379.

There is very little doubt that a bill of exchange was, in its origin, nothing more than what is now known as a letter of credit, taking much the same form as the probably friendly letter which directed the payment of money to Cicero's son at Athens, and that around this nucleus has, from time to time, accumulated that complicated system of rights, which now takes the form of an ordinary bill of exchange. "At first," says J. B. Byles, "perhaps the letter contained many other things besides the order to give credit. But it was found that the original bearer might often, with advantage, transfer it to another. The letter was then disencumbered of all other matter, it was open and not sealed, and the paper on which it was written gradually shrank to the slip now in use. The assignee was, perhaps, desirous to know beforehand whether the party to whom it was addressed would pay it, and sometimes showed it to him for that purpose; his promise to pay was the origin of acceptances. These letters or bills, the representatives of debts due in a foreign country, were sometimes more, sometimes less, in demand; they came by degrees articles of traffic, and the present complicated and abstruse practice and theory of exchange was gradually formed."

The principal conveniences consequent upon the usage of bills of exchange may be said to be as follows:

(1.) They obviate the transmission of coin and bullion from place to place, in payment of separate debts;

(2.) They overcame the common law rule that a debt is not assignable;

(3.) They provide a safe means of guaranteeing that debt; namely, by acceptance, indorsement or *aval* (a system practically unknown in England);

(4.) They also furnish a tangible instrument, upon which the creditor is enabled to raise an amount equivalent to the debt at a small cost, should he so desire, and, lastly;

(5.) They provide a means by which the evidence necessary to enforce payment of a debt is very considerably curtailed.

The first four of the above are self-evident facts; with regard to the fifth, I quote from Byles, who says: "When a bill is dishonored, the owner has the option of suing on the bill or the consideration. *It is advisable to sue on the bill;* first, because it reduces the debt to a certainty; secondly, because less evidence is necessary; thirdly, in an action on the bill, proof of payment of the bill lies on the defendant; but in an action on the consideration only, if defendant show that a bill was given, plaintiff must prove that the bill was not paid. The statement of claim may be founded *both on the bill itself and on the consideration.*"

Now, there are two distinct classes of bills of exchange; namely, inland and foreign, and seeing that each class, more particularly with regard to banking, has a different origin, follows a different course and to a great extent bears a different result, we shall endeavor to keep these two divisions as wide apart as possible; treating firstly of inland bills and afterwards glancing at the latter form. It must, however, be borne in mind that a foreign bill which is drawn abroad upon England, becomes, upon its negotiation in England, previous to maturity, equivalent in effect to an inland bill drawn by the first negotiator thereof in England, upon the same drawee and of the same tenor, the contingent results or effects of its foreign origin ceasing to bear fruit upon its coming into the possession of an English holder. In so far as this is the case, the facts relating to the discount, etc., of inland bills hereafter mentioned must be taken to include bills of this class.

With regard, first of all, to the origin of inland bills (which was entirely different from the general origin of bills given above) Joseph Story says: "In England, inland bills of exchange appear to have been of a comparatively modern origin, and probably were not in general existence or use until the reign of Charles II. Upon their first introduction their validity and operation were very much restricted, and the custom between two or more places where they were used was essential to be stated in the declaration of every action brought thereon, and they were limited to cases where both parties were merchants. This very fact shows how slow was their adoption and progress, and how reluctant the common law was in supporting or encouraging them." From this it may be seen that, although foreign bills had been in general use under recognition of the courts, inland bills were, as late as the reign of Charles II. looked upon as an innovation and treated accordingly. As to their ultimate treatment by law, Mr. Justice Blackstone says: "In England they have now been put upon the same footing as foreign bills of exchange, by the statutes of 9 and 10 Will. III., ch. 17, and 3 and 4 Anne, ch. 9."

Now it is well known that banking had its origin in England in the reign of the first Charles; the precise date of the abstraction by the king of the money deposited by the city merchants in the Tower for safe

keeping, amounting to some £200,000, which led to the money generally finding its way into the hands of the goldsmiths, from thenceforth bankers, being 1640. This money seems to have found its way principally into the hands of the Government; probably Exchequer tallies being given in exchange. The rate paid to depositors was as high as six per cent.; that obtained from the Government two per cent. higher. Thus in 1672, when King Charles II. closed the Exchequer (which was practically the only serious reverse experienced by the early bankers) an amount of 1¼ millions stood due to them, which had been borrowed at 8 per cent., and which, after prolonged litigation on the part of the bankers, became embodied in the national debt.

I may here take the opportunity of pointing out the connection between inland bills and banking generally. When a merchant, let us say for example, draws a bill upon his customer, against merchandise or other consideration, both residing within the United Kingdom, he has, or may have, three principal motives guiding him. Firstly, the obviating a direct transmission of coin, a motive now obsolete as far as regards inland bills through the universal extension of the banking interest, but which played a very considerable part in the merchants' calculations previous to that great consummation; secondly, the creation of an instrument, the representative of a debt, upon which he may, if desirous, raise an equivalent sum; and, thirdly, the possession of an instrument upon which he can carry on a suit against his debtor within better defined limits than he otherwise would have been enabled to. Of course, the latter could only refer to an acceptance by the drawee; a creditor in English law possessing no right, merely from the fact of a debt existing, to the acceptance or payment of any instrument he may choose to draw against such debt, and no suit would lie to recover on a bill so drawn, should payment be refused, but only on the consideration.

To this rule Scotland is an exception, the fact of a debt existing being sufficient authority for the drawing of a bill, an old Scotch rule which is preserved by the Bills of Exchange Act, 1882. Bankers are also an exception to this rule, so far as regards money lent to (deposited with) them, to the extent of the due payment of their customers' checks.

With regard to the two first of these motives it is clear that an agency is required to furnish the wherewithal for their negotiation, and it was that requirement that banks were enabled to fulfill to their own advantage. Thus Macleod says:—"The profitable business of banking consists in *buying up* or discounting, as it is technically termed, the present values of future profits," through their representatives' Bills of Exchange. It was also unnecessary that large amounts of money should be deposited with the bankers to furnish funds for these purchases (of debts namely) or discounts; reasons were present at the time when this great branch of business was opening up, namely, the middle of the seventeenth century, which afforded the bankers, with the exercise of a little ingenuity, a much more simple, as well as remunerative, solution of the difficulty. These reasons were two-fold: first, the scarcity; and, secondly, the bad state of the coinage. With regard to the first, we find that in 1695 all the good silver was either hoarded or exported. And it must be remembered that silver was the standard coinage, gold being only declared legal tender and measure of value at the great re-coinage of 1816, although it had, practically, been so several years previously. Again, in a pamphlet published in 1676, occurs the following: "It happened . . . . . that Parliament, out of plates and old coins brought into the mint, coined several millions into half-crowns, and there being no mills then in use at the mint, this new

money was of a very unequal weight; sometimes two and three pence difference in an ounce, and most of it was, it seems, heavier than it ought to have been in proportion to the value in foreign parts. Of this the goldsmiths made, naturally, the advantage usual in such cases, by picking out or culling the heaviest and melting them down and exporting them."

Sufficient cause is here for the scarcity of the coinage. With regard to the worn and clipped state it was in, some extraordinary statistics have been furnished by contemporary essayists. Thus, in one mentioned by Macleod, the writer states that £100 of current silver coin weighed only about one-half of its proper weight; whilst the guinea in gold rose as high as 30*s* in silver. Credit was, therefore, called into requisition; the goldsmiths issuing what were known under the name of "goldsmiths' notes," which, Gilbart says, circulated freely from hand to hand, and which may be considered as the first bank notes issued in England. It must be borne in mind, however, that credit is equally capable of being *issued* by means of deposits, withdrawable by means of checks (cash notes); the only difference between their respective effects being the greater ease with which the one is capable of being transferred from hand to hand.

In the pamphlet mentioned above, the writer goes on to say that the bankers "were enabled to lend out great quantities of cash (viz., credit) to necessitous merchants and others at high interest, and also *began to discount the merchants' bills* at the like or higher interest; and, again, after the restoration, King Charles II., being in want of money, the bankers took 10 per cent. of him barefacedly, and by private contracts; *on many bills, orders, debts* of the king they got 20, sometimes 30 per cent., to the great dishonor of the Government."

With the good or bad policy of the Government in sanctioning such proceedings, or with the usurious character of the bankers' profits, we have here nothing to do; suffice it to say that these transactions added very considerably to the bankers' incomes and helped to very materially strengthen their position.

In 1694, the Government being in need of funds for carrying on the war with France, the Bank of England was projected and formed; the capital of £1,200,000, raised by public subscription, being lent to the Government at 8 per cent. The corporation was forbidden to trade in any "goods, wares, or merchandise," but might deal in "*bills of exchange*, gold or silver bullion," etc. The Bank of England thus became a formidable rival of the London private bankers; commencing, as it did, to discount merchants' bills at somewhat cheaper rates than had hitherto prevailed; issuing, of course, its credit principally in the shape of notes. The bank appears at first to have looked principally to the Government as its chief customer, for whom it circulated exchequer bills to large amounts. Although, as a rule, these issues of exchequer bills were only a means of providing ready money for the Treasury, they have on several occasions been of the utmost use and benefit to the mercantile community.

For instance, in 1697, bank notes standing at from 13 per cent. to 14 per cent. discount, exchequer bills for £5 and £10 were issued; and, "as they were received in payment of the revenue, they passed as ready money and were of great service during the crisis."

Again, in the great crisis of 1793, when as many as 100 banks are said to have stopped payments, and a restoration of public confidence was considered to be the only remedy, a committee of the House recommended that exchequer bills to the extent of £5,000,000 should be issued, and £3,855,624, in sums of £100, £50, and £20 were actually issued and operated like magic in restoring public confidence.

In the year 1708 a clause was inserted in the charter of renewal of the Bank (7 *Anne*, c. 7) to the effect "that, during the continuance of the said Corporation of the Governor and Company of the Bank of England, it shall not be lawful for any body politic or corporate whatsoever, created or to be created (other than the said Governor and Company of the Bank of England), or for any other persons whatsoever, united or to be united in covenants or partnership *exceeding the number of six persons* in that part of Great Britain called England, to borrow, owe, or take up any sum or sums of money on their bills or notes payable at demand, or at a less time than six months from the borrowing thereof." This section of the Act which, in a modified form, remains in force to the present day, proved a considerable stumbling-block to the carrying on of business by the Joint Stock Banks afterwards formed. Thus we find the following passage related by Gilbart:

"A question of very great importance soon arose. It was a settled question that no partnership or corporation consisting of more than six persons could accept bills at any less date than six months, no matter whether they were a banking partnership or any other. It was clear that the bank (viz., The London and Westminster Bank) could not itself directly accept bills. But it did not appear that the words of the Act prohibited trustees accepting bills for a less date on behalf of the Company. Nor, if trustees could accept, was there anything to prevent them accepting by procuration. . . . . On the 21st February, 1835, the Bank of St. Albans drew a bill for £25 upon the London and Westminster Bank, payable twenty-one days after date, which on the 23d was presented for acceptance and was accepted in the following form:—'*Accepted at* 36, Throgmorton Street, per procuration of 'the trustees of the London and Westminster Bank, J. W. Gilbart, *Manager*.'"

Upon the pleading of the Bank of England an injunction was, however, granted to restrain this effort at contravening the sense of the law; the result being that the London and Westminster Bank henceforth paid their bills without acceptance. The London Joint Stock Bank also attempted to carry out a plan, which was also declared to be illegal, of allowing bills to be drawn upon their manager, who himself accepted, the bank undertaking to provide the funds to meet all such acceptances.

To return, however, to a somewhat earlier period than the erection of the London Joint Stock Banks; we have seen that the discounting of bills formed a considerable part of the business of banking, confined, as it was at first, principally to the metropolis. Country banking was practically unknown as late as 1750.

With reference to its origin, the following quaint extract from Francis' History of the Bank of England, coming as it does within the pale of our subject, may not be uninteresting. "Banking in the country, like that in the metropolis, first originated among the more opulent and respectable class of traders and merchants. In every town and in many villages there existed, prior to what were afterwards termed banks, some trader, manufacturer, or shop-keeper who acted in many respects as a banker to the neighborhood. The shop-keeper, for example, being in the habit of *drawing bills* on London and of remitting bills there, for the purpose of his own trade, and receiving also much money at his shop, would occasionly give gold to his customers, taking in return their bills on the metropolis, which were mixed with his other bills, and sent to his London correspondent. Persons who were not his customers, being also found to want money for bills or bills for money, the shop-keeper was led to charge something for his trouble in accommodating them, and the trade of taking and drawing bills being thus rendered profitable, it became an object to increase it. For the sake of drawing

customers to his house, the shop-keeper printed 'the bank' over his door, and engraved these words on the checks on which he drew his bills."—*Journal of the Institute of Bankers, London.*

[TO BE CONTINUED.]

SET-OFF AGAINST DECEASED DEPOSITOR.

SUPREME COURT OF TEXAS.

Traders' National Bank v. *Cresson.*

A bank, when sued by the administrator of a deceased depositor for the amount of his deposit, may set off the amount of a note of the intestate held by it which was due at the time of his death.

HOBBY, J.—C. C. Cresson, administrator of the estate of Charles H. Nash, deceased, sued the Traders' National Bank of San Antonio to recover $1,548.91, amount to the credit of said Nash on the books of said bank, it being the balance of a deposit made in said bank by Nash during his life-time, and which balance was held by the bank, to his credit, at his death. The bank answered that during the life-time of Charles H. Nash, and up to the time of his death, he was a depositor at said bank, and at the time of his said death had a balance to his credit of $1,548.91; and, further, that the bank, "at the time of the death of said C. H. Nash, held a note of the said C. H. Nash, dated February 8, 1884, in the sum of $14,412.12, payable to the order of C. T. Parker four years after date, with eight per cent. per annum from its date, said interest payable on or before November 15, 1884, 1885, 1886, and at maturity; that said note was duly indorsed by the payee, Charles T. Parker, to this defendant, for valuable consideration, and was at the death of Charles H. Nash, and is now, held by defendant." The cause coming on for trial without a jury, thereupon the court, having heard the defendant's answer, read upon his (the court's) own motion, held that the facts stated by defendant in his answer constituted no defense; and, the defendant refusing to amend, the court gave judgment for plaintiff, the court ruling that the principle of set-off did not apply with reference to estates of deceased persons, and that any claim which defendant had against plaintiff must be propounded and enforced in the Probate Court, to which the counsel for defendant objected, for the reason that "the set-off pleaded by defendant was a complete answer to plaintiff's demand, and a valid defense in this action."

The *first* assignment is that the court erred in declaring the facts set up in the amended original answer were no defense to plaintiff's claim. *Second.* The court erred in rendering judgment upon the facts, as shown by the petition and answer. *Third.* The court erred in ruling that the principle of set-off does not apply, between banker and depositor, upon the death of the latter. *Fourth.* The court erred in ruling that the bank could not assert the defense of set-off against the plaintiff's demand, but was required to assert its claim in the County Court. The debt pleaded in set-off appears from the answer to have been due from the appellee's intestate, at the time of his death, to the appellant, and having, therefore, been contracted in the intestate's life-time, it extinguished, as far as it went, the claim sued on; and, to the extent it so extinguished the claim sued on by the administrator, the defendant below was entitled to plead it in set-off. (*Smalley* v. *Trammel*, 11 Tex.

11; *Mitchell* v. *Rucker*, 22 Tex. 66.) The court, therefore, erred in holding that the facts stated by defendant in the answer constituted no defense. We think the judgment should be reversed, and the cause remanded.

STAYTON, C. J.—Report of the commission of appeals examined, their opinion adopted, and the judgment is reversed, and cause remanded.

WHEN A DEPOSIT IN AN INSOLVENT BANK CAN BE RECOVERED.

SUPREME COURT OF THE UNITED STATES.

St. Louis and San Francisco R. Co. v. *Johnston.*

A checkholder cannot maintain suit against the bank for refusing payment unless the check is accepted by the bank, or charged against the drawer, but the depositor can sue for the breach of the contract to honor his checks.

The property in notes or bills transmitted to a banker by his customer to be credited the latter, vests in the banker only when he has become absolutely responsible for the amount to the depositor, and such an obligation, previous to the collection of the bill, can only be established by a contract, to be expressly proved, or inferred from an unequivocal course of dealing.

Knowledge of the insolvency of a bank by its president is the knowledge of the bank.

A draft drawn upon a Boston institution was deposited with a New York bank for collection; after forwarding the draft for collection, the first bank failed and a receiver was appointed while the proceeds of the draft were yet in the hands of the Boston bank. *Held*, that the proceeds of the draft were the property of the depositor, and not to be taken as assets belonging to the receiver.

On the 5th day of May, 1885, the St. Louis and San Francisco Railway Company drew a sight draft on the Atchison, Topeka and Santa Fe Railroad Company, at Boston, Massachusetts, payable to the order of the Marine Bank, for the sum of $17,835, and sent the same to the Marine Bank with a deposit ticket filled up by the assistant treasurer of the San Francisco Company, in the following words and figures:

"Deposited by the St. Louis and San Francisco Railway Company in the Marine National Bank, May 5th, 1884.

"Bills .....

"Checks..... $17,835"

The messenger who took the draft and deposit ticket to the bank had no special instructions, and handed them to an assistant of the receiving teller, who was absent at the time. The railway company's pass-book was then, and had been since April 30, 1884, in the possession of the bank, and no entry was made in it until some days afterward, and then not by direction of the railway company. The assistant receiving teller applied to the assistant cashier for instructions, and was by him directed to receive the draft as cash, and it was so entered on the credit ledger of dealers with the bank, but not with the knowledge or by the request of the railway company. The Marine Bank sent the draft to the Atlantic National Bank of Boston for collection and credit, and it was by that bank presented to the Atchison Company on the 6th of May, 1884, and that company at five minutes before one o'clock P. M. of that day delivered its check on the National Bank of North America to the Atlantic Bank, which was presented for payment and paid to the Atlantic Bank on May 7th, 1884. The Marine Bank was insolvent when

it received the draft, and closed its doors at twenty minutes before eleven o'clock on the morning of the 6th of May, 1884, and never resumed business.

The balance to the credit of the railway company in the Marine Bank at nine o'clock A. M. on May 6, 1884, not including the draft, was $117,981.72, besides some checks it had drawn and which it was obliged to take up.

The treasurer and assistant treasurer of the railway company testified that there was no arrangement or understanding, verbal or written, or dealing, to their knowledge, with the Marine Bank, by which the San Francisco Company was authorized or entitled to draw against out-of-town paper before actual collection, and that no drafts were ever so drawn; that they knew of no such agreement, verbal or in writing; that they drew on what they had and not on what they did not have; that the railway company had no occasion to draw against drafts or checks before collection, and did not do so; and that the company was allowed interest on its daily balances.

Mr. Chief Justice Fuller delivered the opinion of the court:

This was not the deposit of a check on the Marine Bank itself. In such a case it was held in *Oddie* v. *National City Bank*, 45 N. Y. 735, that the check, if received and credited, could not be charged back for want of funds. Nor was it a check on another bank, as to which Church, C. J., remarks, a different principle would be applied, as the presumption of agency might arise. It was a sight draft drawn by the San Francisco Company on its debtor in Boston, and collected through Marine Bank's correspondent at that place. Neither it, nor the money collected upon it, passed into the hands of any third person for value. The collection was made after the Marine Bank had closed its doors. It is not claimed that there was any express arrangement or understanding between the San Francisco Company and the bank that the deposits of out-of-town paper should be treated as cash. Can such an understanding be implied from the mere fact that the San Francisco Company was credited with the draft upon the books of the bank, as if the deposit were of money, although the deposit ticket named it under the head of checks, and that the company itself added on the stubs of its check-book such deposits to the current amount, coupled with an alleged commercial usage to allow good customers to draw against a credit thus created? In five years of business between them, the San Francisco Company had never drawn against such paper. The evidence of the bank's clerks leaves no doubt that, as to out-of-town drafts for large amounts, the bank kept track of them and reserved the right to charge exchange and also interest for the average time taken in collection, notwithstanding its agreement to pay interest on the daily balances. This was not consistent with the theory of an understanding between the bank and the company that the title to this and similar drafts should pass absolutely to the bank. If the draft had not been paid, the bank could have canceled the credit, as it clearly accepted no risk on the paper. The draft was entered at its full value, which indicated that it was not discounted, but credited for convenience and in anticipation of its payment.

It is settled law in this court that the holder of a bank check cannot sue the bank for refusing payment, in the absence of proof that it was accepted by the bank or charged against the drawer: *Bank of the Republic* v. *Millard*, 10 Wall. 152 (*First National Bank* v. *Whitman*, 94 U. S. 343, 344; *Laclede Bank* v. *Schuler*, 120 U. S. 511, 514); but the depositor can sue for the breach of the contract to honor his checks. If, under the circumstances disclosed in this case, the only balance the

San Francisco Company had was made up of the deposit of this draft, and it had drawn against it, and the bank had declined to honor the check, could the San Francisco Company have sustained an action on the ground of a general commercial usage, when by the course of dealing for five years it had never drawn against paper so deposited? Because banks often let good customers overdraw, do the latter thereby get the right to do so when the bank deems it improper to permit it? Undoubtedly if the San Francisco Company had overdrawn, and this draft had been credited to cover the overdraft, or if the company had drawn against the draft, the bank could hold the paper until the account was squared. And if the bank had transferred the draft to one occupying the position of a *bona fide* holder, such transfer would have conferred title on its transferee by reason of its reputed ownership, so far as the latter was concerned. (*Metropolitan National Bank* v. *Loyd*, 90 N. Y. 530.)

In that case, as reported in 25 Hun. 101, which was affirmed in 90 N. Y. 530, the Court of Appeals remarking, in reference to the opinion, that it "so fully reviews the evidence and the authorities that we should be content with simply expressing our concurrence, if the case had not been sent here by that court as involving a question of law which ought to be reviewed," the Supreme Court says: "That the intention that the check should be received as cash is to be inferred from the fact that the check was due immediately and was drawn on a bank, and for all purposes of the parties was equivalent to so much money, . . . and such intention is confirmed by preceding transactions, admitted by the depositor, in which checks were deposited and entered as cash in his bank-book, and that the custom of the bank in its dealings with him was to credit him with all his checks as money."

And in *Scott* v. *Ocean Bank*, 23 N. Y. 289, it was held that "the property in notes or bills transmitted to a banker by his customer, to be credited the latter, vests in the banker only when he has become absolutely responsible for the amount to the depositor," and that "such an obligation, previous to the collection of the bill, can only be established by a contract to be expressly proved or inferred from an unequivocal course of dealing."

"Every man who pays bills not then due into the hands of his banker," said Lord Ellenborough in *Giles* v. *Perkins*, 9 East 11, 14, "places them there as in the hands of his agent to obtain payment of them when due. If the banker discount the bill, or advance money upon the credit of it, that alters the case; he then acquires the entire property in it, or has a lien on it *pro tanto* for his advance."

If there be no bargain that the property should be changed, the relation resembles that of principal and agent. Mere liberty to draw does not make out such a bargain, particularly where interest is allowed by the banker upon the bills only from the time when their amount is received. (*Ex parte* Barkworth, 2 De Gex & Jones 194; *Thompson* v. *Giles*, 2 Barn. & Cress 422; *Ex parte* Sargeant, 1 Rose 153.)

The question was one of fact rather than of law, and we think there should be something more in the evidence tending to establish that the San Francisco Company understood that the bank had become owner of the paper, than these mere credits for convenience, before that can be held to be the fact, notwithstanding it may be a recognized usage to allow a customer to draw. So far from there being shown an unequivocal course of dealing tending to support that conclusion, it seems to us the tendency of the evidence is otherwise.

But if there could be any question on that branch of the case, we are unable to see that there could be on the other. This bank was hope-

lessly insolvent when the deposit was made, made so apparently by the operations of a firm of which the president of the bank was a member. The knowledge of the president was the knowledge of the bank. (*Martin* v. *Webb*, 110 U. S. 7, 15; *Bank* v. *Walker*, 130 U. S. 267; *Cragie* v. *Hadley*, 99 N. Y. 131.) In the latter case it was held that the acceptance of a deposit by a bank irretrievably insolvent constituted such a frand as entitled the depositor to reclaim his drafts or their proceeds. And the Anonymous Case, 67 N. Y. 598, was approved, where a draft was purchased from the defendants, who were bankers, when they were hopelessly insolvent, to their knowledge, and the court held the defendants guilty of fraud in contracting the debt, and said their conduct was not like that of a trader "who has become embarrassed and insolvent, and yet has reasonable hopes that by continuing in business he may retrieve his fortunes. In such a case he may buy goods on credit, making no false representations, without the necessary imputation of dishonesty. (*Nichols* v. *Pinner*, 18 N. Y. 295; *Brown* v. *Montgomery*, 20 *Id.* 287; *Johnson* v. *Morrell*, 2 Keys 655; *Chaffee* v. *Fort*, 2 Lans. 81.) But it is believed that no case can be found in the books holding that a trader who was hopelessly insolvent, knew that he could not pay his debts, and that he must fail in business and thus disappoint his creditors, could honestly take advantage of a credit induced by his apparent prosperity, and thus obtain property which he had every reason to believe he could never pay for. In such a case he does an act the necessary result of which will be to cheat and defraud another, and the intention to cheat will be inferred." And it was decided that "in the case of bankers, where greater confidence is asked and reposed, and where dishonest dealings may cause widespread disaster, a more rigid responsibility for good faith and honest dealing will be enforced than in the case of merchants and other traders"; and that "a banker who is, to his own knowledge, hopelessly insolvent, cannot honestly continue his business and receive the money of his customers; and although having no actual intent to cheat and defraud a particular customer, he will be held to have intended the inevitable consequences of his act, *i. e.*, to cheat and defraud all persons whose money he receives, and whom he fails to pay before he is compelled to stop business."

The Circuit Court did not, in the present case, express any different view, but held that the bill was not properly framed to present the question. Certainly there must be sufficient equity apparent on the face of a bill to warrant the court in granting the relief prayed; and the material facts on which the complainant relies must be so distinctly alleged as to put them in issue. (*Harding* v. *Handy*, 11 Wheat. 103.) And if fraud is relied on, it is not sufficient to make the charge in general terms. "Mere words, in and of themselves, and even as qualifying adjectives of more specific charges, are not sufficient grounds of equity jurisdiction, unless the transactions to which they refer are such as in their essential nature constitute a fraud or a breach of trust, for which a court of chancery can give relief." (*Van Weel* v. *Winston*, 115 U. S. 228, 237; *Ambler* v. *Choteau*, 107 U. S. 586, 591.) The defendant should not be subjected to being taken by surprise, and enough should be stated to justify the conclusion of law, though without undue minuteness.

The bill alleged that the bank was insolvent on the 5th day of May; that this was well known to its officers; that it wrongfully neglected to disclose its insolvency to complainant, and, by continuing business and otherwise, represented to complainant and all other persons dealing with it that it was solvent; that complainant, on the faith of these representations, believed such to be the fact, without suspicion that the

bank was, or was in danger of becoming, insolvent; that, acting upon the representations, and relying on the bank's solvency, complainant delivered the draft; that next morning the bank closed its doors, and the draft was collected thereafter; and that, by reason of the premises, the draft or its proceeds did not become the property of the bank. The receiver, in his answer, specifically denied these averments. We think the issue thus framed was sufficient to enable the court to proceed to a decree. The fraudulent intention flowed from the guilty knowledge, and the bank must be held to the consequences of a representation which it knew to be contrary to the fact, and upon which the complainant innocently acted. Granted that the mere omission to disclose the insolvency, if there had been ground for the supposition that the bank might continue in business, would not be sufficient, there is nothing for such a belief to rest on here. As a matter of pleading, the averment was that the bank wrongfully neglected to make the disclosure; as a matter of fact, the condition of the bank was so hopeless that it was its duty to make it. The omission to specifically state in the pleading the degree of insolvency which rendered the bank's conduct fraudulent, was not fatal, as the conclusion asserted showed the intention of the pleader, and the particular contention could fairly be tested on the hearing.

The decree is reversed, and the cause remanded, with directions to enter a decree in favor of the complainant according to the prayer of the bill and to take further proceedings in conformity with this opinion.

Mr. Justice Brewer was not a member of the court when this case was argued, and took no part in its decision.

NATIONAL BANK—LIQUIDATION.

SUPREME COURT OF MINNESOTA.

Merchants' National Bank of Minneapolis v. *Gaslin.*

A resolution by vote of two-thirds of the shareholders of a National bank to go into liquidation and close, certified to the Comptroller of the Currency does not dissolve the corporation, nor affect its capacity to collect its assets and close its affairs.

The appointment by the shareholders of "trustees" to close the affairs of the bank, the title to its property not being vested in them, does not affect the right of the corporation to bring suit.

GILFILLAN, C. J.—It is generally conceded in the United States that at common law an action may be brought on a judgment, whether foreign or domestic. The right to bring such an action is recognized by the statute in this State. Section 6, c. 67, Gen. St., in order to prevent such actions being brought vexatiously, provides that "costs cannot be allowed in an action on a judgment of a court of this State between the same parties unless such action was brought with previous leave of the court for cause shown." The fact that the stockholders, by the vote of the requisite two-thirds, resolved that the bank go into liquidation and be closed, and that notice thereof was sent to the Comptroller of the Currency, did not dissolve the corporation, and, while it probably disabled it to go on with the banking business, it did not affect its capacity to collect its assets and settle its affairs; and the appointment by the shareholders of what they call "trustees," to close up the affairs of the bank, the title to its assets and choses in action not being vested in them, and they being, therefore, only agents, did not affect the right of the corporation to maintain actions upon its choses in action. Judgment affirmed.

CERTIFIED CHECK.

COURT OF APPEALS OF NEW YORK, SECOND DIVISION.

Goshen Nat. Bank v. *Bingham, et al.**

Where a certified check, which was obtained by fraud from a bank, is cashed in good faith by a firm, and the payee, by mistake on both his part and that of the firm, fails to indorse it, the firm holds subject to all original defenses, and the bank is not liable; nor does a subsequent indorsement by the payee, made after the firm received notice of the fraud, entitle the firm to recover.

The bank is not estopped to deny liability on the check from the fact that it was certified.

The bank cannot maintain replevin to recover possession of the check.

On November 27, 1884, Benjamin D. Brown applied to the cashier of the Goshen National Bank, at Goshen, N. Y., to cash a sight draft for $17,000, drawn by him upon the firm of William Bingham & Co., of New York, accompanied by a quantity of the bonds of the West Point Manufacturing Company, of the face value of $17,000. Brown represented that he had negotiated a sale of these bonds at their face value with William Bingham & Co.; that they had directed him to draw upon them at sight for $17,000, the draft to be accompanied by the bonds, and that the draft would be paid upon presentation. Such representations were absolutely false. The bonds had no market value. Brown was a bankrupt, and had no funds in the bank, except such as resulted from the credit given him upon the faith of the draft on Bingham & Co., accompanied by the bonds. The cashier of the Goshen National Bank, relying upon such representations, cashed the draft of $17,000, and placed the proceeds to the credit of Brown, upon the books of the bank. He gave Brown sight drafts on New York for $12,000, and certified a check drawn by Brown to his own order, dated November 26, 1884, for $5,000. On the morning of November 28th, Brown called at the office of William Bingham & Co., and stated that he wanted to get some currency. Mr. Bingham passed the check to the firm's cashier, directing him to give Brown currency for the amount. The cashier gave him a check drawn on the Corn Exchange Bank for $5,000. Brown had the check cashed at the Corn Exchange Bank. He also had the New York drafts cashed, amounting to $12,000, which he had obtained from the Goshen National Bank. After procuring the checks and drafts to be cashed, he fled to Canada, where he remained at the time of the trial of these actions. When Bingham & Co. took from Brown the check certified by the Goshen National Bank, it was not indorsed. The referee found that, "at the time of the transfer of the said certified check by Brown to the plaintiffs, it was intended both by Brown and the plaintiffs that said certified check should be indorsed by Brown and it was supposed by both parties that he had so indorsed it; and, if the plaintiffs had known that it was not indorsed, they would not have paid the consideration therefor." He further found "that Brown made no statement to the defendants, or either of them, at the time of the transfer of the check, . . . that such check was indorsed"; and, "prior to the commencement of the action of replevin, the defendants never requested Brown to indorse said check." While Bingham & Co. held the check in question unindorsed, a demand for its return to the bank, accompanied by a full explanation of the circumstances under

* Affirming 44 Hun. 622, *Mem.*

which the certification was obtained, was made upon Bingham & Co. in behalf of the bank; and, upon their refusal to return it, an action to recover its possession was commenced by the bank against Bingham & Co. That action is firstly above entitled. Subsequently, and on December 16th, Bingham & Co. obtained from Brown a power of attorney to indorse the check. Pursuant thereto, the check was indorsed, and payment thereafter demanded of the bank. This was refused, and thereupon the action secondly above entitled was commenced by Bingham & Co. to recover the amount of the check.

PARKER, J. (*after stating the facts as above*)—As against Brown, to whose order the check was payable, the bank had a good defense. But it could not defeat a recovery by a *bona fide* holder, to whom the check had been indorsed for value. By an oversight on the part of both Brown and Bingham & Co., the check was accepted and cashed without the indorsement of the payee. Before the authority to indorse the name of the payee upon the check was procured, and its subsequent indorsement thereon, Bingham & Co. had notice of the fraud, which constituted a defense for the bank as against Brown. Can the recovery had be sustained? It is too well settled by authority, both in England and in this country, to permit of questioning, that the purchaser of a draft or check who obtains title without an indorsement by the payee, holds it subject to all equities and defenses existing between the original parties, even though he has paid full consideration, without notice of the existence of such equities and defenses. (*Harrop* v. *Fisher*, 30 Law J. C. P. 283; *Whistler* v. *Forster*, 14 C. B. (N. S.) 248; *Savage* v. *King*, 17 Me. 301; *Clark* v. *Callison*, 7 Ill. App. 263; *Haskell* v. *Mitchell*, 53 Me. 468; *Clark* v. *Whitaker*, 50 N. H. 474; *Calder* v. *Billington*, 15 Me. 398; *Bank* v. *Taylor*, 100 Mass. 18; *Gilbert* v. *Sharp*, 2 Lans. 412; *Hedges* v. *Sealy*, 9 Barb. 214–218; *Bank* v. *Raymond*, 3 Wend. 69; *Raynor* v. *Hoagland*, 39 N. Y. Super. Ct. 11; *Muller* v. *Pondir*, 55 N. Y. 325; *Freund* v. *Bank*, 76 N. Y. 352; *Trust Co.* v. *Bank*, 101 U. S. 68; *Osgood* v. *Artt*, 17 Fed. Rep. 575.) The reasoning on which this doctrine is founded may be briefly stated as follows: The general rule is that no one can transfer a better title than he possesses. An exception arises out of the rule of the law merchant as to negotiable instruments. It is founded on the commercial policy of sustaining the credit of commercial paper. Being treated as currency in commercial transactions, such instruments are subject to the same rule as money. If transferred by indorsement, for value, in good faith and before maturity, they become available in the hands of the holder, notwithstanding the existence of equities and defenses which would have rendered them unavailable in the hands of a prior holder. This rule is only applicable to negotiable instruments which are negotiable according to the law merchant. When, as in this case, such an instrument is transferred, but without an indorsement, it is treated as a chose in action assigned to the purchaser. The assignee acquires all the title of the assignor, and may maintain an action thereon in his own name; and, like other choses in action, it is subject to all the equities and defenses existing in favor of the maker or acceptor against the previous holder. Prior to the indorsement of this check, therefore, Bingham & Co. were subject to the defense existing in favor of the bank as against Brown and the payee. Evidence of an intention on the part of the transferee to indorse does not aid the plaintiff. It is the act of indorsement, not the intention, which negotiates the instrument; and it cannot be said that the intent constitutes the act.

The effect of the indorsement made after notice to Bingham & Co. of the bank's defense must now be considered. Did it relate back to the time of the transfer, so as to constitute the plaintiffs holders by indorse-

ment as of that time? While the referee finds that it was intended both by Brown and the plaintiffs that the check should be indorsed, and it was supposed that he had so indorsed it, he also finds that Brown made no statement to the effect that the check was indorsed; neither did the defendants request Brown to indorse it. There was, therefore, no agreement to indorse. Nothing whatever was said upon the subject. Before Brown did agree to indorse, the plaintiffs had notice of the bank's defense. Indeed, it had commenced an action to recover possession of the check. It would seem, therefore, that, having taking title by assignment—for such was the legal effect of the transaction, by reason of which the defense of the bank against Brown became effectual as a defense against a recovery on the check in the hands of the plaintiffs as well—Brown and Bingham & Co. could not by any subsequent agreement or act so change the legal character of the transfer as to affect the equities and rights which had accrued to the bank; that the subsequent act of indorsement could not relate back so as to destroy the intervening rights and remedies of a third party. This position is supported by authority. *Harrop* v. *Fisher*, *Whistler* v. *Forster*, *Savage* v. *King*, *Haskell* v. *Mitchell*, *Clark* v. *Whitaker*, *Clark* v. *Callison*, *Bank* v. *Taylor*, *Gilbert* v. *Sharp*, cited *supra*. *Watkins* v. *Maule*, 2 Jac. & W. 243, and *Hughes* v. *Nelson*, 29 N. J. Eq. 547, are cited by the plaintiff in opposition to the view we have expressed. In *Watkins* v. *Maule* the holder of a note, obtained without indorsement, collected it from the makers. Subsequently the makers complained that the note was only given as a guaranty to the payee, who had become bankrupt. Thereupon the holder refunded the money and took up the note, upon the express agreement that the makers would pay any amount which the holders should fail to make out of the bankrupt payee's property. The makers were held liable for the deficiency. *Hughes* v. *Nelson* did not involve the precise question here presented. The views expressed, however, are in conflict with some of the cases cited; but we regard it, in such respect, as against the weight of authority. *Freund* v. *Bank*, *supra*, does not aid the plaintiff. In that case it was held that the certification by the bank of a check in the hands of a holder who had purchased it for value from the payee, but which had not been indorsed by him, rendered the bank liable to such holder for the amount thereof. By accepting the check the bank took, as it had the right to do, the risk of the title which the holder claimed to have acquired from the payee. In such case the bank enters into contract with the holder, by which it accepts the check and promises to pay it to the holder, notwithstanding it lacks the indorsement provided for; and it was accordingly held that it was liable upon such acceptance, upon the same principles that control the liabilities of other acceptors of commercial paper. (*Lynch* v. *Bank*, 107 N. Y. 183, 13 N. E. Rep. 775.)

But one question remains. The learned referee held, and in that respect he was sustained by the general term, that the bank, by its certification, represented to every one that Brown had on deposit with it $5,000; that such amount had been set apart for the satisfaction of the check, and that it should be so applied whenever the check should be presented for payment; and that Bingham & Co. having acted upon the faith of these representations, and having parted with $5,000 on the strength thereof, the bank is estopped from asserting its defense. The referee omitted an important feature of the contract of certification. The bank did certify that it had the money, would retain it, and apply it in payment, provided the check should be indorsed by the payee. (*Lynch* v. *Bank*, *supra*.) If the check had been transferred to plaintiffs by indorsement, the defendant would have had no defense, not because of the doctrine of

estoppel, but upon principles especially applicable to negotiable instruments. (*Bank* v. *Railroad Co.*, 13 N. Y. 638.) If the maker or acceptor could ever be held to be estopped by reason of representations contained in a negotiable instrument, he certainly could not be in the absence of a compliance with the provisions upon which he had represented that his liability should depend. But it is well settled that the maker or acceptor of a negotiable instrument is not estopped from contesting its validity because of representations contained in the instrument. In such cases an estoppel can only be founded upon some separate and distinct writing or statement. (*Clark* v. *Sisson*, 22 N. Y. 312; *Bush* v. *Lathrop*, *Id.* 535; *Moore* v. *Bank*, 55 N. Y. 41; *Fairbanks* v. *Sargent*, 104 N. Y. 108, 9 N. E. Rep. 870; *Bank* v. *Railroad Co.*, *supra*.)

The views expressed especially relate to the action of Bingham & Co. against the bank, and call for a reversal of the judgment. We are of the opinion that the action brought by the bank against Bingham & Co. to recover possession of the check cannot be maintained, and in that case the judgment should be affirmed. All concur, except Haight, J., not sitting.

LEGAL MISCELLANY.

BANKS AND BANKING—DEPOSITARIES.—A bank duly selected as the depositary of money collected by way of taxes to satisfy county bonds issued in aid of a railroad company, cannot be held responsible for money which it pays out by order of the committee having charge of the fund, on the ground that an excess of bonds had been issued, in the absence of fraud or collusion between it and the committee in an appropriation of the fund to a purpose known to be unauthorized. [*Deposit Bank of Owensboro* v. *Daviess County Court*, Ky.]

CORPORATIONS—STOCKHOLDERS.—A stockholder cannot, in his own name as such, sue to recover property belonging to the corporation, or to recover damages for injuries done to it, or to his own rights as an individual, growing out of the corporation, settled unless the complaint alleges plainly, and with particularity, that he has demanded and required of the officers of the corporation that they should sue or take proper action to correct the grievances complained of, and that they have refused to do so. [*Moore* v. *Silver Valley Min. Co.*, N. C.]

NEGOTIABLE INSTRUMENTS—INDORSEMENT.—One who has indorsed a certificate of deposit, in good faith, for the identification and accommodation of the payee, which certificate is then negotiated, is entitled, on making payment after protest, to be subrogated to all the rights of the holder against the drawer and prior indorsers, though, at the time of making payment, he knew that the certificate had been fraudulently obtained. [*Beckwith* v. *Webber*, Mich.]

NOTARY PUBLIC.—Whether the authority of notaries public to administer oaths be of statutory origin, or founded on customary law, it is now universal, and should be judicialiy recognized as one of their general powers, and affidavits, authenticated by the official seals of notaries of other States, placed on the same footing as their authentications of commercial documents. [*Wood* v. *St. Paul City Ry. Co.*, Minn.]

USURY.—To charge one with usury he must know of and be a party to the intent to violate the law against usury. [*Jackson* v. *Travis*, Minn.]

NEGOTIABLE INSTRUMENT—ATTORNEY FEES.—Under Civil Code Cal., § 3,088, which provides that "a negotiable instrument must be made payable in money only, and without any condition not certain of fulfillment," a promissory note containing a provision for 5 per cent. attorney's fees on the accrued principal and interest, in case suit should be brought for its enforcement, is not negotiable. [*Adams* v. *Seaman*, Cal.]

SET-OFF—PROMISSORY NOTES.—A note that has been transferred by the payee cannot be set off, in an action against him by the maker, though suit has been brought on the indorsement. [*Jenkins* v. *Neal*, Ark.]

CONTRACT—COMPUTATION OF TIME.—In computing the time of a contract which provides for the conditional payment of a sum of money "at any time within five years," and, if the condition does not happen "within five years from this date," then payment is to be made absolutely, the day on which the contract was executed must be excluded. [*Shelton* v. *Gillett*, Mich.]

NEGOTIABLE INSTRUMENTS—INDORSEMENTS.—The holder of a note indorsed in blank, who held it merely for the benefit of his indorser, to be transferred at the latter's request, refused to indorse it so as to become liable thereon, but was induced to do so by the representation of the transferee that it was necessary to pass title: *Held*, that if the transferee knew that this was false, and that the holder had no interest in the note, the indorsement was obtained by fraud, and was without consideration. [*Shaw* v. *Stein*, Mich.]

NEGOTIABLE INSTRUMENTS—INDORSERS.—Where a note is indorsed before delivery by persons who are not the payees, the contract of the maker and indorser is in form joint, and an action cannot be maintained against the indorsers alone, and a discontinuance as to the maker operates as a discontinuance to all. [*J. A. Fay & Co.* v. *Jenks*, Mich.]

TAXATION—CUSTOM.—In an action to restrain collection of taxes on national bank shares, as being higher than those on other moneyed capital, a custom to assess property at 50 per cent. of its value is not established by evidence of the assessment of a few parties at that rate. [*Engelke* v. *Schlender*, Tex.]

BANKS AND BANKING—CERTIFICATE OF DEPOSIT.—A certificate of deposit signed by the cashier of defendant's bank, certifying that a certain person had deposited therein a named sum payable to her own order on return of the certificate properly indorsed, is evidence of a deposit within the meaning of Acts Gen. Assem. Iowa, ch. 153, and not of a loan. [*State* v. *Caldwell*, Iowa.]

BANKS—FORGED DRAFTS.—After a bank-draft which had been paid to one who held it under a forged indorsement was returned to the drawer, the latter re-delivered it to the payee, who demanded payment, which was refused, whereupon the drawer paid the draft after protest: *Held*, that the drawer had a right of action against the drawee for its refusal of payment. [*Citizens' Nat. Bank* v. *Importers, etc., Nat. Bank*, N. Y.]

BANKRUPT LAW—EXEMPTIONS.—Property set apart as exempt under the bankrupt law (Rev. St. U. S. § 5,045), by the assignee in bankruptcy,

is, so long as the bankrupt remains entitled to the exemption under the State law, no more subject to levy and sale than if set apart by the proper ordinary under the State law. [*Dozier* v. *Wilson*, Ga.]

CORPORATIONS—OFFICERS.—Under laws N. Y. 1875, ch. 611, § 21, directors certifying that the capital stock is all paid in full are so liable where the payment is in land at much more than its fair value, and it is not necessary that they should have known its falsity. [*Huntington* v. *Attrill*, N. Y.]

CORPORATIONS—STOCK.—A subscriber for shares of the capital stock of a corporation, who has received a transferable certificate showing his payment of all installments due on his shares, as well as his agreement to pay for installments not yet due, is the owner of the shares, subject to the unpaid installments; and, as the certificate gives him complete possession of the shares, the corporation has no seller's lien therein. [*Lankershim Ranch Land & Water Co.* v. *Herberger*, Cal.]

NEGOTIABLE INSTRUMENT—TIME OF PAYMENT.—A note "payable at convenience, and upon this express condition, that I am to be the sole judge of such convenience and time of payment"—does not contemplate that the money shall become due only at the pleasure of the maker, without regard to lapse of time or the rights of the payee, but that maker is to have a reasonable time, to be determined by himself, in which to pay the note. [*Smithers* v. *Junker*, U. S. C. C., Ill.]

NEGOTIABLE INSTRUMENTS—INDORSEMENT.—Where a negotiable promissory note is transferred, before due, as collateral security for a loan then made, and received by the indorsee without notice of any defense existing against it in the hands of the indorser, he is entitled to be treated as a *bona fide* holder, and protected at least to the extent of the loan. [*Helmer* v. *Commercial Bank*, Neb.]

NEGOTIABLE INSTRUMENTS.—An instrument reading as follows: "Chicago, March 5th, 1887. On July 1st, 1887, we promise to pay D. or order, the sum of three hundred dollars, for the privilege of one framed advertising sign" in one end of a certain number of the street cars of the North Chicago City Railway Co., for a term of three months from May 15th, 1887—is a negotiable promissory note. [*Siegel* v. *Chicago, etc., Bank*, Ill.]

PRINCIPAL AND SURETY—RELEASE.—The giving and accepting of a promissory note for a prior debt will not be regarded as a payment thereof, unless there be an agreement of the parties to that effect. [*Bank of Monroe* v. *Gifford*, Iowa.]

TRUSTEE—BROKERS.—In the absence of any specific agreement therefor, a broker who procures for a trustee a loan for the benefit of the trust estate has no lien on such estate for his commission, his remedy being against the trustee personally. [*Johnson* v. *Lehman*, Ill.]

CORRESPONDENCE.

To the Editor of the BANKER'S MAGAZINE:

WHY?

Why cannot the magazine give an article showing a natural (good) reason why National banks should issue notes not bearing interest for currency?

I do not want to lead you; I will, however, ask you if you do not see that the whole trouble of the bank question centers in the currency.

Why (?) not let the bank let that question alone. Banks are "all right" with capital and deposits, and have no more and no other interest in the "currency" question than the general public have in the same.

Take from any and all promises to pay the legal tender quality, and take from all banks the power to issue paper promises to be used as money, and —and—what is left on the "currency question." Why not?

Ashtabula, Ohio A. T. HUBBARD.

THE SILVER QUESTION.

In regard to the vexed question—How to fix the ratio between gold and silver—I wish to say that, in the logical order, we should first have a demonstration of the affirmative side of the question: Is it necessary to fix the ratio?

I cannot assent to the proposition that it is a necessity. Mr. Gilbart, of the London and Westminster Bank, in his work on Banking, points out that to increase the facilities of Exchange has the same effect upon trade as increased facilities of transportation.

The progress from barter as the primitive system of trade to rough metal as a medium of exchange, then to weighing the metal, then to a test of its fineness also, then to the temples of Delphi, the scheme of Xenophon, the Roman banks, the Lombards, the Bank of Venice and the Bank of Amsterdam, the goldsmiths of London, the Bank of England, the Clearing House, the joint stock banks, the bank notes, the bills of exchange, the government and the railroad bonds (not forgetting the system worked at the old annual fair of Lyons), the telegraph, post, cable—all would seem to point to improved facilities of exchange in the direction of an international Clearing House, and a central note issue department, under Government, with a reserve of precious metal, against sudden pressure. You know that a banker keeps just as little cash as his experience tells him will enable him to meet daily demands at the counter. Such, it seems, ought to be even a safer principle of Government action in regard to the amount of specie necessary to meet daily demands.

The Silver bill of Secretary Windom is really a timid step in this direction.

The English Act of 1844 required gold payments. This was the wise (?) provision to meet a crisis; yet, as Mr. Gilbart points out, at every subsequent crisis which occurred the Act has been suspended, as the only means

by which terrible disaster could be averted. This, and the injurious effects produced by the fluctuations in bank rate, on account of the import or export of a large quantity of coin, would seem to call for the reforms above briefly mentioned. MICHAEL CORCORAN.

Lincoln, Neb.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

CERTIFICATE OF DEPOSIT.

Please give me your opinion of the following certificate of deposit and mention such corrections in wording as you may think advisable:

BANK OF CHICAGO. No. 3333

CHICAGO, Jan. 1st, '90. $1,000.

This is to certify that Jno. Smith, Esq., has deposited in this bank one thousand dollars, payable to his order, in current fund, on return of this certificate properly indorsed, with interest at three per cent. per annum if left three months, and no interest after that time. JNO. JONES, Cashier.

REPLY.—The above form is well expressed. We suppose that the writer intended to add s to the word fund. We think that in filling a certificate up all titles to names should be omitted, unless such additions are needed for distinguishing the depositors. We append a form used by a bank which is very painstaking in such matters:

CERTIFICATE OF DEPOSIT. COUNTERSIGNED.

THIRTIETH NAT'L BANK.

No. PHILADELPHIA, 189

.....Dollars

have been deposited in this Bank by.....

payable to the order of.....upon return of this Certificate properly indorsed.

.....Cashier.

Sterling exchange has ranged during April at from 4.86½ @ 4.88 for bankers' sight, and 4.84 @ 4.85¾ for 60 days. Paris—Francs, 5.17½ @ 5.15⅝ for sight, and 5.20 @ 5.18⅞ for 60 days. The closing rates for the month were as follows: Bankers' sterling, 60 days, 4.84½ @ 4.85; bankers' sterling, sight, 4.86½ @ 4.87; cable transfers, 4.86¾ @ 4.87¼. Paris—Bankers', 60 days, 5.18¾ @ 5.18⅜; sight, 5.16⅞ @ 5.16¼. Antwerp—Commercial, 60 days, 5.21¼ @ 5.20⅝. Reichmarks (4)—bankers', 60 days, 95⅛ @ 95¼; sight, 95⅜ @ 95¾. Guilders—bankers', 60 days, 40 3-16 @ 40¼; sight, 40⅜ @ 40 7-16.

BOOK NOTICES.

National Bank Cases, containing all Decisions of the United States Supreme Court, and Decisions of the State Courts relating to National Banks from 1881 to 1889, with Notes and References. By IRVING BROWNE. San Francisco: Bancroft-Whitney Company. 1889.

We have already noticed this volume of cases, which are of great value to bankers, especially to those who conduct the National banking associations. But their value is not confined to this class, nor to their legal counsel. They contain numerous points of banking law of a general nature. The first volume included the National bank cases from 1864 to 1878, and the second volume covers a period of three years, so that the three volumes cover the entire field to the present time. They ought to find a place speedily in every bank, and especially those which are living under the National law.

The Laws of the State of New York relating to Banks, Banking and Trust Companies, and Companies receiving money on deposit, also the National Bank Act and cognate United States Statutes, with Annotations. By WILLIS S. PAINE, LL. D. New York and Albany: Banks & Brothers, Law Publishers. 1889.

The volume before us is a copy of the third edition of a work which first appeared in 1885. This statement contains the proof that the work is a useful one, and this is one of the best things that can be said of a book of this character. The sale of a technical book is the proof of its utility; and when it continues to sell for several years after its publication this is the seal of its worth. Having become president of a trust company in New York city, the author will now have occasion to apply those principles which he has so lucidly set forth in this work, and which, as Superintendent of Banking of the State of New York, he sought to make others observe. Surely the preparation of a work like this is an admirable theoretical preparation for the work of practical banking. May his new enterprise have a success corresponding with that of his book.

The Contemporary Review, April, 1890. The Nineteenth Century, April, 1890. The Fortnightly Review, 1890. New York: Leonard Scott Publication Company.

These publications, with the *Westminster Review*, the *Edinburgh* and *Quarterly Reviews*, which are also published by the same company are all always filled with fresh and instructive articles by the most thoughtful writers of the day. The four monthlies are perhaps more aggressive than the quarterlies, but the latter admirably supplement the others, and are more scholarly and judicial in their utterances. Indeed, in this busy age of the daily newspaper, the short and half-written editorial and the shorter glancing paragraph, it is most restful to turn to the quarterlies and read some-

thing that has evidently been prepared with great care and without taking note of time. No person who has a taste for reading at all, and who is desirous of knowing the best thought of our time, should fail to read carefully these sterling publications.

Political Science Quarterly. March, 1890.

Among other articles the following may be noted: Alexander Hamilton, by Prof. Morse, of Amherst College; The General Property Tax, by Prof. Seligman, of Columbia College; and a review of Wells' Recent Economic Changes, by Prof. Patten, of the University of Pennsylvania.

The Quarterly Journal of Economics. April, 1890.

Protection and Protectionists, by Pres. Walker; Ricardo and his Critics, by Mr. Gonner; and The Silver Situation in the United States, are the articles which fill the larger portion of the number.

Journal des Economistes. Mars, 1890.

The most noteworthy article for American readers is by M. G. Schelle, on La Propriete Fonciere dans l'Etat de New York.

Federal Constitution of the Swiss Confederation. D. C. Heath & Co. Boston.

La Grande Grève. Par ARMAND JULIN. Bruxelles, 1890.

Third Annual Report of the Interstate Commerce Commission. Washington.

Thirty-third Annual Report of the Condition of the Savings Banks, Trust Companies and Loan and Building Associations of the State of Maine. 1889. Augusta.

Annual Report of the Board of Commissioners of Savings Banks of Massachusetts. 1889.

Troisième Rapport Annuel du Comité Directeur de la Fédération ouvrière Suisse et du Secrétariat ouvrier Suisse pour l'année 1889.

Dritter Jahres-Bericht des Leitenden Ausschusses des Schweizerischen Arbeiterbundes und des Schweizerischen Arbeitersekretariats fur das Jahr 1889.

BANKING AND FINANCIAL ITEMS.

BANK OFFICERS.—A work will be issued during the month on Bank Officers, their Authority, Duty and Liability, by the Editor of the BANKER'S MAGAZINE. This work, and those on Banks and their Depositors, and the National Bank Act, are intended to cover the most important parts of the field of banking law. The law relating to all bank officers is given, including the law concerning directors and the trustees and other officers of savings banks.

CHICAGO.—Some interesting statistics regarding the wealth accumulated by individuals have recently been compiled by a Chicago newspaper. According to these figures there are over 200 persons in Chicago who are worth each a million dollars or more. The average of their possessions is put at over two million dollars. The list of names is stated to have been submitted to leading bankers of that city and carefully examined by them in order to get as accurate an estimate as possible. The claim is made that the figures given are conservative and that a number of reputed millionaires have been left out. With very few exceptions these colossal fortunes have been piled up in Chicago itself, and in almost every instance within two decades. The great fire of 1871 apparently ruined many of the Chicago business men who now rank among millionaires. This is a wonderful record for a young city, and goes very far toward proving the correctness of the claims made that Chicago has special advantages for the transaction of most branches of business. The names given in the list are representative of almost every trade and profession. Not many are people of leisure, living on inherited means or having retired to enjoy the fruits of their labors, but nearly every person mentioned is still actively engaged in business. The list is headed by Marshall Field, the great dry goods merchant, and Philip D. Armour, the well-known provision packer, each of whom is credited with $25,000,000. George M. Pullman comes next with $15,000,000, and Potter Palmer follows with $10,000,000.

LONG ISLAND.—Several of the officers of the Long Island City Savings Bank have resigned, owing to the refusal of Cashier and Secretary J. Harvey Smedley to permit an examination of his books and accounts. At a meeting of the Board of Directors a resolution was offered that a special committee, to include the officers of the bank, be appointed to make an examination of its affairs. One member objected to the resolution on the ground that, as it really called for an investigation of the officers, they should not be included in the committee, and offered an amendment that the matter be referred. "Another thing that was not right," he claimed, "was that the examining committee, at their last investigation, did not count the cash on hand, merely taking the cashier's word for it."

SUBSIDIARY SILVER.—The House Committee on Coinage, Weights and Measures have reported a bill for the recoinage of the subsidiary silver coins of the United States which are abraded, worn, mutilated, defaced or otherwise unfit for circulation, or are of denominations for which there is no current demand, to be recoined into such denominations as may be required to meet the demand therefor. It provides that the loss incident to the recoinage shall be paid from the silver profit fund. It is further provided that silver coins of less denominations than one dollar shall hereafter be a legal tender in sums not exceeding twenty dollars in all payments of public and private debts, and when held by any National bank may be counted as a part of its lawful reserve.

MANHATTAN, KANSAS.—E. B. Purcell, proprietor of the Manhattan Bank, has made an assignment. The liabilities are $600,000 and the assets not half that sum. Mr. Purcell was a heavy holder of stock in the Santa Fe Road. The rapid depreciation of his holdings in that line undoubtedly hastened his downfall. He had

5,200 shares in the British Land and Mortgage Company. These were hypothecated for $20,000, and the assignment came when he was called upon to pay this loan on short notice, with penalty of foreclosure. Coming on the heels of three other failures in Central Kansas, the total losses being $1,500,000 or more, it has caused widespread distrust. Banks, it is reported, are receiving many inquiries from Eastern correspondents, and loan companies have tightened their screws. In all cases loans on Western lands which were made during the boom period and which have depreciated in value have been the prime causes of the failure.

CINCINNATI.—Emile Kahn, for himself and other shareholders of the Metropolitan Bank, has sued the Directors of the Metropolitan Bank, for the recovery of the amount of the loss sustained by the bank by reason of their misconduct and negligence, and wrongful acts in making unsafe and forbidden loans. The suit is much like the one brought in the U. S. Court against the Fidelity Directors, which is about to be compromised by payment of $450,000. The defendants in this suit are A. C. Barney, Chas. E. Bonte, Chas. M. Holloway, George Gerke, George K. Duckworth, John R. De Camp, Wm. Means, Edward W. Roth and John V. Lewis. The loans made by the bank of which complaint is made were to Means, Duckworth and Gerke, in a sum exceeding $100,000 each, or one-tenth of the bank's capital stock, and to Ambrose White, Gilmore & Co., The Sherlock Transportation Company, Steamboat Excursion Company, Guiding Star Transportation Company, Ætna Telephone Company, European Investment Company, Theo. F. Spear, F. M. Riegel, J. D. Hegler, Brent Arnold, John R. De Camp, Chas. W. Edwards, Warren Higley and Wm. Means, as trustees.—*Commercial Gazette.*

RECEIVER ARMSTRONG, of the Fidelity National Bank, has filed a suit in the U. S. Court against Joseph W. Wilshire for the recovery of $84,900. The claim is based on notes and the defendant's liability to the amount of $50,000 as a holder of Fidelity Bank stock.

THE *Boston Commercial Bulletin* has fallen into line in the march of progress in newspaper publishing, and changed its form from folio to quarto. The present age demands a sheet that can be more easily and speedily handled, and the new form which our contemporary has adopted, will, we think, be hailed as a great improvement by its many readers, aside from the fact that it affords the *Commercial Bulletin* nearly two columns more additional space.

WORCESTER, MASS.—A sensation has been caused by the absconding of Frederick Kimball, teller of the People's Savings Bank, with about $40,000 of the bank's funds. Kimball is about thirty-six years old. He has a wife and two children. He was a member of All Saints' Episcopal Church, and of the Quinsigamond Boat Club. He was at one time treasurer of the latter organization. He had a salary of $1,800 at the bank, and his wife had an income of about as much more.

TAMPA, FLORIDA.—On the first of November, 1883, Tampa's first bank was established as a branch of the bank of Ambler, Marvin & Stockton, Jacksonville. This latter institution is now the National Bank of the State of Florida, and on the 21st of April, 1886, the Tampa branch was organized as the First National Bank of Tampa, with a cash capital stock of $50,000, and with an authorized capital of $250,000. It is justly gratifying to the managers of this institution, and should be a matter of pride to Tampa, that the report of the Comptroller of the Currency of the United States for 1889, issued in December, shows that the First National Bank of Tampa stands third in the list of National banks in Florida, the first being the National Bank of the State of Florida, Jacksonville, and the National Bank of Jacksonville rating second. The line of deposits of the First National of Tampa is now $350,000, with a surplus of $12,000, and with undivided profits amounting to $5,000.

NEW YORK CITY.—The Directors of the Equitable Bank, which acquired such undesirable notoriety owing to the part it played in the recent bank-wrecking scandals, have closed its doors. One of the directors claims that of late the bank had been losing money. The deposits had dropped down to a figure where there

is very little profit for the concern. The depositors have been notified to withdraw their money, and then the surplus, if any, will be divided pro rata among the stockholders.

SAVINGS BANK LEGISLATION.—A bill has been favorably reported in the New York Assembly enlarging the scope of savings banks' investments, so that they may include the bonds of cities outside the State, amended so as to provide that the debt of such cities shall not be more than 7 per cent. of their assessed valuation, instead of the 10 per cent. fixed by the original bill. The Banking Committee of the Massachusetts Legislature has decided on the recommitted bill to allow savings banks to invest favorably in all bonds issued by the cities now within the legal limit of five per cent. indebtedness, to report favorably on the amendment to allow the investment in bonds issued for municipal purposes, as the law is at present, and to extend the right to invest to refunding bonds issued by said cities to take up at maturity bonds issued for other than municipal purposes. In its new drift, the bill will undoubtedly pass. The movement to either compel foreign banking, mortgage, loan investment and trust companies to either conform to the Massachusetts laws regulating such companies or to in some manner indicate clearly the distinction between them and such companies organized in Massachusetts, has taken form in a bill submitted to the Mercantile Affairs Committee providing that all such corporations must put after the name of the company in all signs, letters, advertisements, notices, etc., the name of the place in which they are incorporated. This will let Massachusetts investors know that companies bearing Massachusetts names and having Massachusetts officers, and which are generally supposed to be Massachusetts corporations organized in conformity with our strict laws, are really organized under the loose laws of Maine, New Hampshire or other foreign States. The committee are favorably disposed towards the bill and favorable consideration is expected in the Legislature.

EDWARD A. REID, one of the oldest men in the banking circles of New York City, died last month. He was born in the town of Amsterdam, Montgomery County, but lived in New York City for fifty years. At the age of nineteen he went into the dry-goods business, entering the house of John H. Dingham, as a clerk, in 1840. He continued there for seven years, and then went into the office of Greenway, Henry Smith & Co., which he left to become assistant cashier in the Manhattan Bank, where he remained until his death. He was one of the veterans of the service. J. T. Baldwin is the only survivor of the original staff of the bank as it was constituted about forty years ago. Mr. Reid for twenty-three years was a trustee of the Harlem Savings Bank, and in 1870 was elected vice-president. He was popular with the other members of the board, and was a conscientious and faithful official.

PROVIDENCE, R. I.—The Comptroller of the Currency has appointed Daniel Day, of Providence, R. I., to be Bank Examiner for the States of Rhode Island and Connecticut, *vice* Michael F. Dooley, resigned, and George W. Holman, of Rochester, Ind., to be Examiner for Indiana, *vice* Samuel H. Taylor, resigned.

KANSAS CITY.—Judge Botkin has rendered a decision in Seward County, Kansas, involving the validity of a mortgage made by a homestead entry man before the final receipt was issued by the Government. The Judge holds that such a mortgage is valid. On his decision the Judge says: "Has defendant, Etzold, proved facts sufficient to constitute a defense on his part to the mortgage sued on? This is a serious question in view of the recent widespread uneasiness among the holders of Western Kansas mortgages, growing out of the report, whether true or false, that a large majority of such securities are null and void as having been given contrary to the law." Then, after a discussion of the points involved, he continues: "We must conclude, then, that a mortgage executed by a homesteader upon his claim before final proof is not void, and that any title acquired by him under the Homestead Law 'feeds the mortgage' and inures to the benefit of the mortgage." This decision was rendered in the district in which the attack on this class of mortgages was confined.

NEW YORK CITY.—The Hamilton Bank has issued an attractive pamphlet of forty-two pages, giving an account of the duel between Aaron Burr and Alexander

Hamilton at Weehawken in 1804. It comprises the correspondence between Burr and Hamilton and between the seconds, with a contemporaneous newspaper account of the duel, Hamilton's will, and the paper written by Hamilton before the encounter explaining what he called his "conduct, motives and views." The compiler, Mr. Irving C. Gaylord, has supplied the notes and other explanations necessary to make a connected story, Knowledge on the subject of this duel is so vague that Mr. Gaylord has done the public a service.

NEWARK, N. J.—The Newark Banking Co. has been fleeced out of $900 in a peculiar way. A well-known man presented a check for $200 to the cashier. In the corner of the check was marked $2,000. The cashier did not notice the amount written out on the face of the check, and consequently counted out $2,000, the amount called for by the figures in the corner. The mistake was discovered a few minutes later and the man who presented the check was sent for, but refused to return the $1,800 difference. He was threatened with arrest, but was immovable. Later in the day the man returned $900 to the bank by a friend.

SAN FRANCISCO.—The Nevada Bank has been reorganized. This step, doubtless wisely and well taken, once more places the Nevada Bank in the foremost rank of San Francisco's financial institutions. The new president is Mr. I. W. Hellman, of Los Angeles, a conservative, discreet financier of long standing and unquestioned ability. As its president he brings with him and adds to its prosperity the prestige of his own pre-eminent success. Mr. J. F. Bigelow, vice-president, so well, favorably and prominently known in business and financial circles, remains as vice-president.

JUNIUS SPENCER MORGAN, of the London banking house of J. S. Morgan & Co., died in Monte Carlo on the 10th of April. He was born in Holyoke, Mass. (then West Springfield), in 1813. When sixteen years of age he began what was to prove a long and honorable business career in the banking house of Alfred Welles, in Boston. Here he remained for five years, when he accepted a position with Morgan, Ketchum & Co., of New York City, a position, however, which he very soon relinquished to remove to Hartford, Conn., as junior partner in the firm of Howe, Mather & Co., afterward Mather, Morgan & Co. In 1851 he left Hartford and removed to Boston to form one of a new firm, James M. Beebe & Co., which soon became one of the largest dry-goods establishments in this country. In the interests of this business he went to England two years later, and in London made the acquaintance of the great philanthropist, George Peabody, and so impressed the famous banker that he was asked to become a member of that house. Upon Mr. Peabody's death his business was continued under the name of J. S. Morgan & Co. New York and Hartford alike are indebted to Mr. Morgan's generosity for substantial evidences of his constant good will. Trinity College, the Orphan Asylum, the Public Library of Hartford, are all indebted to him; and a fine "Sir Joshua Reynolds" in the Metropolitan Museum of Art in this city is a gift of his.

THE BRITISH NATIONAL DEBT was reduced $41,000,000 in 1889, and since 1887 $115,000,000.

NEW YORK CITY.—The Southern National Bank of New York has completed its preliminary organization in the directors' room of the Commercial National Bank. The Southern succeeds to the Commercial by a change of name on May 15. The capital stock is to be increased from $300,000 to $1,000,000; this amount has been fully subscribed, $500,000 thereof being subscribed in this city and $500,000 being southern capital transferred here. The officers so far named are W. W. Flannagan, president; James Kincannon, vice-president, and L. R. Bergeron, assistant cashier. The cashier to be selected will be a man of large New York banking experience. Mr. Flannagan is a Virginian by birth, and has been cashier of the Commercial National for years. For ten years previous he was cashier of the People's National Bank of Charlottesville, Va. Mr. Kincannon is a Tennesseean, but has resided in Mississippi almost his entire life, and for five years has been National Bank Examiner for Texas, Arizona and New Mexico. L. R. Bergeron is at present assistant cashier of the Galveston National Bank, was formerly with the City National Bank of Dallas, Texas, and has had a large banking experience, both in

New Orleans and St. Louis. The Commercial National is the successor of the old Marine Bank.

MICHIGAN.—On Thursday, May 1, the last of Michigan's bonded debt, amounting to $229,000, will mature and the bonds will be called in and paid from the sinking fund. The bonds issued for war purposes amounted to $2,555,400. About one-half were payable at the pleasure of the State, and were long since retired. The remaining half are payable May 1, 1890. Efforts have been made to retire all these and save the interest, but they commanded so high a premium that all could not be secured until maturity.

NEW YORK CITY.—The Fifth Avenue Bank of New York will soon remove to its newly completed bank building at Forty-fourth street and Fifth avenue, No. 530. The banking rooms are substantial and strictly fire-proof, and the architectural effects have been studied very successfully by the architect, R. W. Gibson. The main room is a finely proportioned room, nearly 100 feet long by 28 feet wide, with ceilings 21 feet. The floor is laid in Roman mosaic and the fittings are mahogany and brass. Half of the banking-room is devoted exclusively to the use of women, who form a large proportion of the customers of the bank. Everything has been studied to suit their convenience, including an attractive reception-room, furnished in white mahogany and upholstered in Louis XVI. silk of yellows and cool greens. A suitable room for men, furnished in oak and russet leather, is on the opposite side. The decorations and furniture are dignified and simple. One attraction to the new quarters of this bank is the safe deposit vault, which, after mature consideration, was put under the sidewalk in the basement, for the reason that experience in all great conflagrations has demonstrated that vaults so situated have been absolutely fire-proof. Every improvement, it is said, known to science has been availed of in its construction.

FREDERICK KUHNE, the well-known banker, died last month. He was born in Magdeburg, Germany, in 1824, and lived in Germany until 1851, when he went into partnership with Theodor Knauth and Jacob Nachod under the firm name of Knauth, Nachod & Kuhne, Leipzig and New York. He then came to this country to conduct the New York branch, at the head of which he remained until his death. He won many warm friends by the unselfish devotion with which he worked for every interest intrusted to his care, took an active part in works of benevolence and a deep interest in the political life of his native and of his adopted countries. Before the unification of Germany he represented fifteen of the smaller German States as Consul in New York, and received many decorations from the princes he had served, also the title of Commercial Counselor (Commerzien-Rath). He was a prominent member of the Union League Club, and twice served as Presidental Elector—in 1872 for Grant and in 1876 for Hayes. He was one of the founders of the German-American Bank, the Lincoln National Bank, the Lincoln Safe Deposit Company, and recently of the State Trust Company. At the time of his death he was a director of the last three institutions, also vice-president of the Citizens' Savings Bank, a School Commissioner, and one of the governors of the institutions at Randall's Island. He was a member of the Arion and Liederkranz Societies, and of the Holland Lodge of Free Masons.

DENVER, COL.—From a well-deserved editorial tribute in the Denver *Daily News*, on the death of William B. Berger, we extract the following: In these days of financial irregularities, of defalcations, of failures and of all schemes by which people are defrauded of their money, William B. Berger has lived and died, and gone to his grave, and the noblest epitaph which can be written on his tombstone is that his integrity was never called in question. For twenty years or more he has been the cashier of one of the largest financial institutions not only of Denver, but of the West. Millions of dollars have passed through his hands, and the responsibility resting upon him was always as great as was the extended transactions of the Colorado National. How faithfully he has performed his duties, how well he has executed the trusts reposed in him, how firmly grounded his character for honor and honesty, as well as business ability, cannot adequately be expressed in words. It is a part of the history of the great bank he served so long and so well, of the business history of the community in which he lived so many years, and in which he was so highly respected.

CINCINNATI.—Judge Sage, of the United States District Court, has approved the compromise in the case of Receiver Armstrong against the Fidelity National Bank directors. The claim was for $3,000,000. By the compromise the Receiver obtains for the creditors of the bank $450,000.

IOWA.—At a meeting of the Executive Council of Iowa Bankers' Association held at Des Moines 24th April, provisions were made for an attractive programme for their fourth annual meeting to be held at Dubuque June 10, 11 and 12. There is no question but this meeting will be largely attended and very interesting. Among other interesting addresses will be one by one of our best attorneys on some particular legal point of great interest to Iowa bankers. With an increasing membership the association looks ahead to a useful career.

BOSTON.—The Bank Presidents' Association to the number of about 150 held its annual banquet at Young's Hotel on the 24th of April. Mayor Hart and Rev. Brooke Herford were the guests, and among those present were Presidents John Carr, of the First National; Silas Pierce, of the Boston National; Nathaniel J. Rust, of the Lincoln National; Otis Hinman, of the Commercial; Eustice C. Fitz, of the Blackstone; J. W. Magruder, National Bank Examiner; Alfred Ewer, Assistant National Bank Examiner; S. G. Snelling, Manager of the Boston Clearing House; Charles Ruggles, Assistant Manager. After dinner the members were entertained by speeches and some bright humor. The dinner was a great success.

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money have been as follows:

QUOTATIONS:	April 7.	April 15.	April 21.	April 28.
Discounts	6½ @ 7½.	6 @ 7½.	6 @ 7	6 @ 7
Call Loans	5 @ 2	5 @ 4	4½ @ 3	4½ @ 3
Treasury balances, coin	$162,409,864	$162,402,696	$162,413,908	$162,940,019
Do. do. currency	4,538,324	4,305,451	4,264,563	4,685,980

The reports of the New York Clearing-house returns compare as follows:

1890	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*	*Surplus.*
April 5	$408,057,700	$81,859,700	$22,476,600	$411,575,300	$3,718,100	$1,442,475
" 12	406,608,700	80,104,600	22,907,500	410,238,800	3,671,000	452,400
" 19	403,820,500	79,196,100	24,349,400	408,884,200	3,681,200	1,324,450
" 26	399,613,000	78,565,100	26,087,800	405,278,700	3,689,600	3,333,225

The Boston bank statement is as follows:

1890.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*
April 5	$153,154,000	$9,038,700	$4,126,600	$128,194,700	$2,874,600
" 12	152,366,900	9,966,900	4,265,000	129,773,800	2,876,000
" 19	153,277,300	9,750,900	4,274,400	131,645,200	2,880,000
" 26	153,950,300	9,831,900	4,641,000	131,620,300	2,878,200

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1890.	*Loans.*	*Reserves.*	*Deposits.*	*Circulation.*
April 5	$95,364,000	$23,330,000	$91,152,000	$2,137,008
" 12	95,633,000	24,897,000	93,609,000	2,132,000
" 19	96,013,000	25,385,000	94,516,000	2,136,000
" 26	95,990,000	24,919,000	93,822,000	2,136,000

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from April No., page 812.)

State.	Place and Capital.	Bank or Banker.	Cashier and N.Y. Correspondent.
ARIZ....	Tucson.....	Consolidated Nat. Bank.	Chemical National Bank.
	$50,000	David Henderson, *P.*	Herbert H. Tenney, *Cas.*
		Henry C. Lucy, *V. P.*	Elbrige W. Graves, *Ass't Cas.*
ARK....	Camden.....	Ouachita Valley Bank...	Hanover National Bank.
	$50,000	Jas. W. Brown, *P.*	Wm. K. Ramsey, *Cas.*
		Joseph G. Kelso, *V. P.*	
"	.. Fort Smith....	German Bank.....	.....
	$25,000	Gus A. Gill, *P.*	Chas. W. Copeland, *Cas.*
CAL....	Fall Brook.....	Fall Brook Bank.....	Kountze Bros.
	$18,000	J. A. Pruett, *P.*	A. J. Clark, *Cas.*
		F. W. Bartlett, *V. P.*	
"	.. Los Angeles....	Broadway Bank.....	Hanover National Bank.
	$50,000	Hiram Sinsabaugh, *P.*	Geo. Sinsabaugh, *Cas.*
"	.. Ontario.....	Citizens Bank.....	Seaboard National Bank.
	$50,000	John P. Robertson, *P.*	Martin V. McQuigg, *Cas.*
		Jas. L. Paul, *V. P.*	
"	. Santa Rosa.....	Exchange Bank.....	.....
	$120,000	Manville Doyle, *P.*	Frank P. Doyle, *Cas.*
		Hollis Hitchcock, *V. P.*	
COL....	Red Cliff.....	Eagle County Bank.....	Kountze Bros.
	$12,000		John F. Squire, *Cas.*
DAK. S.	Aberdeen	Dime Savings Bank.....	.....
		J. A. Paulhamus, *P.*	F. A. Brown, *Cas.*
"	" Chamberlain...	Chamberlain Nat. Bank.	Hanover National Bank.
	$50,000	R. B. Hart, *P.*	J. W. Orcutt, *Cas.*
		C. F. Hatten, *V. P.*	
"	" Tilford.....	Western Bank & Tr. Co.	Chase National Bank.
		Milton H. Butler, *P.*	W. F. Street, *Cas.*
		Chas. C. Polk, *V. P.*	
FLA....	Leesburg.....	Leesburg & Co. State B.	Manhattan Co. Bank
	$20,000	G. C. Stapylton, *P.*	H. S. Budd, *Cas.*
			Frank Cooke, *Ass't Cas.*
"	.. Orange City....	Orange City Bank.....	Chase National Bank.
	$5,000	Jno. E. Stillman, *P.*	Arthur M. Stillman, *Cas.*
ILL....	Carlinville.....	Carlinville Nat. Bank...	Importers & Traders Nat. Bank.
	$50,000	Wm. F. Burgdorff, *P.*	A. L. Hoblit, *Cas.*
		Peter Heinz, *V. P.*	Frank Hoblit, Jr., *Ass't Cas.*
"	.. Orion.....	State Bank.....	.....
	$25,000	(*Organizing.*)	
"	.. Paris.....	Bibo & Co.....	Chase National Bank.
	$100,000	Jacob Sholem, *P.*	Philip Bibo, *Cas.*
IND.....	Chesterton.....	Chesterton Bank.....	.....
		Geo. C. Morgan, *P.*	C. L. Jeffrey, *Cas.*
"	.. Lawrenceburgh.	Citizens National Bank..	National Bank of the Republic.
	$50,000	Edward D. Moore, *P.*	Wm. D. H. Hunter, *Cas.*
		Wm. H. O'Brien, *V. P.*	
IND. T..	ElReno.....	Bank of ElReno.....	.....
	$10,000	S. W. Sawyer, *P.*	E. J. Sawyer, *Cas.*
IOWA...	Chariton.....	State Savings Bank.....	.....
	$10,000	J. A. McKlveen, *P.*	John Culbertson, *Cas.*
"	.. Hawkeye.....	Bank of Hawkeye.....	.....
		A. Webster, *P.*	S. H. Bivins, *Cas.*
		Chas. Webster, *V. P.*	
"	.. Sioux City.....	Amer. Bank Trust Co....	.....
		Eri Richardson, *P.*	John O. Patterson, *Cas.*
		Wm. A. Loveland, *V. P.*	
"	.. Stanwood.....	Bank of Stanwood.....	.....
			Chas. O. Whitnell, *Cas.*
"	.. Williams.....	State Bank.....	.....
	$25,000	Grove G. Falcott, *P.*	E. I. Johnson, *Cas.*
		S. S. Morrison, *V. P.*	

State.	*Place and Capital.*	*Bank or Banker.*	*Cashier and N. Y. Correspondent.*
KAN....	Burrton.....	J. A. Welch & Son.....	Hanover National Bank.
"	.. Douglass.....	Bank of Douglass.....	Hanover National Bank.
		Harry P. Farrar, *P.*	Robt. W. Campbell, *Cas.*
"	.. Idana.....	Bank of Idana.....	National Park Bank.
	$5,000	John A. Meek, *P.*	W. H. Rankin, *Cas.*
		Wm. Docking, *V. P.*	
"	.. Junction City..	Central National Bank..	Hanover National Bank.
	$100,000	Sumner W. Pierce, *P.*	C. H. Trott, *Cas.*
		Wm. J. Leis, *V. P.*	Thos. W. Dorn, *Ass't Cas.*
		Jas. R. Young, *V. P.*	
"	.. Junction City..	Investment Banking Co.	Inter-State National Bank.
	$25,000	A. L. Barnes, *P.*	Jas. Ketner, Jr., *Cas.*
		M. W. Cook, *V. P.*	
"	. Smith Centre...	State Exchange Bank....	Hanover National Bank.
	$10,000	L. J. Dunn, *P.*	C. S. Barrett, *Cas.*
KY..	.. Ashland.....	Bank of Ashland.....	.....
	$100,000	A. C. Campbell, *P.*	T. J. Davis, *Cas.*
		Frank Coles, *V. P.*	
		Jay H. Northat, *V. P.*	
"	.. Corinth.....	Corinth Deposit Bank...	.....
	$15,350	W. H. Daugherty, *P.*	Robt. T. Gentry, *Cas.*
"	.. Henderson.....	Ohio Val. B'k'g & Tr. Co.	.....
	$150,000	Jas. R. Barrett, *P.*	B. G. Witt, *Cas.*
		Paul I. Marrs, *V. P.*	
"	.. Whitesville.....	Bank of Whitesville.....	United States National Bank.
MD.	... Baltimore.....	Nat. Bank of Commerce.	Bank of N. Y. N. B. A.
	$300,000	Eugene Levering, *P.*	Jas. R. Edmunds, *Cas.*
MASS...	Boston.....	Fisher Howe, Jr., & Co.	W. S. Lawson & Co.
MICH...	Detroit.....	Detroit River Sav. Bank.	American Exchange Nat. Bank.
		Aaron A. Parker, *P.*	Geo. S. Robinson, *Cas.*
		Frank W. Eddy, *V. P.*	
"	.. Hancock.....	Superior Savings Bank..	.....
	$50,000	Chas. A. Wright, *P.*	Joseph F. Hambitzer, *Cas.*
		John W. Stone, *V. P.*	
MINN...	Merriam Park	Bank of Merriam Park..	Chase National Bank.
	$18,000	Russel Marston, *P.*	H. M. Crosby, *Cas.*
		Howard Marston, *V. P.*	
"	.. New London...	State Bank.....	American Exchange Nat. Bank.
	$25,000	Peter Broberg, *P.*	J. L. Johnson, *Cas.*
		M. Jorgenson, *V. P.*	
MISS....	Carrollton.	Bank of Carrollton.....	.....
	$25,000	Wm. Ray, *P.*	R. A. Bacon, *Act'g Cas.*
		R. A. Bacon, *V. P.*	
MO.....	Humphreys.....	Farmers Exchange Bank.	.....
	$10,000	Fremont Reid, *P.*	Geo. F. Moberly, *Cas.*
		Elisa E. Humphreys, *V.P.*	
MONT..	Butte City.. ..	Silver Bow Nat. Bank...	.....
	$100,000	Wm. W. McCrackin, *P.*	Fayette Harrington, *Cas.*
NEB....	Bruning.	First State Bank.	Chase National Bank.
	$5,000	Joseph A. Wall, *P.*	Geo. W. Lorber, *Cas.*
"	.. Coleridge.....	Coleridge State Bank.....	Chemical National Bank.
	$25,000	H. H. Clark, *P.*	
		T. F. Clark, *V. P.*	C. E. Olney, *Cas.*
"	. Franklin.....	State Bank of Franklin..	Chemical National Bank.
	$20,000	Jas. D. Gage, *P.*	E. L. Douglass, *Cas.*
"	.. Kearney.....	Farmers Bank.....	National Park Bank.
	$36,000	L. Robertson, *P.*	J. A. Boyd, *Cas.*
		B. H. Goodell, *V. P.*	
"	.. Naponee.....	State Bank of Naponee..	.....
	$5,000	Jas. D. Gage, *P.*	W. D. Prusia, *Cas.*
"	.. Pierce.....	First National Bank.....	American Exchange Nat. Bank.
	$50,000	H. S. Beck, *P.*	C. L. Wattles, *Cas.*
		Woods Cones, *V. P.*	
"	.. Pierce.....	Pierce State Bank.....	Chase National Bank.
	$35,000	C. A. Reimers, *P.*	W. A. Spencer, *Cas.*
		J. P. Buckner, *V. P.*	
"	.. Ponca.....	Security Bank.....	Kountze Bros.
	$25,000	S. B. Stough, *P.*	Arthur D. Williams, *Cas.*
		Thos. I. Thomas, *V. P.*	G. L. Woods, *Ass't Cas.*

State.	*Place and Capital.*	*Bank or Banker.*	*Cashier and N. Y. Correspondent.*
NEB....	Tecumseh..	Tecumseh Nat. Bank....	Kountze Bros.
	$50,000	Chas. A. Holmes, *P.*	Warren H. Holmes, *Cas.*
		Chas. McCrosky, *V. P.*	Geo. D. Bennett, *Ass't Cas.*
N. J....	Moorestown....	BurlingtonCo.S.D&TCo.	.....
	$25,000	Clayton Lippincott, *P.*	Wm. W. Stokes, *Cas.*
		Wm. M. Pane, *V. P.*	
N. C...	Louisburg.....	Bank of Louisburg.....	.....
	$6,000	Wm. P. Webb, *P.*	
OHIO...	Bowling Green.	Commercial B'k'g Co....	Hanover National Bank.
	$75,000	Albert E. Royce, *P.*	Wallace H. Smith, *Cas.*
		Jas. O. Troup, *V. P.*	
"	.. Chagrin Falls...	Chagrin Falls B'k'g Co..	United States National Bank.
	$25,000	Geo. March, *P.*	John F. Harper, Jr., *Treas.*
		O. F. McClintic, *V. P.*	W. E. Rodgers, *Sec.*
"	.. Massillon.....	Merchants Nat. Bank....	.....
	$150,000	Jas. W. McClymonds, *P.*	Wm. F. Ricks, *Cas.*
ORE....	Coquille.....	Coquille River Bank.....	.....
	$15,000	A. W. McArthur, *P.*	Wm. L. Blinn, *Cas.*
S. C....	Allendale.....	Bank of Allendale.....	.....
	$10,000	Chas. M. Hiers, *P.*	R. P. Searson, *Cas.*
		W. V. Gill, *V. P.*	
"	.. Edgefield	Farmers Loan & Sav. B.	.....
		W. H. Timmerman, *P.*	Augustus E. Padgett, *Cas.*
TENN ..	Clinton.....	First Bank of Clinton..	Fourth National Bank.
	$50,000	M. A. Farrell, *P.*	W. S. Cagle, *Cas.*
		John S. Rose, *V. P.*	W. L. Farrell, *Ass't Cas.*
TEXAS..	Athens.....	First National Bank....	.....
	$50,000	T. F. Murchison, *P.*	Geo. M. Wofford, *Cas.*
		B. W. J. Wofford, *V. P.*	
"	.. Dallas.....	Financial Securities Co..	Knickerbocker Trust Co.
	$50,000	Maurice E. Locke, *P.*	Wm. C. North, *Treas.*
		F. R. Malone, *V. P.*	
"	.. Fairfield.....	First National Bank....	.....
	$50,000	W. T. Watson, *P.*	E. J. Archinard, *Cas.*
"	.. Georgetown....	First National Bank.....	Fourth National Bank.
	$50,000	Emry Taylor, *P.*	Lee M. Taylor, *Cas.*
		Andrew J. Nelson, *V. P.*	F. W. Carothers, *Ass't Cas.*
"	.. Iowa Park....	Exchange Bank.....	National Park Bank.
	$15,000	Richard W. Hyde, *P.*	J. W. Gilliam, *Cas.*
"	.. Llano.....	First National Bank.....	.....
	$50,000	Theo. W. Kellogg, *P.*	W. S. Dorland, *Cas.*
		W. A. H. Miller, *V. P.*	
"	.. Van Alstyne....	First National Bank.....	.....
	$50,000	S. S. Dumas, *P.*	D. S. Thompson, *Cas.*
"	.. Waco.....	Farm. & Merch. Nat. B.	Hanover National Bank.
	$100,000	R. O. Rountsavall, *P.*	John P. Massey, *Cas.*
		Sam. Sanger, *V. P.*	J. H. Holt, *Ass't Cas.*
"	.. Yoakum.....	Bank of Yoakum.....	Hanover National Bank.
	$15,000	Jas. A. Lander, *P.*	Walter Lander, *Cas.*
			A. B. Meyer, *Ass't Cas.*
UTAH ..	Provo City.....	Provo Com. & Sav. B...	American Exchange Nat. Bank.
	$75,000	Reed Smoot, *P.*	John R. Twelves, *Cas.*
		L. S. Hill, *V. P.*	E. R. Eldredge, *Ass't Cas.*
"	.. Salt Lake City..	Salt Lake Val. L.&T. Co.	.....
		O. J. Salisbury, *P.*	S. H. Fields, Jr., *Cas.*
		Frank H. Dyer, *V. P.*	
"	.. Salt Lake City.	Utah National Bank.....	.....
	$200,000	(*Organizing.*)	
VT.....	Island Pond....	Island Pond Nat. Bank..	.....
	$75,000	E. C. Robinson, *P.*	A. K. Darling, *Cas.*
VA.	Salem.....	Salem Loan & Trust Co.	Hanover National Bank.
	$50,000	R. D. Martin, *P.*	W. M. Barnitz, *Cas.*
WASH..	Olympia.....	Capital National Bank..	Seaboard National Bank
	$100,000	F. M. Wade, *P.*	C. J. Lord, *Cas.*
		N. H. Owings, *V. P.*	
"	.. Port Townsend.	Port Townsend Nat. B..	Chase National Bank.
	$100,000	F. M. Wade, *P.*	Willis A. Wilcox, *Cas.*
		T. J. Nolton, *V. P.*	

State.	*Place and Capital.*	*Bank or Banker.*	*Cashier and N. Y. Correspondent.*
WASH..	Spokane Falls.. $100,000	Washington Nat. Bank.. Henry L. Tilton, *P.* A. M. Cannon, *V. P.*	Garfield National Bank. Fred. E. Goodall, *Cas.*
" ..	Tacoma..... $100,000	American National Bank. A. R. Ayres, *P.*	Hanover National Bank. Noel B. Dolson, *Cas.* I. M. Howell, *Ass't Cas.*
W. VA..	Sutton..... $25,300	Sutton Bank..... Jacob S. Hyer, *P.*	..... Thos. M. Berry, *Cas.*

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from April No., page 809.)

Bank and Place.	*Elected.*	*In place of.*
N. Y. CITY....Clinton Bank.....	C. H. Fancher, *Cas.*	D. W. Harkness.
ALA.... First National Bank, Anniston.	T. G. Bush, *P.*...	D. T. Parker.
ARK.... Peoples Bank, Searcy.....	H. P. Gorman, *Cas*.....	R. W. Patterson.
" .. Arkansas County Bank'g Co., Stuttgart.	Thos. H. Leslie, *P*..... Wm. M. Price, *V. P.*... Chas. K. Leslie, *Cas*.....	....
CAL.... The Wm. Hill Company, Petaluma.	Wm. Hill, *P*..... M. D. Goshen, *V. P.*.... Alex. B. Hill, *Cas*..... Geo. P. Baxter, *A. Cas*..	....
" .. Peoples Sav. Bank, Sacramento.	Geo. W. Lorenz, *Cas*....	Wm. F. Huntoon.
" .. Com. Bank, Santa Barbara....	Geo. S. Edwards, *P*.....	Geo. W. Coffin.
" .. Comptoir d'Escompte de Paris, San Francisco.	C. Shard, *Agent*.....	F. Cochinard.
COL.... Washington Co. Bank, Akron.	R. J. Robertson, *Cas*....	C. C. Tyler.
" .. San Luis Valley Bank, Antonio.	W. M. Adair, *Ass't Cas.*	.....
DAK. S.. First National Bank, Canton.	Geo. M. Blake, *P*..... T. J. Fosdick, *V. P*..... Chas. E. Judd, *Cas*..... H. Anderson, *Ass't Cas.*	F. A. Gale. J. Q. Fitzgerald. J. H. Gale. A. A. Boynton.
" " Bank of Hamilton, Hamilton..	I. S. Boyer, *Cas*.....	Geo. J. Anderson.
ILL..... First Nat. Bank, Galesburg....	G. P. Hoover, *Ass't Cas.*	.....
" .. Farmers Nat. Bank, Princeton.	H. B. Peterson, *Cas*	Austin Norton.
" .. Bank of Rushville, Rushville...	John S. Little, *Cas*.....	Aug. Warren.
IOWA... Tama Co. State Bank, Gladbrook.	Jas. M. Putman, *P*..... Elias E. Hughes, *V. P*... Chas. A. Blossom, *Cas*..	....
" .. State Bank, Keokuk.	Wm. Logan, *P*..... Jas. W. Summers, *V. P.*	A. Hosmer. A. B. Chittendon.
" .. Marion Co. National Bank, Knoxville.	Chas. Perry, *P*..... O. L. Wright, *Ass't Cas.*	Larkin Wright. .....
KAN.... Exchange Bank, Atchison.	W. W. Hetherington, *P.* C. S. Hetherington, *Cas.*	Wm. Hetherington WW Hetherington
" .. State Bank, McPherson.....	Chas. W. Wilson, *Cas*...	Wm. A. Lyon.
" .. First Nat. Bank, Sedan.....	J. J. Adams, *V. P*.....	E. C. Ackerman.
KY..... Catlettsburgh Nat. Bank, Catlettsburgh.	R. H. Prichard, *P*..... Wash. Honshell, *V. P*...	A. C. Campbell. R. H. Prichard.
" .. Citizens Nat. Bank, Danville...	M. J. Farries, *P*.....	E. W. Lee.
" .. Citizens National Bank, Lebanon.	R. B. Lancaster, *P.* .... Sam'l Avritt, *V. P.*	F. Wilson. .....
ME..... Eastern Trust & B'k'g Co., Machias.	John Cassidy, *P*..... James Adams, *V. P*.....	F. H. Clergue. .....
MASS... N. B. of North America, Boston.	W. S. Draper, *Cas*.....	Arthur F. Luke.
" .. Nat. City Bank, Boston.....	L. S. Tuckerman, *P*.....	Wm. R. Dupee.
" .. First National Bank, Chelsea.	Thos. Martin, *P*..... S. B. Hickey, *V. P*.....	W. R. Pearmain.* Thos. Martin.
" .. Wachusett Nat. B., Fitchburg.	W. A. Fairbanks, *V. P.*.	Wm. O. Brown.
" .. Leicester Nat. Bank, Leicester.	Parkman T. Denny, *Cas.*	Geo. H. Sprague.
" .. Leicester Sav. Bank, Leicester..	Parkman T. Denny, *T*...	Geo. H. Sprague.
" .. Watertown Sav. B., Watertown.	Albert O. Davidson, *P*...	Alfred Hosmer.

* Deceased.

	Bank and Place.	*Elected.*	*In place of.*
MASS...	Citizens Nat. Bank, Worcester.	Henry S. Pratt, *V. P.*...	.....
MINN...	Marine Bank, Duluth.....	J. R. Myers, *P.*..... ...	Jas. Billings.
" ..	Bank of Fosston, Fosston.....	Ingolf Haslund, *Cas.*.....	Rich. G. Tweeton.
" ..	First National Bank, Shakopee.	John Thiem, *Ass't Cas.*...	.....
MISS....	The Bank of Sardis, Sardis....	R. H. Taylor, *P.*.....	A. E. Tucker.
MO.....	Gower Bank, Gower.	Wm. C. Elliott, *P.*.....	.....
		Francis R. Allen, *Cas.*..	.....
" ..	Bank of Princeton, Princeton..	M. F. Robinson, *Cas.*...	.....
" ..	Rocheport Bank, Rocheport...	John Walker, *P.*.....	David Pipes.
" ..	St. Charles S. B., St. Charles..	A. F. Mispagel, *Cas.*....	A. Marten.
NEB....	Com. B'k'g Co., Beaver City...	G. H. Jones, *Cas.*.....	A. H. Lashley.
" ..	Central Nat. B., Broken Bow..	J. W. Thompson, *P.*....	O. J. Collman.
" ..	Bank of Harrison, Harrison.	Chas. E. Verity, *P.*.....	B. F. Pitman.
		N. L. Verity, *V. P.*....	Chas. E. Verity.
		G. W. Updike, *P.*.....	R. T. McGrew.
" ..	First National Bank, Holdrege.	Edward Updike, *V. P.*...	P. D. Hedlund.
		E. G. Titus, *Cas*	S. E. McNaul.
		S. H. Blackwell, *Ass't C.*	.....
" ..	Holdrege Nat. B., Holdrege...	F. G. Hamer, *P.*.....	A. Yeazel.
" ..	N. Bank of Commerce, Omaha.	E. L. Bierbower, *Cas.*...	F. B. Johnson.
"	Tamora State Bank, Tamora..	J. A. Thomas, *Cas.*.....	J. T. Jones.
NEV...	The Eureka Co. Bank, Eureka.	B. Gilman, *P.*.....	D. Meyer.
		R. K. Morrison, *V. P.*..	.....
N. J....	Asbury Park National Bank, Asbury Park.	Robt. E. James, *P.*	Geo. W. Byram.
		Hugh S. Kinnouth, *V. P.*	S. T. Willits.
" ..	Second Nat. B., Atlantic City..	L. A. Down, *Cas.*.....	J. G. Hammer.
" ..	Boonton Nat. Bank, Boonton..	John S. Schultze, *V. P.*..	.....
" ..	Egg Harbor C. B., Egg H. City.	Robt. Ohnmeiss, *P.*.....	Sam Rothholz.
" ..	PassaicT.&SafeDep.CoPassaic.	J. J. Slater, *Sec. & Treas.*	.....
" .	Mechanics Nat. Bank, Trenton.	Sering P. Dunham, *P.*...	John Moses.
N. MEX.	First Nat. Bank, Albuquerque..	A. C. Briggs, *Ass't Cas.*.	J. Huttenmuller.
N. Y...	Nat. Commercial B., Albany..	Grange Sard, *V. P.*.....	Nathan B. Perry.
" ..	BofNewRochelle,NewRochelle.	C. G. Miller, *Cas.*.....	H. H. Todd.
" ..	Oneida Valley Nat. Bank, Oneida.	D. G. Dorrance, *P.*.....	N. Higinbotham.*
		Theo. F. Hand, *V. P.*...	D. G. Dorrance.
		Theo. F. Hand, Jr., *Cas.*	Theo. F. Hand.
" ..	Wilbur National Bank, Oneonta.	Geo. I. Wilbur, *P.*.....	David Wilbur.
		E. A. Scramling, *Cas.*...	Geo. I. Wilbur.
" ..	First National Bank, Rondout.	S. D. Coykendall, *P.*....	Thos. Cornell.*
		A. Benson, *V. P.*.....	S. D. Coykendall.
" ..	Schoharie Co. B., Schoharie...	R. A. Dewey, *Cas.*.....	J. M. Burns.
" ..	First Nat. Bank, St. Johnsville.	A. Devendorf, *V. P.*	J. G. Beekman.
OHIO...	Farm.&Merch.B.Co.,Arcanum.	A. F. Smith, *Act'g P.*...	John Smith.*
" ..	Farmers Bank, Canton.....	Wm. Dannemiller, *P.*...	John H. Brenner.
" ..	Greenville Bank Company, Greenville.	Nate Iddings, *P.*.....	W. S. Turpen.
		F. T. Conklin, *Ass't Cas.*	.....
" ..	Central Bank, London.....	Xerxes Farrar, *Cas.*.....	Wm. Farrar.*
" ..	Malta National Bank, Malta.	Geo. S. Corner, *P.*.....	.....
		A. L. Miller, *V. P.*.....	.....
" ..	The Oberlin B. Co., Oberlin...	E. P. Johnson, *P.*.....	A. H. Johnson.
" ..	Peoples Bank, Wauseon.....	Charles W. Struble, *Cas.*	H. L. Mosley.
" ..	Union Bank, Zanesville.....	W. H. Pierpoint, *Cas.*...	J. J. Ingalls.
PA.....	First Nat. Bank, Greenville ...	R. S. Johnston, *P.*.....	M. Loomis.
" ..	First Nat. Bank, Minersville...	Harry F. Potter, *A. Cas.*	.....
" ..	Commonwealth Nat. Bank, Philadelphia.	Conrad B. Day, *P.*.....	H. N. Burroughs.
		Duncan L. Buzly, *V. P.*.	J. H. Burroughs.
" ..	Guar.Tr. & Safe Dep.Co.,Phila.	Richard Y. Cook, *P.*....	Thos. Cochran.
" ..	Central Bank, Pittsburgh.....	C.C. Davis, *A. & Act'g C.*	.....
" ..	Citizens National Bank, Waynesburgh.	Wm. P. Hoskinson, *V. P.*	.....
		Thos. C. Bradley, Jr., *A.C.*	.....
R. I....	National Eagle Bank, Bristol...	Alfred Luther, *V. P.*....	S. T. Church.*
TENN ..	Merchants & Planters Bank, Newport.	W. B. Robinson, *P.*.....	S. H. Stanbery.
		W. G. Snoddy, *V. P.*....	J. H. Robinson.
" ..	Fayette Co. Bank, Somerville..	H. C. Moorman, *P.*.....	T. K. Riddick.
TEXAS..	First National Bank, Clarksville.	E. M. Bowers, *Cas.*.....	J. T. McDonald.
" ..	Ellensburgh N. B., Ellensburgh.	H. W. Thielsen, *Cas.*....	R. Kaufman.
" ..	Traders Nat. B., Fort Worth...	Wm. G. Newby, *Cas.*....	.....

* Deceased.

	Bank and Place.	Elected.	In place of.
Texas..	First National Bank, Kaufman.	H. T. Nash, *P.*.....	A. E. Carlisle.
		T. J. Shannon, *V. P.*....	H. T. Nash.
" ..	First Nat. Bank, Navasota.	H. Schumacher, *V. P.*..	.....
		C. S. Talioferro, *A. Cas.*	.....
" ..	Inter-State Nat. B'k, Texarkana.	W. H. Cook, *Cas*.....	R. C. Carman.
" .	Texarkana Nat. B., Texarkana.	W. R. Grim, *Cas*.....	C. A. Williams.
" ..	Merch. & Farm. NB, Weatherford	H. L. Brevard, *Act'g C.*.	.....
Vt.....	Bradford S. B. & T. Co., Bradford.	E. O. Leonard, *Treas*...	.....
Va.....	Pulaski Nat. B., Pulaski City..	Wm. H. Bramblett, *P*...	Jno. H. Caddall.*
Wash..	Second Nat. Bank, Colfax.....	J. W. Higgins, *Ass't C*..	.....
" ..	Bank of Pullman, Pullman.	H. J. Webb, *P*.....	J. A. Perkins.
		W. M. Chambers, *V. P.*.	A. T. Fariss.
" ..	Farmers Bank, Puyallup.....	A. C. Stowell, *Cas*.....	R. Moore.
" ..	Bank of North Seattle, Seattle..	Wm. Barry, *Cas*.....	C. B. Bagley.
" ..	Traders N. B., Spokane Falls..	C. E. McBroom, *Ass't C.*	H. L. Richardson.
" ..	Commercial Bank, Vancouver..	J. R. Wintler, *P*.....	Geo. B. Markle.
" ..	First National Bank, Whatcom.	P. E. Dickinson, *P*.....	J. Furth.
		J. P. DeMattos, *V. P*....	P. E. Dickinson.
W. Va..	First National Bank, Grafton.	L. Mallonee, *Cas*.....	F. M. Durbin.
		C. R. Durbin, *Ass't Cas.*	L. Mallonee.
" ..	First Nat. Bank, Parkersburg...	F. M. Durbin, *Cas*.....	R. J. McCandlish.*
" ..	Parkersburg National Bank, Parkersburg.	John V. Rathbone, *P*....	Henry Logan.*
		J. W. Leese, *V. P*.....	H. H. Moss.
		C. A. Burkey, *Ass't Cas.*	.....
" ..	Bank of Wheeling, Wheeling..	G. Lamb, *Cas*.....	.....
Wis ...	Bank of Durand, Durand.	John Holverson, *P*.....	A. W. Hammond.
		E. Oesterreicher, *V. P*...	.....
" ..	State Bank, Madison.	L. S. Hank, *P*.....	.....
		J. H. Palmer, *V. P*.....	.....
		Sam'l H. Marshall, *Cas*..	J. H. Palmer.
" ..	B. of Rhinelander, Rhinelander.	S. M. Hutchinson, *Cas*..	.....
N. S....	Merch. B. of Halifax, Lunenburg.	John McKane, *Agent*....	C. H. McLoughlin.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Monthly List, continued from April No., page 814.)

No.	Name and Place.	President.	Cashier.	Capital.
4275	Island Pond National Bank.... Island Pond, Vt.	E. C. Robinson,	A. K. Darling,	$75,000
4276	Tecumseh National Bank..... Tecumseh, Neb.	Chas. A. Holmes,	Warren H. Holmes,	50,000
4277	Washington National Bank.... Spokane Falls, Wash.	Henry L. Tilton,	Fred. E. Goodall,	100,000
4278	First National Bank..... Athens, Texas.	T. F. Murchison,	Geo. M. Wofford,	50,000
4279	Nat. Bank of Commerce..... Pierre, S. Dak.	B. J. Templeton,	Adolph Ewart,	75,000
4280	First National Bank..... .... Pierce, Neb.	H. S. Beck,	C. L. Wattles,	50,000
4281	Citizens National Bank.... ... Lawrenceburgh, Ind.	Edward D. Moore,	Wm. D. H. Hunter,	50,000
4282	Chamberlain National Bank... Chamberlain, S. Dak.	R. B. Hart,	J. W. Orcutt,	50,000
4283	Silver Bow National Bank..... Butte City, Mont.	Wm. W. McCrackin,	Fayette Harrington,	100,000
4284	Central National Bank..... Junction City, Kan.	Sumner W. Pierce,	C. H. Trott,	100,000
4285	Nat. Bank of Commerce..... Baltimore, Md.	Eugene Levering,	Jas. R. Edmunds,	300,000
4286	Merchants National Bank..... Massillon, Ohio.	Jas. W. McClymonds,	Wm. F. Ricks,	150,000
4287	Consolidated National Bank... Tucson, Ariz.	D. Henderson,	H. B. Tenney,	50,000

* Deceased.

No.	*Name and Place.*	*President.*	*Cashier.*	*Capital.*
4288	Cherry Vale National Bank.... Cherry Vale, Kan.		R. T. Webb,	$50,000
4289	First National Bank..... .... Van Alstyne, Texas.	S. S. Dumas,	D. S. Thompson,	50,000
4290	Port Townsend National Bank. Port Townsend, Wash.	Florance M. Wade,	Willis A. Wilcox,	100,000
4291	First National Bank..... Fairfield, Texas.	W. T. Watson,	E. J. Archinard,	50,000
4292	People's National Bank..... Winston, N. C.	W. A. Blair,	Frank E. Patterson,	100,000

APPLICATIONS FOR NATIONAL BANKS.

The following *applications for* authority to organize *National Banks* have been filed with the Comptroller of the Currency during April, 1890.

ALA.... Troy..... .... First National Bank, by S. J. Walling, Jr., of Shelbyville, Tenn., and associates.
COL.... Denver..... Nat. Bank of Commerce, by C. L. McIntosh and associates.
DAK. N. Dickinson..... First National Bank, by A. Hilliard and associates.
ILL..... Chicago..... Northern National Bank, by Messrs. Haugan & Lindgren and associates.
KAN.. . Louisville.. .... First National Bank, by A. B. Pomeroy, of Westmoreland, Kansas, and associates.
" .. Salina..... American National Bank, by W. W. Watson and associates.
MD..... Chestertown.. . Second National Bank, by Hope H. Barroll and associates.
MO..... Platte City..... First National Bank, by C. S. Woodson, of St. Joseph, Mo., and associates.
" .. Springfield..... American National Bank, by A. B. Crawford and associates.
OHIO... Canal Dover... Exchange National Bank, by Baker Bros. and associates.
PA. .... Tyrone..... First National Bank, by A. A. Stevens and associates.
TENN... Bristol..... Citizens National Bank, by J. H. Wood and associates.
" .. Bristol..... First National Bank, by J. H. Wood and associates.
" .. Cardiff..... First National Bank, by J. F. Tarwater, at Rockwood, Tenn., and associates.
" .. Harriman..... First National Bank, by G. N. Henson, Chattanooga, Tenn., and associates.
TEXAS.. Austin... ..... American National Bank, G. W. Littlefield and associates.
" .. Granbury..... Hood County National Bank, by Otho S. Huston, Fort Worth, Texas, and associates.
" .. Haskell.. ..... First National Bank, by F. W. James, Abilene, Texas, and associates.
" . Hico..... .... First National Bank, by J. S. Moss, Jr., of Dallas, Texas, and associates.
" .. Jacksboro..... First National Bank, by Maurice E. Locke, Dallas, Texas, and associates.
" .. Jacksboro.. ... Jacksboro National Bank, by J. R. Hoxie, of Fort Worth, Texas, and associates.
" .. Ladonia. ..... First National Bank, by D. E. Waggener and associates.
" .. New Braunfels. First National Bank, by W. Clemens and associates.
VT..... Chester.. ..... National Bank of Chester, by Hugh Henry and associates.
WASH.. Blaine..... First National Bank, by N. A. Cornish and associates.
" .. Fairhaven. .... Fairhaven National Bank, by J. F. Wardner and associates.
" .. Hoquiam.. .... First National Bank, by N. J. Lovinson, of Port Townsend, Wash., and associates.
" .. Montesano... .. First National Bank, by C. M. Byles and associates.
" . Port Angeles... First National Bank, by Isreal Salhinger and associates.
" .. Seattle..... Commercial Nat. Bank, by H. W. Wheeler and associates.
WYO... Rawlins..... First National Bank, by J. C. Davis and associates.

CHANGES, DISSOLUTIONS, ETC.

(Continued from April No., page 815.)

N. Y.	City.....	Commercial National Bank will change its title to the Southern National Bank, with increase of capital.
"	.. ..	Equitable Bank is reported closing.
"	.. ..	Geo. K. Sistare's Sons reported failed.
Ariz....	Tucson.....	Consolidated Bank of Tucson has been succeeded by the Consolidated National Bank.
Ark ...	Nashville.....	Bank of Nashville has retired from business, no successors.
"	.. Stuttgart.....	Arkansas County Banking Co. has been incorporated.
Cal....	Fall Brook.....	Fall Brook Banking Co. is now the Fall Brook Bank.
"	.. Petaluma..	Wm. Hill & Son is now the Wm. Hill Company, incorporated.
Col....	Denver.....	Hayden & Dickinson have retired from business, no successors.
"	.. Fort Morgan...	Bank of Fort Morgan reported assigned.
"	.. Pueblo.....	Bank of Pueblo (F. Rohrer & Co.), now F. Rohrer, proprietor.
"	.. Red Cliff.....	Lindsey, Fleming & Co., now Eagle Co. Bank, same correspondents.
Fla....	Leesburg.....	Morrison, Stapylton & Co.'s Bank is now the Leesburg and County State Bank.
"	.. Orange City....	F. D. Grover has been succeeded by the Orange City Bank.
Ill.....	Carlinville.....	Carlinville Bank, now Carlinville National Bank.
"	.. Rock Island....	First National Bank has gone into voluntary liquidation.
"	.. Xenia...	Thos. M. Cox, now Orchard City Bank, Thos. M. Cox & Son, proprietors.
Iowa...	Gladbrook.....	Tama Co. Bank, now Tama County State Bank, same correspondents.
"	.. Williams.....	Exchange Bank succeeded by State Bank.
Kan...	Burrton.....	Merchants & Farmers Bank has been succeeded by J. A. Welch & Son.
"	. Eskridge.....	Bank of Eskridge (M. R. Mudge) reported assigned.
"	.. Junction City..	Central Kansas Bank, now Central National Bank.
"	.. Manhattan.....	Manhattan Bank, E. B. Purcell, proprietor, reported assigned.
"	.. Smith Centre..	State Bank of Smith Centre, now State Exchange Bank.
Ky.....	Middlesborough	W. M. Crane & Co. has been succeeded by the Coal & Iron Bank.
Md.....	Baltimore.....	Bank of Commerce, now the National Bank of Commerce, same officers and correspondents.
"	.. Baltimore.....	Geo. K. Sistare's Sons reported failed.
Mass..	Boston.....	W. S. Lawson & Co. have dissolved partnership.
Mo.	Malta Bend....	Palmer & Smith, now Bank of Malta Bend, incorporated.
Neb....	Beatrice.....	American Savings Bank is now the American Bank, same officers and correspondents.
"	.. Coleridge.....	Bank of Coleridge is now Coleridge State Bank.
"	.. Davenport.....	Bank of Davenport, now State Bank of Davenport, same officers and correspondents.
"	. Dodge.....	Dodge State Bank has withdrawn from business.
"	.. Du Bois.....	Farmers State Bank of DuBois, succeeded by State Bank of DuBois.
"	. Franklin.....	Bank of Franklin (Yard & Gage) has been succeeded by the State Bank of Franklin.
"	.. Johnson.....	Bank of Johnson, now State Bank of Johnson, same officers and correspondents.

NEB....	Pierce.....	Farmers & Merchants State Bank and the Pierce Co. Bank have consolidated under the title of First National Bank.
" ..	Tecumseh.	Bank of Russell & Holmes, now First National Bank, same correspondents.
" ..	Wallace.....	Bank of Wallace, now State Bank of Wallace, same officers and correspondents.
N. J....	Atlantic City..	Merchants Bank reported suspended.
"	Barnegat Park.	Wm. L. Bruen has closed out his business here.
" ..	Camden.....	Fidelity Surety, Trust & Safe Deposit Co. reported suspended.
" ..	Gloucester City	Gloucester City National Bank reported suspended.
" ..	Pleasantville...	Merchants Bank reported suspended.
N. Y.	Union Springs.	First National Bank has gone into voluntary liquidation.
OHIO...	Bowling Green.	The Commercial Bank is now the Commercial Banking Co.
" ..	Chagrin Falls..	Rodgers & Harper, now Chagrin Falls Banking Co., same correspondents.
" ..	Fremont...	Croghan Bank has been incorporated, same officers and correspondents.
" ..	Zanesville.....	Zanesville Bank, Stern, Eaton & Co. are now proprietors.
PA....	Philadelphia...	Bank of America reported suspended.
" ..	Titusville..	W. B. Roberts & Son have retired from the banking business here, no successors.
TEXAS..	Bowie.....	Bank of Bowie (T. C. Phillips) has been succeeded by the First National Bank.
" ..	Bowie.....	Bowie National Bank has gone into voluntary liquidation.
" ..	Georgetown....	Emzy Taylor & Co. is now the First National Bank.
" ..	Pecos.....	Johnson, Gibson & Co. have been succeeded by W. D. Johnson & Co.
WASH.	Tacoma.....	West Coast Fire & Marine Insurance Co. Bank is now the American National Bank.
WIS....	Waterloo.....	Waterloo Bank, Ryder Bros. now proprietors.

DEATHS.

ANGIER.—On April 7, aged seventy-three years, A. C. ANGIER, President of Centennial National Bank, Virginia, Ill.

BARR.—On April 30, aged thirty years, J. IRVING BARR, Assistant Cashier of Chemical National Bank, N. Y. City.

BLANKENHORN.—On April 27, aged fifty years, F. BLANKENHORN, Cashier of Western National Bank, N. Y. City.

CADDALL.—On April 1, aged fifty-three years, JOHN H. CADDALL, President of Pulaski National Bank, Pulaski City, Va.

COTTRELL.—On April 14, aged fifty-three years, EDGAR COTTRELL, President of Albany Savings Institution, Albany, N. Y.

FARRAR.—On March 27, WM. FARRAR, Cashier of Central Bank, London, O.

HAY.—On March 25, aged fifty-one years, M. C. HAY, President of Bank of Greenville, Greenville, Ky.

HIGINBOTHAM.—On March 17, aged seventy-three years, NILES HIGINBOTHAM, President of Oneida Valley National Bank, Oneida, N. Y.

KUHNE.—Aged sixty-six years, FREDERICK KUHNE (at Paris, France,) of the firm of KNAUTH, NACHOD & KUHNE, of N. Y. City.

LOGAN.—On March 29, aged seventy-eight years, HENRY LOGAN, President of Parkersburg National Bank, Parkersburg, W. Va.

MORGAN.—On April 8, aged seventy-seven years, JUNIUS S. MORGAN (at Monte Carlo, Italy,) of the firm of J. S. MORGAN & Co., of London, England.

NOCK.—On April 20, aged sixty-one years, THOMAS G. NOCK, President of First National Bank, Rome, N. Y.

PEARMAIN.—On April 15, aged seventy-five years, WM. R. PEARMAIN, President of First National Bank, Chelsea, Mass.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, APRIL, 1890.

Opening, Highest, Lowest and Closing Prices of Stocks and Bonds in April.

GOVERNMENTS.	Interest Periods.	Opening.	Highest.	Lowest.	Closing.
4½s, 1891.... reg.	Quarterly — Mar.	103½	103½	102⅛	102⅛
4s, 1891.....coup.		103½	103½	103½	103½
4s, 1907.....reg.	Quarterly — Jan.	122	122	122	122
4s, 1907.....coup.		123	123	122	122
	Quarterly — Feb.				
6s, cur'cy, 1895, reg.		116	116	116	116
6s, cur'cy, 1896, reg.	Quarterly — Jan.	118	118½	118	118½
6s, cur'cy, 1897, reg.	Quarterly — &	120	121¼	120	121
6s, cur'cy, 1898, reg.	Quarterly — July.	123	124	123	124
6s, cur'cy, 1899, reg		125	126½	125	126

RAILROAD STOCKS.	Opening.	Highest.	Lowest.	Closing.
Atlantic & Pacific	—	7	5¼	—
Canadian Pacific	—	77¼	72	77⅝
Canada Southern	54¾	57⅞	54¼	57⅞
Central of N. J.	119	123½	117½	122
Central Pacific	—	35¼	31	35¼
Ches. & Ohio.	23	24⅞	22⅜	24½
Do 1st pref.	—	65	59⅜	64½
Chic. & Alton	—	132	129½	132
Do pref.	—	—	—	—
Chic., B. & Q.	107⅜	108⅜	103⅜	108⅜
Chic. & East'n	32¾	37	32⅜	36
Do pref.	84½	86	80½	84¼
Chic., M. & St. P.	68⅜	74¼	66⅞	74¼
Do pref.	113¾	122⅜	112¾	122½
Chic. & N. W.	111½	114⅞	110⅛	114¾
Do pref.	—	146	141¾	146
Chic., R. I. & P.	90⅛	95⅜	89	95¾
Chic., St. L. & P.	—	17	15⅜	16¾
Do pref.	—	90	48	—
Chic., St. P., M. & O.	—	34⅜	31½	34¼
Do pref.	—	99	93½	—

RAILROAD STOCKS.	Opening.	Highest.	Lowest.	Closing.
C., C., C & St. L.	71¼	76⅛	70¼	76
Col. Coal & Iron	45⅜	52½	45⅛	51½
Col., H. Valley & Tol.	22	25⅜	21¼	25⅜
Del. & Hudson	149⅜	164⅞	149	163½
Del., Lack. & W.	136¼	144⅜	134⅜	144⅛
Den. & Rio Grande	14½	18½	14½	18⅛
Do. pref.	—	54⅜	46¼	54¾
East Tenn. V & G.	8¼	9¼	8¼	9
Do 1st pref.	—	76	72½	76
Do 2d pref.	22⅛	23¼	22	23¾
Evansville & T. H.	—	124	111	120
Illinois Central	115½	116¾	115	—
Lake Erie and Western	—	19	17⅛	18¾
Do pref.	—	67	63	66
Lake Shore	107¼	110⅝	107	110⅜
Long Island	89	91	87	—
Louisville and Nashville	84⅜	91⅝	83½	91⅜
Louisville, N. Alb & Chic.	—	46¼	42	46
Manhattan Consol.	106½	113¼	106½	112¾
Memphis & Charleston	—	64	60	—
Michigan Central	—	100½	97	100⅜
Mil., L. S. & W	—	94¼	92¾	—
Do pref.	—	113¼	108	—
Minn. & St. Louis	—	6⅝	6	6½
Do pref.	—	15¾	14	15⅜
Mo., Kan. & Texas	—	13¼	7¾	13
Missouri Pacific	73¼	75¾	69¼	73¾
Nash., C. & St. L.	—	105	103⅜	—
N. Y. C. & Hudson	—	108½	107	108⅛
N. Y., C. & St. L.	—	18	17	—
Do pref.	—	73	70½	73
N. Y., L. E. & W.	24½	28¾	23¾	27⅞
Do pref.	—	67	60½	66
N. Y. & New Eng.	46⅛	49¾	45	49⅛
N. Y., Ont. & W.	—	21½	17¾	20⅜
N. Y., Sus. & W.	6½	8¼	6½	—
Do pref.	28	32½	27	32¼
Norfolk & Western	—	22	19¾	21¾
Do pref.	—	65	59¾	64¾

MISCELLANEOUS.	Opening.	Highest.	Lowest.	Closing.
Northern Pacific.	—	34¼	30½	34¼
Do pref.	73⅞	81¼	73⅛	81¼
Ohio & Mississippi	—	22¾	19½	22⅜
Ohio Southern	—	14¾	13½	—
Oregon Impt.	46½	49⅞	45	49⅞
Oregon R. & N.	—	108⅛	97⅛	—
Oregon Short Line.	45	51	45	50½
Oregon & Trans-Con.	38¼	39¾	36⅜	39¾
Pacific Mail	—	44	37¾	44
Peoria, Decatur & Evansville	23	23½	20¼	21¾
Philadelphia & Reading	40⅞	43½	40	42⅜
Pullman Palace Car Co.	—	193	189½	193
Rich. & W. P. Term.	21⅜	23¼	20¾	23¼
Rome, W. & Ogd.	105¾	109½	105¾	—
St. Louis, A. & T. H.	—	43½	43	43½
Do pref.	—	120	115	—
St. Louis & San Francisco.	—	28¼	16½	28½
Do pref.	—	48⅜	36½	48⅜
Do 1st pref.	—	95	88¾	95
St. Paul & Duluth	33½	36½	31½	—
Do pref.	87	92	87	—
St. Paul, M. & M.	—	113	110	113
Southern Pacific Co.	34½	37¼	33¾	36⅝
Texas & Pacific.	19⅝	21⅜	19⅛	21⅜
Union Pacific.	62⅛	66⅞	61⅜	66½
Wabash, St. Louis & Pacific.	—	14	12	13⅜
Do. pref.	26¼	29½	25	29½
Wisconsin Central.	31	31⅞	29	31⅞
MISCELLANEOUS—				
Am. Cotton Oil Trust.	26½	27¾	26	27½
Nat. Lead Trust.	18⅛	19⅞	17	19¾
Sugar Refineries.	63⅜	75½	62⅝	75⅜
Tenn. Coal & Iron.	51	54½	47	53⅜
Express—Adams.	—	155	150	152
American.	114½	116½	114¾	—
United States.	89	89	70	—
Wells-Fargo	—	146	141½	146
Western Union.	81⅞	85	81¼	84⅞
Wheel. & Lake E.	36	37¼	35¾	37⅛

THE

BANKER'S MAGAZINE

AND

Statistical Register.

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BANK EXAMINATIONS. THE BANK OF AMERICA FAILURE.

Last month the Bank of America, of Philadelphia, failed—a State institution having a considerable number of branches located in different parts of the city. At the time of the failure the bank had about $700,000 of deposits, collected mostly from people of small means, and who could ill afford to bear the loss. The bank was living under an old charter, and once before it almost died and then revived, and at length became strong. Indeed, in collecting deposits the bank, compared with other institutions, was getting its full share of them; and the difficulty was in the administration of its assets. In this regard the conduct of its officers was extraordinary, and probably they will sooner or later be visited with other punishments than those they are now enduring.

In Pennsylvania, no officer has ever examined the business of State banks or bankers. There is a Superintendent of Insurance, but it is remarkable that a people who are so strongly opposed to public supervision should be willing for the State to exercise it, even in insurance matters. Several attempts, it is true, have been made to create the office of Bank Examiner, and which exists in most of the States, but its opponents have succeeded in strangling the bill without much difficulty. Such a policy we regard as unwise both for the banks and the Commonwealth. It is true that when the National Banking System was established there was some objection to the supervisory feature, but the banks soon learned the value of it. The stronger and best managed

banks were never averse to this, well realizing its worth to them not only as a protective measure, but also in strengthening them in public estimation. Only the banks that were desirous of doing irregular things, condemned alike by law and opinion, were opposed to such supervision. In a few years the banks came to realize the full worth of these examinations. It is true that irregularities have occurred, and probably will, so long as banks shall be among the institutions of the country; but the worth of these examinations is incalculable. If there is an irregularity in a bank an examination is just as likely to disclose it as otherwise. It will be admitted that no examination is complete proof against wrong-doings or irregularities. They may be covered in such a way as to elude the search of the most expert examiner; on the other hand, if they do exist, he may find them, and the fear that in the course of his examination he will uncover them, even when not looking for them, doubtless leads many an officer to hesitate, who otherwise would plunge into wrong-doing Then, again, the examinations strengthen the public confidence in these institutions, and for that reason the National banks today would not have the system discontinued if they could.

These remarks apply just as much to State institutions as to the National banks. Indeed, there is a stronger reason, especially in a State like Pennsylvania, for having rigid bank examinations. Not having ever been made, the private banks or State banks in that State, in too many cases, it is feared, conduct their business in a loose or irregular manner. The fact that no officer is ever going around to look over their books or ask questions, that no returns are required by the State, doubtless leads some banks and bankers to do things which they would not if investigations were made or returns were required. The proof of this are the failures of private banks reported from that State. New York is a larger banking State than any other in the Union, and yet the failures among the private banks and bankers are infrequent, and one of the reasons probably is, the supervision exercised by the State over their affairs. This has been done for a long period, and the value of such examinations is unquestioned. A few years ago the State enacted a law that no private banker should use the word "bank" as a part of the bank name. The object of this, of course, was to prevent the practice of deception on the part of bankers to the public. They realized that the word bank sounded well in the ear of the ordinary depositor, and often conveyed an idea of solidity which did not exist. So this law was passed, and has been properly enforced, and is a step in the right direction.

It may be asked, Why should not those who deal with other corporations and individuals be protected, as well as those who

deal with banks and bankers? Why should this class of persons be selected for such favor on the part of the Government? The answer is simple. The persons who deal in money matters can more easily deceive the people than those who are in the manufacturing business or doing other things. Hence the greater need of protection on the part of the public against the doings of this class. Then another answer, quite conclusive, is, that all corporations are the creatures of the State, and therefore in creating them it is not only right, but it is the duty of the State to impose such restrictions and to exercise such supervision as the public good requires; if, therefore, the public good requires that State examinations should be made, they should not be omitted. The next Legislature of Pennsylvania ought to correct an evil that has existed too long. This recent failure will doubtless awaken popular opinion. Nearly every State in the Union has an examination of its insurance, bank and trust companies, and Pennsylvania, which is one of the largest and richest, certainly should no longer be so neglectful. It is desirable not only for the public, but also for the banking institutions. All the better ones will be strengthened in public opinion by such examinations, and only the weaker and poorer, which are trying to do irregular and crooked things, have any reason to fear the consequences of the creation of such an office. No time should be lost in following the example of other States in this matter.

Foreign Investments in the United States.—In the way of throwing light on the investments of foreigners in the United States, respecting which opinions differ widely, it appears from the last report of the Union Pacific Railway that 171,003 shares in that company were held in foreign countries, December 31, 1889, against 132,479, December 31, 1888. This was an increase of 38,524 shares in a single year, or about 30 per cent. The number of shares is 605,806, so that at the beginning of the year about 28 per cent. was held abroad. A calculation has been made on the assumption that one-half of the railroads have their stocks held abroad in like proportion. This would imply an aggregate investment considerably exceeding 1,000,000,000 in railway securities, for the proportion of bonds held abroad is probably as great as of stocks, and it is thought to be not improbable that the amount payable abroad on account of interest, indebtedness or profits on American investments averages more than 50,000,000 yearly.

THE PRODUCTION OF GOLD AND SILVER.

The report of the Director of the Mint on the production of the precious metals is always an interesting document, and never more so than this year. The leading facts have been published, and have an important bearing on the silver controversy. The present and prospective production of the silver and gold mines must surely affect the value of these metals.

The gold product of the United States was 1,587,000 fine ounces of the value of $32,800,000, against $33,000,000 in the preceding calendar year. The silver product of our own mines for the calendar year 1889 was approximately 50,000,000 fine ounces, of the commercial value of $46,750,000, and of the coining value of $64,646,464, against an estimated product for the calendar year 1888 of 45,783,632 fine ounces of the commercial value of $43,020,000, and of the coining value of $59,195,000, an increase over 1888 of about 4,216,368 fine ounces, of the commercial value of $3,730,000. In addition to the silver product of our own mines, about 7,000,000 ounces of silver were extracted from lead ores imported into the United States and smelted in this country, and over 5,000,000 ounces from base silver bars imported, principally from Mexico, making the total product of our mines, smelters and refineries, about 62,000,000 fine ounces of silver.

Of this amount the Government purchased for coinage 27,125,357 ounces; there were used in the arts about 6,000,000 ounces; there were exported to Hong Kong, Japan and the East Indies about 9,000,000 ounces, and there were shipped to London for sale about 20,000,000 ounces.

Colorado still maintains first rank among producing States, with an aggregate product of gold and silver of over $24,000,000. Montana stands next, with a product of $22,894,000. California produced $14,034,000, of which $13,000,000 were gold, being about two-fifths of the total gold product of the United States. Utah shows a largely increased product, notably in silver. Idaho and New Mexico report an increased product, and Arizona and Nevada a reduced product in 1889. The gold product of South Dakota increased from $2,600,000 in 1888 to $2,900,000 in 1889. Oregon and Washington both report increased products, the former having produced $1,200,000 in gold. The States of the Appalachian Range show a slightly increased product of gold over 1888.

The quantity of silver purchased for the silver dollar coinage was 27,125,357 fine ounces, costing $25,379,510, an average cost of $0.93.56 per ounce fine. The total amount of silver purchased for the coinage of the silver dollar from March 1, 1878, to December 31, 1889, was 271,-

632,503 fine ounces, costing $291,470,956, an average cost of $1.06.13 per ounce fine. The coinage of silver dollars for the same period was 349,938,001 pieces. At the average cost of silver for the whole period, the cost value of the silver dollar is eighty-two cents.

The average price of silver in London during the calendar year was $0.93.5 per fine ounce, and the average price of fine bars of silver in New York during the same period was $0.93.6. The highest price reached during the year was 44⅜ pence, and the lowest price was 41 15-16 pence.

The shipments of silver to India during the year aggregated $40,000,000, and the amount realized from the sales of India council bills about $77,000,000.

The net loss of gold and silver to the United States by excess of exports over imports of the precious metals was as follows:

Gold	$38,886,753
Silver	14,788,666
Total	$53,675,419

The amount of gold and silver used in the industrial arts during the calendar year 1889, in the United States, was:

Gold	$16,697,000
Silver (coining value)	8,766,000
Total	$25,463,000

The amount of domestic bullion used in the arts was:

Gold	$9,686,827
Silver (coining value)	7,297,933
Total	$16,984,760

The total metallic stock of the United States is estimated to have been, on January 1, 1890, as follows:

Gold coin and bullion	$689,275,007
Silver coin and bullion	438,388,624
Total	$1,127,663,631

The following table exhibits the amount of money in circulation per capita in the United States (exclusive of the amount in the Treasury), and the total stock of gold, silver, and paper money in the three principal countries of Europe:

STATEMENT OF THE ESTIMATED AMOUNT OF GOLD, SILVER, AND NOTES IN CIRCULATION IN THE UNITED KINGDOM, FRANCE, GERMANY, AND UNITED STATES.

Countries.	*Population.*	*Gold.*	*Silver.*	*Notes Outstanding.*
France	38,250,000	$900,000,000	$700,000,000	$594,000,000
United Kingdom	38,165,000	550,000,000	100,000,000	190,000,000
Germany	48,000,000	500,000,000	215,000,000	275,000,000
United States	64,000,000	375,607,112	116,298,802	938,728,545

		PER CAPITA.			
Countries.	*Total Metallic and Paper.*	*Gold.*	*Silver.*	*Paper.*	*Total.*
France	$2,194,000,000	$23.53	$18.30	$15.53	$57.36
United Kingdom	840,000,000	14.41	2.62	4.98	22.01
Germany	990,000,000	10.42	4.48	5.73	20.63
United States	1,430,634,459	5.87	1.82	14.67	22.36

The production of gold and silver in the world during the calendar year 1889 was approximately: Gold, $118,800,000; silver, 125,830,000 fine ounces, commercial value, $117,651,000; coining value, $162,690,000; against a product in 1888 of: Gold, $109,900,000; silver, 109,911,000 fine ounces; commercial value, $103,316,000; coining value, $142,107,500.

In considering the quantity of silver that can be devoted to monetary purposes, some additional facts are worth mentioning. One is that any effort to restrict the purchase of silver to this country, in our judgment, will probably fail. It will be so skillfully mingled with that produced here, that its home or parentage cannot be discovered. We may succeed, indeed, in erecting barriers against the importation of bulky products of one kind or another, but these would be ineffectual against the importation of gold and silver. We need hardly give any reasons for this opinion; they will occur to everyone. Both metals are so valuable, they occupy so little space, and can be introduced so easily that we do not believe any restrictive measures would be effective.

Therefore, in considering the available supply of gold and silver, the supply in other countries must be regarded. If the quantity of silver could be restricted to the home product, it must be admitted that a considerable increase of the quantity required for monetary purposes would affect its value greatly; on the other hand, another effect of the advance would be the opening of new silver mines, for the industry would be inviting. There are numerous silver mines closed to-day which would become profitable if the price advanced a little more. The increased output would in turn have the effect of diminishing the price, or of checking a larger advance.

Again, there is a vast quantity of silver in Europe which would be put on the market if the price should advance very slightly. The Roumanian Government has thirty million francs in five-lie pieces to sell, for which they invite offers to the 10th May next. The Italian Government is desirous of selling 45,700,000 francs in fine silver bars, or in old Bourbonian piasters, at a convenient price. There is the prospect also of a sale by the Belgian Government, which must receive, at the end of this year, from the Bank of France, about 200 million francs in five-franc pieces, already counted, packed away, ready for delivery, as the country has no need for them. Holland, too, is desirous of disposing of 25 million florins, for the sale of which the Minister of Finance has received discretionary power from the Chambers.

Furthermore, does anyone believe that the German Empire will continue its present monetary system, whereby thaler pieces remain a legal tender to any amount, while the five-mark piece—a coin of almost double the value—forms only token money, and cannot

be tendered in payments of more than twenty marks? Doubtless the German Government will seize the first opportunity to sell the greater part at least of their thalers, amounting, probably, to 450 million marks.

Surely this large supply of silver should not be overlooked by those who are counting so confidently on the large advance in the price of silver by the sole action of our Government. Let us increase our monetary supply by all means, and let us do so by using silver; but let us proceed in a way that shall not cost us our gold standard, unless, indeed, it be thought a good thing to transfer our monetary standard from gold to silver. We do not believe that the country is ready to descend to this step.

A REVIEW OF FINANCE AND BUSINESS.

LITTLE CHANGE IN THE SITUATION.

The last month of Spring has brought little change in the business or financial situation. It has been rather a continuation of the conditions existing a month ago, or a waiting set of markets for the development of the causes whose anticipation then gave speculation such an unexpected and sudden upward reaction from the depression that had brooded so long over all kinds of speculation. The Silver bill, which was the most important factor in producing these markets, has hung fire in Congress, with some doubt as to the shape in which it will finally pass. This doubt has caused considerable reaction in most speculative values, and more or less realizing, lest the bill in its original free-coinage shape should not become a law, and the anticipated general inflation and activity in business follow. This has been the chief factor in Wall Street, while the chronic family quarrel among the railroads west of Chicago has had a similar influence, which has more than offset the continued good earnings of nearly every system in the country, and the improved condition of the money market as reflected in the better bank statements, with a rapid increase in their surplus reserve at the close of the month. Outside of Wall Street the chief influence has been that of crop prospects, good and bad reports of which have been so conflicting that, with the manipulation of the speculators in Chicago, the produce markets have been a continual see-saw, with the net result of lower prices than a month ago, when the top was generally reached, yet without any decisive advantage for either Bulls or Bears,

because the actual condition of the crops is still so much in doubt.

CONDITION AND PROSPECTS OF THE CROPS.

The weather of May has been decidedly more favorable for crops generally, especially the latter half, since when all danger from drought has disappeared, leaving spring wheat prospects good. But the crop prophets still persist in killing the winter wheat, although to the layman there does not appear to have been any condition generally unfavorable to this crop since the winter killing in March. While there may have been more damage from that cause than believed at the time, it can scarcely be greater than estimated in the May Government report, which made the condition 1 per cent. lower than on April first. Yet the State official reports, as well as those of paid experts, have been reducing the condition of winter wheat all the month, in face of generally favorable weather for this crop. The weather conditions have not been so favorable for corn, yet not unfavorable, although it is difficult to tell what the truth is, as the Bulls in corn have been reporting cold, wet weather, which is bad for corn, from the same sections from which the Bulls in wheat have been reporting dry weather and sand storms, which are unfavorable to wheat. In addition, all the bugs and flies known to the naturalist as an enemy of wheat, have been discovered with the microscopic eyes of the "crop killers," who have all been enlisted in the service of the Bulls. Seldom if ever, in the history of speculation in these markets, has there been such an organized and persistent effort to kill our grain crops. That a great part of this talk is exaggeration is beyond doubt, yet that there has been serious damage to winter wheat is also beyond doubt, and an average crop of winter and spring wheat together is not now probable. Oats are said to have been injured some by the conditions affecting winter wheat, and this may be true or not; but grass is looking remarkably well, and the hay and oat crops generally are affected in like manner by the same conditions. Corn is backward, and has required some replanting, owing to rotting of seed in cold, wet grounds. There is time, however, yet for even replanted lands to make a good crop, though it would be unusual to get three such abnormally large ones in succession as we have had the past two years.

RAILROAD PROSPECTS FOR ANOTHER YEAR.

As a whole, therefore, the prospects now are for a considerable reduction in the total amount of grain raised this year compared with the last. The bearing of this on the railroads and their prospects is apparent, and it is not too early already to have its influence on speculation in railway stocks, although it has not

yet begun to be talked in Wall Street, strange to say, while it has been the controlling influence or lever used by the speculators in grain. This is doubtless due to the general unbelief in the truth of the serious damage reported of these crops, except by the Bulls in the grain markets. Another still more potent reason for overlooking this influence on the stock market, is the fact that Wall Street has just been converted to the Bull side of the market, and hence it is not to her interest to see the other side of the situation. This oversight is rendered easy by the continued large earnings of the roads engaged still in the moving of the large crops of last year, which were sufficiently heavy to keep them all busy during the last, as well as the first half of the crop year. This is a condition unusual, especially after such an open winter, that the movement has not been seriously interrupted since it began. All this immense volume of traffic would have been impossible in the movement of a single large crop, and only follows two such in succession, as we have had the past two years. That prices of stocks are now based on this abnormal business is not only evident, but also that their prospective value is calculated upon a continuance of present earnings. These may continue another year, but if the crops are relied upon to make them, to any such extent as they have contributed to them the two years past, it is likely some of the present investors will find they have made a mistake, unless general business revives enough to make up any deficit there may be in the crops of 1890. That there will be a deficit of greater or less magnitude has been shown probable above. It is also true that the surplus that will be carried over from this crop year, is likely to be greater than that from last crop year into this, because the present is the second big crop in succession, and there were no empty bins and depleted stocks at the beginning of this year to replenish. This surplus of the old crop will go part way to make up any deficit there may be in the new. Hence, should the present prospects of less than average crops be realized, the falling off in railroad traffic will not be felt in the first half of the coming crop year, as much as in the last half and the first half of the following year. It will be seen, therefore, that the present condition of the railroads, based upon a phenomenally favorable winter, and two abnormal crops in succession (except of wheat), is the best that can be looked for under the most favorable conditions possible for the next two years. Any change in earnings is likely to be for the worse, instead of for the better. Here is no doubt the key to the difficulty, with which the recent silver boom advance has been sustained, in great part.

THE PRESENT SITUATION IN WALL STREET.

The market, while talked up by everybody of note, and written

up by their organs, has had all the appearance of being "fed" with what long stock it would take without a break that might be fatal to the confidence of the outside investor, who has been undergoing an education in the idea that we are to have a higher level of values for everything in this country, by the magic influence of an unlimited supply of silver dollars. Even Gould, whose Southwestern roads, if the bad crop reports are half true, will be the most unfavorably affected of any system, has been talking bullish, yet significantly has taken this time to bring out a loan on these same properties, as if to provide for worse, instead of better times ahead. Else why should he be in the market to borrow money when prospects are improving, as he claims. Outside of those stocks in which there have been reorganization or consolidation schemes planned or effected during the month, the whole list of railroad shares has declined more easily and more than they have advanced. This, too, in face of easier money, till it looks very much as if the insiders, who foresee future conditions first, have been realizing all the market will stand. The Trust stocks have been an exception, because unaffected by the same influences as railway stocks. Yet even these have been bulled too hot and fast to look like a permanent and natural advance, especially in face of all the unfavorable legislation and decisions of the past year, with the prospect of more in the near future. It reminds one of the movement in this class of stocks a year ago, when they were unloaded on the public at still higher values, before this legislation and these decisions began to come so thick and hard.

Since the above was in type the Illinois Courts have rendered a decision against the Chicago Gas Trust, resulting in a heavy tumble in its stock, and a general shock to all Trust stocks, as the insiders are now getting out.

The "fixing up" of the Western "rate war," with the prospects of less instead of larger traffic ahead, is not likely to be very permanent. Surely most of the fixing of late years has not been very enduring. The coal roads seem to be getting out of the woods slowly for the balance of this year, at least, for they are about increasing their output, and hence their traffic will increase from now forward, as their stocks have been sufficiently reduced to require new supplies to fill current demand, which seems also to be improving. The Southern roads seem to be making steady though not large gains in earnings and improvement in condition as the work of renewing and consolidating them into more economically managed systems, with better connections North and West, progresses toward completion. With easy money and foreign markets in an equally easy and favorable condition, either for carrying stocks or for bulling them,

there is no near prospect of any radical decline in stocks, while there may be another sentimental advance on a wholly speculative basis, should the Silver bill pass in anything like its original shape. These seem to be the conditions of importance on which the future of values in railway securities depend.

STERLING EXCHANGE AND FOREIGN SPECULATION.

Smaller exports have advanced sterling exchange on the scarcity of commercial bills, while there has been less doing in security bills either way, since London has been a less important factor in our stock market. This seems due more to a general contraction of the wild speculation in London that has existed for more than a year, than to any distrust of American securities. The fact that there have been some 26,000,000 sterling less subscribed to new corporate enterprises in the London market to date this year than last, and 16,000,000 pounds less than two years ago, in the same period, shows the contraction in general speculation. Whether the proposed silver legislation has deterred Europe from buying our securities is an open question. But it has stopped the shipments of silver bullion from London to India, and started large exports of that article from London to the United States, which was something the silver men had not counted on. Whether this has had anything to do with the recent less hopeful tone of the silver men at Washington is a question. But the prospects of the Silver bill seem to be perceptibly waning. There is even talk that there may be no silver legislation at all, yet the market for this metal on both sides of the water has lost only a small part of the recent advance. Early in the month money worked a little close, and rates were well maintained. But the movement from the interior to New York, that was noticed in our last, continued till the surplus reserve of the banks showed large gains the latter half of the month; since then rates declined until the close, when they rallied.

THE FUTURE OF THE PRODUCE MARKETS

will turn on much the same pivots as stocks, namely, the outcome of the crops and of the Silver bill. The uncertainty of both has affected these markets since our last, very much as it has the stock market. The first stimulus to strength and activity has passed away, and there has been a good deal of realizing except by the original bottom price Bulls, who have held on to all they bought before, and have bought more on weak spots in these markets, believing in still higher prices, based upon the supposed truth of the reported damage to the crops and faith in the efficacy of unlimited coinage of silver to cure all our financial ills. It is

needless to say that this class of Bulls are mostly countrymen, or in the West, St. Louis seeming to be the center of the short crop Bulls, and Washington of the silver Bulls, where the representatives of the West manufacture public opinion in its favor, with the aid of the press of the interior and the brokers of Wall Street and their organs, who are in favor of anything that will encourge speculation and "make business good," which means brokerages for them. On these two influences the future of our produce values as a whole depend. At present they are waiting markets, like that of Wall Street, to know the outcome of both. Otherwise most remain in about the conditions noted in our last, except that the inclination during this interval of waiting is to realize profits, and hence the tendency in prices has been downward, with sudden and sharp reactions, showing still that these markets respond much more readily and radically to Bull than to Bear influences and news. Therefore it is these exaggerated reports of damage to crops have so much more influence than for the past five years, when the Bear sentiment prevailed instead of the Bull, as now. This is a very important change in public opinion, that shows which way the speculative wind now blows, and why there is so much less opposition to the silver legislation in the East than hitherto. Other things being equal, it is impossible not to see that these are Bull markets still, and speculators are only waiting for the public to come in and help them to start an old-fashioned boom, such as returned in the cotton market at the close of the month, after a period of dullness and partial reaction, following the advance to 12c., which had been the high-water mark for this crop made by the Bulls. Yet they have now seen it pass that point and jump 25 and even 50 points in a day on this crop options, on the panic of the Bears to cover, lest there should be a corner in the market. This is what is now looked for and talked of by the Bulls in all these speculative produce markets except provisions, in which the packers are now on the other side, expecting a heavy supply of summer hogs, although Europe is again buying our lard at the late decline.

THE GENERAL BUSINESS OUTLOOK.

As stated above, the coal trade has improved, though slightly, during the month, with the prospect of still further improvement as the season advances, while indications point to an earlier opening than of late years. There was a little more life in the iron trade early in the month, but it has been lost East of the Alleghanies during the latter half. Steel rail and iron used in track laying are the weakest and dullest things on the list, indicating both less railroad construction and renewal. Pig iron is still maintained,

owing to old contracts still unfilled rather than to new orders. The woolen industry continues in the dead and alive condition it has been in for months, with Fall trade too far away to give any indication of its prospects, which can scarcely be worse than the past year. The enhanced cost of the raw material by nearly 1c. per lb. in the last half of the month has had an unsettling effect on the market for cotton goods, as the advance is chiefly on this crop options, which are at an unusual premium over next crop, as well as nearly 1c. per lb. above the Liverpool basis. This of course implies manipulations of the New York cotton market, which will make manufacturers slow to go ahead of immediate wants with the certainty of lower prices three months ahead, unless damage happens to the next crop which is late planted in the Mississippi Valley, due to the floods which have continued well into this month. Late planted cotton, like other crops, has more risks to run, and the conditions are scarcely up to the average at this season, with the chances in favor of a smaller crop than of late years. This manipulation of spot cotton and this uncertainty of the next crop leaves the cotton industry in an awkward if not dangerous position, which may unsettle those interests as well as the cotton market, which broke again 25 to 40 points on the last business day.

WATER TRANSPORTATION INTERESTS AND EXPORTS.

The lake and ocean transportation interests have been suffering from the smaller export movement of our products the past month, on account of higher prices than ruled through the winter, when a good part of the shipments that have been going forward since were contracted for. The lake sailing tonnage has been displaced to an unusual extent this season by the large iron steamers that have been built the past winter at the lake ports, while the increased supply of ocean steam tonnage brought here by the high rates of last fall and winter, and the reduced shipments of grain during that period from Russia and India have broken ocean rates on prompt shipments to nearly a ballast basis again. This latter cause of complaint, however, is likely soon to disappear in a measure, at least, in consequence of the renewed free shipments of wheat from both those countries and from South America, and of corn from the Danube, which will draw this tonnage outside the regular lines out of the Atlantic trade. This is already having its effect in less tonnage offering here, and much higher rates for late summer shipments from this side. These shipments from other sources have so increased, the past month, that the amount of wheat on passage from all countries to Europe is larger than ever before, or 53,000,000 bushels, against 36,000,000 a year ago, although the stocks in Europe are nearly, if not quite, enough

smaller than usual to offset it. Yet the crop prospects of Europe are as uniformly good as the reports of our own are bad, outside of spring wheat.

EFFECT OF THE ADVANCE IN WHEAT ON FLOUR.

One of the effects of the Bull movement in wheat and of the short winter crop scare, is to make farmers hold back the balance of their old crop for still higher prices, until the price of wheat at interior winter wheat points is as high as at the seaboard, while the price of flour has not responded, owing to the large stocks of lower priced flour carried through the winter. Prices of flour have been advanced, it is true, but the buyers will not pay them, and the mills in this city, St. Louis, and winter sections generally, are many of them shut down, or only running part time. This is true to a smaller extent in spring wheat sections. But the flour mills of the country are having about as bad year now as last, when they bulled wheat instead of flour.

Fidelity Bank Litigation.—The failure of the Fidelity National Bank of Cincinnati, in 1887, has yielded a rich crop of lawsuits, as was expected. Several of the decisions have been published in the BANKER'S MAGAZINE, and others will appear whenever space can be found for them. One of the most important of these in amount, its consequences to the American Exchange National Bank, of Chicago, and the chief principle involved, is a decision in favor of that institution. Nearly $400,000 were involved, consisting of two drafts of $100,000 each, and a certificate of deposit for $200,000 more. These obligations were issued by the Fidelity National Bank, and were cashed by the other. The receiver of the Fidelity Bank defended on the ground that the money was used in a "wheat deal," that the American knew for what purpose it was to be used, and that the whole transaction was fraudulent. But the American Bank denied this; the documents were received and cashed in good faith. If the court had decided that such documents issued by a bank officer within his powers cannot be accepted as binding on the bank issuing them, the taking of them would be fraught with great hazard. The decision does not contain a new principle, but it applies an old one, and the maintenance of which is of the highest importance. Indeed, any doubt on the point would destroy one of the most important departments of banking. The bank must be congratulated on its great victory.

FINANCIAL FACTS AND OPINIONS.

National Bank Circulation.—Senator Hiscock, of New York, has introduced a bill to provide that National banks may secure their circulation by deposits of Government, State, railway and municipal bonds of at least par market value, and not in default of interest for ten years past; the amount of circulation not to exceed ninety per cent. of the market value of bonds, except in the case of Government bonds, on which notes equal to their full face value may be issued. The following securities shall also be received as a basis of circulation: First, mortgaged loans secured on improved real estate, at not exceeding fifty per cent. of its assessed value, when guaranteed by corporations of good financial standing; certificates of deposit of gold and silver coin and bullion, storage warrants and warehouse receipts of pig-iron, cotton, and wheat in responsible companies, these commodities to be insured in sound companies. The percentage of circulation issued shall not exceed seventy-five per cent. of their face value, except in the case of gold and silver. The banks are required, upon the demand of the Secretary of the Treasury, to make good any deficiency caused by a shrinkage in value in their deposits. The circulating notes issued under the provisions of the act are made redeemable in fifty-year two per cent. Government bonds. The Secretary of the Treasury shall set apart from the amount paid in previously by the National banks as a tax on circulation, and from the fund now in the Treasury, accumulated from the non-presentation of circulation lost or destroyed in the hands of the people, $20,000,000 as a guarantee fund for the protection of bank depositors, and an amount equal to one-tenth of one per cent. per annum on deposits shall be paid into the Treasury after the passage of this act, as an addition to this fund, this payment to cease when the fund becomes large enough to provide the requisite protection, and to reimburse the Government for the original amount set apart for the formation of the fund.

Bank Legislation.—The several bank bills introduced during the early days of Congress for improving the system have been put to sleep for the session. Not one of them, we believe, has been the subject of action of late. The silver question has absorbed all others of a monetary character, and nothing is likely to be done in the way of permitting a larger increase of circulation on bonds, or any other measures, however meritorious, until the silver question, at least, is out of the way. A newspaper correspondent, who usually is accurately informed, says that the Senate Com-

mittee on Finance has done nothing but listen to Mr. Knox's explanation of his plan for extending the banking system. Major Dorsey, the chairman of the House Committee, is hopeful of passing the bill authorizing National banks to increase their circulation to the par value of their securities, but even he is looking for little else. The committee will not report on the abolition of the tax on circulation, partly because they do not believe it can be carried, and partly because of a doubt whether the matter properly belongs to them or to the Committee of Ways and Means. The bill authorizing larger loans to individuals, in proportion to the capital and surplus of a bank, may possibly be reported. No one considers the passing of a bill to perpetuate the National banking system. Possibly it may be considered after a measure of silver inflation has been passed, but even this is doubtful. The hostility to the National banks has grown during the session. The suffering among the farmers, and the theory that the country needs a new flood of paper money, have stimulated the feeling against everything which can be stigmatized as a monopoly, and the banks have suffered with the railroads, and the corporate interests. If the present season should prove good one, and something like prosperity return to the farming communities, the existing irritation might disappear and reasonable legislation be possible next winter.

The Silver Question.—Since our last issue the silver question has been discussed in the Senate at considerable length, and in a few days the House will doubtless continue the discussion. Senator Jones' speech was, perhaps, the most noteworthy, and he is one of the few men who always contributes something to the discussions in which he takes part. Another noteworthy contribution is the minority report of the New York Chamber of Commerce, by Mr. St. John, president of the Mercantile National Bank, in which he favored free coinage. Some of his reasons for this conclusion are here given:

France I assume to be a fair criterion as to Europe's course with silver, she being possessed of six times as much silver money as any one other European nation, Germany excepted, and three times as much as Germany, at the same time that she possesses three hundred million dollars worth more of gold than her only rival outside the United States, Great Britain; and France will not flood us with her silver.

First, because in December, 1889, or January of this year, the opportunity was afforded her (as subsequent attempted explanations fully confirm) to procure gold for her silver to the amount of 300,000,000 francs at par, that offer being 60¾d. per ounce in gold for $59,000,000 worth of her silver money, *i. e.*, in equivalence, 103 cents a piece in gold, for our so-called "72 cents discs."—our present standard dollars; and that offer was declined.

Second, because under the Latin Union treaty France might now, as

during several years past, but does not, exact of Italy, Belgium, Switzerland and Greece the redemption of their silver coins in France, for which at last estimates her claim on them in that exchange for silver at par would exceed the sum of $80,000,000, gold.

Finally, as to France being every year indebted to India for supplies of wheat, cotton, indigo, etc., France might profitably rid herself of silver in the average sum of more than $40,000,000 annually, and elects instead practically to pay in gold, purchasing in London India Council Bills to remit in settlements. France, the criterion of criteria, as to Europe's silver, neglecting thus to rid herself of $40,000,000 of silver annually by recoining it in India, as she might do, and seemingly with profit, is not to be feared as likely to choose to flood our mints in the constant certainty of a loss of 3 per cent. and transit costs additional.

It is reported of the President that he will veto a free coinage bill; if this report be true we suppose that the correlative must be, that he would veto a bill which, in effect, or substantially, is a free coinage measure. Doubtless the movement for a large expansion of the currency has been strongly supported by Wall Street. It was believed that the issue of more silver would enhance prices, and Wall Street, assuming that an additional issue would be authorized, has discounted the future; and it is supposed that nearly the whole effect of the prospective addition has been anticipated. If so, we may expect that Wall Street in due turn will become a bear in order to make another profit from the decline. Wall Street can only make money by knocking things endwise, by creating as many disturbances in the market as possible; and until recently the events have been so few and insignificant of which Wall Street could take advantage that it had become one of the dullest business places in the world. The silver movement, however, has imparted a new life to all except the bucket-shop individuals, who have quite generally succumbed. It is too early to predict what will be the outcome of this discussion, except that more silver money of some kind will be authorized. As we have maintained from the beginning, no harm can come from this, so long as the plan adopted shall not endanger the gold standard. The country needs more money. Those in debt need relief, especially the agricultural classes, and an increase of prices, whereby they can obtain a better reward for their labor, would be a blessing to them, and indeed to the whole country. But while increasing the quantity of money, let no measure be adopted that will imperil the maintenance of the gold standard. In our judgment some of the plans now pending are fraught with this peril.

Another Silver Bill.—Another silver bill prepared by Mr. St. John, President of the Mercantile National Bank of New York, and introduced by Senator Plumb, directs the Secretary of the Treasury to purchase monthly silver bullion to the aggregate amount of

four and one-half million ounces of fine silver at the market price but not exceeding one dollar for 371 25-100 grains of pure silver, and to issue United States notes in payment therefor. These notes shall be legal tender for all purposes, unless otherwise specified in any contract. The aggregate amount of such notes outstanding shall not exceed the cost of the silver reserved on hand in the purchase of which the notes were issued. The notes shall be redeemable on demand at the Treasury or Sub-Treasuries in coin, but the Secretary of the Treasury may, after the expiration of two years from the passage of this act, prescribe regulations for the redemption of the notes, on demand of the holder, in an amount of silver bullion worth at the market price, on the date of redemption, the face amount of notes thus redeemed in bullion, if in the discretion of the Secretary such method of redemption shall then be to the interest of the United States. The Secretary shall coin such portion of the silver purchased, not less, however, than $2,000,000 monthly, as he may deem necessary to provide for the redemption of the United States notes. After two years the minimum coinage requirement shall be reduced to $1,000,000 per month. The bill was referred to the Finance Committee.

Amount of Circulation.—The following statement, prepared by the Treasury Department, shows the amount of gold and silver coins and certificates, United States notes and National bank notes, in circulation May 1, 1890:

	General Stock, Coined or Issued.	*In Treasury.*	*Amount in Circulation.*	*Amount in Circulation May 1, '89.*
Gold coin	$627,923,705	$253,612,783	$374,310,922	$377,407,308
Standard silver dollars	363,626,266	306,429,289	57,196,977	55,747,772
Subsidiary silver	76,793,513	22,989,474	53,804,039	51,622,110
Gold certificates	158,785,039	24,142,200	134,642,839	136,614,789
Silver certificates	297,361,953	4,438,605	292,923,348	254,939,203
United States notes	346,681,016	7,209,411	339,471,605	322,910,879
National bank notes	189,586,579	3,942,536	185,644,043	215,009,298
Totals	$2,060,758,071	$622,764,298	$1,437,993,773	$1,414,251,359

Amount of National bank notes issued during the month of April, 1890.....$1,353,505
Amount of National bank notes redeemed during the month of April, 1890.. 2,294,058

COMPARATIVE STATEMENT SHOWING THE CHANGES IN CIRCULATION DURING APRIL, 1890.

	In Circulation April 1, 1890.	*In Circulation May 1, 1890.*	*Decrease.*	*Increase.*
Gold coin	$373,624,488	$374,310,922	.....	$686,434
Standard silver dollars	57,989,656	57,196,977	$792,679	.....
Subsidiary silver	53,984,972	53,804,039	180,933	.....
Gold certificates	134,938,079	134,642,839	295,240	.....
Silver certificates	290,605,562	292,923,348	.....	2,317,786
United States notes	339,761,359	339,471,605	289,754	.....
National bank notes	186,589,936	185,644,043	945,893	.....
Totals	$1,437,494,052	$1,437,993,773	$2,504,499	$3,004,220
Net increase			$499,721	

COMPARATIVE STATEMENT OF CHANGES IN MONEY AND BULLION IN TREASURY DURING APRIL, 1890.

	In Treasury April 1, 1890.	*In Treasury May 1, 1890.*	*Decrease.*	*Increase.*
Gold coin	$253,782,305	$253,612,783	$169,522	.....
Standard silver dollars	302,036,610	306,429,289	.....	$4,392,679
Subsidiary silver	22,814,565	22,989,474	.....	174,909
United States notes	6,919,657	7,209,411	.....	289,754
National bank notes	3,937,196	3,942,536	.....	5,340
	$589,490,333	$594,183,493	$169,522	$4,862,682
Gold bullion	66,443,489	67,265,628	.....	822,139
Silver bullion	4,634,901	3,358,089	1,276,812	.....
Trade dollars as bullion	6,074,538	6,074,538	.....	.....
Totals	$666,643,261	$670,881,748	$1,446,334	$5,684,821
Net increase				$4,238,487
Gold certificates held in cash				$24,142,200
Silver certificates held in cash				4,438,605

Banking in the Argentine Republic.—The President of the Argentine Republic, while evincing a disposition to relieve the monetary crisis, seems to be utterly wrong in his methods of accomplishing this end. He does not see or admit that the enormous paper money inflation is the chief cause of the disaster which has befallen the country, and which all the wiser ones for several months have predicted was surely coming. The only remedy is to withdraw a large portion of the paper issues. No other treatment will meet the case. The Buenos Ayres *Standard* says.

"The present situation is all the more serious as the majority of the so-called free banks are in a critical condition; their balance-sheets are unique in the records of banking, they are a slander on the fair name of the country; the banks, with large capital, large issues, no reserves, no cash, so to say, are a financial barbarism; they are not worthy of the name of banks, and the sooner they are wound up the better. Such is the gravity of the situation that Argentine newspapers actually announce that some of these banks have considerably exceeded their authorized issue of paper money; this means that there are fraudulent issues of paper money in the Republic. One paper goes so far as to state that the Bank of Cordoba has exceeded its legal issue by fifteen millions, that the National bank of this city, for the sake of National decorum, took up that excess of issue and returned it to the Cordoba Bank to be burnt, that that bank has actually again issued those notes, and that legal proceedings are imminent in consequence. Such proceedings are a sorry verdict on the free banking law."

This is familiar experience. An excessive issue of money always inflates prices, followed by inevitable contraction. Notwithstanding, there is a class of persons, perhaps in every country, who would issue paper money to an almost unlimited extent for the purpose of bringing about precisely this double consequence. While these facts are true, it is also true that there are times when a judicious increase of the currency brings needful relief. Such a time is the present in this country. A moderate increase

of prices, whereby the debtor class, and especially the farmers, can more easily discharge their burdens, would be a good thing for them, and in the end for the creditors, otherwise they may receive less than they will from a less valuable diluted currency.

English Savings.—In the earlier years of this century, when mechanical inventions were first beginning to revolutionize industry, an increase of capital was a prime necessity. No practical precept is more frequently enforced by the economists of the time than that of saving. Saving was in their eyes the first if not the whole duty of the "economic man," and they have not preached in vain. In the words of a most competent authority, "The amount of capital is increasing many times as fast as that of population. It is increasing faster than ever in England, and what is more important, there is a very rapid increase in America, where everybody almost is saving. The 'extravagant' American is saving more than any other person." A variety of facts justify this statement as regards England. Thus, for instance, Mr. Goschen says that "The total paid-up capital of all companies registered in April, 1877, was £307,000,000; in April, 1887, the total paid-up capital of registered companies was £591,500,000, the increase in ten years being 92 per cent." The same writer gives good ground for thinking that the increase in the number of shareholders, *i. e.*, of persons saving, is at least as great. The accumulations in savings banks, made as a rule by the lower-middle and working classes, are stated to be as follows: Between 1855 and 1865 the deposits rose by one-third, from £34,300,000 to £45,300,000; between 1865 and 1875, from £45,300,000 to £67,600,000, or about one-half; from 1875 to 1885, by about 40 per cent., viz., from £67,600,000 to £94,053,000, an increase which, taking into account the fall of prices, is at least equal to that of the preceding decades. Meanwhile, the number of depositors had risen from 1,304,000 in 1855 to over 5,000,000 in 1885. In the elaborate paper read by Mr. Giffen before the Statistical Society last December, he said that the capital of the United Kingdom, which appeared in 1875 to be about £8,500,000,000, may now be estimated by an exactly similar process at £10,037,000,000 in 1885. The increase between the two dates is £1,489,000,000, or almost exactly 17½ per cent.

THE CLEARING HOUSE SYSTEM.

[CONTINUED.]

No accurate means exist for determining the ratio which exists between the amount of clearings and the volume of our internal commerce, but it is certain that the aggregate bank transactions must be very much in excess of the total clearings. Outside of New York it is safe to say that the clearings represent very much less than half the volume of commercial transactions. Bearing this fact in mind, the following table, giving comparative statistics of our Clearing Houses for a series of years in millions of dollars, will be instructive:

	No. of Associations.	*No. of Associations Reporting.*	*Aggregate Exchanges U. S.*	*Gold and Currency Ex. N. Y.*	*Exchanges Outside N. Y.*
1853.....	1	1	*1,304,9	*1,304,9	.. ....
1854.....	1	1	5,798,6	5,798,6	.....
1855.....	1	1	5,673,7	5,673,7	.....
1856.....	2	2	8,404,2	7,346,8	1,057,4
1857.....	2	2	8,591,4	7,196,1	1,395,3
1858.....	5	3	7,215,7	5,376,2	1,839,5
1859.....	5	3	9,069,3	6,598,8	2,470,5
1860.....	5	3	10,022,0	7,393,8	2,628,2
1861.....	6	4	7,507,4	5,516,4	1,991,0
1862.....	6	4	10,120,1	8,234,9	1,885,2
1863.....	6	4	20,442,4	17,427,7	3,014,7
1864.....	6	4	30,053,4	25,640,0	4,413,4
1865.....	8	5	30,437,0	25,858,0	4,579,0
1866.....	11	7	36,235,9	31,466,5	4,769,4
1867.....	11	7	30,322,1	25,811,2	4,510,9
1868.....	14	7	36,079,7	31,159,7	4,920,0
1869.....	14	9	41,157,1	35,541,1	5,616,0
1870.....	14	9	32,849,7	27,086,3	5,763,4
1871.....	16	10	37,200,4	30,643,0	6,557,4
1872	20	12	43,581,6	36,369,6	7,212,0
1873.....	21	13	37,686,6	29,840,5	7,846,1
1874	23	14	31,822,0	24,450,0	7,372,0
1875.....	23	15	32,339,7	24,313,8	8,025,9
1876.....	26	18	29,579,9	21,476,7	8,103.2
1877.....	27	23	31,944,1	23,800,6	8,143,5
1878	27	24	30,133,1	22,401,1	7,732,0
1879.....	28	24	38,591,1	29,235,6	9,355,5
1880.....	29	26	50,113,9	38,614,4	11,499,5
1881	30	27	63,414,6	49,376.9	14,037,7
1882	30	29	60,877,4	46,917,0	13,960,4
1883.....	31	31	51,827,1	37,434,3	14,392,8
1884.....	32	32	44,201,9	30,985.9	13,216,0
1885.....	35	35	41,453,5	28,152,2	13,301,3
1886.....	35	35	49,186,5	33,676,8	15,509,7
1887.....	41	38	51,156,1	33,474,6	17,681,5
1888.....	44	44	49,458,8	31,100,0	18,358,8
1889	51	51	56,279,8	35,895,1	20,384,7
			$1,162,133,7	$888,588,8	$273,544,9

* From October 11.

This table shows very clearly how steadily the outside Clearing Houses are gaining on New York. While the exchanges at the latter still exceed by 75 per cent. those of all the other Clearing

NOTE.—The above table was misprinted in our last number.

Houses of the United States combined, the preponderance of the great commercial metropolis is growing steadily less. While the exchanges outside of New York ten years ago were scarcely more than one-fifth those of New York, the proportion has now reached four-sevenths.

Canadian Clearing Houses.

It is only quite recently that any Clearing Houses have been established in British North America. The earliest of these, so far as known, is the Halifax Clearing House Association, which was established in July, 1887. It is composed of seven banks, namely:

Bank of British North America.	Merchants' Bank of Halifax.
Bank of Montreal.	People's Bank of Halifax.
Bank of Nova Scotia.	Union Bank of Halifax.
Halifax Banking Company.	

The manager is Mr. F. M. Cotton. The hour for making the exchanges is 10·15 precisely. Between the hours of 11:30 and 12:30 the debtor banks pay at the clearing bank all balances due in Dominion legal-tender notes. Between the hours of 12:30 and 1 the creditor banks receive from the clearing bank the balances due them, if the balances have been paid by the debtor banks. Any bank failing to pay the balances due from it by 12:30 shall be ruled out by such default, and notice given immediately to the associated banks.

Errors in exchanges, and claims arising from the return of checks and other causes, are to be adjusted directly between the banks by 11:45 o'clock of the same day. The returns of the clearings for 1889 are incomplete, but for the five months ending April 30, 1890, they have amounted to $24,643,386.

The Montreal Clearing House was established January 7, 1889. The number of banks is sixteen, namely:

Bank of Montreal.	Union Bank of Canada.
Canadian Bank of Commerce.	Banque du Peuple.
Merchants' Bank of Canada.	Bank of Nova Scotia.
Bank of British North America.	Banque Nationale.
Quebec Bank.	Merchants' Bank of Halifax.
Molson's Bank.	Banque d' Hochelaga.
Bank of Toronto.	Banque Jacques Cartier.
Ontario Bank.	Banque Ville Marie.

The hour for making the exchanges at the Clearing House is 10 o'clock A. M., precisely. It requires about five minutes to make the exchanges, and twenty to twenty-five to strike a balance. Debit balances must be paid into the Clearing House between the hours of 12 and 12:30 of the same day, and between 12:30 and 1 P. M. the creditor banks shall receive from the Clearing House the balances due them respectively, provided that such balances have been paid by the debtor banks.

Any bank failing to pay its balances at the proper hour is ruled out by the default, and notice given to the other banks, and the defaulting bank is bound to return all checks received by it on tender of the checks it has cleared. All errors arising from the return of checks and other causes, must be adjusted directly between the banks, and checks and other items constituting such errors shall be returned without intentional mutilation to the bank from which they were received, by 11:45 on the same day.

Balances are paid in legal tenders; no vouchers are used. On Saturday balances are paid an hour earlier. The clearings for the year 1889 were $454,580,067. There is no record of the total balances paid.

The manager is Mr. John Gault. At both Halifax and Montreal there is a printed code of rules governing the association.

Aside from the Montreal and Halifax there are no Clearing Houses known to exist in British North America.

* English Clearing Houses.

The parent Clearing House of all, and the largest in the world as regards the magnitude of its transactions in 1889, is that of London, established in 1773 or earlier; one authority states that it was established in 1755. Very little is known of its early history. It is said that "in 1775 a building on Lombard Street was set apart for the use of bankers, in which they might exchange drafts, bills and securities, and thereby save labor, and curtail the amount of floating cash requisite to make the settlement of the different houses if effected singly."

For many years the private banks enjoyed a complete monopoly of the Clearing House, and it was not until 1854 that the joint stock banks, after many unavailing efforts, were admitted. In the same year balances began to be settled by drafts on the Bank of England, thus dispensing entirely with the use of cash in making settlements. The Bank of England joined the Clearing House for out-clearings, that is, checks on other banks, in April, 1864. The in-clearing is paid in drafts over its counter. The present membership of the London Clearing House is twenty-seven, as compared with sixty-four at New York, but in London these twenty-seven banks are the clearing agents for nearly or quite all the banks in the United Kingdom.

In 1839, the amount of cash required daily to settle the balances was £213,100, or about $1,000,000; in 1879-80, the average daily balances were £2,068,000, or nearly $10,000,000, showing an increase

* See W. Howarth's "Our Clearing System and Clearing Houses," from which much of the information relating to the London Clearing House is taken. See also Jevon's "Money and the Mechanism of Exchange," and Gilbart on Banking.

in the daily balances of 900 per cent., as compared with the increase of 450 per cent. in the clearings. The economy in the use of cash effected by the new method of paying balances is thus nearly $10,000,000 daily, or upward of $3,000,000,000 for the year, or about twelve per cent. of the exchanges in that year.

To Mr. George Derbyshire is due the honor of bringing about the improved method of paying balances. The plan was originally proposed by Mr. Chas. Babbage, and was at first opposed by a majority of the bankers, but finally adopted. Printed transfer blanks are provided for paying balances, the debtor banks using a white slip, and the creditor banks a colored one.

The London Clearing House on Lombard Street is a plain, oblong room with rows of desks in compartments around three sides and down the middle. A small office for the two inspectors stands at one end.

There are three clearings daily; the morning clearing opens on ordinary days at 10:30, drafts are received not later than 11, and the work must be closed at noon. The country clearing then begins, drafts being received until 12:30, and the clearing closes at 2:15. The afternoon clearing, which is the heaviest, begins at 2:30, and drafts are received up to 4 o'clock, nominally, that is, the Clearing House clock is always kept five minutes behind Greenwich time, so that five minutes grace is always allowed to the representatives of the various banks. At five minutes past 4 the bell strikes and the doors are bolted, and at ten minutes past the doors are again opened, and the messengers of the various banks take their charges to the banks they represent. These hours are varied on the fourths of the month, on Saturdays (not being fourths) and on January 1, June 30, July 1, and December 31.

Previous to the year 1858 the business of the London Clearing House was restricted to exchange by checks and bills actually drawn on the clearing bankers. Country checks were collected through the medium of the London agents of the respective country banks. In the year 1858, at the suggestion of Mr. William Gillette, but chiefly through the exertions of Sir John Lubbock, a country clearing was organized, since which time the amount of country checks cleared is included in the total of the reported exchanges.

In comparing the transactions of the London Clearing House with those of this country it must be borne in mind that we have no State bank like the Bank of England, which is itself a vast Clearing House, through which settlements of great magnitude are adjusted, which do not appear in the London clearings at all. The same remark will apply to other countries having a large centra National bank.

The transactions of the London Clearing House during the year 1889 were £7,618,766,000 or $37,076,724,739 as compared with $35,895,104,904,65 at New York.

The growth of the clearings at London, so far as have been reported, has been as follows:

	Sterling.	*American Currency.*
1810	£880,000,000	$4,282,520,000
1839	954,401,600	4,644,595,386
1840	974,580,000	4,742,793,570
1867 (8 months)	£2,128,290,000	$10,357,323,285
1868	3,425,185,000	16,668,662,802
1869	3,626,396,000	17,647,856,134
1870	3,914,220,000	19,048,551,630
1871	4,826,034,000	23,485,894,461
1872	5,916,452,000	28,792,413,658
1873	6,070,948,000	29,544,268,442
1874	5,936,772,000	28,891,300,938
1875	5,685,793,000	27,669,911,635
1876	4,963,480,000	24,154,775,420
1877	5,042,383,000	24,538,756,870
1878	4,992,509,000	24,296,045,048
1879	4,885,827,000	23,776,877,095
1880	5,794,238,000	28,197,659,227
1881	6,357,404,000	30,938,306,666
1882	6,221,206,000	30,275,498,999
1883	5,929,302,000	28,854,948,183
1884	5,798,555,000	28,218,668,907
1885	5,514,071,000	26,834,226,521
1886	5,901,925,000	28,721,718,012
1887	6,077,097,000	29,574,192,550
1888	6,942,172,000	33,784,080,038
1889	7,618,766,000	37,076,724,739
Total 1867–1889	£123,569,025,000	$601,348,661,260

The Manchester Clearing House was opened July 15, 1872. There are two clearings daily, namely, at 11:15 A. M. and 2:15 P. M. on ordinary days; on Saturdays at 10:30 A. M. and 12 M.; on other half holidays there is only one clearing. The business is conducted under the control of an inspector appointed by the Bank of England. This position has been filled, since the Clearing House was opened, by Mr. D. T. Brewer.

Balances are paid by transfers on the books of the Bank of England, without handling cash. The transactions of the Manchester Clearing House since it opened have been as follows:

	Clearings.	
1872	£32,300,000	$157,191,000
1873	72,800,000	354,292,000
1874	76,100,000	370,353,000
1875	81,100,000	394,687,000
1876	81,300,000	395,660,000
1877	85,900,000	418,047,000
1878	85,700,000	417,073,000
1879	84,200,000	409,760,000
1880	102,000,000	496,380,000
1881	108,556,400	528,300,000
1882	114,873,856	559,033,620
1883	118,529,763	576,825,091
1884	118,555,644	576,951,042
1885	111,791,156	543,921,660
1886	117,836,957	573,453,551
1887	128,064,018	623,223,543
1888	136,276,126	663,187,767
1889	150,291,081	731,391,545
Total	£1,806,175,061	$8,789,730,819

The Clearing House at Newcastle-on-Tyne was opened Jan. 2, 1872. On ordinary days there are three clearings, at the hours of 11:15 A. M., 2:15 P. M., and 3:15 P. M. On the 1st of January there is one clearing only at 10:30 A. M.

On Saturdays and half holidays there are usually two clearings, at the hours of 11:00 A. M. and 1:15 P. M.

Balances are paid by transfers on the checks of the branch Bank of England. The transactions of the Clearing House, after reaching their maximum in 1883, declined to the lowest point on record in 1889, when their volume was only about 50 per cent. of the total attained in 1883. The clearings from 1872 to 1889, inclusive, have been as follows:

	Clearings.	
1872.....	£20,057,290	$97,608,801
1873.....	31,540,670	153,492,670
1874.....	32,296,580	157,171,306
1875.....	30,755,260	149,670,472
1876.....	28,068,150	136,593,651
1877.....	24,330,770	118,405,692
1878.....	23,184,860	112,829,121
1879.....	21,458,640	104,428,471
1880.....	24,148,495	117,518,650
1881.....	24,535,190	119,400,502
1882.....	33,002,740	160,607,834
1883.....	39,091,480	190,238,687
1884.....	34,362,400	167,224,600
1885.....	32,027,320	155,860,952
1886.....	37,187,982	180,975,314
1887.....	29,466,970	143,401,009
1888.....	25,225,970	122,762,185
1889.....	19,637,130	95,564,093
Total.....	£510,377,897	$2,483,754,010

The Clearing House in Birmingham, England, was established in the year 1879, and has a membership of seven banks, as follows:

Lloyd's Bank, Limited.
Birmingham and Midland Bank.
Metropolitan and Birmingham Bank.
Birmingham District and Counties Bank.
Capital and Counties Bank.
Nat. Provincial Bank of England.
Branch Bank of England.

The business of the association is managed by a committee composed of a representative from each bank, presided over by the representative of the Bank of England. The hour for making the clearing is from 11 A. M. to 11:15, except on Saturday, when the time is from 10:15 to 10:30. The business is under the immediate control of the representative of the Bank of England.

The daily balances are paid by transfers on the books of the Bank of England, with which each member of the Clearing House keeps an account. The transfers must be signed by an authorized officer of the bank interested, and delivered to the inspector of the Bank of England at the Clearing House between the hours of 3:45 and 3:50 on ordinary days, and 12:45 and 12:50 on Saturday. The delivery of the transfers operates as an acknowledgment that the clearing is finally closed. Members must send to the president

lists of the offices on which they are prepared to receive checks, to be printed and distributed to the members, and exhibited at the Clearing House; and notice of any alterations in such lists must be given from time to time.

Any member may present articles for payment between clearing hours, but shall take in exchange a receipt to be passed through the next clearing. Errors and returns are adjusted by the same method. The practice of marking checks is discontinued. Unpaid paper, payable at offices within the local clearing, must be returned between the hours of 3:45 and 3:50 on ordinary days, and 12:45 and 12:50 on Saturdays. Other unpaid paper must be returned through the post on the evening of the day of its receipt at the paying office, direct to the office at which it originated.

The clearings have been reported only for 1887 and the subsequent years, and are as follows:

1887—52 weeks.....	£26,677,741
1888— " "	29,525,742
1889— " "	35,856,234

The inspector, Mr. G. H. Christian, reports that the totals for the present year average about £846,853 weekly, being an increase of about 25 per cent. over the corresponding weeks for last year.

The Dublin Clearing House was established Dec. 8, 1845. There are two clearings daily; the forenoon clearing at 10 o'clock, for notes and checks, the afternoon final clearing for checks at 2 o'clock, except on Saturday, when the hours are 9:30 A. M., and 12 o'clock. The balances are paid by means of exchequer bonds, except for fractional parts of £500, which are paid in notes of the debtor banks. The exchequer bonds, which are not to be used for any other purpose, and bear the mark "Dublin Exchanges," and the stamp of the original holders, are received at par, with the interest that may be due when a transfer takes place.

The amount of exchequer bonds to be held by the different banks is maintained at a fixed quota, which cannot be increased or diminished by more than one-third. The exchanges are made at the Bank of Ireland. All drafts payable on demand, whether in Dublin or in country towns, are to be passed through the Clearing House. The statistics of the Dublin Clearing House are not reported.

There is also a Clearing House at Edinburgh, divided into two compartments, one for notes, the other for checks. There is one general clearing opened at 1, and closed for the receipt of exchanges at 1:15, except on Saturday, when it opens at 11 and closes at fifteen minutes past. The Bank of Scotland and the Royal Bank of Scotland undertake the clearing each alternate month.

There is also a note exchange daily at 10 A. M., except on Mon-

day, and a second exchange at 1:30 P. M. on Saturday for large notes only. On Monday and Thursday the balances are included in the general settlement of the exchange and clearing. On other days the settling bank receives from the debtors and gives to the creditors, exchange vouchers for the respective balances, within one hour after the closing of the Clearing House, and these vouchers are brought into the next clearing, and bear interest at 2 per cent. until they are cleared.

Each document cleared, except notes, is to bear the Clearing House stamp, containing the name of the clearing bank and the date, and also the stamp of any district branch at which it may have been cashed.

The amount of the clearings at Edinburgh is not reported, as the bankers do not desire the publication of the returns.

There is also a Clearing House at Liverpool, of which, however, very little information has been published.

The only Clearing House in Australia is the Banks' Clearing House of Melbourne, established in the latter part of 1867. Its transactions have shown a very great increase within the last ten years. It is managed by a committee of three managers of the associated banks, appointed for the purpose by the whole body of the managers, and under it by an inspector, for whose guidance a set of rules has been drawn up, on which the inspector is not allowed to infringe in the least degree.

On Tuesdays, Wednesdays, Thursdays and Fridays there are six clearings, namely: morning, at 9 o'clock; notes, 10; mid-day, 11:20; afternoon, 2; country, 3:10; return, 3:35. On Saturdays the note and afternoon clearings are omitted, the last clearing being at 12:35, and on Monday there is an extra clearing for town checks, and returns at 4, and a note clearing at 4:40, the return clearing being at 5:30 P. M., making eight clearings on Monday. In consequence of this afternoon note clearing there are no notes on Tuesday. To prevent the business of one exchange from running into the next, the door is locked at a stated time, and except for note clearings, reopened five minutes later, after which no clearing is received. At the note exchange the door is locked at the commencement and not reopened until the inspector has declared that the notes balance.

The method of doing business, according to a carefully prepared account given by Mr. Chester Earles, who has been for many years the inspector, is as follows: Each bank has a separate compartment and desk at the Clearing House. At every exchange each bank is represented by two officers, an inward and outward clerk, or, as they are more commonly designated here, a messenger and a settling clerk. The duty of the outward clerk is to hand round to each of the other banks the charge of the checks, bills, etc.,

accompanied by an exchange slip, on which is stated the total amount of the charge presented, this to remain in the house until the exchange is finished, to correct any error that may be found in his work. He then collects the exchange slips when signed, and takes them back to his bank. The inward clerk's duty is at the desk, where he enters in his inward book the amounts only of the checks, bills, etc., of which each charge is composed, and compares the totals in his book with the exchange slips. If these agree he signs the slips as correct; if any slip does not and cannot be made to correspond with the inward book, he alters such slip, and signs for the amount as he makes it. The process is the same at each exchange during the day, the amount on the exchange slip always including the amount of the previous exchange or exchanges.

At the last or return clearing of the day, the inward clerk of each bank makes up a settlement sheet for the day, by entering on its debit side the day's totals as shown by his inward book, and on the credit side the totals as shown on his exchange slips with each bank, the resulting balance being what is due either by or to his bank. Each settlement sheet is then handed to the inspector, who enters the totals and balances in his daily exchange book. If this balances, the day's work is done, and he signs the settlement sheets as correct, after which they are taken back to their respective banks. If the inspector's book will not balance, he must go through the work of each bank, find out and correct the error.

On Mondays, after the daily settlement is declared, the inspector makes up the week's work, and strikes a balance showing what each bank is to pay or receive for the week.

To avoid the wear and tear of gold, and the inconvenience of handling it in paying balances, the banks keep on deposit in the vaults of one of their number, under the care of three trustees, a quantity of sovereigns against which is issued an equal amount in parchment vouchers of £500 and £1,000 each, to be used only for the weekly settlements, and to pass as gold between bank and bank.

The paying banks settle their balances with the inspector every Tuesday morning. All even sums of £500 and upwards are paid in parchment vouchers or sovereigns; all sums under £500 in checks, which are paid into a Clearing House account, kept at one of the banks. The inspector then registers the numbers of the vouchers received from the banks and to what banks he pays them, and draws checks for the odd sums to be paid. Should any of the paying banks not hold any vouchers, the inspector makes out an order for such bank to pay some other bank or banks the amount in sovereigns, which the paying bank must

deliver to the receiving bank or banks named in the order: the full settlement to be made by 12 M. on each Tuesday.

When the Clearing House was first established the notes issued by the banks were not included in the exchanges. But the advantages experienced in connection with the exchange of checks and bills, in respect to both time and security, were found to be so great that in 1876 the exchange of notes was commenced. The manner of proceeding is similar to that of the check exchange. The inward clerk receives and counts the notes presented to him by the outward clerks of the other banks, and signs a credit slip for the amount, which the outward clerk then hands to the inspector. The inspector enters the credit slips in his daily note exchange book, which he balances before any of the clerks leave the Clearing House. The credit slips for the notes are then taken back to the banks in whose favor they are drawn, and are afterwards passed through one of the exchanges of the day with the checks.

The expenses of the Clearing House are borne equally by each of the associated banks, and are squared by the inspector every three months.

The inspector, Mr. Chester Earles, furnishes the following returns of the Melbourne Clearings:

Year.	*Total Amount of Checks, Bills, Drafts, etc., Exchanged.*	*Notes Included in Clearances.*	*Total Amount of Weekly Balances Paid and Received in Coin.*	*Clearings in Millions of Dollars.*
1868.....	£67,240,565	.....	£4,437,408	327,2
1869.....	73,406,148	.....	4,287,855	357,2
1870.....	68,221,233	.....	3,689,351	332,0
1871	74,421,005	.....	4,207,749	362,2
1872.....	85,241,714	.....	5,165,755	414,8
1873.....	96,103,462	.....	6,513,842	467,7
1874.....	98,349,323	.....	6,136,378	478,6
1875.....	97,085,773	.....	6,255,001	472,5
1876.....	102,018,572	£9,528,789	6,683,160	496,5
1877.....	109,185,065	10,049,590	6,385,185	531,3
1878.....	106,467,503	10,347,470	6,814,743	518,1
1879.....	98,658,829	9,908,163	6,309,604	480,1
1880.....	103,353,505	10,445,608	7,030,968	502,9
1881.....	126,071,431	12,062,234	8,198,354	613,5
1882.....	141,941,468	13,578,944	8,773,490	690,8
1883.....	142,126,306	14,108,965	8,481,969	691,7
1884.....	148,807,591	14,807,850	8,572,055	724,2
1885.....	167,085,578	16,775,598	21,096,667	813,1
1886.....	172,838,848	17,431,301	20,841,524	841,1
1887.....	202,208,337	19,085,561	25,528,275	984,0
1888.....	327,118,885	28,293,357	37,127,681	1,591,9
1889.....	288,416,321	26,563,710	30,671,926	1,403,6
Total....	£2,896,367,462	£212,987,140	£243,208,940	$14,095,0

DUDLEY P. BAILEY.

[TO BE CONTINUED.]

THE AUTHORITY AND LIABILITY OF BANK OFFICERS.*

[CONCLUDED.]

SPECIAL AGENTS.

Besides the officers mentioned to perform the business of a bank, special agents may be appointed. These may be the directors, president,† cashier or other officers, or they may be persons not otherwise concerned in the affairs of the bank. A bank, too, may serve as the agent of another, which is most extensively done in making collections.

The initial inquiry relates to the mode of appointing agents. "An agency," says Chief Justice Robertson (*Lathrop* v. *Commercial Bank*, 8 Dana Ky. 114), "for collecting and securing the debts of a corporation, may be created without a written power of attorney authenticated by the corporate seal." It may be implied from his acts. (*Planters' Bank* v. *Bivingsville Cotton Manufacturing Co.*, 10 Rich. S. Car. 95; *Mayor of Ludlow* v. *Charlton*, 6 Mees. & Wels. 822; *Fleckner* v. *United States Bank*, 8 Wheat. 357. In like manner an attorney can prosecute a suit for a bank without a warrant of attorney under seal. (*Osborn* v. *Bank*, 9 Wheat. 738.) Says J. Foster, speaking for the Supreme Court of Maine (*Fitch* v. *Lewiston Steam Mill Co.*, 80 Me. 34, 38): In this State, as well as many others, it is held that the same presumptions are applicable to corporations as to individuals; and that a deed, note or by-law is not necessary to establish a contract, promise or agency. (*Maine Stage Co.* v. *Longley*, 14 Me. 449; *Trundy* v. *Farrar*, 32 *Id.* 228.) Authority in the agent of a corporation may be inferred from the conduct of its officers, or from their knowledge and neglect to make objection, as well as in the case of individuals. (*Sherman* v. *Fitch*, 98 Mass. 64; *Badger* v. *Bank*, 26 Maine 428; *Goodwin* v. *Union Screw Co.*, 34 N. H. 378; Story on Agency, § 52.) An agency, however, cannot be inferred by making one's note payable to a bank. (*Agricultural Bank* v. *Burr*, 24 Me. 256.)

S. owed a bank and gave it B.'s note, payable to his order, as security. When the note fell due, S., at B.'s request, took a

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† The president of a bank which held overdue notes against a person took them to the maker and negotiated a settlement, receiving other notes and security therefor. "The president of the bank was not performing the duties of the directors respecting discounts when he made the settlement; he was a mere agent, and whatever he did within the apparent scope of his authority, to obtain the new security, is binding on the bank which accepted and holds the security." (Trunkey, J., in *Cake* v. *Pottsville Bank*, 116 Pa. 264, p. 270.)

renewal note for the principal and interest due on the first note. S. exchanged this note with the bank for the other note that had been given by B. S. was not regarded as the bank's agent in making the renewal. (*First National Bank* v. *Bentley*, 27 Minn. 87.)

If money is remitted to a person as agent of a bank, and is thus received by him, neither his admissions, nor the fact that he is a director of the bank, proves that he is its agent. Its consent for him to thus act is needful to constitute him an agent. (*Heirs of Holman* v. *Bank*, 12 Ala. 369.)

But if a bank delivers notes to a person with the request to pass them for the benefit of the bank, or if he could not, to return them, and he agrees to do so, he is an agent for transacting the business. (*Towson* v. *Havre de Grace Bank*, 6 Harris & Johns. 47.)

On several occasions the question has arisen whether a person who effected loans was the agent of the borrower or the lender. Thus a correspondent of a banking company who had advertised money to lend, in filling out an application for a loan stated that the applicant employed him and the banking company to negotiate a loan for him. It was held that he was not estopped from showing that the correspondent was the agent of the banking company. (*New England Mortgage Security Co.* v. *Addison*, 15 Neb. 335; see *Philo* v. *Butterfield*, 3 Neb. 256.) In another case a loan was effected by a banking company, and $100 were retained as a commission. The company was held to be the agent of the lender, notwithstanding a recital in the application for the loan that the company was the agent of the borrower. (*Olmstead* v. *New England Mortgage Security Co.*, 11 Neb. 487; *Cheney* v. *Woodruff*, 6 *Id.* 151.)

So, too, if a person has acted for a long time as an agent, with the knowledge of the bank, there is a strong presumption in favor of his authority. (*Smith* v. *White*, 5 Dana, Ky. 376; *McDonnell* v. *Branch Bank*, 20 Ala. 313; *Cobb* v. *Lunt*, 4 Mo. 503; *Warren* v. *Ocean Insurance Co.*, 16 Me. 439; *Valentine* v. *Packer*, 5 Pa. 333.)

A parol authority will support a written contract made by an agent. (*Welch* v. *Hoover*, 5 Cranch C. Ct. 444; *Webb* v. *Browning*, 14 Mo. 354; *Bank of America* v. *Embury*, 33 Barb. 323.) "It is a general rule of law," says Foster, J., "applicable to natural persons, that whenever the act of agency is required to be done in the name of the principal under seal, the authority to do the act must be conferred by an instrument under seal. Such was formerly the doctrine in regard to the authority of agents of corporations. But in modern times this ancient rule has been wholly discarded in this country, and it is now well settled that an agent

of a corporation may be appointed—certainly by vote—without the use of a seal, whatever may be the purpose of the agency." (*Fitch* v. *Lewiston Steam Mill Co.*, 80 Me. 34, p. 38; citing *Bank* v. *Patterson*, 7 Cranch 299; *Fleckner* v. *Bank*, 8 Wheat. 338; *Despatch Line Co.* v. *Bellamy Manufacturing Co.*, 12 N. H. 231; Angell & Ames on Corp., §§ 282, 283.)

Whenever an agent is required to produce a sworn copy of his appointment, his compliance is perfected by furnishing such a copy, even if he does not expressly state that he compared it with the original. (*Henderson* v. *Bank*, 11 Ala. 855.)

With respect to making contracts in which he is concerned, if he should have authority to sell or transfer a judgment owned by the bank, and should purchase it himself, he could keep it unless the bank objected within a reasonable time to the purchase. Says Ch. J. Walker: "A purchase by an agent, or trustee, at his own sale, is valid except as to the principal, or *cestui que trust*, and is not absolutely void, but void at the election of such principal or *cestui que trust*, reasonably expressed; and is capable of confirmation so that it cannot be avoided." (*Eastern Bank* v. *Taylor*, 41 Ala. 93; *Charles* v. *Dubose*, 29 *Id.* 367; *Payne* v. *Turner*, 36 *Id.* 623; *Davone* v. *Fanning*, 2 Johns. Ch. 268; *Hawley* v. *Cramer*, 4 Cow. 744; *Jackson* v. *Walsh*, 4 Johns. 415; *Jackson* v. *Van Dalisen*, 5 *Id.* 47; *Scott* v. *Gamble*, 1 Stockt. N. J. 218; see review of cases in *Fox* v. *Mackreth*, 1 White & Tudor's Lead Cases, pp. 92, 217.)

Concerning the bank's liability for negligence or misconduct of an agent, says Shepley, J.: "A person employs an agent, who, within the scope of his authority, makes a contract with another, and in so doing conducts fraudulently towards his principal, the person with whom he contracts being entirely innocent and ignorant of the fraud. Is that contract to be annulled and the innocent person to be compelled to suffer loss for the negligence, folly, or misfortune of the principal who employed the unfaithful agent? . . . And why should a corporation, or its stockholders, be permitted to select unfaithful agents or directors, who, in the exercise of the powers conferred upon them in making contracts or settlements with innocent persons, commit frauds upon the corporation, and then claim to be relieved from the effect of those contracts and settlements, and the consequences of their own conduct in the selection of such agents, and to throw their losses, or any part of them, upon the innocent parties, instead of being required to abide by them, and being left to obtain their redress from their own fraudulent agents?" They are therefore responsible, like natural persons. (*Frankfort Bank* v. *Johnson*, 24 Me. 490, p. 503.)

Concerning his own liability for his conduct, he cannot be held whenever ordinary care is used. Thus, if money should be taken

from him by thieves, belonging to the bank, he would not be liable, if exercising ordinary care. (*Rechtscherd* v. *Accommodation Bank*, 47 Me. 181.) Says Judge Wagner: "An agent is bound to execute the orders of his principal, whenever, for a valuable consideration, he has undertaken to perform them, unless prevented by some unavoidable accident, without any default on his part, or unless the instructions require him to do an illegal or immoral act; and it is no defense that he intended to act for the benefit of his principal. He is still responsible for loss occasioned by any violation of his duties, either in exceeding or disregarding instructions. (*Switzer* v. *Connett*, 11 Mo. 88; *Hays* v. *Stone*, 7 Hill 128; *Wilson* v. *Wilson*, 26 Pa. 394.) It is the duty of the agent to adhere faithfully to the orders of the principal, and if a loss occurs in consequence of his voluntary deviation, he will not be held faultless. It is true that instructions may be disregarded in cases of extreme necessity arising from unforeseen emergencies, or if performance becomes impossible, or if they require a breach of law or morals." (*Id.* p. 184.)

Nor is he liable for a loss occasioned by his mistake in a doubtful matter of law. This question has been answered by Ch. J. Shaw. "It is undoubtedly a salutary maxim that every man is bound to know the law, and that ignorance of the law excuses no one; yet these maxims must be confined to the cases for which they were adopted. In the criminal law a man is estopped from setting up his ignorance of the law as an excuse for its violation, because it is his duty to inform himself. So in regard to his own rights in dealing with others, he must at his peril ascertain his legal rights, and must be presumed to act in conformity to them; otherwise, there would be no safety for others in dealing with him. But the maxim has no application to the duty of an agent of whom ordinary skill only is required. Reasonable skill and knowledge only is demanded in every other branch of science; why should absolute knowledge and consummate skill be required in a department where it is often impossible to know the law in its application to a particular state of facts until it has been authoritatively declared?" (*Mechanics' Bank* v. *Merchants' Bank*, 6 Met. 13; *Russell* v. *Hankey*, 6 Term 12; *Chapman* v. *Walton*, 10 Bing. 57; *Park* v. *Hammond*, 6 Taunt. 495; *Baikie* v. *Chandlers*, 3 Campb. 17; *Rowe* v. *Young*, 2 Brod. Bing. 165; *Pitt* v. *Yalden*, 4 Burr. 2,061.)

But if he should make a palpable mistake in transacting the business for the bank he is liable. Thus an agent for a Pennsylvania bank, who lived in New Orleans, was instructed to remit in bills payable in New York or Philadelphia. He purchased a New York draft and sent to a New York house for collection, but by mistake he advised the bank that he had transmitted it to a firm in Philadelphia. The consequence of the mistake was the bank

did not draw on the New York firm, which collected it before their failure; had they been properly advised the bank would have drawn in time to receive their money. The agent was obliged to pay the loss sustained by the bank. (*Clark & Co.* v. *Bank*, 17 Pa. 322.)

One of the unsettled questions in serving a bank is the imputation of the agent's knowledge to it. The knowledge acquired by him in the bank's service is clearly imputed; but suppose the knowledge was gained just before? In Pennsylvania the Supreme Court has clearly held that it cannot be imputed. (*Houseman* v. *The Building Association*, 81 Pa. 256; *Plympton* v. *Preston*, 4 La. Ann. 356.) In *Hood* v. *Fahnestock* (8 Watts 489, 491), Judge Sergeant said: "It is now well settled that if one in the course of his business as agent, attorney or counsel for another, obtain knowledge from which a trust would arise, and afterwards become the agent, attorney or counsel of a subsequent purchaser in an independent and unconnected transaction, his previous knowledge is not notice to such other person for whom he acts. The reason is that no man can be supposed always to carry in his mind the recollection of former occurrences; and, moreover, in the case of the attorney or counsel it might be contrary to his duty to reveal the confidential communications of his client. To visit the principal with constructive notice it is necessary that the knowledge of the agent or attorney should be gained in the course of the same transaction in which he is employed by his client." (*Bracken* v. *Miller*, 4 Watts & Serg. 102.)

But we think the rule declared by the Supreme Court of Maine is a better one. In *Fairfield Savings Bank* v. *Chase* (72 Me. 226, 228), Judge Peters said that the knowledge of an agent, obtained piror to his employment in this capacity, would be imputed to the bank he was serving under the following conditions: "The knowledge must be present to the mind of the agent when acting for the principal—so fully in his mind that it could not have been at the time forgotten by him; the knowledge or notice must be of a matter so material to the transaction as to make it the agent's duty to communicate the fact to his principal; and the agent must himself have no personal interest in the matter which would lead him to conceal his knowledge from his principal, but must be at liberty to communicate it." In applying this rule, a bank which employed a person to make a conveyance of land, who knew of an imperfection in the title, was regarded as having notice of the fact, although the conveyancer's knowledge of the imperfection was acquired before his employment by the bank. (*Id.*) "Of course the knowledge must be that of a person who is executing some agency, and not acting merely in some ministerial capacity, as servant or clerk." (*Id.*) For example, if the conveyancer in the case

mentioned "had merely taken the acknowledgment of the deed to the bank, or had transcribed the deed as a clerk or copyist, such acts would not have imposed a duty to impart his knowledge to the bank." (*Id.*) (The court cited *Fuller* v. *Bennett*, 2 Hare 394; *Dresser* v. *Norwood*, 17 C. B. N. S. 466; *Rolland* v. *Hart*, L. R. 6 Ch. App. 687; The Distilled Spirits, 11 Wall. 356; *Hovey* v. *Blanchard*, 13 N. H. 145; *Hart* v. *The Bank*, 33 Vt. 252; *Suit* v. *Woodhall*, 113 Mass. 391; *National Bank*, v. *Cushman*, 121 Mass. 490; *Anketel* v. *Converse*, 17 Ohio St. 11; *Hoppock* v. *Johnson*, 14 Wis. 303; *Lawrence* v. *Tucker*, 7 Maine 195.) Other cases on both sides, 16 Am. Law Reg. 1, 4 N. S. This principle underlies the decision in *Manhattan Bank* v. *Walker* (130 U. S. 267).

Likewise the United States Supreme Court, speaking through Hunt, J.. have declared that the knowledge must be "acquired in the transaction of the business of his principal, or knowledge acquired in a prior transaction, then present to his mind, and which could properly be communicated to his principal." (*Hoover, Assignee*, v. *Wise*, 91 U. S. 308 p. 310; citing The Distilled Spirits, 11 Wall. 356; *Weeser* v. *Morgan*, 10 N. Y. 178. *Dresser* v. *Norwood*, 17 C. B. N. S. 466; Story on Agency, § 140; *Hovey* v. *Blanchard*, 13 N. H. 145; *Patten* v. *Insurance Co.*, 40 *Id.* 375; *Hart* v. *Farmers & Mechanics' Bank*, 33 Vt. 252.) A more rigid rule is held in *Bank* v. *Davis* (2 Hill 452; *New York Central Ins. Co.* v. *National Protection Co.*, 20 Barb. 468).

With respect to his declarations, whenever they are made within the scope of his authority, they are admissible. (*Spalding* v. *Bank*, 9 Pa. 28.) If, however, they relate to a contract, and were made afterward, they cannot be used as evidence against the bank. (*Betts* v. *Planters & Merchants' Bank*, 3 Stew. Ala. 18.) Nor are they admissible if made by him before he became the agent or attorney of the bank. (*First National Bank* v. *Anderson & Co.*, 28 S. Car. 143.)

Whenever he has acted as agent for both parties, for the bank and for others, or as agent of the borrower in transactions with loan companies in making conveyances and like matters, of course any knowledge as the agent of the lender, that he might have of imperfections in the conveyance, could not be imputed to the company. (*Caughman* v. *Smith*, 28 S. Car. 605.)

Of course a bank can ratify the unauthorized act of its special agent, as though it were the unauthorized act of a regular officer. Such a ratification would be equivalent to a previous authority, as in the case of natural persons. Nor need the ratification be by any formal vote or resolution. (*Campbell* v. *Pope*, 96 Mo., p. 473; *First National Bank* v. *Fuche*, 75 *Id.* 183.) In one case a bank, for the purpose of enabling B., an indorser of notes held by it, to obtain payment or security from the maker, delivered them to

B. The maker transferred property to him for the payment of the notes, and these were surrendered to him. The bank was informed of the arrangement, and did not object to it. Its conduct was held to be a ratification. (*Bridenbecker* v. *Lowell*, 32 Barb. 9.)

A bank often acts as agent for depositors and others, not only in making collections, but in paying notes and other matters. Its duty, when thus acting, has been fully considered in another work, and there is no need of traversing over the same field here.

A bank cannot make a contract on which the principal can sue to the prejudice of a promisor who is ignorant of that relation. Thus A. drew a draft on B., payable to C., who was the cashier of a Chicago bank. B. expected the draft would come through a Peoria bank for payment. The president of this bank telegraphed the other that B.'s draft would be protected. As B. did not pay his draft, A. paid, and then sued the Peoria bank as a guarantor. He claimed that the Peoria bank's promise to the Chicago bank ran to himself, and, therefore, he could maintain his suit; that a promise to an agent is in law a promise to the principal. But the court remarked that the rule could not be applied "in behalf of an unknown principal, so as to convert a promise of indemnity upon a draft, understood by the promisor as made to the payee, into one as made to the drawer, and change the relation of the promissor toward the drawer from one of guarantor, as supposed, into that of principal debtor. An undisclosed principal is not to be brought into a contract thus to the prejudice of one dealing with an unknown agent." (*Second National Bank* v. *Diefendorf*, 90 Ill. 396.)

An officer also may act as the agent of a stranger in doing business within a bank for which it is not responsible. Thus, if the paying teller should receive the money of a stranger to apply on a note payable at his bank, it would not be responsible for his neglect in making the application. The teller would act purely as the agent of the stranger; the bank would have no control over him or the money entrusted with him, and consequently would be without responsibility. (*Thatcher* v. *Bank*, 5 Sandf. 121.)

So, too, whenever a director acts in this capacity with limited authority, which is known to the person with whom he deals, his bank will not be bound by anything done in excess of his authority. (*Washington Bank* v. *Lewis*, 22 Peck. 24.)

Whether he can be paid for performing a special service of this nature is an unsettled question. In Alabama he cannot receive anything. (*Branch Bank* v. *Collins*, 7 Ala. 95; *Godbold* v. *Branch Bank*, 11 *Id.* 191.) But in Minnesota and Connecticut the courts have decided that he can be. And we think this opinion is the more reasonable. The rule may be abused; but if no compensation can be given him perhaps the bank might lose a service which could be better performed by him than by any one else.

LIABILITY OF A BANK FOR TRANSFERRING TRUST STOCK.

COURT OF APPEALS OF MARYLAND.

Marbury, Trustee, v. *Mayor and City Council of Baltimore, and Baltimore Fire Ins. Co.*

Where an executor makes a transfer of stock standing in the name of the testator on the books of a corporation, to A. as trustee, under a will, and A. as trustee, without an order of the court or authority under the will, subsequently transfers upon the books of the corporation the same stock to B. and misappropriates the funds. *Held*, that the corporation is bound to ascertain whether A., as trustee, had authority to make the transfer, and a transfer without such authority makes the corporation liable.

IRVING, J.—By the decision of this court, in *Ehlen* v. *Ehlen*, 63 Md. 273, it was adjudged that, by the will of John H. Ehlen, dated the 18th of November, 1850, a trust was created for the one-eighth part of the testator's estate, in the hands of John F. Ehlen, as trustee, to continue during his life for the benefit of such children as he then had or might thereafter have. It was also decided, in that case, that John F. Ehlen had committed a breach of trust in disposing of the trust property and converting the same to his own use, and the decree of the lower court removing him from his trusteeship and appointing the present appellant trustee in his stead was approved and affirmed.

By bill in equity the appellant (the present trustee) seeks to recover from Frank Ehlen, "the Baltimore Fire Insurance Company," and the mayor and city council of Baltimore certain stocks of the fire insurance company and of the city of Baltimore alleged to have been transferred to Frank Ehlen, by his father, John F. Ehlen, in breach of his trust, and which transfers were perfected on the books of this insurance company and of the mayor and city council under circumstances which the bill alleges affected them with knowledge of the breach of trust, and consequently made answerable for having aided in it.

It appears by the record of the case in 63 Md., which by agreement is made a part of this record, that by decree of the Circuit Court of Baltimore City there was a partition of the property of John H. Ehlen among the parties entitled, and that one-eighth thereof was awarded to John F. Ehlen, trustee, under the will for his children then living, or thereafter to be born to him; and that the share allotted to John F. Ehlen, as such trustee, amounted to $15,700.23; and that by a sale of same property afterwards ordered by the court to be sold for partition this one-eighth share of the testator's estate was swelled to considerably over sixteen dollars. Very much the larger part of the share, thus allotted to John F. Ehlen, trustee, consisted of Baltimore city stock, railroad stocks and stocks in fire insurance companies, which stood in the name of the testator. The bill in this cause charges that, among the stocks thus assigned to John F. Ehlen as trustee was $2,500 of Baltimore city stock of 1890, appraised at 112, making the sum of twenty-eight hundred dollars, and (52) fifty-two shares of the stock of the Baltimore Fire Insurance Company appraised at $27 per share, making the sum of ($1,404) fourteen hundred and four dollars. This Baltimore city stock so awarded to John F. Ehlen, trustee, under his father's will (by decree of the Circuit Court of Baltimore city on the 8th of March, 1878), the bill charges was transferred between the 8th of March, 1878, and the

8th of April, 1878, by John F. Ehlen and Benjamin F. Newcomer, executor of John H. Ehlen to John F. Ehlen, trustee (under the will of John H. Ehlen), on the books of the register's office of Baltimore city; and that on the 8th day of April, 1878, the same stock was transferred on the city's books to Frank Ehlen, a son of John F. Ehlen, by John F. Ehlen, trustee, and that this transfer was made without the order of the court and without the sanction of the will of John H. Ehlen, and that the mayor and city council well knew that the trustee had no authority to make the transfer and that the same was without lawful authority.

The fifty-two shares of stock of the Baltimore Fire Insurance Company which were awarded in the partition to John F. Ehlen, trustee, under his father's will, the bill charges that the executors of John H. Ehlen transferred on the books of the company to John F. Ehlen, trustee, and that he afterwards transferred the same on the books of the company to Frank Ehlen, son of the trustee John F. Ehlen, and the bill charges that the Baltimore Fire Insurance Company well knew that there was no order of court authorizing such transfer to Frank Ehlen, and that the same was without lawful authority. The bill charges John F. Ehlen to be insolvent, and prays that Frank Ehlen and the mayor and city council may be required to make good the ($2,500) twenty-five hundred dollars of city stock transferred as herein before stated to Frank Ehlen without lawful authority, and that Frank Ehlen and the Baltimore Fire Insurance Company may be required to make good the fifty-two shares of that company's stock illegally assigned to Frank Ehlen.

In their answer the fire insurance company admits that on the 18th of July, 1878, fifty-two shares of the capital stock of the company stood in the name of John F. Ehlen and Benjamin F. Newcomer, trustees, and on that day the certificate was surrendered with an indorsement for its transfer to John F. Ehlen, trustee, "but without any declaration of the trust nor designation of the character of the trust under which the stock was to be held, and that a new certificate therefor was issued, and that on the 22d of January, 1879, the same stock was transferred to Frank Ehlen by John F. Ehlen, trustee. The company denies that it had any knowledge of the transfer being made without legal sanction or in violation of the terms of John H. Ehlen's will, and further claims in the answer that there was not anything to show, or put it upon inquiry, that the trustee John F. Ehlen did not have authority to make the transfer. It seems that, so far as the insurance company respondent is concerned, the transfer was made in fraud of the *cestui que* trusts.

The mayor and city council by their answer admit that the executors of John H. Ehlen were on the 5th of April, 1878, holders of the city stock mentioned in the bill which was transferred on their books on that day to John F. Ehlen, trustee; and that on the 8th of April, 1878, the same was transferred on their books to Frank Ehlen, but they deny that they had any knowledge of the will or its trusts or anything to put them on inquiry about the same, and deny that they are in any way liable to make good the misapplication of the trust property by John F. Ehlen, the trustee. The Baltimore Fire Insurance Company and the mayor and city council of Baltimore defend separately, but the counsel for each of those respondents relies upon the decision of this court in *Albert* v. *Mayor and City Council of Baltimore*, 2 Md. 159, as fully establishing that there was nothing in this case to put them upon inquiry, contending that the facts of that case are precisely analogous to this, and that decision must control the decision in this case. No other authority has been cited to sustain their view of non-liability, and after careful research we think no other can be found in or out of the State, tending to sustain their contention.

So far as the mayor and city council are concerned, we think their case bears little resemblance to the case of Albert in 2 Md. It is, however, exactly analogous, in its facts, to the case of *Stewart and Duffy, trustees*, v. *Firemen's Ins. Co. et al.*, 53 Md. 565, where the fire insurance company was held liable for the authorized transfer of stock by a trustee on the books of the company. In that case there was a will by which certain stocks in the fire insurance company passed under a residuary clause of the will to trustees in trust for testator's grandson for life, with contingent limitations over. The trustees, with the approval of the fire insurance company, transferred portions of these stocks and converted them to their own use, in breach of their trust. They were removed, and Duffy and Stewart were appointed trustees in their stead, and sued the fire insurance company with others for the stock improperly assigned and converted by the trustees who were removed for their breaches of trust. Precisely the same defense was set up there as is set up here, and Albert's case in 2d Md. was also relied on, but the court very properly distinguished it from Albert's case, and held the company negligent in allowing the transfers and perfecting them, when it had enough to put it on inquiry as to the nature of the trust, and failed to make such inquiry, and consequently liable. In that case the stock stood on the books of the company in the name of the original owner until the transfers were made by the executors; and the court notes the difference between that case, in that regard, and Albert's case, where the stocks never did stand on the books in the name of the testator, but were purchased by the executors after the death of the testator.

In Stewart and Duffy's case, 53 Md. 575, the court says: "The fact that Simms and Tyson, in making these transfers, professed that as executors of Johnson, the deceased stockholder, gave the company or its officers to whom superintendence of transfers was committed, actual notice that Johnson left a will which was open to inspection on the public records, and made the company chargeable to the same extent as if said officers had actually read it, and thereby made themselves acquainted with its contents. The company, therefore, must be dealt with as if it had actual knowledge of that will at the time the first transfer was proposed to be made. This proposition was expressly decided by Chief Justice Taney in the case of *Lowry* v. *Commercial and Farmers' Bank*, Campbell's Reports, 310. (Taney's Circuit Court Decisions by Campbell.)" This decision of Judge Taney has been adopted throughout the country now as the law, and is the leading case on the subject. Applying its principles and the reasoning of the court in the case of Stewart and Duffy, we cannot see how the mayor and city council can escape liability in this case. The stock in this case was the stock of the testator, and stood on the city's books in the testator's name when he died. It is admitted in the answer that the executors of the testator made the assignment of the stock to John F. Ehlen as trustee on the fifth day of April, 1878, and that three days afterwards John F. Ehlen, trustee, transferred the same stock to Frank Ehlen. Now, according to the doctrine of *Lowry* v. *Commercial and Farmers' Bank* (Campbell's Report, 310), so unequivocally adopted and pronounced in *Stewart and Duffy, trustees*, v. *Firemen's Ins. Co.*, 53 Md. 575-6—the city officers were notified of a will, of which John H. Ehlen and Benjamin F. Newcomer were the executors, and by referring to the same, which was of record, they would have learned by what authority and for what purpose the assignment was made to John F. Ehlen as trustee, and would have learned that he could not assign that stock, as he did, without an order of court, without committing a breach of trust; and if they failed to

make the proper inquiry and examination, it was their own fault, and must bear the consequences of their negligence, and must be treated as having full knowledge of all the circumstances of the case. It is true the last assignment was only subscribed "John F. Ehlen, trustee," and it is contended that was not of itself, under Albert's case, sufficient to put the city on notice. The effect of the simple addition of "trustee" to the signature of assignor will be considered hereafter in this opinion, but for the purposes of the case against the mayor and city it is unnecessary to consider it. The assignment by the executors to John F. Ehlen, trustee, by him to Frank Ehlen were so nearly contemporaneous that it would be most unreasonable to hold that the city was not affected with knowledge of the source of John F. Ehlen's title as trustee which the city's officers had only approved three days before; so far as the case against the city is concerned we are unable to distinguish it in any particular from the case of Stewart and Duffy, and think that case fully establishes the city's liability.

There is more plausibility and force in the contention, made on the behalf of the Baltimore Fire Insurance Company, that their case falls within the ruling in Albert's case, in 2d Md.; but a careful consideration and examination of the facts reveals such difference between Albert's case and this, that we cannot deny the liability of the fire insurance company on the strength of that case. In that case the stock involved never stood on the books of the company as the property of the testator, in his life-time. Here it was the testator's property, and stood in his name at his death on the books of the company. When the transfer was made by the executor in Albert's case, the assignment made by the executor might be presumed to be rightful by reason of his general power over the estate, for the acts of 1843, chapter 304, had not been passed. That act declared that no title should pass where the executor disposed of property without an order of the Orphans' Court first had and obtained. Section 274 of Art. 93 of the Code of 1860, makes that provision, and was the law when the transfers here involved were made; and the law still is, under section 276 of Art. 93, of the present code, that such sale without the previous order of the Orphans' Court is void. Judge Taney, in Lowry's case (already cited), which grew out of the same will as did Albert's case, adverts to the fact that the act of 1843, ch. 304, had not then been passed so as to make the act of the executor subject to suspicion and question. If the authority of Albert's case is to be regarded as still binding and unshaken by subsequent decisions in the State, still we think the distinctions we have noticed are sufficient to withdraw this case from its control. The modern doctrine, in respect to what constitutes notice in such cases, and that which obtains everywhere, is so much broader in its reach than that which is found in Albert's case, that to keep in harmony with the decisions and law as received elsewhere we do not think the case of Albert in 2d Md. should be followed in any case which is not precisely analogous in all its facts.

As this court has approved the case of *Shaw* v. *Spencer*, 100 Mass. 382, in *Third National Bank of Baltimore* v. *Lange*, 52 Md. 144, and again in *Swift* v. *Williams & Moore*, trustees, 68 Md. 255–6, where the court followed *Shaw* v. *Spencer*, 100 Mass., and held that the addition of the word trustee was notice of a trust which called for inquiry and examination, it is very certain that Albert's case cannot be followed except in a case exactly analogous in its facts. In the case of *Shaw* v. *Spencer*, 100 Mass., it was stock which was sold by the trustee with the addition of the word trustee to his signature to the transfer. In Lowry's case Judge Taney says the corporation is the custodian of the

stock and clothed with powers to protect all persons interested from unauthorized transfers, and that it is the duty of the corporation to exercise diligence in the discharge of its trusts to see that unauthorized transfers are not made to the prejudice of *cestui que* trust. This doctrine so fully obtains that Cook on Stock and Stockholders, sec. 399, lays it down as text-book law, that if the corporation neglects its duty in this regard, it becomes liable for the breach of trust which may be committed.

A trustee presumptively holds trust property for administration and not for sale. (*Jaudon* v. *National City Bank*, 8 Blatchford 430.) In 15 Wall. 165 in affirming this decision of Judge Blatchford the Supreme Court says the party taking such stock in pledge deals with it at his peril, for there is no presumption of a right to sell it. There being no presumption of a right to sell, a corporation ought to be held affected with notice that a trustee is probably violating his trust when he attempts to sell trust property, known to the corporation to be such, without the production of authority for making the transfer.

In the case of the Baltimore Fire Insurance Company it is admitted by agreement made part of the record, that on the 11th of January, 1865, there were 416 shares of the stock of the company standing in the name of John H. Ehlen, and that on that day the executors of John H. Ehlen transferred thereon the books of the company to themselves as trustees. On the 20th of July, 1878, fifty-two of these shares were transferred by the executors John F. Ehlen and Benjamin F. Newcomer to John F. Ehlen, trustee, and on the 22d of the succeeding January, 1879, fifty-two shares were transferred by John F. Ehlen, trustee, to his son Frank Ehlen. Other of the 416 shares were transferred to other parties, but in this case we have only to do with the fifty-two shares thus transferred to Frank Ehlen.

In this state of facts the fire insurance company contends there was nothing disclosed which gave the company notice of the character of the trust, and there was nothing putting it upon inquiry so as to effect the company with constructive notice. Counsel relied on the length of time which had elapsed from the change on the books from the testator's name to the executors as trustees, and from them as trustees to John F. Ehlen as trustee, and insisted that there was no source of information indicated but the trustee, and if they had applied to him they probably would have received answer that the stocks were really his. This view cannot be tenable. The history of the transaction was before the company on its books. It had notice by its books that the stock was originally the property of a person who had made a will, for executors made a transfer of the stock to themselves as trustees. By what authority that was done, according to Loring's case and Stewart and Duffy's case, the company was bound to have understood before allowing the transfer. Being once informed of the will and its provisions affecting the stock, that knowledge continued all the way down, and the company was bound to see that the trust property in their custody was protected and was not misappropriated. Having failed to do its duty, and allowed the stock to be improperly assigned away and wasted, which could not have been done without the company's co-operation, the company is bound to make good the loss.

The remaining question in the case is to what extent the plaintiff shall be allowed to recover. All the *cestui que* trusts except one infant, Blanche Ehlen, have assigned their interests to their father ratifying his acts as trustee; and the appellees insist that in no event can recovery be had except to the extent of Blanche Ehlen's interest, which they

say is only one-fifth of the stock misapplied, on the ground that the release of John F. Ehlen insures to them. To a certain extent this is true; but the full effect of that release and assignment is not yet known and the relief as to it cannot yet be accorded to the appellees. The trust, by the will, was constituted for the benefit of the children of John F. Ehlen, now living, or that may hereafter be born. There is no restriction to the children of any particular wife. He is still living, and we cannot assume other children may not come into being who shall be entitled to share in the fund. Until John F. Ehlen's death the fund must remain undivided; but on his death the respondents would be entitled to have restored to them such shares thereof as would not belong to Blanche Ehlen or other children that may possibly become participants in the trust, but who are not now in being. The appellees will be entitled ultimately to be subrogated to the shares of those who have released. Until such time as division of the fund may be had it must remain as an entirety, and the division must be made in strict conformity with the will. The theory of the appellants, that the infant Blanche must, in the division, be allowed her share of the whole trust estate out of this portion of it, cannot be assented to. That would be making these appellants bear the consequences of breaches of trust in which they had no participation, and is too grossly inequitable to be thought of. For the reason we have assigned, the decree dismissing the appellants' bill will be reversed, and the cause remanded to the end that a decree may be passed in conformity with the views we have expressed in this opinion; that is to say, that a decree may be passed directing the mayor and city council of Baltimore, and the Baltimore Fire Insurance Company to pay the respective sums due the trust from them by reason of the transfers of the stock to which they have respectively assented; and that the same may be held by the plaintiff as trustee during the life of John F. Ehlen, and at his death for division according to the principles we have expressed.—*Decree reversed and cause remanded.*

BANK COLLECTIONS.

COURT OF APPEALS OF NEW YORK, SECOND DIVISION.

Corn Exch. Bank v. *Farmers' Nat. Bank of Lancaster, Pa.**

A check drawn on defendant bank was indorsed in blank by the payee, and left with the H.'s private bankers, for collection. They indorsed it to plaintiff's cashier for collection only, and sent it to plaintiff, their correspondent; and the latter in like manner indorsed it to the cashier of defendant, with directions to remit to plaintiff its proceeds. On the day of receiving it, defendant charged the check to the account of the drawer, and canceled it, and at the same time drew its sight-draft for the amount, less exchange, and mailed it to plaintiff. On the previous day the H.'s had failed; and on the day after the check had been paid the payee requested defendant to stop payment of its draft, which it did. *Held*, that defendant could not defeat a recovery on the draft by plaintiff on the ground that the latter did not hold the check for value, and was not entitled to its proceeds as against the payee.

FOLLETT, C. J.—In July, 1884, Mary C. Melson resided at Lancaster, Pa., where the Farmers' National Bank of Lancaster was located, with which she kept an account. July 9, 1884, she drew a check on this bank for $1,871.84, payable to John J. Cameron or order, and mailed it to him at Indianapolis, Ind., who, July 15, 1884, indorsed it in blank, and

* Reversing 42 Hun. 659, *mem.*

delivered it to a firm of private bankers doing business at Indianapolis under the name of "Harrison's Bank." The check, though indorsed in blank, was in fact delivered and received for the purpose of collection only. The Corn Exchange Bank was the New York city correspondent of Harrison's Bank, and they exchanged collections, and kept mutual accounts; Harrison's Bank being accustomed to draw sight-bills or checks against its balance with the Corn Exchange Bank. The view we take of this case makes it unnecessary to further consider the manner in which these accounts had previously been kept. July 15th, 1884, Harrison's Bank indorsed the check to the Corn Exchange Bank for collection and credit, and forwarded it by mail. It was received July 17th, and credited by the Corn Exchange Bank to Harrison's Bank, reserving, however, the right to charge it to Harrison's Bank if it should be dishonored. It was not found by the court, nor was it asserted that the Corn Exchange Bank knew, or had the slightest reason to suspect, that Harrison's Bank did not own the check, and was acting only as a collecting agent for Cameron, or some undisclosed owner; and so the Corn Exchange Bank became the holder of the check in good faith, and could, had it been dishonored, have maintained an action thereon for its collection. July 17th, the Corn Exchange Bank indorsed the check "For collection and remittance" to the Farmers' National Bank of Lancaster, the drawee, with directions to remit by draft payable in the city of New York. July 18th, the check was received by the Farmers' National Bank of Lancaster, was charged to the account of the drawer, Mary C. Melson, and canceled. For this service the Farmers' National Bank of Lancaster charged the Corn Exchange Bank $1.84, and on the same day drew its check or sight-draft, payable to the Corn Exchange Bank or order, on the First National Bank of New York, for $1,870, and mailed it to the Corn Exchange Bank.

The check was no longer a valid contract. The liability of the drawer and indorsers thereon was ended, and could never be restored. The Lancaster bank had legally, and in good faith, discharged its duty to the drawer, the indorsers, and the holder of the check; and the Corn Exchange Bank had accepted of the draft of the Lancaster bank in discharge of the liability of the drawer and indorsers. The Lancaster bank accepted of the agency tendered by the Corn Exchange Bank, performed the services, and received payment therefor. The relation of principal and agent was established; and, in discharge of its liability thus assumed, the Lancaster bank mailed the draft. July 17, 1884, Harrison's Bank failed; and on the 18th, but after the check had been paid and canceled, and the draft given in payment mailed, the drawer of the check, Mary C. Melson, and the payee, John J. Cameron, requested the Lancaster bank to stop payment of its draft, which it did, and the draft was dishonored. The Corn Exchange Bank brings this action to recover the amount of the draft, which the Lancaster bank defends on the ground that the plaintiff did not hold the check for value, and is not entitled to its proceeds as against John J. Cameron, the payee. The defense is not placed on the ground that it is necessary to protect the defendant from any present or future liability; for it is conceded that it has exactly performed all of its duties in respect to the check. It does not deny that it became the agent, for a consideration, of the Corn Exchange Bank, and promised by its draft to pay the plaintiff, $1,870.

By the law of this State, Harrison's Bank was the agent for Cameron, but neither the plaintiff nor defendant was his agent; and, had either neglected to take the necessary steps to collect the check, to Cameron's injury, he would have no right of action against either, but would have had a cause of action against Harrison's Bank. *Allen* v. *Bank*, 22 Wend.

215; *Montgomery Co. Bank* v. *Albany City Bank*, 7 N. Y. 459; *Commercial Bank* v. *Union Bank*, 11 N. Y. 203; *Ayrault* v. *Bank*, 47 N. Y. 570; *Exchange Nat. Bank of Pittsburgh* v. *Third Nat. Bank of New York*, 112 U. S. 276, 5 Sup. Ct. Rep. 141; Morse, Banks (3d Ed.), § 272. In *Montgomery Co. Bank* v. *Albany City Bank and the Bank of the State of New York*, *supra*, the plaintiff indorsed and sent a draft to the Albany City Bank for collection, which in turn indorsed and sent it to the Bank of the State of New York for collection; but the latter bank negligently omitted to present the draft for payment, and the drawer and indorsers were discharged. The plaintiff sued both banks, and recovered against both at circuit, and the judgment was affirmed by the general term; but it was reversed in the Court of Appeals as to the Bank of the State of New York, and affirmed as to the Albany City Bank. It was said: "The New York State Bank was the agent directly guilty of the neglect. That bank was employed to do the service by the plaintiff's agent, the Albany City Bank, as its agent, to which it was alone responsible for its acts and neglect, and for which the latter, according to the settled rule, was alone responsible to the plaintiff: there being no agreement to the contrary, expressed or implied." It is unnecessary to specially consider the cases which were decided in this State prior to *Allen* v. *Bank*, *supra*, or those of States in which it is held that the bank receiving payment of the paper is the agent of the owner, notwithstanding it may have passed through several banks before reaching the bank making the collection.

The ground upon which the defendant seeks to justify the refusal to perform its contract with its principal seems to be that, if the plaintiff receives the money, it ought to pay it to John J. Cameron, but may not, and therefore this defense. Assuming, but not deciding, that Cameron could maintain an action against the Corn Exchange Bank to recover the amount of the check, such fact would in no wise support this defendant's contention. No contract relation exists between it and Cameron, nor is there any privity between them. When the owner of commercial paper delivers it for collection to bank A., which forwards it for collection to bank B., which in turn forwards it for collection to bank C., to which it is paid, it has been held that if bank C., instead of paying the money to bank B., retains and applies it on a debt due from bank B., the owner (bank A. being insolvent) may recover of bank C.; but we are unable to see that these cases justify this defendant in resisting the payment of its draft, to which it has no defense for the benefit of a third person, who may have a right to recover the money represented by it. The check which the defendant received from the plaintiff having been paid, charged to the account of the drawee, and surrendered, the account closed, and a draft therefor delivered to the Corn Exchange Bank, the defendant cannot now assert as against its principal the legal rights or equities of a third person. *McKay* v. *Draper*, 27 N. Y. 256; *Aubery* v. *Fiske*, 36 N. Y. 47; Whart. Ag. §242, and cases there cited. The judgment should be reversed and a new trial granted, with costs to abide the event.

Potter, Vann and Parker, JJ., concur. Bradley, J., reads dissenting opinion, and Brown, J., concurs. Haight, J., not sitting.

LIABILITY FOR THE LOSS OF COLLATERALS.

COURT OF APPEALS OF NEW YORK.

Ouderkirk v. *Central Nat. Bank.*

1. Where a bank receives from a customer, bonds and other securities as collateral security for loans and discounts, the bank is not a gratuitous bailee, but is liable for the want of ordinary and reasonable care in the custody of such securities, which liability continues until the securities are re-delivered to the owner.

2. In an action to recover securities so deposited with a bank, it appeared that securities so held were ordinarily kept in a safe having a lock whose combination was known only to the president and cashier, and that some time after plaintiff had demanded the return of his securities, and been informed that they could not be found, the cashier was alleged to be a defaulter, and removed from office. All the officers of the bank, except the cashier, who was not a witness, testified that they did not know where the securities were kept and had not abstracted them. It further appeared that no record or account was ever kept of such securities, as was done in the case of property belonging to the bank, and no examination in relation thereto was made, except once in six months. *Held*, that the evidence shows a want of ordinary and reasonable care on the part of the bank in regard to such securities.

RUGER, C. J.—Many of the questions involved in this case are authoritatively decided in the case of *Pattison* v. *Bank*, 80 N. Y. 82. It is there held that National as well as State banks have authority to receive bonds and other securities, gratuitously and otherwise, for safe keeping and general banking purposes, from third persons, as a customary and usual incident of the business of banking; and that where the proof shows that the cashier has been accustomed, with the knowledge of the directors of the bank, to receive such deposits, it is a question of fact for the jury to determine whether he did so on behalf of the bank or as an individual. It is also plainly inferable from that case that private instructions given to the cashier by other officers of the bank in relation to deposits, which are not communicated by him to the depositors, do not constitute any limitation upon the liability of the bank in case a loss occurs. (See, also, *Caldwell* v. *Bank*, 64 Barb. 333.) It was further held therein that a bank is chargeable for the loss of securities, gratuitously kept, for gross negligence alone; and that, having lawfully received securities on deposit, it was bound either to return them when called for, or show some sufficient ground for not doing so. It is obvious that a bailee, whatever the character of the bailment may be, when its purpose has been fully satisfied and performed, is bound, upon request, to re-deliver the thing bailed to its lawful owner. This is necessarily implied, in all cases, from the nature of the contract of bailment. The authorities are uniform to the effect that such re-delivery may be excused in the case of a bailment, mutually beneficial to the parties, by proof that the deposit has been lost or destroyed without negligence, or want of such care on the part of a bailee as prudent men, under similar circumstances, commonly take of their own goods. In the case of gratuitous bailments, however, the bailee is liable only when chargeable with gross neglect. (Edw. Bailm. §7 et seq.; Jones Bailm. 23.) It necessarily follows from the nature of the obligation, and the refusal to return the property, that the burden of showing the circumstances of the loss rests upon the bailee; and, unless the evidence shows the exercise of due care by him according to the nature of the bailment, he will be held responsible for the breach of his contract to return the property bailed. (*Pattison* v. *Bank*,

supra; *Caldwell* v. *Bank*, *supra*; *Collins* v. *Bennett*, 46 N. Y. 490; *Cutting* v. *Marlor*, 78 N. Y. 454; *J. Russell Manuf'g Co.* v. *New Haven Steamboat Co.*, 50 N. Y. 121.) The sufficiency of the evidence to establish the exercise of proper care will generally be a question of fact for the jury to determine upon all of the circumstances of the case; and the question here presented is whether, under the circumstances proved, the jury was warranted in finding that the defendant was negligent in exercising the degree of care required for the safe keeping of the bonds in question.

The proof showed that the plaintiff was a merchant residing at Troy, and a regular customer of the bank; and in March, 1883, left his bonds with the bank as collateral security for discounts made, and to be made, for him by such bank upon notes signed by him alone; and that they were never returned, or offered to be returned, to him by the bank. Discounts and renewals upon the security of such bonds were obtained by the plaintiff from time to time, extending over a period of nearly four years, when the last discounted note held by the bank was paid by an agent of the plaintiff. Upon that occasion the cashier delivered to the agent, upon his own suggestion, a receipt, signed by him as cashier, acknowledging that the bonds had been received by the bank as collateral security for discounts made by it to plaintiff, and that, all such loans having been paid, the bonds were retained for future like use or safe keeping, subject to the plaintiff's order. Thereafter, as theretofore, the bank continued to pay the coupons falling due on the bonds to the plaintiff until October, 1887. In February, 1887, the plaintiff demanded the return of the bonds, and was informed that they could not be found but no information was afforded him in respect to the circumstances attending their disappearance, or the mode by which they had been removed, if at all, from the possession of the bank. Upon the trial the defendant gave evidence tending to show that it was the custom of the bank to return securities held as collateral to the owner upon payment of loans; but that while they were so held they were kept, with other valuable securities belonging to the bank, in a steel box, inclosed in an iron safe, which was inclosed in a vault. The iron safe, as well as the steel box, had combination locks; and the combination upon the steel box was known to the president and cashier alone, and the cashier alone had a key thereto. There was evidence also given to the effect that the cashier had been in the employ of the bank for many years, and was a man of good reputation until December, 1887, when he was removed from his position for the alleged reason that he was a defaulter. Neither the circumstances nor the character of the defalcation was shown. All the bank officers, except the cashier, testified that they had no knowledge of the possession by the bank of the bonds in question, or the place where they were kept, after the loans were paid; and that they, respectively, had not abstracted them from the bank. The by-laws of the bank provided for the appointment by its president, once, at least, in every three months, of a committee consisting of two members of the board, who, together with the president and cashier, should constitute a committee of examination, and who were required to examine all matters "pertaining to the affairs of the institution," and report the same to the board. In actual practice, examinations were made only once in six months, instead of three, and by three examiners, instead of two. The examinations were in fact confined to the securities owned by the bank, and such as it held as collateral for unpaid loans; but the reports showed no account of such collaterals, or of special deposits. The bank was accustomed to receive special deposits for safe keeping from its customers, which were usually kept in the vault; but no entry thereof was made

on the books of the bank, and no subsequent examination, inspection, or report, in relation thereto, was ever made, or provided for through by-laws, except as hereinbefore stated. Examinations of the affairs of the bank were also annually made by a Government inspector; but they related only to the loans, discounts, revenues and property of the bank, and did not include an inspection of its special deposits or unreturned collaterals. No evidence was given tending to show the cause of the abstraction or disappearance of the plaintiff's bonds, except that inferable from the circumstances above enumerated.

We are of the opinion that the bank, under the circumstances of this case, was not a gratuitous bailee of the bonds, and was, in any view, liable, at least, for the want of ordinary and reasonable care and diligence in their custody. The bonds came into its hands in the usual course of business, as collateral security for loans to a customer; and it had never relieved itself of the liability thereby incurred by returning, or offering to return them to their owner. On the contrary, it agreed, through its proper financial agent, to continue as their custodian for the purposes for which they had theretofore been employed. The making of such a contract was clearly within the power of the officer charged with the duty of negotiating loans and discounts, as one of the necessary incidents of the business he was employed to perform. The extension of lines of discount and credit to persons engaged in business upon stipulated securities is one of the most common features of banking; and it must often happen that such loans are from time to time wholly or practically paid and satisfied. But we think this fact would not change the character of the liability of the bank in respect to the safe keeping of such securities. Intervals of days, weeks, and months may frequently elapse between discounts; and it would be quite absurd to hold that during these periods the bank occupied any other relation to its customer than that of custodian of his bonds for purposes deemed mutually beneficial to both parties. The arrangement contemplated a course of business which was to continue for an indefinite period: and the notion that the bank was responsible for the safe keeping of the customer's securities so long, only, as particular loans were running, is founded upon too narrow a view of the obligation of the bank. The contract under which the bank held the bonds extended from the time of their reception until they were finally returned to the depositor; and its liability remained unchanged so long as the contract was in force. This contract inured to the mutual benefit of the parties, as it afforded the depositor ready facilities for raising money; and to the bank the profits of the business; the retention of its customer, and adequate security from loss in the transaction of its business. Having arrived at the conclusion that the bank was not a gratuitous bailee, but received a compensation for the bailment, it follows that it was chargeable with the exercise of a high degree of care in their keeping.

It is not important, in this case, to consider with critical accuracy the difference between the various degrees of care required as to the several kinds of bailments, inasmuch as the evidence authorized the jury to find that the defendant omitted the exercise, not only of a high degree of care, but also of that denominated "ordinary or reasonable care." The test of what is regarded as gross negligence, or a want of the highest degree of care, by a bailee, as stated in the case of *Foster* v. *Bank*, 17 Mass. 499 (a leading case in this country upon the doctrine of the non-liability of banks to special depositors), is "the degree of care which is necessary to avoid the imputation of bad faith, is measured by the carefulness which the depositary uses towards his own property of a similar kind." Ordinary neglect is said in the same case to be, according

to Sir William Jones, "such as would not be suffered by men of common prudence and discretion." While it is held in this State that the fact that the bailee's property is also stolen at the same time as that of the bailor does not furnish conclusive evidence of the exercise of ordinary care (*Pattison* v. *Bank*), yet it is the uniform doctrine of the cases that evidence of a want of such care as the bailee generally bestows upon his own property is strong and persuasive evidence of negligence on his part with respect to the property bailed.

We have been unable to discover in the evidence before us proof of the exercise of reasonable care by the bailee in the custody and keeping of the bonds after the loans were discharged. Wherever they might have been kept while the loans were pending, or whoever might then have been charged with their custody, after that time no effort or precaution seems to have been adopted by the bank to identify and protect the property from misappropriation by its officers and clerks. So far as appears, any or all of the employes of the bank could at any time have abstracted what the bank termed "special deposits," and would have been practically safe from discovery or detection, except by accident or chance, for an indefinite period of time. A course of business affording such opportunities to fallible guardians presents an irresistible temptation to use the property under their control for illegal purposes, and usually results in the loss of the securities thus exposed. (*First Nat. Bank* v. *Ocean Nat. Bank*, 60 N. Y. 278.) While the bank protected its own property from loss or embezzlement through its employes, by entries in its books as to its account and character, and by frequent examinations ascertained its safety and condition, no such precautions were taken with reference to the property of customers left in its possession. No precaution whatever, either by keeping a record of such securities, and thus facilitating the tracing and recovery of them in case of loss, or examinations, inspections, or inquiry in relation thereto, were resorted to or provided for by the defendant; but they were left exposed wholly to the self-restraint and unguarded control of those having opportunity to take them. (*Caldwell* v. *Bank, supra.*) The claim, that, immediately upon the payment of the loans for whose security the bonds were held, the bank could abandon their possession to the officer receiving payment thereof, without incurring liability to their owner, is too fallacious to need serious refutation. We think the case fails to show the exercise of reasonable care by the bank in the keeping of these bonds. A board of directors which leaves the custody, control and management of its securities and property to a single officer, no matter how high may be his character and reputation, for a long space of time without supervision, examination, or inquiry, is justly subject to the charge of negligence in the performance of its duty. It is said in Morse on Banking (page 77), as to the duty of directors of banks, that they "are bound to constant activity, and thorough acquaintance with the daily course of the affairs and dealings of the institution. It is their duty to make this acquaintance so thorough that no officer can continue long and consistently to usurp a function of any degree of importance whatever without their knowledge." It is further said (on page 84), in relation to the duty of a board of directors in supervising the conduct of the officers of a bank, that if such officers had borne bad characters, or had circumstances of suspicion, or demanding inquiry come to the knowledge of the board, or had the board, for any reason, been unwilling to trust their own property with them in the same manner in which they trusted the property of the bank, a case might have been made for holding the bank liable for a loss occurring to a special depositor.

It was said by the late Chief Justice Church, in *Cutting* v. *Marlor*, 78 N. Y. 460, that "a corporation is represented by its trustees and managers. Their acts are its acts, and their neglect its neglect. The employment of agents of good character does not discharge their whole duty. It is misconduct not to do this; but, in addition, they are required to exercise such supervision and vigilance as a discreet person would exercise over his own affairs. The bank might not be liable for a single act of fraud or crime on the part of an officer or agent, while it would be for a continuous course of fraudulent practice. . . . Here were no supervision, no meetings, no examination, no inquiry. . . . 'A system of management of a banking-house, in which such conduct of its officers was permitted, was a breach of duty, and grossly negligent towards its dealers, and persons having stocks and bonds in its keeping.'" This language is peculiarly applicable to this case, and correctly states the rule by which the evidence for the defense should be considered. That evidence utterly fails to show the exercise of that degree of care which it bestowed upon its own property, or the circumstances attending the loss of the bonds from which such care might be inferred, and fully supports the verdict of the jury. The defaulting cashier was not called to explain their disappearance, or to state whether he took them or not; and no explanation was given why he was not so called. He was the agent whom the bank had employed as the custodian of its funds, and represented it in its transactions with the public; and, in the absence of other sufficient evidence of their loss, we think it was the duty of the bank, if it was able to do so, to produce this witness for examination on the trial, and, in the absence of such testimony, the jury might well have found that the defendant had not sufficiently shown that the bonds were lost without neglect on its part. The evidence was insufficient to establish, as a proposition of law, that the cashier had stolen the bonds, or that they were appropriated by him; and it was a possible explanation or solution of their non-delivery that they had been inadvertently mislaid, or delivered to another depositor, by some officer of the bank, or were used by the cashier in the business of the bank, or appropriated by the defaulting cashier after his misconduct had been discovered. We think the charge of the court was not justly subject to criticism in respect to remarks made relative to the degree of care required of the bank to relieve itself from liability to the plaintiff. Under the principles governing the case hereinbefore laid down, the bank was liable for an omission to exercise ordinary and reasonable care in protecting the property of its customers; and such care, we think, excludes the commission of any act of negligence by the bailee. In pursuance of these views the judgments of the courts below should be affirmed.

All concur: Gray, J., in result.

LEGAL MISCELLANY.

BANKS AND BANKING—NATIONAL BANKS.—Savings banks organized in the District of Columbia under an act of Congress, and having a capital stock paid up in whole or in part, are entitled to become National banking associations in the mode prescribed in Rev. Stat. U. S. § 5,154. [*Keyser* v. *Hitz*, U. S. S. C.]

BUILDING AND LOAN ASSOCIATIONS.—The by-laws of a building and loan association required dues and installments to be paid weekly, and provided that "all loans shall become due in six years from the date of this corporation, or on the stock of the association becoming of par value, in either of which cases the note given by the borrower and the stock upon which the loan was made shall be set off against each other": *Held*, that the liability of a borrower to pay weekly dues and installments did not extend beyond a period of six years from the date of the loan. [*Lime City, etc., Association* v. *Wagner*, Ind.]

CORPORATIONS—INSOLVENCY.—The capital stock of an insolvent corporation is part of its assets, and, when issued, the creditors have a right to assume that it is paid up, or, if unpaid, that a court of equity may require its payment; and, where stock which purports to be fully paid up has been issued to a person in consideration only of his influence, a claim of such person against the corporation, amounting to only half of the face of such stock, is not entitled to priority over that of any *bona fide* creditor, whether secured or unsecured. [*Washburn* v. *Green*, U. S. S. C.]

CORPORATIONS—STOCK.—Under the laws of this State, title to stock in a corporation, as against creditors, can only pass by transfer on the books of the company. [*Conway* v. *John*, Colo.]

CORPORATIONS—OFFICERS.—A resolution of the directors of a corporation that the president's salary "shall be paid monthly out of the money that may come into the hands of the treasurer from the first sale of bonds," being merely an appropriation of a particular fund to the payment of such salary, does not exempt the corporation from liability therefor until the bonds are sold. [*Indianapolis, etc., R. Co.* v. *Hyde*, Ind.]

NEGOTIABLE INSTRUMENT—MATURITY.—The maker, after stating the amount due to date on his overdue note, promised to pay an increased rate of interest if the holder would "extend time for payment of this balance for one year." *Held*, that the extension was for one year from the date of the agreement. [*Dalton* v. *Rainey*, Tex.]

NEGOTIABLE INSTRUMENTS—CONSIDERATION.—The dismissal of the prosecution for bastardy, begun by a woman who is actually pregnant, though not by the defendant, is sufficient consideration for a note given by the defendant with full knowledge of the facts. [*Moon* v. *Martin*, Ind.]

BANKS—COLLECTION OF DRAFTS.—A bank with which a customer has left for collection his draft upon a party residing at a distant point is liable for the failure and default of a correspondent to whom it forwarded the draft for collection. [*Streissguth* v. *National German-American Bank*, Minn.]

CORPORATIONS—STOCK IN OTHER COMPANIES.—If a company, which acts as a transportation company, holding the majority stock in an ice and cold storage company, proposes to deal with the latter by having its cars re-iced at the works of that company, it may be enjoined from voting its stock in that company; but if the first-named corporation acts as a transportation company only, through organizations under its control, the case is not within the rule. [*Amer. Refrigerating Co.* v. *Linn*, Ala.]

CORPORATIONS—LIABILITY OF STOCKHOLDER.—Defendant made two subscriptions, of $2,500 each, to the capital stock of a corporation, but paid in only $2,500. Both of these subscriptions were necessary to make up the amount of capital stock which would entitle the corporation to do business. During the entire existence of the corporation defendant was one of its directors, and was otherwise connected with its management: *Held*, that he was estopped from denying his liability to a creditor of the corporation on his unpaid subscription, though there had been an unauthorized change in it by striking out certain words which showed that the stock was to be "preferred," and guaranteed to pay 10 per cent. dividends. [*Tama Water-Power Co.* v. *Hopkins*, Iowa.]

GAMBLING CONTRACTS—GRAIN FUTURES.—If, in contracts for the sale of wheat to be delivered in the future, the parties have no intention to make an actual sale and delivery, but intended to settle at the time fixed for delivery merely by paying the difference between the contract and the market price, the contract is a wager, and is illegal, and advances made under it cannot be recovered. [*Boyd* v. *Hanson*, U. S. C. C., Minn.]

NEGOTIABLE INSTRUMENTS—ACCOMMODATION PAPER.—The holder of accommodation paper acquired before maturity, without notice or knowledge of any equities or agreement existing between the maker and the payee of the note, is entitled to the same protection which is extended to the holder of negotiable paper acquired before maturity. [*Weill* v. *Trosclair*, La.]

ACKNOWLEDGMENT—CERTIFICATE OF NOTARY.—Where a certificate of acknowledgment was duly signed by a notary public, and his notarial seal was impressed upon the same paper, "but on the opposite side and end thereof," but plainly visible, and there was but one certificate to which the seal could be made applicable: *Held*, a sufficient authentication. [*Evans* v. *Smith*, Minn.]

BANKRUPTCY—ASSIGNEE.—Assignees in bankruptcy, and their grantees, do not occupy such a fiduciary relation to the assignor's wife as makes it inequitable for them to claim land previously conveyed to her by her husband, as belonging to the assignor's estate, and to purchase tax-titles thereon. [*Newaygo County Manuf. Co.* v. *Stevens*, Mich.]

BANKS AND BANKING—COUNTY FUNDS.—A bank duly selected as the depositary of money collected by way of taxes, to satisfy county bonds issued in aid of a railroad company, cannot be held responsible for money which it pays out by order of the committee appointed by the county court to take charge of and pay out the fund, on the ground that an excess of bonds has been illegally issued, in the absence of fraud or collusion between it and the committee in an appropriation of the fund to a purpose known to be unauthorized. [*Deposit Bank* v. *Daviess County Court*, Ky.]

BILLS OF EXCHANGE: THE PART THEY HAVE PLAYED IN ENGLISH BANKING, PAST AND PRESENT.

[CONTINUED.]

Touching the scarcity of banks elsewhere than in London, Burke said that, when he came to England, in 1750, there were not twelve bankers out of London; which number, however, had in 1693 increased to nearly 400. The cause of this extraordinary growth of country banking was the great revival of trade consequent upon the termination, in 1782, of the long and disastrous American war. The immediate result of this increased trade was a suddenly increased demand for a circulating medium to carry it on with, a cause which led to two somewhat different effects. The first was that, instead of cash being given for goods, paper, in the shape of Bills of Exchange, was resorted to, the second that, in order to make these bills available, recourse was had to anyone possessed of sufficient credit who would discount them, or otherwise advance their credit, in the shape of their own promissory notes payable on demand, or even at a few days after date. Thus numerous large tradesmen and others were suddenly enabled to pass into circulation a very considerable number of notes, which, owing to the scarcity of coin, were eagerly accepted; a fact which enabled these self-formed bankers to lay, in many cases, the foundation of a healthy and permanent business. As instances of the admixture of shop-keeping and banking, we may instance the cases of "the Gloucester Old Bank," said to have been established in 1716 by Mr. J. Wood, and carried on at his draper's shop for at least half a century. The founder of Smith's Bank at Nottingham was also a draper. Unfortunately, a very large proportion of these bankers were not of the class just mentioned. Thus, Macleod, speaking of their origin, says: "Bank of England notes had no circulation beyond London. Its monopoly prevented any other great banks being formed . . . . . and it would not extend its branches into the country. . . . . England required to have a currency; and, as it could not have a good one, it had a bad. Multitudes of miserable shop-keepers in the country, grocers, tailors, drapers, started up like mushrooms and turned bankers, and issued their notes, *inundating the country with their miserable rags.*"

In the year 1738, the Bank of England, after a representation from the Postmaster-General upon the subject, first issued post bills, payable seven days after sight; so that, in case of the mail being robbed (a not unusual occurrence at the time), payment might be stopped. This was the first form by which remittances to and from the country were facilitated.

The discount business carried on by the country bankers (those, namely, who were enabled to live through the panic of 1793, when no fewer than 100 are said to have suspended payment) was of a nature similar to that carried on in London; the bills, however, being of a less secured kind, drawn in many cases by agriculturists, farmers and others, often dependent upon the result of the year's harvest for their chance of payment, for the discount of which a higher rate was exacted. A similar difference between London (with which now rank several other large towns) discounts and those passing through a country banker's hands, still exists; and it is a well-known fact, that the London or bank rate of discount has little effect upon the country bankers' min-

imum, which, with a few exceptions perhaps, seldom falls below five per cent. A great deal of practical information upon this point may be gathered from Rae's "Country Banker."

With reference to this higher rate, which monopoly had at first allowed country bankers to charge, we find that, upon the Bank of England being empowered by Act of Parliament (7 Geo. IV., c. 46) to open branches (some doubts having previously existed as to its legality), and it, having taken advantage of the permission, opened branches at several large towns (*e. g.*, Gloucester, Manchester, Swansea), a deputation of country bankers held a meeting at the London Tavern, passed several resolutions, and appointed a deputation to wait upon the First Lord of the Treasury, to protest against the action of the bank. One of the resolutions was "That it can be distinctly proved that the prosperity of trade; *the support of agriculture* (*sic*); the increase of general improvement . . . . . are intimately connected with the existing system of banking."

"That the country bankers would not complain of rival establishments founded upon equal terms; but they do complain of being required to compete with a great company, possessing a monopoly and exclusive privileges."

The Bank of England, coming into the field with its "monopoly and exclusive privileges," was enabled to do business at a cheaper rate than the country bankers, and so draw away their customers. Hence the dispute. Another bone of contention between the country bankers and the Bank of England was, that the latter had always issued their post bills unstamped, they being included in the composition of £3,500 per annum on every £1,000,000 of their notes in circulation. When the branches were established, they issued their bills upon the head office at twenty-one days' date, also unstamped, alleging that they, too, were included in the composition. At the same time the country bankers could only issue bills upon their London agents upon stamped paper. After an appeal to the Government, the statute 9 Geo. IV., c. 23, was passed, enabling country bankers to compound for the duty on their notes, and to include therein bills upon London at twenty-one days' date at the same rate as the Bank of England.

Another branch of business which the large number of country banks now facilitated was that of remittance. Each country banker had an agent in London, upon whom he was entitled to draw; and with whom he kept a running account. It became, consequently, unnecessary for a debtor, residing in the country, to remit coin or even country notes, to his creditor in London. It was only needful to apply to the local bank; which, against cash or credit, would give him a bill at so many days date upon their London agents; this bill was then remitted to the creditor, who could cash it without difficulty or charge. Or in the case of the creditor residing elsewhere than in London, the bill would pass through the local bank where he resided, being cashed ultimately by that bank's London agent for their account. Thus it came that all remittances and outstanding differences began to be settled through the London banks; and this system has now grown until it comprehends the greater part of the differences and remittances throughout the entire world.

For instance, a traveling letter of credit issued in America will result in the agent of the American house in Italy, France, Germany or elsewhere drawing, not upon the American house, but upon their London agent.

Of course the system of remitting money merely by the remitter paying the money into one bank to be passed by them to the credit of their

agents, and so to the credit of the ultimate remittee, is accomplished by a number of advices, and in no way encroaches upon our domain of bills of exchange.

Whilst touching upon this branch of our subject, it may not be out of place to state that the discount by a banker of a non-local bill accomplishes a two-fold object, namely, the placing what would otherwise be the remittee in immediate possession of funds, and the obviating the transmission of money by what would otherwise be the remitter. To some extent, therefore, this traffic in non-local bills may be said to resemble the negotiation of foreign bills of exchange; the fact of more bills being payable by than to the residents in a certain town being to some extent a criterion, as between country and country, of the state and prosperity of its trading. Thus we find that Seyd entitles inland bills *local mediums of exchange*, inasmuch as they effect the transfer of value from one person to another in the country of their origin, in contradistinction to foreign bills, which he terms *universal* mediums of exchange, transferring, as they do, value from one country to another.

In 1795, the Bank of England took the extraordinary step of posting up a notice in their discount office, to the effect that no bills would be taken in after twelve o'clock, and that only a *pro rata* proportion of otherwise unobjectionable bills would be received for discount, should the amount so offered be greater than it was considered desirable to discount on that day. The minimum rate prevailing at the time was five per cent., a rate which there was, at the time, a popular prejudice of exceeding. This is an instance of the ignorance of the directors as to the proper mode of keeping their reserves within proper limits; an ignorance which we shall see was not thoroughly dispelled till the middle of the present century.

This contraction of accommodation, caused by a drain of gold, not only failed to stop that drain but, from a mistaken policy, even tended to aggravate it; for, finding that notes could not be had, and that things were gradually coming to a standstill, every one rushed to the bank for that last inevitable commodity, gold. This drain led to the ultimate suspension of cash payments by the bank two years later. Another trait in the discount business of the Bank of England was shown in the year 1836, when the bank refused to discount any bill bearing the indorsement of a joint stock bank of issue. The reason of this action was the discovery of a series of gigantic transactions between this class of bank and America. The erection of new, and the enlargement of the capital of the already existing, banks in America, led to a considerable portion of the required capital being drawn from this country; the quantity of the acceptances of American houses afloat in the market first attracting the attention of the directors of the bank. It further appeared that, during the four preceding years, nearly the whole of the foreign trade of America, not only with Great Britain, but with the East, and even with South America, had been carried on by credit obtained in England under these credits; bills were drawn at 4 m. ds, and, although originally the bills of lading for the goods had been retained in agents' hands until the bills were met, of late the custom had been discontinued, and the whole of these transactions were practically without security. "This business was almost entirely in the hands of seven houses; six in London, one in Liverpool. As much as 15 or 16 millions sterling of their acceptances were stated to have been in circulation at one time; while the actual capital possessed by them was estimated at less than one-sixth the amount. At the beginning of March, 1837, three of these houses, Messrs. Wilde's, Miggin's, and Weston's, stopped payment, at which time their outstand-

ing acceptances amounted to 5½ millions. The aggregate engagements of the other American houses were estimated to amount to a like sum. In order to avoid the general panic that must have ensued if these enormous amounts had been unmet, the bank made large advances to the extent of £6,000,000 and enabled them to be liquidated without disaster. It was probably owing to this timely discovery and judicious management on the part of the bank, that, when all the United States banks stopped payment in 1837, the losses here were comparatively so small."

The progress which has taken place in the amount of paper discounted in this country may be gathered from the fact that the Bank of England, in the first years of its existence, was restricted from issuing a greater sum than the amount of its capital (the whole of which, by the by, had been lent to the Government), namely, under one million and a quarter. Another instance of its comparative minuteness was shown by the fact that, on the 5th of May, 1696, the private bankers and others, with a view of wrecking the bank, *collected* a sum of £30,000 in bank notes, and suddenly presented them for payment, and the directors, "after solemn deliberation," *refused* payment of them.

The enormous sums to which these comparatively small figures have since risen are too well known to need particular recapitulation. One or two broad statements will suffice to enable the reader to form some idea as to the magnitude of the sums dealt in.

Thus in the analysis of 10 London joint stock banks published by Mr. Wm. Abbott, for the half-year ending 31st December, 1887, they together possessed a paid-up capital of £12,005,000, whilst the total of their bills discounted, loans and other securities, amounted to £92,000,092.

In glancing at the balance sheet of one of our most successful joint stock banks we find that, with a capital of £2,000,000, the amount invested in "bills" apart from "loans and other securities," was £12,263,087; or just six times the amount of their capital. Again, in the case of one of our essentially metropolitan banks, we find that, with a capital of £1,800,000 the conglomerated item in the last half-yearly balance sheet, of bills, loans, etc., was £12,063,608, the proportion of bills to capital being probably somewhat smaller in this case, owing to the greater facilities enjoyed by the former bank in carrying on the business of discounting from its complete branch business system. When these figures are multiplied by the large number of banks now existing, some idea of the magnitude of the amounts dealt in is obtained. With reference to the rate of discount, the prediction, made by Mr. Michael Godfrey (a director of the bank, who came to so untimely an end at the battle of Namur), in a pamphlet published in 1694, that "the bank will infallibly lower the interest of money," was convincingly fulfilled. On the 16th January, 1695, the rate for foreign bills having three months to run was 6 per cent.; whilst to those keeping accounts with the bank only 3 per cent. was charged; and on the 19th May, running notes and bills were discounted at 3 per cent., and money was advanced on merchandise at 4 per cent. When these figures are compared with the rates mentioned previously, as prevailing amongst the "other bankers," the sense of the prediction becomes apparent. Since that time the rate has periodically fluctuated between its two extremes, 2 and 10 per cent., falling to the former in times of stagnation and abundance of money, rising to the latter in times of great commercial crises, a subject we shall dwell upon, some pages later.

Having now considered somewhat scantily the attributes of, and the part played by the genuine bill of exchange, we shall do well to glance

at a species of paper which has proved one of the bugbears of banking, and been the cause of the failure of several of the largest institutions in the country. I refer to that known as "accommodation paper," but which in many instances deserves quite another name.

There are, roughly speaking, three distinct classes of bills which come into the hands of a banker for discount; namely, bank paper, consisting of mostly short-dated drafts drawn by one banker upon another, principally for purposes of remittance, the stability and credit of the participating banks being sufficient security for their payment; secondly, by far the largest class, bills drawn by a trader (whether in money, merchandise, or other goods) upon his customer for "value received"; the "value received" forming the source from which payment is ultimately made, the vigilance of the discounting banker being required to be directed principally to the detection of the *unwise* trader, a task by no means easy, and one requiring, in many cases, a power of very subtle discrimination. The third class of bills is that mentioned above, variously known as "accommodation bills, kites," etc., bills which rest upon the good faith and credit of the parties to them, and the security, if it can be so called, of a *future* transaction. The basis of an accommodation bill, as is well known, is that, in order to procure a pretext upon which to raise money, or, as Macleod not inaptly puts it, "to devise means to extract funds from bankers to speculate with," a bill is fabricated, one party, usually the acceptor, lending his name (generally for a small commission) in order to accommodate the drawer. This class of paper is one which all prudent bankers will of course do all in their power to avoid; leading, as it in nine cases out of ten does, to the ultimate ruin of all parties concerned. The great danger to a bank discounting this class of paper lies in the fact that, not only is there no practical limit to its extension, but that the actual security of the bill is not what it purports to be, and which, if brought into requisition, brings in its train totally unforeseen consequences. Thus, if the drawer of an accommodation bill fails to meet his engagements, namely, by providing the acceptor with funds to meet the bill, the bank, probably under large advances to him, are unwilling to press the acceptor, knowing that, if they do so, he will have immediate recourse against the drawer, and so bring about a collapse which the bank would willingly put off until they are able, in some measure, to extricate themselves.

The extent, however, to which this class of paper has been palmed off upon, in some cases, unsuspecting bankers, and the facts that have, from time to time, been revealed, as to the amount of this fraudulent dealing, may well induce those unwilling to become the victims of the like rascality, to be upon their guard. The largest of these frauds have been carried on by means of "dummies" (namely, persons ostensibly set up in business, merely for the purpose of having *trade* (?) bills drawn upon them) and cross acceptances. The failure in 1861 of the firm of *Laurence, Mortimer & Co.* (known as the great leather frauds) will long be remembered by bankers as an instance of the extent to which this fraudulent system can be carried. The liabilities of the London house at the time of the stoppage being £820,000, of which £620,000 consisted of fraudulent bills. The Liverpool house had liabilities to the extent of £158,750, out of which £130,000 were fraudulent. Again, we have an even more terrible example, in the case of the Western Bank of Scotland, the failure of which was chiefly caused by the fraudulent proceedings of four houses, Messrs. Macdonald's, Menteith's, Wallace's, and Pattison's, which, upon the stoppage of the bank, were found to be indebted to the bank £1,603,725, of which £1,349,975 consisted of discounts, and the rest of overdue bills, etc. Upon inquiry it was ascertained that

the Macdonalds drew upon 124 acceptors, of whom about 60 or 70 made it a regular trade to accept bills for a small commission. The other houses had traded in much the same way. Upon the facts coming to the knowledge of the bank, they compelled them to stop payment, and a report being spread about that the whole capital of the bank was engaged in these transactions, a run took place and they were compelled to close their doors.

Mr. Macleod expresses himself very strongly upon this class of bill. Thus, "from these accommodation bills to forged bills there is but one step," and again—"traders sometimes do not even take the trouble to get a beggar to write his name on their bills, but they invent one."

Another instance of the disastrous effect of these bills was shown at the time of the Crimean war, when, there being a great demand for shipping, an enormous amount of accommodation bills were *manufactured* by Liverpool shipowners and discounted all over the kingdom. The results were, as might be supposed, ruinous to most parties concerned. There has been some controversy as to what actually constitutes an accommodation bill; and one of the worst classes of such paper, namely, that of cross acceptances, it has been more than once decided in a court of law does not come under the head of "accommodation paper," the one acceptance being held a good consideration for the other.

Let us now glance for a moment at the theoretical side of banking discount in order to obtain a clear conception of the actual capabilities of a banker to discount his customers' bills. When a banker *discounts* a bill, he does not hand over the amount of the bill in gold to his customer and receive, or hold, the bill as security, in which case, as is often supposed, his capital and the actual amount of cash deposited with him, would be his only resources. Upon a bill being brought for discount and approved, he *credits* his customer with the amount, less "discount," and the customer is *at liberty* to immediately draw out the amount; but mostly requiring it for business purposes will only do so from time to time, as he requires, so that, with a knowledge of what will *on an average* be demanded, a banker may make use of his credit to any amount which does not exceed that limit. It is the more than usual demands made upon a banker at the time of a commercial crisis which are so fatal to those who have exceeded a reasonable point in their issues of credit, without having a sufficiency of bills falling due to meet sudden requirements. This leads us to the conclusion that a very considerable portion of a bank's discounts should consist of short-dated paper.

The above result shows us the fallacy of a very popular idea, that the "deposits" as they are termed must necessarily be so much capital available for the discount of bills, etc. Let us see how far this is correct. As before mentioned, a banker *credits* his customer with the amount of the bill discounted. Now, say that the customer requires immediately one-tenth of the amount, nine-tenths will remain in the banker's hands and will be called "deposits" in the balance sheet. But of what does it consist? Merely of the banker's own credit, which he has not yet been called upon to cancel. So that the popular idea is that the greater the *liability* of the banker the greater are his resources to increase that liability—an evident absurdity.

It is clear, therefore, that only such part of the so-called deposits as actually consisted of some substantial basis are the funds at a banker's disposal; all further amounts, generally classed as "deposits," merely consist of the banker's own credit, which, till the maturity of the bills against which it is issued, has no fund to which to turn should the whole or any large part of it be demanded in payment.

Again, the system of "clearing," which has now become an integral part of banking, has facilitated, to an even greater extent than I have mentioned, the opportunities at a banker's command for a safe issue of credit, seeing that it practically places all banks making use of it beyond the necessity of keeping in hand sufficient funds for the large amounts daily outstanding against them; these amounts under the "clearing" system being set off against the debts due to them from all the other banks *collectively*; the difference, which is comparatively minute, being the only amount for the payment of which some actual fund is necessary.

With regard to the process known as "re-discount," we need only say that it does not belong at all to the province of a London bank, and that even in the country its existence is generally dangerous, and, in most cases, "said nothing about." There are cases in which it may have a beneficial effect, as, for instance, in the case of a part of the country where trade requirements are large and the necessary capital not existing at that place, the bills are discounted on the spot, by the person (the local banker) best calculated to judge of their quality, and are remitted to London, principally to bill brokers, for re-discount. In the same way, other country banks may find they possess more than sufficient capital for the demands made upon them. Such banks remit their "funds" to the metropolis, and these may be practically said to discount the bills which have been sent for "re-discount"; the fault of the system is to be found in the roundabout manner of its working. As to the negotiability, a chief attribute, of bills of exchange, we find that by the old Roman law, debts, being rights or *choses in action*, were saleable, and the rule of the common law of England (now happily assimilated with its brother equity, which was the offspring of the Roman law), that a debt was not assignable, was an encroachment upon all precedent, and therefore without foundation. From this we see that a bill originally contained, without any actual specification thereof (as by such wording as "or his assigns," "or order," or similar phraseology after the payee's name) the requisite power of assignability. Until the acceptance, however, of the rules of equity (which were founded on the Pandects, and allowed the free sale of debts or *choses in action*) by the Supreme Court of Judicature Act, by which it was declared that, in the case of the rules of law and equity conflicting, the latter should prevail, the principle that debts were not assignable had been rigidly carried out in England, however untenable the doctrine may have been.

By an assignable instrument is meant one that may be freely transferred, but which follows the law of goods, a holder's title being dependent upon that of his transferors. A negotiable instrument is one that can be freely sold, the property in the bill following the law of money. A transferee, becoming possessor honestly and for value, may retain the property even against the true owner, should the instrument have been lost or stolen. Thus every negotiable instrument is necessarily assignable, on the other hand every assignable instrument is not necessarily negotiable, as, for instance, in the case of an overdue bill, a check crossed "not negotiable," etc. This question of the right of free transfer of *choses in action* troubled the courts of law for a considerable period, and Lord Holt, C. J., the great authority about the time when banking was stepping out of its infancy (about 1700), put his veto upon the right of the Goldsmiths to lend their paper, in the shape of promissory notes payable to order, the true characteristic of negotiability; he said: "The notes in question are only an invention of the Goldsmiths in Lombard Street, who have a mind to make a law to bind all those who deal with them, and sure to allow such a note to carry

any lien with it, were to turn a piece of paper, *which in law is but evidence of a parol contract*, into a speciality, and besides, *it would empower one to assign that to another which he could not have himself*." By the statute of Anne, promissory notes were rendered negotiable, bills of exchange already possessing that right under the Law Merchant.

In 1800 Lord Kenyon professed an even more stringent dogma with regard to the incapability to transfer *choses in action* than Lord Holt had laid down. The latter had founded his view upon the fact that to allow such a right would be to allow to an ordinary promissory note the nature of a specialty; a nature which Macleod clearly shows they actually possessed, the formality of sealing merely having fallen into disuse. His decision was not long in bearing fruit, for, in *Glyn* v. *Baker* the court having held that East India bonds payable to the payee *and his assigns* were not negotiable, a special Act of Parliament was immediately passed to correct the state of things.

We shall be unable to further investigate this intricate branch of the law of negotiable instruments, having to turn our attention to a wider field; a few words, however, are appended further on with reference to this subject.—*Journal of the Institute of Bankers, London.*

[TO BE CONTINUED.]

BOOK NOTICES.

The Works of Walter Bagehot, with Memoirs by R. H. Hutton. Now first published in full by The Travelers' Insurance Company of Hartford, Conn. Edited by FORREST MORGAN. In five volumes. Hartford, 1889.

This is a unique venture for an insurance company. The works of one of the most eminent political, economic, and, in several respects, literary writers have been collected and very carefully edited and published in five handsome octavo volumes, and are sold for the small price of five dollars. This is a mark of enterprise surely, and doubtless the company well considered the undertaking in which no small amount of money has been expended. With respect to the selection of an author, probably no better could have served the company's purpose, for Bagehot covered several fields, and was an excellent worker in them all. His political writings are among the oldest, and they are worthy of the great reputation to which they have attained. His work on the English Constitution, especially, is one of the most useful and popular that has been written on that theme. As a political economist Bagehot has the rare merit of a thorough knowledge, not only of the theory, but also of the facts pertaining to the subject. Most economic writers have a very imperfect knowledge of the fact side, while business men who attempt to write on it usually are deficient in their knowledge of the theory. Bagehot knew both. This is the reason that "Lombard Street" is such an excellent book. In his later years, however, he broke away more and more from economic and political studies, and invaded the walks of literature. Indeed, he seemed to have quite run through the earlier studies of his life, and many regard his literary criticisms as his best work.

With all his merits, however, Bagehot was negligent in many matters of style, in his quotations and the like, and badly needed an editor. This work,

which is so useful and often so wearisome, and which is rarely measured at its full value, has been faithfully done in the present instance. The heartiest thanks of Bagehot's readers are due to Mr. Morgan for his many improvements.

The Working Principles of Political Economy in a new and practical form. A book for beginners. By S. M. MACVANE. McLean Professor of History in Harvard College. New York: Effingham, Maynard & Co. 1890.

The author says that he has had two motives in writing this work. One is to show that the principles of political economy may be developed in such a form as to bring out more clearly than is done in the standard books, their close and vital connection with every-day industry. The other motive is to suggest modifications, chiefly in points of detail, of the conclusions generally accepted by the leading economists. The author has succeeded in investing his work with unusual interest, by reason of bringing economic principles into closer contact with the facts from which they have been developed. Prof. Macvane also is a clear thinker and expresses his ideas with felicity. The book does not contain much perhaps that is new, but some of the old truths have been re-stated with new force. Thus the theory that wages are drawn from the product of the labor on which it has been bestowed, which Mr. George has advanced and illustrated with so much brilliancy, is clearly shown to be erroneous, and the older theory, that wages are paid from previous savings, is rendered more unassailable than ever. Indeed, the book is a very thorough piece of work, and will doubtless prove a useful manual of instruction, for which it is primarily intended.

The Statesman's Year-Book. Statistical and Historical Annual of the States of the Civilized World for the Year 1890. Edited by J. SCOTT KELTIE. London: Macmillan & Co. 1890.

The great value of this work is well known. One great merit, in our judgment, is its convenient size. It is not too large to be easily handled; on the other hand, a smaller work would have no advantage in this regard. A noteworthy change in arrangement has been made. Great Britain and its colonies are placed at the beginning, followed by the other nations of the world in alphabetical order. This is a great improvement, and the surprise is that such an arrangement was not adopted long ago. The work bears the mark of careful editing; and we have no hesitation in saying that it is the most valuable work of the kind published.

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money have been as follows:

QUOTATIONS:	May 5.	May 12.	May 19.	May 26.
Discounts	6 @ 7	6 @ 7	6 @ 7	6 @ 7
Call Loans	6 @ 4½	10 @ 5	7 @ 5	5½ @ 4
Treasury balances, coin	$162,223,910	$162,451,831	$162,889,697	$163,212,108
Do. do. currency	4,778,850	4,845,477	5,062,461	5,271,815

CAPITAL, REAL ESTATE, VALUE OF SHARES AND DIVIDENDS, OF NEW YORK CITY BANKS.

	Capital.	Surplus.	Par.	No. Shares.	Gross Value per Share, '89.	Real Estate.	Assessed Value Shares, '89	Dividends, per Cent.				Book Value Shares, '89	Last Sale Stock Reported.			Individu'l Deposits. Net.	Due Banks.
								1887.	1888.	1889.	Last Div.						
	$	$				$										$	$
America, Bank of	3,000,000	1,880,800	100	30,000	138.00	600,000	118	8	8	8	Jan. '90...4	162	May	13, '90..218		8,255,500	2,294,900
American Exchange Nat.	5,000,000	1,773,100	100	50,000	112.00	500,000	102	7	7	7	May '90..3½	136	May	15, '90..162½		11,454,200	5,846,300
Bowery	250,000	452,400	100	2,500	197.93	19,800	190	12	12	12	Jan. '90.. 6	280	May	14, '90 .304		2,823,500	....
Broadway National	1,000,000	1,578,800	25	40,000	53.50	300,000	46	16	16	16	Jan. '90.. 8	257	April	30, '90. 292¼		3,997,100	369,300
Butchers & Drovers' Nat.	300,000	282,900	25	12,000	40.00	84,000	33	8	8	8	Jan. '90...4	194	April	23, '90..197		1,906,800	32,300
Canal Street	100,000	...	..	....	New	....	.. ..	..	..	.	New	100		None		169,300	....
Central National	2,000,000	538,200	100	20,000	103.61	452,000	81	8	7½	7	Jan. '90...3½	126	M'ch	15, '90..149		4,202,500	4,051,200
Chase National	500,000	772,000	100	5,000	147.00	....	147	6	6	6	Jan. '90...3	254	Feb.	—, '87..225		4,363,500	8,198,200
Chatham National	450,000	641,100	25	18,000	41.08¼	1,500	41	12	12	12	Jan. '90...3	242	April	2, '90..388		5,305,100	1,290,800
Chemical National	300,000	6,062,900	100	3,000	1650.36	277,100	1558	100	150	150	Jan. '90. 25	2120	May	14, '90..4830		19,427,500	6,210,300
Citizens' National	600,000	398,300	25	24,000	34.00	216,000	25	7	7	7	Jan. '90...3½	167	Feb.	1, '90..184		2,854,400	184,400
City National	1,000,000	2,422,400	100	10,000	272.83	388,300	234	15	15	15	May '90..5	342	April	26, '90..497		10,306,300	2,155,900
Clinton	291,200	4,600	100	2,000	100.00	....	100	New	New	New	New	116		None		388,000	....
Collection National	Organizing.		100	2,000	....	....	....	New	New	New	New	..		None		.....	....
Columbia	200,000	86,800	100	2,000	97.00	....	97	None	None	3	July '89...3	143	Feb.	5, '90..231		1,972,200	224,600
Commerce National	5,000,000	3,234,200	100	50,000	139.66	633,000	127	8	8	8	Jan. '90...4	164	May	16, '90..211½		8,571,000	4,344,800
Continental National	1,000,000	274,000	100	10,000	94.00	654,000	94	7	7	7	Jan. '90...3½	127	April	16, '90..141½		2,800,800	2,269,200
Corn Exchange	1,000,000	1,124,000	100	10,000	170.03	140,000	155	10	10	10	Feb. '90..5	212	May	15, '90..250		5,370,100	347,100
Deposit, Nat. Bank of	300,000	49,900	100	3,000	98.00	....	98	..	..	..	None	116	Feb.	26, '90..105¼		406,200	356,400
East River National	250,000	122,900	25	10,000	30.24	82,400	22	8	8	8	Jan. '90...4	186	April	23, '90..175		1,196,100	....
East Side	100,000	26,000	100	1,000	110.00	....	110	None	None	None	None	126	Mar.	26, '90. 114		367,400	200
Eleventh Ward	100,000	154,800	25	4,000	45.00	20,000	40	8	8	8	Jan. '90.. 4	254	Jan.	9, '89..226		1,260,400	....
Empire State	250,000	56,100	100	2,500	100.00	....	100	None	None	None	None	122	Dec.	18, '89..123		684,800	....
Fifth National	150,000	280,400	100	1,500	218.50	54,750	182	6	6	6	Jan. '90...3	286	Dec.	19, '88..236		1,880,700	72,500
Fifth Avenue	100,000	769,500	100	1,000	581.00	....	581	None	None	None	None	869	May	—, '85..625		4,929,500	....
First National	500,000	6,189,100	100	5,000	1051.30	501,500	951	40	40	40	Jan. '90 .25	1337	May	—, '84..540		5,851,000	16,789,700
Fourth National	3,200,000	1,535,900	100	32,000	112.00	512,000	96	7	7	7	Jan. '90...3½	148	May	2, '90..170		12,263,900	6,263,300
Fourteenth Street	100,000	60,100	100	1,000	141.00	....	141	None	None	None	None	160		None		580,600	....
Franklin	Organizing. New		..	....	New	....	New	..	..	..	New	..		New		...	....
Gallatin National	1,000,000	1,480,700	50	20,000	97.16	343,000	80	10	10	10	Ap'l '90...5	248	May	14, '90..314		4,090,600	449,200
Gansevoort	200,000	11,600	100	2,000	New	....	New	None	None	None	None	105		None		405,600	....
Garfield National	200,000	306,800	100	2,000	166.00	....	166	None	None	None	None	253	Jan.	21, '90..400		3,758,100	65,000
German American	750,000	232,800	75	10,000	81.66	16,600	80	6	6	6	Feb. '90...3	130	May	7, '90..124		2,240,700	378,500
German Exchange	200,000	473,300	100	2,000	226.00	62,000	195	3	10	12	May '89.12	336	Sept.	7, '87..265		3,294,500	8,100
Germania	200,000	414,000	100	2,000	223.00	44,000	166	9	8	10	May '89...5	307	May	29, '89..277		2,848,000	....
Greenwich	200,000	229,100	25	8,000	28.00	16,000	26	6	6	6	May '90...3	214	M'ch	19, '90..158		1,160,700	....
Hamilton	150,000	64,300	100	1,500	125.00	....	125	None	None	None	None	142	Jan.	29, '90..130		237,300	30,300
Harlem	100,000	10,700	100	1,000	89.00	....	89	None	None	None	None	110		None		469,100	126,000
Harlem River	100,000	500	100	1,000	New	....	New	None	None	None	None	105		None		90,200	...
Hanover National	1,000,000	1,323,400	100	10,000	142.33	3,300	142	7	7	7	Jan. '90...3½	232	April	16, '90..352		8,615,600	12,315,700
Home	100,000	82,200	100	1,000	132.00	20,000	112	None	None	None	None	182		None		814,800	...
Hudson River	200,000	116,400	100	2,000	145.00	....	145	None	None	None	None	158	M'ch	20, '90..153		491,900	....
Importers & Traders' Nat.	1,500,000	4,610,600	100	15,000	498.20	248,000	283	14	14	14	Jan. '90...7	406	May	14, '90..358		180,100	13,823,800

Irving National	500,000	261,200	50	10,000	61.62	76,200	54	8	8	8	Jan. '90...4	152	Feb. 19, '90..203		2,950,300			
Leath'r Manufactur's Nat.	600,000	564,400	100	6,000	155.63	276,180	109	10	10	10	Jan. '90...5	194	April 30, '90..255		2,166,100		841,400	
Lenox Hill	96,400	....	100	1,000	92.00	....	92	None	None	None	None	96	Feb. 13, '89..100		85,000		121,000	
Lincoln National	300,000	287,100	100	3,000	121.00	....	121	None	None	None	None	195	Feb. 9, '87..133		3,244,400		503,000	
Madison Square	200,000	33,800	100	2,000	89.00	20,000	79	3	3	3	Jan. '89...3	116	April 23, '90..111		773,100		23,000	
Manhattan Co	2,050,000	1,370,300	50	41,000	65.58	556,780	52	7	7	7	Jan. '90..3½	167	May 10, '90..193		7,648,300		3,250,100	
Market & Fulton Nat	750,000	699,400	100	7,500	157.00	180,000	133	8	8	8	Jan. '90...4	193	Mch. 14, '90..225		4,468,800		261,700	
Mechanics' National	2,000,000	1,766,000	25	80,000	38.70	456,000	33	8	8	8	Jan. '90...4	188	April 24, '90..216		5,056,100		4,119,000	
Mechanics & Traders'	200,000	229,100	25	8,000	32.00	16,000	30	9½	10	10	Jan. '90...5	214	May 7, '90..287		2,711,600		209,100	
Mercantile National	1,000,000	833,900	100	10,000	128.63	155,300	113	6	6	6	Jan. '90...3	183	April 19, '90..225		5,516,600		3,795,700	
Merchants' National	2,000,000	869,200	50	40,000	53.00	560,000	44	7	7	7	Jan. '90...3½	143	May 15, '90..161		4,575,800		3,545,500	
Merchants' Exch. Nat.	600,000	108,500	50	12,000	47.00	168,000	33	6	6	6	Jan. '90...3	118	April 23, '90..126¼		2,621,100		2,584,200	
Metropolis, Bank of the	300,000	534,700	100	3,000	184.40	13,200	180	8	8	10	Jan. '90...5	278	April 2, '90..401		4,818,000		479,900	
Mount Morris	100,000	253,500	100	1,000	212.50	5,500	207	6	6	6	Jan. '90...3	353	Nov. 2, '86..200		2,087,500		70,400	
Murray Hill	100,000	308,100	50	2,000	130.00	10,000	125	16	16	16	Jan. '90...4	408	April 6, '87..260		1,945,000		34,400	
Mutual	Organi	zing.	100	....	New	....	New	New	New	New	New	...	None.		....		....	
Nassau	500,000	206,500	50	10,000	54.33	3,300	54	8	8	8	May '90..4	141	May 8, '90..173		3,145,700		35,300	
New Amsterdam, Bank of	250,000	40,200	100	2,500	90.00	....	90	None	None	None	None	116	Dec. 7, '87..116		1,418,000		13,100	
N. Y. Nat. Banking Asso.	2,000,000	1,641,600	100	20,000	147.00	580,000	118	10	10	10	Jan. '90...5	182	May 12, '90..250		7,210,400		4,036,200	
New York County Nat.	200,000	409,200	100	2,000	100.00	34,000	83	8	8	8	Jan. '90...4	304	July 10, '89..445		2,732,600		....	
N. Y. National Exchange	300,000	134,300	100	3,000	113.00	51,000	96	6	6	6	Jan. '90...3	145	Jan. 11, '89..130		1,579,800		155,500	
Ninth National	750,000	316,900	100	7,500	104.24	496,000	38	7	7	7	Jan. '90...3½	142	May 12, '90..161¼		3,216,000		3,755,100	
Nineteenth Ward	100,000	30,700	100	1,000	92.00	....	92	None	None	None	None	130	Dec. 11, '89..150		802,100		7,900	
North America, Bank of	700,000	513,300	70	10,000	96.33	3,300	96	6	6	6	Jan. '90...3	173	May 14, '90..187		3,549,600		1,230,000	
North River	240,000	114,700	30	8,000	30.00	56,000	23	8	8	8	Jan. '90...4	147	May 14, '90, 154¼		2,426,800		107,000	
Oriental	300,000	373,100	25	12,000	44.00	96,000	36	10	10	10	Jan. '90...5	224	Jan. 29, '90..230½		1,924,700		....	
Pacific	422,700	377,400	50	8,454	71.50	63,000	64	8	8	8	May '90...2	190	Ap. 30, '90.203 Ex D		3,046,900		....	
Park National	2,000,000	2,272,500	100	20,000	141.00	800,000	101	8	8	8	Jan. '90...4	213	May 14, '90..300		13,094,900		13,145,800	
People's	200,000	278,200	25	8,000	42.85	70,000	34	10	10	10	Jan. '90...5	239	May 14, '90..272		2,748,200		15,000	
Phenix National	1,000,000	545,200	20	50,000	25.1188	5,940	25	6	6	6	Jan. '90...3	154	May 14, '90, 141		3,350,300		1,260,400	
Produce Exchange N. Y.	1,000,000	201,100	100	10,000	100.00	....	100	5	5	5	Jan. '90...2	120	Feb. 26, '90..113½		2,149,900		283,600	
Nat. Bank of the Republic	1,500,000	897,000	100	15,000	122.76	505,400	89	6½	7	7	Jan. '90...3½	159	April 21, '90..195		3,495,900		10,398,400	
Riverside	100,000	8,400	100	1,000	88.00	....	88	None	None	None	None	108	None		405,000		....	
St. Nicholas	500,000	110,700	100	5,000	121.26	6,300	120	6	6	6	Jan. '90...3	122	April 7, '90..122¼		1,637,800		121,100	
Seaboard National	500,000	143,900	100	5,000	100.00	....	100	6	6	6	Jan. '90...3	128	Mch. 31, '90..148		1,997,400		3,114,000	
Seventh National	300,000	66,200	100	3,000	100.33	990	100	6	6	6	Jan. '90...3	122	June 7, '89..135		1,324,300		400	
Second National	300,000	262,300	100	3,000	114.33	990	114	10	10	10	Jan. '90...5	187	Feb. 6, '89..350		5,050,500		....	
Shoe & Leather National	500,000	231,700	100	5,000	114.00	240,000	66	8	8	8	Jan. '90...4	146	April 23, '90..160		2,456,500		1,503,000	
Sixth National	200,000	187,100	100	2,000	90.00	....	90	8	8	8	July '89 ..4	193	May '87. 235		893,300		....	
Southern National	1,000,000	....	100	10,000	New	....	han	ged fr	om C	ommer	cial National	Ap'l 1890.			....		....	
State of N. Y., Bank of	1,200,000	425,400	100	12,000	109.00	228,000	90	8	6	6	May '90...3	135	May 14, '90..114½		2,501,300		180,700	
Third National	1,000,000	285,500	100	10,000	91.13	11,300	90	6	5½	5½	July '89...2½	128	April 16, '90..122¼		2,225,900		7,715,500	
Tradesmen's National	750,000	....	40	18,750	41.34	283,500	30	6	6	6	July '89...3	100	April 24, '90, .110		1,341,900		581,000	
Twelfth Ward	200,000	63,100	100	2,000	104.00	....	104	None	None	None	None	131	....	.... 145½	670,200		....	
Twenty-third Ward	100,000	5,600	100	1,000	94.00	....	94	None	None	None	None	105	April 16, '90..104		238,200		....	
Union Square	200,000	57,200	100	2,000	New	....	New	None	None	None	None	128	None		1,394,400		....	
United States National	500,000	512,000	100	5,000	158.00	....	158	8	8	8	July '89....2	206	July 27, '88..210		4,256,900		2,218,000	
Washington National	....	....	100	3,000	New	...	New	None	None	None	None	..	None		....		....	
Western National	3,500,000	175,700	100	35,000	88.70	24,000	88	None	None	None	None	105	May 16, '90..110		5,954,200		4,036,200	
West Side	200,000	243,200	100	2,000	154.00	....	154	10	10	10	Jan. '90...5	221	Dec. '88.....243		2,503,100		....	

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

SET-OFF.

A., B. & Co. have an account in a bank and borrow money on the firm name, without other security. A. is also a partner in the firm of C. & Co., who keep their account in the same bank. A., B. & Co. fail, leaving a balance to their credit, which the bank appropriates. Can it also appropriate the interest of A. in C. & Co. for the payment of A., B. & Co.'s obligation?

REPLY.—It is a general principle in the law of set-off that debts cannot be set off unless they are between the same parties and in the same right. An application of this principle is quite decisive against the setting off of A.'s interest in the deposit of C. & Co. to pay the obligation of A., B. & Co. It cannot be done. In *Watts* v. *Christie* (11 Beav. 546) it was decided that bankers have no lien on the deposit of a partner on his separate account for a balance due to the bank from his firm. Said the Master of the Rolls: "It is of the nature and essence of transactions between banker and customer that a customer having a balance in the hands of his banker should have full power over it, and be able to command payment at sight. If, where there is an account between a firm and the bank and another account with one particular member of the firm, it be once held that the bank has a lien upon the balance due upon the separate account of the individual partner for a balance due to the bank from the firm, there would be an end to some transactions which it is most important to commerce should be continued. I cannot hold that the bank would have such a right of disposition or lien as would prevent a customer from dealing with the bank with that confidence which is so important to the trade and commerce of this country." If a bank cannot appropriate the deposit of an individual to discharge the debt of a partnership of which he is a member, surely it cannot appropriate his interest in the deposit made by another partnership of which he is a member. See also the cases of *Ex parte Christie* (10 Ves. 105) and *Addis* v. *Knight* (2 Mer. 117).

The reports of the New York Clearing-house returns compare as follows:

1890.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*	*Surplus.*
May 3...	$399,772,400	$77,940,300	$26,703,800	$406,061,500	$3,679,500	$3,128,725
" 10...	402,155,300	75,900,900	27,234,400	406,593,300	3,727,700	1,486,975
" 17...	400,633,500	75,581,700	28,068,400	406,548,900	3,757,500	2,012,875
" 24...	399,753,600	75,930,700	29,130,000	406,357,600	3,734,300	3,471,300
" 31...	397,139,800	75,866,600	30,316,700	405,084,700	3,741,900	4,912,125

The Boston bank statement is as follows:

1890.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*
May 3.....	$154,264,400	$9,811,300	$4,484,200	$132,533,400	$2,883,300
" 10.....	155,477,900	10,798,900	4,639,700	134,300,300	2,919,900
" 17.....	156,754,700	10,796,200	4,721,000	137,784,500	2,905,900
" 24.....	157,105,500	10,877,300	4,647,800	138,618,200	2,899,300

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1890.	*Loans.*	*Reserves.*	*Deposits.*	*Circulation.*
May 3	$96,470,000	$25,500,000	$95,315,000	$2,130,000
" 10.....	96,418,000	25,311,000	94,394,000	2,128,000
" 17.....	95,951,000	25,524,000	95,358,000	2,131,000
" 24.	96,013,000	26,134,000	95,977,000	2,126,000
" 31.....	96,068,000	27,083,000	98,646,000	2,133,000

BANKING AND FINANCIAL ITEMS.

A SUCCESSFUL BANK.—The *Boston Daily Advertiser* gives the following account of the Maverick National Bank of Boston, a bank which is as well known in business and financial circles as any bank in the United States: The Maverick Bank was incorporated in 1854, and was one of the last, if not the very last, incorporated under what was known as the old banking law of Massachusetts. It had a local interest—that is, it was intended to advance the interests of East Boston, which, since 1830, had grown to be one of the most important outlying wards of Boston. In 1875 the bank moved to the city proper, where it occupies its present commodious and central quarters at the corner of Congress and Water streets, in Post-office square. But the Maverick Bank of 1854 was but a mere shadow of what the Maverick Bank of to-day is—that is in the great volume of its business. The capital remains to-day the same as it was in 1854, $400,000, but its transactions now are immense. When we say that its present surplus is over $600,000, the story of its great success is told. In many respects its management at the present time is very much like that which has characterized the Chemical Bank of New York for three-quarters of a century. Asa P. Porter, its present able president, is a born financier. He took to financiering naturally, and his early education with Way, Warren & Co. strengthened his instinct. As an agency bank, the Maverick stands at the head of the Boston banks. The term agency is susceptible of several interpretations, but we use it merely in the sense of a fiduciary factor; and we do not hesitate to say that under the presidency of Mr. Porter few banks in the country have absorbed so much of domestic and foreign business in exchanges and credits as the Maverick National Bank of 1890. The original directors were Samuel Hall, Noah Sturtevant, William C. Barstow, Henry N. Hooper, F. A. Sumner. Samuel Hall, the first president, was the well known shipbuilder of East Boston. Captain William C. Barstow was the genial treasurer of the East Boston Company, a genuine old salt and a sociable companion. Henry N. Hooper was then at the head of the great copper foundry firm of Henry N. Hooper & Co. in Commercial street. Noah Sturtevant was of the old coal firm of Newell, Sturtevant & Co., and general owner of real estate in East Boston. Frederick A. Sumner was of the firm of Sumner & Swift. The present directors are Asa P. Porter, president; J. W. Work, Henry F. Woods, Jonas H. French, Thomas Dana.

CHELSEA, MASS.—W. R. Pearmain, president of the First National Bank of Chelsea, who died last month, was born in Bridgeworth, Eng., in 1815, and came to this country in 1831. He went West and engaged in the Indian fur trade, with headquarters at Columbus, O. In 1841 he came East and settled in Chelsea. In 1850 he assisted in founding the Tradesmen's Bank of Chelsea, with a capital of $100,000 soon raised to $150,000. In 1864 the name was changed to the First National Bank of Chelsea, and the capital increased to $300,000 In 1865 Mr. Pearmain was elected cashier, when it was reorganized as a National bank, which position he accepted till the death of Isaac Stebbins, whom he succeeded as president. The deceased was a member of the first city council of Chelsea in 1857, and served till 1861. He was also an alderman in 1871-72, and was republican candidate for mayor in 1878.

CINCINNATI.—The Union Savings Bank and Trust Company has been organized with a capital of half a million, $250,000 paid in. J. G. Schmidlapp is president, A. B. Voorheis, vice-president, and R. A. Koehler, secretary and treasurer of the new institution. The rule relating to the payment of interest is the following: Interest at the rate of three per cent. per annum will be allowed on deposits remaining four months or over, and at the rate of 3 65-100 per cent. per annum (one cent per day on $100) on deposits remaining one year or over; depositors must name at the time of making their deposit, which of these contract rates they desire, and it will be so entered in their pass-book. Interest will be allowed from the first of the month next ensuing the date of such deposit, and only for full months, and will only be allowed when the amount aggregates five dollars or over, and not on fractional parts of a dollar.

ALBANY.—Cyrus Stewart, of Gloversville, has been appointed Assistant Bank Superintendent *vice* Charles D. Hall, resigned.

DENVER.—Thomas H. Woodelton, for some time past assistant cashier of the Colorado National Bank, has been elected cashier of that institution, to succeed the late W. B. Berger. Mr. Woodelton will be succeeded as assistant cashier by Charles B. Berger, who has heretofore been second assistant, and George B. Berger will fill the latter office. Both are sons of the late Mr. Berger, and are graduates of Yale University. They received their training under the eye of their father.

OMAHA, NEB.—The following items relating to the financial institutions of that city are taken from the Omaha *Financial Journal.*

The German-American savings bank has begun business in the Commercial National Bank building.

The German Savings Bank of Omaha has been incorporated, with a capital stock of $500,000. The gentlemen interested in the corporation are all well-known business men. They have elected Frederick Metz, Sr., president; C. B. Schmidt, vice-president; L. D. Fowler, cashier and managing director. The board of directors consists of Frederick Krug, Frederick Metz, Sr., George Heimrod, Henry Meyer, C. B. Schmidt, John H. F. Lehman, and L. D. Fowler.

The old Bank of Commerce has reorganized under the name of "The National Bank of Commerce of Omaha," with a capital of $500,000. On motion of Mr. George E. Barker, the late president, Mr. J. N. Cornish was elected to that office under the new organization. Mr. Barker desires to devote himself to other rapidly accumulating business. F. B. Johnson has resigned as cashier, and the following gentlemen constitute the board of directors: J. N. Cornish, E. L. Bierbower, Geo. E. Barker, A. T. Rector, Joseph Barker, S. W. Spratlin L. B. Williams, Charles Metz and J. H. Evans.

The South Omaha National Bank increased its capital stock from $50,000 to $100,000 about the 1st of March and reports a rapidly increasing business. The report of the cashier shows a business of $191,000,000 through the tellers and $58,000,000 through the collection desks.

Among the new banking institutions of Omaha is the Globe Loan and Trust Company Savings Bank. Its officers and incorporators are as follows, and the list includes many of the best business men of the city: H. O. Devries, president; Cadet Taylor, vice-president; W. B. Taylor, cashier, and C. E. Williamson, assistant cashier. The other incorporators are: Daniel H. Wheeler, H. K. Burket, John L. Carson, Hugh G. Clark, Nelson G. Franklin, John B. Dennis, John Jenkins, W. J. Broatch, F. S. Stelling, Bernard Fowler, Jr., B. S. Baker, D. T. Mount and Charles W. Cochran. The capital stock of the bank is $50,000 and has all been taken.

MINNEAPOLIS, MINN.—The Security Bank of Minnesota has sent to us the following comparative statement, showing the business of the bank at the close of the first, sixth and last years of its corporate organization, viz.:

Resources.	*Oct. 31, 1878.*	*Oct. 2, 1883.*	*Oct. 24, 1889.*
Loans and discounts	$707,803 25	$3,258,401 51	$4,465,248 95
Real estate, furniture, fixtures	40,558 00	60,347 75	143,231 75
Current expenses and taxes	5,805 36	14,244 62	18,657 51
U. S. and Minneapolis bonds	.....	221,338 87	132,571 33
Due from banks	59,243 82	402,230 79	1,392,688 82
Cash on hand	45,928 69	362,141 42	591,620 08
Total	$859,339 12	$4,318,704 96	$6,744,018 44
Liabilities.			
Capital stock paid in	$300,000 00	$1,000,000 00	$1,000,000 00
Surplus fund	.....	200,000 00	250,000 00
Undivided profits	16,778 07	63,217 62	221,717 22
Deposits	427,561 05	3,055,487 34	5,272,301 22
Re-discounts	115,000 00	.....	.....
Total	$859,339 12	$4,318,704 96	$6,744,018 44

The directors can doubtless very truthfully say that "The rapid growth of the twelve years since our organization, which has compelled us several times to enlarge, and now to entirely rebuild, has been surprising as well as gratifying to us."

NEW YORK CITY.—A new bank, to be called the Washington National Bank, is to be shortly opened at No. 1 Broadway, with Mr. Evan G. Sherman, for many years cashier of the United States National Bank, as its president. It is understood that the institution will enjoy the prestige that always attaches to a Vanderbilt interest, and in addition to that interest it will be backed by such men as Mr. George M. Pullman and General G. M. Dodge. The new bank will occupy the spacious quarters formerly used by the United States National Bank, which has removed to Wall street, and it is expected to become, under the able management of Mr. Sherman, a prominent financial institution. Mr. Sherman, who has tendered his resignation as cashier of the United States National Bank, to accept the presidency of the new bank, comes of a family of cashiers, being a brother of the cashiers of the Gallatin and Produce Exchange National Banks.

NEW YORK CITY.—At a meeting of the stockholders of the Bank of New Amsterdam the officers and directors were re elected: Thomas C. Acton as president, Frank Tilford, vice-president, and N. J H. Edge, cashier. The directors elected are: John A. Stewart, J. D. Vermilye, F. D. Tappan, Thomas C. Acton, G. H. Scribner, Frank Curtis, Jesse Seligman, James A. Roosevelt, Samuel D. Babcock, Thomas Denny, G. G. Haven, John T. Terry, J. S. Barnes, Frank Tilford, John L. Riker, Richard V. Lewis, George W. Loss, Elihu Root, George Jones. This young and vigorous institution was opened about two years ago, has now about $1,500,000 on deposit, over 1,000 depositors, and is growing rapidly under the able management of its officers and directors.

NEW YORK CITY.—The United States Bank, having decided to find offices nearer the center of banking business, purchased some time ago the premises at 41 and 43 Wall Street. These have been rebuilt. The work is finished now, and the result is a fine marble building, ten stories high and 140 feet deep, which does not suffer by comparison with any of the new buildings with which the street has recently been adorned. The offices which the bank itself is to occupy are finished in onyx and gilt, and have an air of great neatness and comfort.

NEW YORK CITY.—The organization of banks in New York city with the view, beside getting a share of the local business, of executing the banking transactions for a section of the country with New York, or doing the banking business of a special interest, is worthy of note. Banks have been founded from time to time with this double object, and they have met with their full share of success. The Southern National, as its name implies, is one of these institutions, though it already has a good foundation in the Commercial National, which was started several years ago, and which it succeeds. Mr. Flannagan, the president of the Southern National, the Hon. Jesse D. Abrahams, late Deputy Comptroller of the Currency, cashier, and their associates are well known in the South, as well as here, and doubtless the institution will have the confidence and support which are enjoyed by all well-managed institutions. New York city banking has been singularly successful, and there is no reason why this new enterprise should not greatly flourish, like most of the banks that have been established here.

PHILADELPHIA.—Mr. J. P. Mumford, cashier of the National Bank of the Republic, has compiled a directory of the financial institutions of that city, which will prove an economizer of time and labor to many in quest of such information. Accuracy of statement, brevity and proper arrangement are the desirable features in a book of this kind, and these are to be found here.

DETROIT.—Detroit Past and Present, or 1870 *vs.* 1890, is a compilation by Silas Farmer, for the Preston National Bank. Detroit has had a marvelous growth. In 1870 the population was 79,577; the population now is supposed to be 231,958. The assessed valuation of the real estate in 1870 was $16,872,333; in 1889 it was $117,453,140. This monograph is replete with such interesting facts. The story of the city's growth is well told, of its institutions, schools, churches, railroads. The banks have multiplied and flourished like the rest; and of these the Preston National occupies a strong position.

WINFIELD, KAN.—The Farmers' Bank of Winfield was organized and began business in 1884. It has done a safe, conservative and increasing business and has grown in favor by its known solidity and satisfactory manner of doing business. It engages in general banking as a private bank, and its owners are men of wealth and high standing in financial circles. Its officers are John A. Eaton, president; Thomas J. Eaton, cashier; J. F. Balliet, assistant cashier.

WINFIELD, KAN.—The First National Bank under its present management is the oldest bank in Cowley county. M. L. Read and M. L. Robinson organized Read's Bank in August, 1872. In 1885 organized the First National Bank. The present officers are M. L. Read, president; George W. Robinson, vice-president; W. C. Robinson, cashier. Read's Bank for many years was a household word all over Cowley county and Southern Kansas, and was always regarded as one of the leading private banks in the State, and the change into the National Bank was made to meet the demands of the times. The First National Bank is regarded as one of the strongest and best managed banks in the State. Conservative, careful, and yet sufficiently liberal to meet the wants of the community. It has a paid-up capital of $125,000, a surplus account of $25,000 and an undivided profit account of $12,000.—*Winfield Daily Courier.*

BANK OF BRITISH NORTH AMERICA.—The fifty-fourth annual meeting of the proprietors of the Bank of British North America was recently held in London, when the net profits were shown to be slightly less than the previous year, being £84,668 as against £85,058. The directors decided to pay the usual dividend, 7½ per cent., and to add £5,000 to the reserve. This fund now reaches £255,000. The officers pension fund started four years ago was increased by the addition of £2,000 and now exceeds £6,000. The year 1889 was an uneventful one in the history of the bank. Discount rates in America, it was stated, had been much the same as those of the previous year. Higher rates prevailed in London during the latter part of the year, but they did not affect the bank's profits very much, as nearly all its resources were employed in Canada. A deserved compliment was paid to the officers of the bank, and the result arrived at by the meeting was that the character of the bank's business had maintained its high standard and had been in all respects satisfactory to the proprietors.

BONDS FOR BANK AND OTHER CORPORATE OFFICERS.—It has long been a necessity for those occupying public positions of importance to give good and sufficient bonds, and it is fast becoming a custom in commercial and financial circles. It should be universal. Every employe who handles the money or valuables of a corporation or a firm should give good and sufficient bonds. As fidelity insurance is now a recognized system there can be no difficulty in doing this. If such a system were universal we should have less of the wholesale stealings and defalcations that are the disgrace of our age, which a wag every now and then, in view of well known facts, will facetiously characterize as the "Age of Steal." The fidelity companies would be just as strict as fire and marine companies are now, and when such an event did happen, the losses would fall on them, or rather the assured would divide it out amongst themselves, as is now the case with insurance of other descriptions. Not infrequently defalcations have been of such a character as to seriously cripple firms and corporations, in some instances causing failure. A correspondent suggests that where such things happen in a corporation each and every stockholder should be responsible for his *pro rata* of the loss where it had to be borne by bondholders. The system would secure better service and a superior class of men, defalcations would become rare, and those who possessed the solid qualities of honesty and integrity would have more than an equal chance in the battle of life, as they who would be called upon to make good losses would search beneath the polished and brilliant surface which the character of many a thief and roué presents to the outer world.—*San Francisco Journal of Commerce.*

SENATOR BECK.—Mr. Gibbs, ex-Governor of the Bank of England and President of the Bi-Metallic League, cabled the following to Senator Jones in the name of the Bi-Metallic League on learning of the death of Senator Beck: "The friends of silver deeply regret the death of Senator Beck whose services in the cause of monetary reform are most warmly appreciated on this side of the Atlantic. The Bi-Metalist party in the United Kingdom, now including over 100 members of the House of Commons, attach the greatest import to the debate about to commence in your illustrious chamber. We fully recognize not only that the support afforded silver by your legislation during the past twelve years has helped to protect the industrial world from an acute monetary crisis, but also that the debates in Congress have served more than all else to educate the people to the recognition of the important issues involved. We believe also that the increased coinage of silver contemplated by Congress will restore wholly or considerably your coinage rates, and will thus make an international settlement of this complex question comparatively easy.

THE LIFE OF BANK DEPOSITS.—The *World* was talking recently to Major Mason, manager of the Home Savings and Loan Company, about unclaimed bank deposits, which some one has proposed should be appropriated by Government. The major related the following incident: "The old Toronto Savings Bank was established in 1854; our present company took it and its business over in 1878. In 1860 a young man deposited $2 with the former institution to the credit of his sister, then a girl of 13 years. Mr. Eugene O'Keefe was the teller of the savings bank at the time. One day last week, 30 years after the deposit was made, the pass-book was presented. The account had been kept open in the books of both companies ever since, the interest was made up, compounded, and the girl, now a woman of 43, living in Australia with her third husband, had $7.06 remitted to her as the accumulation of $2 deposited by her brother. And here is another case," said the major: "In 1857 a citizen who kept his money with the old bank drew out all the principal that was in his account. A few days after some $5 of interest was placed to his credit; he never turned up to claim it until a short time ago he casually asked, 'Is there anything here to my credit?' The books were turned up and it was found that the unclaimed interest of $5 odd had accumulated to $17.30, and that sum was accordingly paid over." So you see that the life of a deposit is much longer than many persons imagine.—*Toronto World.*

Sterling exchange has ranged during May at from 4.85 @ 4.87 for bankers' sight, and 4.83 @ 4.85 for 60 days. Paris—Francs, 5.18⅛ @ 5.16¼ for sight, and 5.20 @ 5.18⅛ for 60 days. The closing rates for the month were as follows: Bankers' sterling, 60 days, 4.84½ @ 4.84¾; bankers' sterling, sight, 4.86¼ @ 4.86¾; cable transfers, 4.86¾ @ 4.87. Paris—Bankers', 60 days, 5.18¾ @ 5.18⅛; sight, 5.16⅞ @ 5.16¼. Antwerp—Commercial, 60 days, 5.21¼ @ 5.20⅝. Reichmarks (4)—bankers', 60 days, 95 @ 95⅛; sight, 95⅝ @ 95¾. Guilders—bankers', 60 days, 40 3-16 @ 40¼; sight, 40⅜ @ 40 7-16.

DEATHS.

ANDERSON.—On May 21, aged fifty-five years, WILLIAM E ANDERSON, President of Citizens National Bank, Raleigh, N. C.

BERGER.—On April 10, aged fifty-one years, WILLIAM H. BERGER, Cashier of Colorado National Bank, Denver, Col.

BROWN.—On May 19, aged fifty-seven years, GEORGE S. BROWN, of the firm of Alex. Brown & Sons, Baltimore, Md.

FRINK.—On April 29, aged forty-eight years, NORRIS J. FRINK, Cashier of First National Bank, Marshall, Mich.

HOGUET.—On May 9, aged seventy-four years, HENRY L. HOGUET, President of Emigrant Industrial Savings Bank, N. Y. City, N. Y.

HOLL.—On May 7, aged forty-four years, JACOB HOLL, Cashier of Keystone National Bank, Reading, Pa.

HUMPHREY.—On April 13, aged seventy-one years, A. H. HUMPHREY, President of Baldwin City Bank, Baldwin, Kan.

MCLAREN.—On April 28, aged seventy-five years, JOHN MCLAREN, Cashier of The Johnstown Bank, Johnstown, N. Y.

OLMSTED.—On May 30, aged eighty-three years, JOHN OLMSTED, President of First National Bank, Yonkers, N. Y.

ROPES.—On May 18, aged seventy years, RIPLEY ROPES, President of the Broooklyn Trust Co., Brooklyn, N. Y.

YOUNG.—On May 25, aged fifty-one years, A. I. YOUNG, Cashier of Eagle & Phenix Savings Bank, Columbus, Ga.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from May No., page 890.)

State.	Place and Capital.	Bank or Banker.	Cashier and N. Y. Correspondent.
ALA....	Jacksonville....	Tredegar National Bank.	Hanover National Bank.
	$50,000	Peyton Rowan, *P.*	Geo. P. Ide, *Cas.*
		J. W. Burke, *V. P.*	
ARK....	Conway.....	Bank of Conway.....	Chase National Bank.
	$25,000	W. W. Martin, *P.*	D. R. Fones, *Cas.*
		Joe. Frauenthal, *V. P.*	
CAL....	San Francisco..	Mercantile Bank.....	.....
	$250,000	Max Popper, *P.*	John C. Ruddock, *Cas.*
		Judah Boas, *V. P.*	
GA.....	Canton	Robt. T. Jones.	National Park Bank.
	$25,000		
"	.. Columbus.....	Columbus Savings Bank.	.....
	$50,000	G. G. Jordan, *P.*	J. W. Murphey, *Treas.*
		Jas. C. Lewis, *V. P.*	J. C. Beck, *Ass't Treas.*
"	.. Rome.....	Rome National Bank....	Hanover National Bank.
	$100,000	Geo. E. Billingsley, *P.*	M. B. Wellborn, *Cas.*
		J. L. Camp, *V. P.*	W. A. Billingsley, *Ass't Cas.*
IDAHO..	Ketchum.....	First Bank of Ketchum..	Clark, Dodge & Co.
		(Geo. J. Lewis & Co.)	
ILL.....	Chicago.....	Chemical T. & Sav. Bk..	Chase National Bank.
	$350,000	M. McNeil, *P.*	Arthur J. Howe, *Ass't Cas.*
		E. C. Veasey, *V. P.*	
"	.. East St. Louis..	First National Bank.....	.....
	$100,000	Paul W. Abt, *P.*	
"	.. Elburn.....	Kane County Bank.....	.....
	$40,000	John Warne, *P.*	Bradford G. Richmond, *Cas.*
		Mile W. Willis, *V. P.*	M. W. Willis, *Ass't Cas.*
"	.. Lee.....	Lee County Bank.....	.....
	$30,000	Arthur G. Lee, *P.*	Chas. Rystrom, *Cas.*
		W. D. Hinckley, *V. P.*	
"	.. Loami	Statey, Workman & Co..	
	$10,000	Daniel Statey, *P.*	Thos. D. Vredenburgh, *Cas.*
		E. R. Headley, *V. P.*	
"	.. Monmouth.....	Peoples National Bank	Hanover National Bank.
	$75,000	Wm. S. Weir, *P.*	H. B. Smith, *Cas.*
		Wm. F. Smith, *V. P.*	
		Geo. E. Ormsby, *V. P.*	
"	.. Rockford	Forest City Nat. Bank...	.....
	$100,000	John D. Waterman, *P.*	Paul F. Schuster, *Cas.*
IND. T..	Ardmore.....	First Bank of Ardmore..	National Park Bank.
		L. P. Anderson, *P.*	C. L. Anderson, *Cas.*
IOWA...	Des Moines	Peoples Savings Bank....	Mercantile National Bank.
	$50,000	Martin Flynn, *P.*	Chas. H. Martin, *Cas.*
		Adam Dickey, *V. P.*	
"	.. Farley.....	Bank of Farley.....	
		Wm. J. Creglow, *P.*	John W. Funk, *Cas.*
"	.. Keosauqua.....	Keosauqua Banking Co..	....
	$10,000	D. P. Watkins, *P.*	A. C. Duffield, *Cas.*
"	.. Pierson.....	Bank of Pierson.....	.....
	$20,000	(Muller & Robinson)	S. F. Benson, *Cas.*
KAN....	Harper	Harper State Bank.....	Imp. & Traders' Nat. Bank.
	$50,000	Louis Walton, *P.*	F. R. Zacharias, *Cas.*
		L. C. Senseman, *V. P.*	
"	.. LaCrosse	Rush County Bank.....	.....
	$25,000	John Porter, *P.*	Claude H. Everett, *Cas.*
		Sam'l Jones, *V. P.*	
"	.. Newton.....	Kansas Savings Bank...	Hanover National Bank.
	$100,000	Albert H. McLain, *P.*	W. G. Oldfield, *Cas.*
		John Reese, *V. P.*	

State.	*Place and Capital.*	*Bank or Banker.*	*Cashier and N. Y. Correspondent.*
KAN....	Salina	American Nat. Bank....	Chase National Bank.
	$100,000	W. W. Watson, *P.*	Frank Hageman, *Cas.*
		A. M. Claflin, *V. P.*	
"	. Stockton.....	Jay J. Smyth.....	First National Bank.
			David B. Smyth, *Cas.*
KY.....	Falmouth.....	Farmers & Merchants B.	Chase National Bank.
	$17,500	Wm. Gulick, *P.*	Chas. H. Lee, Jr., *Cas.*
		J. U. Riggle, *V. P.*	
"	.. Lexington.....	Central Bank.....	.....
	$100,000	Watts Parker, *P.*.	Milton J. Durham, *Cas.*
		N. F. Berry, *V. P.*	
"	.. Versailles	Harris-Sellers Bk'g Co...	Phoenix National Bank.
	$80,000	N. Harris, *P.*	Jas. W. Smith, *Cas.*
		Thomas Sellers, *V. P.*	
"	.. Winchester.....	Winchester Bank.....	Chemical National Bank.
	$200,000	N. H. Witherspoon, *P.*	Webb Johnson, *Cas.*
		C. Lisle, *V. P.*	
LA.....	New Orleans...	Southern National Bank.	Bank of N. Y. N. B. A.
	$500,000	N. B. Sligh, *P.*	Thos. R. Roach, *Cas.*
MASS...	Lawrence..	Arlington National Bank.	.....
	$100,000	Wm. S. Jewett, *P.*	Albert E. Butler, *Cas.*
MD.....	Chestertown ...	Second National Bank...	.....
	$50,000	Jas. A. Pearce, *P.*	Wm. B. Copper, *Cas.*
MINN. .	Blue EarthCity.	Farmers & Merch. Bank.	.....
			Alex. Anderson, *Cas.*
"	.. Duluth.....	Peoples Savings Bank....	.....
		(*Organizing.*)	C. R. Normandy, *Cas.*
"	.. Jackson.....	State Bank.....	Chase National Bank.
	$25,000	Geo. R. Moore. *P.*	A. B. Cheadle, *Ass't Cas.*
		P. H. Berge, *V. P.*	
"	.. New Brighton..	Twin City Nat. Bank....	.....
	$50,000	Walter M. Carroll, *P.*	B. J. Kelsey, *Cas.*
		David W. Edwards, *V.P.*	Boyd S. Leiphart, *Ass't Cas.*
MO.....	Browning.....	Peoples Exchange Bank..	Hanover National Bank.
	$10,000	Morgan Leonard, *P.*	Wm. P. Taylor, *Cas.*
"	.. DeKalb..	Derge-Campbell Bk'g Co.	Hanover National Bank.
	$5,000	Albert Derge, *P.*	Archie P. Campbell, *Cas.*
"	.. DeWitt.	Carroll County Bank....	.....
	$10,000	J. W. Miller, *P.*	Wm. J. Cox, *Cas.*
		J. D. Griffith, *V. P.*	
"	.. Franklin	Bank of New Franklin...	.....
		Benj. E. Nanee, *P.*	Edgar E. Dunaway, *Cas.*
"	.. Kansas City....	C. F. Rieger & Co.....	Kountze Brothers.
"	.. "	...Provident Loan Trust Co..	Hanover National Bank.
	$100,000	S. W. Pierce, *P.*	G. A. Taylor, *Sec.*
		A. S. Pierce, *V. P.*	
"	.. Platte City.....	First National Bank.....	American Ex. National Bank.
	$50,000	Elijah H. Norton, *P.*	Archie R. Jack, *Cas.*
		Hiram K. Judd, *V. P.*	C. W. Norton, *Ass't Cas.*
"	.. Springfield.....	American National Bank.	Hanover National Bank.
	$200,000	Jeremiah R. Owen, *P.*	A. B. Crawford, *Cas.*
		John D. Porter, *V. P.*	
MONT ..	Boulder.....	First National Bank.....	Chase National Bank.
	$50,000	Wm. D. Gaffney, *P.*	Ferd. C. Berendes, *Cas.*
		D. McNeill, *V. P.*	
"	.. Butte City	Jas. C. Murray.....	Clark, Dodge & Co.
			A. T. McMillan, *Cas.*
NEB....	Concord	Concord State Bank.....	.....
	$10,000	Jas. W. Benefield, *P.*	Chas. W. Miller, *Cas.*
		David C. Leamer, *V. P.*	Elmer W. Miller, *Ass't.*
"	.. Cook	Farmers' Bank.....	Chemical National Bank.
	$12,000	Duncan Livingston, *P.*	Jas. R. Tober, *Cas.*
		Louis Schacht, *V. P.*	
"	.. Fremont.	Security Savings Bank...	.....
	$12,000	Lucius D. Richards, *P.*	W. H. Goff, *Treas.*
		John W. Goff, *V. P.*	
"	.. Ravenna.	State Bank.....	Western National Bank.
	$10,000	L. J. Dunn, *P.*	Henry O. Sitler, *Cas.*

State.	*Place and Capital.*	*Bank or Banker.*	*Cashier and N. Y. Correspondent.*
NEB....	Scotia	The Peoples Bank.....	.....
		A. Blakestad, *P.*	W. E. Hannon, *Cas.*
		Peter Erickson, *V. P.*	
"	.. Stamford	Stamford Bank.....	.....
	$6,200	Chas. B. Anderson, *P.*	Cyrus W. Harvey, *Cas.*
		Fayette I. Foss, *V. P.*	
"	. Sterling.....	Farm. and Merch. Bank..	Chase National Bank.
	$25,000	Harris M. Childs, *P.*	John R. Pierson, *Cas.*
		Thos. B. Fraser, *V. P.*	
"	.. Tekamah	First National Bank.....	.....
	$50,000	J. P. Latta, *P.*	G. W. Green, *Cas.*
N. Y...	Binghamton ...	Erastus Ross & Co.....	
"	.. " ...	Binghamton Trust Co.	.....
	$400,000	Chas. J. Knapp, *P.*	
"	.. DeRuyter.....	Individual Banking Co..	Continental National Bank.
		Byron S. Bryant, *P.*	Frank S. Mitchell, *Cas.*
		M. E. Fallett, *V. P.*	
"	.. Union Springs.	C. T. Backus & Co.....	First National Bank.
	$50,000		
"	.. Watertown	City National Bank.....	.....
	$100,000	Gilderoy Lord, *P.*	R. H. Huntington, *Cas.*
		John E. Kemp, *V. P.*	
"	.. Weedsport.....	Burritt & Henderson....	Hanover National Bank.
		Henry E. Burritt, *P.*	Chas. M. Henderson, *Cas.*
			F. N. Burritt, *Ass't.*
OHIO...	Ansonia	Citizens Bank.....	.....
		Z. T. Lewis, *P.*	Edward A. Steward, *Cas.*
			S. H. Light, *Ass't Cas.*
"	.. Canal Dover ..	Exchange Nat. Bank....	Winslow, Lanier & Co.
	$50,000	Jeremiah E. Reeves, *P.*	Jesse D. Baker, *Cas.*
		Chas. F. Baker, *V. P.*	F. Wentz, *Ass't Cas.*
"	.. Cincinnati	Union Sav. B'k & Trust Co.	.....
	$250,000	Jacob G. Schmidlapp, *P.*	R. A. Koehler, *Sec. & Treas.*
		A. B. Voorheis, *V. P.*	
"	.. Cleveland.....	Central Nat. Bank.....	.....
	$800,000	Geo. H. Ely, *P.*	Jeremiah J. Sullivan, *Cas.*
"	.. Cleveland.....	Mechanics Sav. Bank Co.	.....
	$50,000	Zenas King, *P.*	John M. Grundy, *Sec. & Tr.*
		Dan P. Eells, *V. P.*	
		Henry B. Gibbs, *V. P.*	
"	.. Continental....	Continental Bank.....	Ninth National Bank.
		W. W. Edwards, *P.*	I. N. Bushong, *Cas.*
		John Edwards, *V. P.*	D. H. Richards, *Ass't Cas.*
"	.. Dresden.....	Dresden Banking Co....	Chase National Bank.
		John Hornung, *P.*	Fred. W. Gasche, *Cas.*
		John A. Bell, *V. P.*	
"	.. N'th Baltimore.	First National Bank.....	.....
	$60,000	S. E. Niece, *P.*	L. Wooster, *Cas.*
		Jeff. Richcreek, *V. P.*	D. E. Peters, *Ass't Cas.*
"	.. Zanesville.....	Union National Bank...	National Park Bank.
	$150,000	Jas. Herdman, *P.*	Edward Martin, *Cas.*
		M. Churchill, *V. P.*	W. H. Pierpoint, *Ass't Cas.*
ORE....	Albany	Linn Co. Nat'l Bank....	....
	$100,000	Jas. L. Cowan, *P.*	Geo. E. Chamberlain, *Cas.*
"	.. Corvallis.....	First National Bank.....	.....
	$50,000	M. S. Woodcock, *P.*	
PA.....	North Wales...	North Wales Nat. Bank.	.. ..
	$50,000	Henry S. Swartley, *P.*	Henry Unger, *Cas.*
"	.. West Middlesex.	Powell's Bank.....	.....
	$7,000		F. M. Powell, *Cas.*
TENN ..	Cardiff.....	First National Bank.....	Hanover National Bank.
	$50,000	J. F. Tarwater, *P.*	E. C. White, *Cas.*
"	.. Nashville	City Savings Bank.....	Latham, Alexander & Co.
	$100,000	W. S. Settle, *P.*	Wilbur Durr, *Cas.*
		Albert S. Williams, *V. P.*	
TEXAS..	Austin.....	American Nat. Bank....	.....
	$100,000	Geo. W. Littlefield, *P.*	Wm. R. Hamby, *Cas.*

State.	*Place and Capital.*	*Bank or Banker.*	*Cashier and N. Y. Correspondent.*
TEXAS..	Austin.....	Austin National Bank...	Seaboard National Bank.
	$150,000	Calvin W. Gilfillan, *P.*	Henry P. Hilliard, *Cas.*
		Walter Tips, *V. P.*	W. L. Gilfillan, *Ass't Cas.*
" ..	Big Springs....	First National Bank....	Hanover National Bank.
	$50,000	W. H. Gilliland, *P.*	J. M. Walker, *Cas.*
		G. W. Walthall, *V. P.*	Theo. Heyck, Jr., *Ass't Cas.*
" .	Galveston.....	American Nat. Bank...	.....
	$600,000	N. Weekes, *P.*	Ed. McGarthy, *Cas.*
" ..	Houston.....	North Texas Nat. Bank..	.....
	$500,000	Martin T. Jones, *P.*	Jas. E. McAsban, *Cas.*
		Chas. Dillingham, *V. P.*	
		H. B. Sanborn, *V. P.*	
" ..	Kosse.....	Merch. & Farm. Bank...	W. L. Moody & Co.
	$30,000		
" ..	Ladonia.....	First National Bank.....	Hanover National Bank.
	$50,000	J. H. Nail, *P.*	Geo. G. Henderson, *Cas.*
		J. H. Cobb, *V. P.*	D. E. Waggoner, *Ass't Cas.*
" ..	New Braunfels.	First National Bank.....	National Park Bank.
	$50,000	Wm. Clemens, *P.*	Joseph Faust, *Cas.*
		J. D. Guinn, *V. P.*	Herman Clemens, *Ass't Cas.*
" ..	New Braunfels.	F. W. Bonner & Son....	S. M. Swenson & Sons.
	$75,000		Wade Bonner, *Cas.*
" ..	Waco.....	Provident Nat. Bank ...	Hanover National Bank.
	$300,000	W. T. Watt, *P.*	J. S. Corley, *Cas.*
		W. A. Taylor, *V. P.*	
UTAH ..	Ogden.....	Citizens Bank.....	
	$400,000	Theo. Robison, *V. P.*	J. P. Barbour, *Cas.*
" ..	Salt Lake City..	Salt Lake City Clearing House Association.	.....
		John E. Dooly, *P.*	Cyrus L. Hawley, *M'g'r.*
		L. S. Hills, *V. P.*	
" ..	Salt Lake City.	Nat. B. of the Republic..	.....
	$500,000	Frank Knox, *P.*	J. A. Earls, *Cas.*
VT.....	Chester.....	Nat. Bank of Chester...	
	$50,000	Fred. P. Mather, *P.*	B. A. Park, *Cas.*
		Jas. E. Pallard, *V. P.*	
VA.	Alexandria.....	Alexandria Sav. Bank..	
		John R. Zimmerman, *P.*	L. E. Uhler, *Treas.*
		Edw'd S. Leadbeater, *V.P.*	
" ..	Buena Vista....	First National Bank.....	First National Bank.
	$50,000	John W. Blackburn, *P.*	B. E. Vaughan, *Cas.*
		Benj. C. Moomaw, *V. P.*	
" ..	Lynchburg.....	Krise Banking Co.....	Vermilye & Co.
	$100,000	P. A. Krise, *P.*	Thos. D. Davis, *Cas.*
WASH..	Olympia.....	State B'k of Olympia....	
	$60,000	Edward W. Andrews, *P.*	Robt. G. Hooker, *Cas.*
		C. S. Eaton, *V. P.*	
" ..	Port Angeles...	First National Bank.....	.....
	$50,000	Benj. F. Schwartz, *P.*	Israel Salbinger, *Cas.*
" .	Seattle.....	Filkins Banking House..	First National Bank.
	$50,000		John W. Filkins, *M'g'r.*
" .	Uniontown.....	S. Hilliard & Co.....	Holland Trust Co.
	$25,000		Smith Hilliard, *Cas.*
WIS ...	Hurley.....	First National Bank.....	.....
	$50,000	Joseph Sellwood, *P.*	W. A. Burt, *Cas.*
		Geo. H. Strong, *V. P.*	
" ..	Rhinelander....	First National Bank.....	National Park Bank.
	$50,000	Walter A. Scott, *P.*	S. M. Hutchinson, *Cas.*
		Chas. Chafee, *V. P.*	
" ..	Rhinelander....	Merchants State Bank...	National Bank of Republic.
	$50,000	E. D. Brown, *P.*	Edward O. Brown, *Cas.*
		S. H. Alban, *V. P.*	M. H. Raymond, *Ass't Cas.*
" ..	Ripon.....	German National Bank..	Hanover National Bank.
	$50,000	Lorenzo D. Moses, *P.*	I. M. Dakin, *Cas.*
		Geo. W. Carter, *V. P.*	
" ..	Wilbur..	E. L. Farnsworth.....	Hanover National Bank.
WYO...	Sundance	First National Bank.....	National Bank of Republic.
		A. E. Hoyt, *P.*	Todd M. Pettigrew, *Cas.*
		J. F. Summers, *V. P.*	G. F. Stebbins, *Ass't.*

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from May No., page 892.)

Bank and Place.	*Elected.*	*In place of.*
N. Y. CITY..Third National Bank...	H. Chapin, Jr., *Cas*.....	Geo. L. Hutchings.
	J. F. Sweazy, *Ass't Cas*..	H. Chapin, Jr.
" .. Southern National Bank....	W. W. Flannagan, *P*....	.....
	J. D. Abrahams, *Cas*....	.....
	L. R. Bergeron, *Ass't Cas*.	.....
" .. Western National Bank.....	Henry A. Smith, *Cas*....	F. Blankenhorn.*
	Thos. J. Brennan, *A. C*..	Henry A. Smith.
ALA.... First Nat. Bank, Fort Payne.	A. W. Train, *V. P*.....	.....
ARK.... Wash. Co. Bank, Fayetteville..	J. L. Dickson, *Cas*.....	A. L. Trent.
" .. Bank of Helena, Helena.	John S. Hornor, *P*.....	.....
	John J. Hornor, *V. P*....	.....
	Sidney H. Hornor. *Cas*..	.....
CAL.... Consolidated B. of Elsinore, Elsinore.	Wm. Collier, *P*.....	.....
	S. A. Stewart, *V. P*.....	.....
	John T. Kuhns, *Cas*.....	.....
	Thompson Frame, *A. C*.	.....
" . Nevada B'k of San Francisco...	Isaias W. Hellman, *P*...	James G. Fair.
" .. First Nat. B'k, San Luis Obispo.	R. W. Martinoff, *Ass't C*.	.....
COL.... Colorado National Bank, Denver.	Thos. H. Woodelton, *C*.	Wm. B. Berger.
	C. B. Berger, *1st A. Cas*.	T. H. Woodelton.
	Geo. B. Berger, *2d A. C*.	C. B. Berger.
" .. Glenwood National Bank, Glenwood Springs.	J. T. McLean, *P*.....	Wm. Gilder.
	G. B. Garrison, *Cas*.....	W. J. Miller.
	Jas. W. English, *P*.....	Wm. A. Hemphill.
CONN... Uncas Nat. Bank, Norwich....	Walter Fuller, *Cas*.....	Chas. M. Tracy.
GA..... Amer. Banking & Trust Co., Atlanta.	W. J. Van Dyke, *V. P*..	.....
	Edward S. Pratt, *Cas*....	A. Richardson.
	Jas. K. Ottley, *Ass't Cas*.	.....
" .. Commercial Bank, Augusta	P. G. Burum, *P*.....	John A. North.
" .. Eagle & Phenix Savings B'k, Columbus.	A. C. Young, *Cas*.....	A. I. Young.*
ILL..... First National Bank, Aurora.	E. A. Bradley, *P*.....	John Van Nortwick.
	G. W. Quereau, *V. P*...	E. A. Bradley.
" .. First National Bank, Englewood.	J. R. Embree, *P*..... ..	A. S. Green.
	V. E. Prentice, *V. P*.....	.....
	F. W. Briggs, *Ass't Cas*.	.....
" .. First National Bank, Kewanee.	W. C. Mage, *Cas*.....	C. E. McCullough.
" .. State Bank of Orion, Orion.	Elijah A. South, *P*.....	.....
	Peter Westerland, *V. P*..	.....
	Wm. Westerland, *Cas*...	.....
" .. Peoples National Bank, Rock Island.	Aug. Huesing, *Cas*.....	.....
	C. Hellpenstell, *Ass't Cas*.	.....
" .. Centennial National Bank, Virginia.	Wm. Epler, *P*.....	.....
	Daniel Biddlecome, *V. P*.	Wm. Epler.
IND .... First National Bank, Marion.	H. D. Reasoner, *P*.....	Geo. W. Steele.
	W. W. McCleery, *V. P*..	H. D. Reasoner.
IOWA... Bank of Akron, Akron.	H. J. Thode, *P*.....	J. H. Brady.
	Henry Thode, *V. P*.....	.....
	A. E. Peters, *Cas*.....	Joshua C. Button.
" .. First Nat. Bank, Centerville...	A. E. Wooden, *V. P*.....	.....
KAN.... Atchison Nat. Bank, Atchison.	C. G. Barratt, *Ass't Cas*.	.....
" .. Bank of Calhoun, Calhoun....	A. L. Moseley, *Cas*.. ..	John W. Moseley.
" .. First National Bank, Dighton..	D. R. Bennett, *V. P*.....	Thos. K. Maxon.
" .. Larned State Bank, Larned....	W. G. Reeve, *P*.....	.....
" .. Union Nat. Bank, Manhattan..	J. B. Mitchell, *P*.....	L. R. Elliott.
KY..... Second Nat. Bank, Ashland...	A. F. McCown, *Cas*.....	T. J. Davis.
" .. Citizens National Bank, Lebanon.	J. A. Kelly, *Cas*.....	R. E. Kirk.
	C. J. Edmonds, *1st A. C*.	J. A. Kelly.
" .. First National Bank, Maysville.	S. A. Piper, *P*.....	A. Finch.
	Garrett S. Wall, *V. P*...	.....
	W. W. Ball, *Ass't Cas*..	.....

* Deceased.

	Bank and Place.	*Elected.*	*In place of.*
KY.....	Owensboro N. B., Owensboro..	Wilfred Carico, *V. P.*...	J. I. Berry.
" ..	First National Bank, Owenton.	Florian Cox, *Cas*.....	L. O. Cox.
ME.....	Granite Nat. Bank, Augusta...	John W. Chase, *P*.....	Jas. W. Bradbury.
MD.....	First Nat. Bank, Hagerstown..	S. M. Bloom, *P*.....	Geo. Schley.
MASS..	State National Bank, Boston...	C. H. Joy, *V. P*.....	.....
" ..	Prescott National Bank, Lowell.	Hapgood Wright, *P*....	D. S. Richardson.
		A. A. Coburn, *V. P*.....	.....
		F. Blanchard, *Cas*.....	A. A. Coburn.
" ..	Railroad Nat. Bank, Lowell...	Edward T. Rowell, *P*...	Jacob Rogers.
" ..	Chicopee Nat. B., Springfield..	A. J. McIntosh, *V. P*....	.....
MICH...	Commercial Nat. B'k, Detroit.	F. H. Walker, *V. P*.....	H. B. Ledyard.
" ..	The Manistique B., Manistique.	Willis C. Marsh, *Cas*....	F. W. McKinney.
MINN..	Anoka National Bank, Anoka.	L. J. Greenwald, *Cas*....	O. S. Miller.
" ..	First National Bank, St. Peter.	E. S. Pettijohn, *Cas*.....	J. C. Donahower.
MO.....	Com'cl Bank, Burlington Junc	E. F. Berry, *Cas*.....	W. J. Cox.
" ..	Bank of Newtown, Newtown..	J. D. Halley, *P*.	C. W. Teffy.
" ..	Miller Co. Exch. Bank, Olean..	W. S. Allee, *P*.....	J. Goodman.
MONT...	First National Bank, Butte City.	Hiram Knowles, *P*.....	Andrew J. Davis.
		J. A. Talbott, *V. P*.....	Hiram Knowles.
		Andrew J. Davis, *Cas*...	And'w J. Davis, Jr.
" ..	Silver Bow Nat. B., Butte City	Chas. C. Rueger, *V. P*...	Thos. Couch.
NEB....	First National Bank, O'Neill.	T. J. Birmingham, *P*....	W. G. Palmanteer.
		J. P. Mann, *V. P*.....	M. Flannigan.
		Ed. F. Gallagher, *Cas*...	E. S. Kelly.
" ..	First National Bank, Stanton.	Levi Miller, *P*.....	F. McGiverin.
		F. McGiverin, *V. P*.....	.....
		W. Gerecke, *Cas*.....	Levi Miller.
		H. S. Miller, *Ass't Cas*..	John R. Pierson.
" ..	State Bank, Wahoo.....	W. H. Dickinson, Jr., *C*.	John Dickinson.
N. Y...	Chautauqua Co. Nat. Bank, Jamestown.	Daniel Griswold, *P*.....	Robt. Newland.
" ..	Johnstown Bank, Johnstown..	Henry W. Potter, *Cas*...	John McLaren.*
" ..	Commercial N. B'k, Rochester.	Chas. F. Pond, *Cas*.....	H. F. Huntington.
" ..	East Side Savings Bank, Rochester.	Michael Filon, *P*.	Henry S. Hebard.*
		J. B. Moseley, *V. P*.....	.....
		T. A. Newton, *V. P*.....	.....
" ..	Owego Nat. Bank, Owego.....	A. H. Upton, *Cas*	C. A. Thompson.
N. C. ..	Citizens National Bank, Raleigh.	W. J. Hawkins, *P*.....	Wm. E. Anderson.
		A. B. Andrews, *V. P*....	.....
OHIO...	Farmers Nat. B'k, Ashtabula...	C. C. Booth, *Ass't Cas*..	.....
" ..	Commercial N. B'k, Cleveland.	W. P. Johnson, *Cas*.....	D. Z. Norton.
" ..	Farmers National Bank, South Charleston.	E. Merritt, *P*.....	Andr'w D. Pancake
ORE....	La Grande N. B'k, La Grande..	R. M. Steel, *P*.....	H. Anson.
PA.	First Nat. Bank, Beaver Falls..	J. M. May, *V. P*..	Joseph Wilson.
" ..	Nat'l Bank of Brookville, Brookville.	N. Taylor, *P*.....	E. H. Darrah.
		D. L. Taylor, *Ass't Cas*.	.....
" ..	First National Bank, Birdsboro.	Henry K. Harrison, *A. C.*	M. W. Pownall.
" ..	Nat. B. of Claysville, Claysville.	D. M. Campsey, *V. P*...	.....
" ..	Easton National Bank, Easton.	Wm. Hackett, *Cas*.....	Wm. Hackett, Jr.
" ..	The Citizens Nat. B., Muncy...	John H. Haten, *Cas*.....	Thos. Lord.
" ..	Montgomery N. B., Norristown.	W. H. Slingluff, *Act'g C.*	.....
" .	Sixth Nat. Bank, Philadelphia.	Wm. D. Gardner, *V. P*..	John Walsh.
" ..	Keystone Nat Bank, Reading..	John H. Maltzberger, *Cas*	Jacob Holl.*
R. I....	Nat. Exchange Bank, Newport.	A. C. Titus, *P*.....	Samuel Carr.
" ..	First Nat. Bank, Providence...	Geo. H. Dart, *Act'g V. P.*	.....
TENN ..	First National Bank, Tullahoma.	J. D. Raht, *Cas*	L. D. Hickerson, Jr.
		Alan Parker, *Ass't Cas*..	.....
TEXAS..	First Nat. Bank, Beaumont....	W. S. Davidson, *Cas*....	J. P. Alvey.
" ..	Nat. B. of Cleburne, Cleburne.	B. L. Durham, *V. P*....	S. B. Allen.
" ..	First Nat. Bank, Farmersville..	W. M. Windom, *Ass't C.*	.....
" ..	First National Bank, Fairfield.	W. L. Moody, Jr., *V. P.*	.....
" ..	First National Bank, Luling.	W. W. Lipscomb, *P*....	J. V. Hutchins.
		W. R. Johnson, *V. P*...	T. C. Frost.
		C. H. Browne, *Cas*.....	W. O. Richardson.
		Otis McGoffey, Jr., *A. C.*	.....
" ..	First National Bank, Mexia.	Wm. Kamsler, *P*.....	W. H. Richardson.
		Joseph Nussbaum, *V. P.*	Wm. Kamsler.

* Deceased.

	Bank and Place.	*Elected.*	*In place of.*
TEXAS..	First National Bank, Orange...	W. W. Reid, *Cas*.....	W. S. Davidson.
" ..	First National Bank, Paris.....	J. F. McDonald, *Cas*....	W. J. McDonald.
" ..	Temple Nat. Bank, Temple....	C. L. Rowland, *A. Cas*..	.....
" ..	First Nat. Bank, Van Alstyne.	E. G. Beall, *V. P*.....	.....
" ..	American Nat. Bank, Waco....	M. A. Sullivan, *Cas*.....	N. B. Sligh.
VT.....	Windsor National Bank, Windsor.	H. P. McClary, *P*.....	R. Clark.
		J. F. Williams, *Cas*.....	J. S. Walker, Jr.
WASH..	Browne N. B., Spokane Falls..	John G. Steel, *Cas*.....	Theo. Reed.
WIS....	First N. Bank, Fort Atkinson..	L. B. Caswell, Jr., *Cas*..	L. B. Caswell.
" ..	Lumbermens Nat. Bank, Chippewa Falls.	S. B. Nimmons, *Cas*.....	E. DeF. Barnett.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Monthly List, continued from May No., page 893.)

No.	*Name and Place.*	*President.*	*Cashier.*	*Capital.*
4293	Exchange National Bank..... Canal Dover, Ohio.	Jeremiah E. Reeves,	Jesse D. Baker,	$50,000
4294	First National Bank..... Georgetown, Texas.	Emzy Taylor,	Lee M. Taylor,	50,000
4295	First National Bank..... New Braunfels, Texas.	Wm. Clemens,	Joseph Faust,	50,000
4296	City National Bank..... Watertown, N. Y.	Gilderoy Lord,	R. H. Huntington,	100,000
4297	Capital National Bank..... Olympia, Wash.	F. M. Wade,	C. J. Lord,	100,000
4298	Union National Bank..... Zanesville, Ohio.	James Herdman,	Edward Martin,	150,000
4299	Carlinville National Bank..... Carlinville, Ill.	W. F. Burgdorff,	A. L. Hoblit,	50,000
4300	Arlington National Bank..... Lawrence, Mass.	Wm. S. Jewett,	Albert E. Butler,	100,000
4301	First National Bank..... Corvallis, Ore.	M. S. Woodcock,		50,000
4302	Twin City National Bank..... New Brighton, Minn.	Walter M. Carroll,	B. J. Kelsey,	50,000
4303	First National Bank..... Cardiff, Tenn.	J. F. Tarwater,	E. C. White,	50,000
4304	First National Bank..... Hurley, Wis.	Joseph Sellwood,	W. A. Burt,	50,000
4305	German National Bank..... Ripon, Wis.	Lorenzo D. Moses,	I. M. Dakin,	50,000
4306	First National Bank..... Big Springs, Texas.	W. H. Gilliland,	J. M. Walker,	50,000
4307	Continental National Bank..... Memphis, Tenn.	J. C. Neely,	C. F. M. Niles,	1,000,000
4308	Austin National Bank..... Austin, Texas.	Calvin W. Gilfillan,	Henry P. Hillard,	150,000
4309	Provident National Bank..... Waco, Texas.	W. T. Watt,	J. S. Corley,	300,000
4310	National Bank of Republic.... Salt Lake City, Utah.	Frank Knox,	J. A. Earls,	500,000
4311	First National Bank..... Ladonia, Texas.	J. H. Nail,	Geo. G. Henderson,	50,000
4312	First National Bank ..... Rhinelander, Wis.	Walter A. Scott,	S. M. Hutchinson,	50,000
4313	Peoples National Bank..... Monmouth, Ill.	Wm. S. Weir,	H. B. Smith,	75,000

No.	*Name and Place.*	*President.*	*Cashier.*	*Capital.*
4314	First National Bank..... Buena Vista, Va.	J. W. Blackburn,	Beauford E. Vaughan,	$50,000
4315	First National Bank..... Port Angeles, Wash.	Benj. F. Schwartz,	Israel Salbinger,	50,000
4316	First National Bank..... Llano, Texas.	T. W. Kellogg,	W. S. Dorland,	50,000
4317	American National Bank..... Salina, Kan.	W. W. Watson,	Frank Hageman,	100,000
4318	Central National Bank..... Cleveland, O.	Geo. H. Ely,	Jeremiah J. Sullivan,	800,000
4319	Tredegar National Bank..... Jacksonville, Ala.	Peyton Rowan,	Geo. P. Ide,	50,000
4320	First National Bank..... Rawlins, Wyo.		John C. Davis,	75,000
4321	American National Bank..... Galveston, Texas.	N. Weekes,	Ed. McCarthy,	600,000
4322	American National Bank..... Austin, Texas.	Geo. W. Littlefield,	Wm. R. Hamby,	100,000
4323	First National Bank..... Boulder, Mont.	Wm. B. Gaffney,	Ferdinand C. Berendes,	50,000
4324	First National Bank..... Tekamah, Neb.	J. P. Latta,	G. W. Green,	50,000
4325	Forest City National Bank..... Rockford, Ill.	John D. Waterman,	Paul F. Schuster,	100,000
4326	Linn County National Bank ... Albany, Ore.	Jas. L. Cowan,	Geo. E. Chamberlain,	100,000
4327	Second National Bank..... Chestertown, Md.	Jas. A. Pearce,	W. B. Copper,	50,000
4328	First National Bank..... East St. Louis, Ill.	Paul W. Abt,		100,000
4329	First National Bank..... Platte City, Mo.	Elijah H. Norton,	Archie R. Jack,	50,000
4330	North Wales National Bank ... North Wales, Pa.	Henry P. Swartley,	Henry Unger,	50,000

APPLICATIONS FOR NATIONAL BANKS.

The following *applications for* authority to organize *National Banks* have been filed with the Comptroller of the Currency during May, 1890.

N. Y.... New York City. Washington National Bank, by E. G. Sherman.
ALA.... Mobile..... Alabama National Bank, by C. W. Ruth and associates.
ARK.... Texarkana..... Arkansas National Bank, by L. A. Byrne and associates.
CAL.... Ontario..... First National Bank, by A. G. Kendall and associates.
DAK. N. Cando..... First National Bank, by W. B. Mears, Fargo, N. Dak., and associates.
" .. Grand Forks... Union National Bank, by A. S. Brooks and associates.
FLA.... Jacksonville.... Merchants' National Bank, by John L. Marvin and associates.
ILL..... Kankakee..... City National Bank, by H. H. Stone and associates.
IOWA... Charter Oak... First National Bank, by H. N. Moore, of Red Oak, Ia., and associates.
KAN... Cedarvale..... First National Bank, by M. E. Richardson, of Sedan, Kas., and associates.
" .. Kansas City.... Inter-State National Bank, by M. W. St. Clair, of Kansas City, Mo., and associates.

KY....	Greenville.....	First National Bank, by Lewis Reno and associates.
MO.....	King City.....	First National Bank, by Geo. Ward and associates.
"	Marshfield.....	First National Bank, by E. W. Salmon and associates.
MONT...	Butte City.....	National State Bank, by Hon. J. E. Richards and associates.
" ..	Helena.....	American National Bank, by A. C. Johnson and associates.
" ..	"	Helena National Bank, by Frank Baird and associates.
" ..	Wh't Sul. Spgs.	Castle Mountain National Bank, by J. L. Fraser and associates.
NEB....	Crawford.....	First National Bank, by Leroy Hall and associates.
" ..	Holdrege.....	United States National Bank, by E. D. Einsel and associates.
" .	Lexington.....	City National Bank, by E. M. Leflang and associates.
" ..	Plattsmouth....	Plattsmouth National Bank, by Dr. John Black and associates.
" ..	Wayne.....	Wayne National Bank, by Brown & Swan and associates.
N. Y. ..	Greenwich.....	Citizens' National Bank, by Henry R. Gardner and associates.
N. C...	Hickory.....	First National Bank, by D. W. Shular and associates.
ORE....	Astoria.....	Astoria National Bank, by Mr. A. B. Edee, of Pawnee City, Neb., and associates.
PA.	Girardville.....	First National Bank, by E. C. Wagner and associates.
" ..	Irwin.....	First National Bank, by Joseph Killgore, of Derry Station, Pa., and associates.
" ..	Philadelphia...	Nicetown National Bank, by F. A. Hartranft and associates.
TENN...	Dayton.....	First National Bank, by W. B. Allen and associates.
" ..	Kimball.....	First National Bank, by E. P. Carpenter, of Chattanooga, Tenn., and associates.
TEXAS..	Brownwood....	City National Bank, by S. J. Walling, Jr., of Shelbyville, Tenn., and associates.
" ..	Cleburne	Farmers' and Merchants' National Bank, by S. B. Allen and associates.
" ..	Graham.....	First National Bank, by J. R. Hoxie, of Fort Worth, Tex., and associates.
" ..	Hallettsville....	First National Bank, by C. J. Von Rosenberg, of Ellinger, Tex., and associates.
" ..	"	Lavaca County National Bank, by Carey Shaw and associates.
" ..	Luling.....	Citizens' National Bank, by Johnston & Lipscomb and associates.
" ..	Mason.....	First National Bank, by E. J. Marshall, of Lampasas, Texas, and associates.
" ..	Midland.....	First National Bank, by W. E. Connell & Co., and associates.
" ..	New Birm'gh'm	First National Bank, by E. B. Allen, care of Laclede National Bank, St. Louis, Mo., and associates.
" ..	Paris	City National Bank, by M. J. Hathaway and associates.
" ..	Pittsburgh.....	First National Bank, by J. J. Dabbs, of Sulphur Springs, Tex., and associates.
" ..	Quanah.....	City National Bank, by W. F. Brice, of Terrell, Texas, and associates.
" ..	Seymour.....	Seymour National Bank, by S. F. Sullenberger and associates.
"	Sweetwater.....	First National Bank, by F. W. James, of Abilene, Texas, and associates.
" ..	Tyler.....	City National Bank, by E. C. Williams and associates.
VA.....	Luray.....	First National Bank, by D. F. Kagey and associates.
WASH..	Aberdeen.....	First National Bank, by H. A. Hayes and associates.
" ..	Blaine.....	Blaine National Bank, by H. W. Wheeler, of Seattle, Wash., and associates.
" ..	Hoquiam.	Hoquiam National Bank, by G. W. Hertzes, of Tower, Minn., and associates.
" ..	Seattle.....	National Bank of Commerce, by R. R. Spencer and associates.

WIS.... Berlin..... First National Bank, by F. A. Clark and associates.
" .. Superior..... Keystone National Bank, by C. C. Tennis, of West Superior, Wis., and associates.

CHANGES, DISSOLUTIONS, ETC.

(*Continued from May No., page 805.*)

NEW YORK CITY..... Bouden & Jenkins reported suspended.
ARK ... Helena..... John S. Hornor & Son is now the Bank of Helena.
CAL.... Elsinore..... Exchange Bank and Bank of Elsinore have been succeeded by the Consolidated Bank of Elsinore.
GA..... Atlanta..... Traders Bank has merged into the American Banking & Trust Co.
IDAHO.. Ketchum ..... First National Bank has gone into voluntary liquidation, and is succeeded by the First Bank of Ketchum.
ILL..... Orion..... Bank of Orion is now the State Bank of Orion; incorporated; same correspondents.
KAN.. . Harper..... First National Bank has gone into voluntary liquidation, and is succeeded by the Harper State Bank.
" .. Larned..... Larned State Bank has resumed business with a new president.
" .. Newton..... Arkansas Valley Land & Loan Co. is now the Kansas Savings Bank.
" .. Salina .. .. American State Bank is now the American National Bank.
KY. . .. Winchester... . Winchester National Bank has gone into voluntary liquidation, succeeded by the Winchester Bank.
MINN... Jackson ..... Geo. R. Moore is now the State Bank of Jackson.
MO. .... Platte City .... Exchange Bank is now the First National Bank.
" .. Plattsburgh.... Plattsburgh Bank (Porter & Funkhauser) reported assigned.
MONT . Boulder. ..... Bank of Jefferson County is now the First National Bank.
NEB.... Cook. ..... Chamberlain Banking House has been succeeded by the Farmers' Bank.
" .. Ravenna..... Farmers Bank has been succeeded by State Bank.
N. Y.... Owego..... Owego National Bank reported suspended. Later reports—reopened.
OHIO... Canal Dover.... Exchange Bank (P. Baker's Sons & Co.) is now the Exchange National Bank.
" .. Zanesville..... Union Bank is now the Union National Bank.
PA..... Philadelphia ... Harry Markee reported failed.
" .. W. Middlesex.. Strawbridge's Bank now Powell's Bank.
R. I.... Providence .... Bank of America reported closing up its affairs.
TENN .. Lebanon..... Bank of Middle Tennessee reported assigned.
TEXAS.. New Braunfels. Clemens & Faust is now the First National Bank.
VT..... Swanton..... Ferris National Bank has gone into voluntary liquidation.
VA. .... Lynchburg .... P. A. Krise is now Krise Banking Company; incorporated.
WIS.... Berlin... ..... Chas. A. Mather & Co. reported assigned.
" .. Rhinelander.. Bank of Rhinelander (A. D. Daniels & Co.) succeeded by the First National Bank.
" .. " ... E. D. Brown has been succeeded by the Merchants State Bank.
WYO.. Rawlins..... J. W. Hugus & Co. succeeded by the First National Bank.
" .. Sundance . .... Bank of Sundance succeeded by the First National Bank.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, MAY, 1890.

Opening, Highest, Lowest and Closing Prices of Stocks and Bonds in May.

GOVERNMENTS.	Interest Periods.	Opening.	Highest.	Lowest.	Closing.
4½s, 1891 reg.	Quarterly — Mar.	102⅜	102⅜	102⅜	102⅜
4s, 1891 coup.		103½	103½	103½	103½
4s, 1907 reg.	Jan.	122	122	122	122
4s, 1907 coup.		122	122	122	122
6s, cur'cy, 1895, reg.	Feb.	116	116	116	116
6s, cur'cy, 1896, reg.	Jan.	118½	118½	118	118
6s, cur'cy, 1897, reg.	&	121	121	120½	121
6s, cur'cy, 1898, reg.	July.	124	124½	123	123
6s, cur'cy, 1899, reg		126	127½	126	126

RAILROAD STOCKS.	Opening.	Highest.	Lowest.	Closing.
Atlantic & Pacific	7½	9½	7	—
Canadian Pacific	77⅞	83¾	77¾	82⅞
Canada Southern	59	60⅞	57¼	59¾
Central of N. J.	122¾	128½	121⅝	124
Central Pacific	35½	36½	35	—
Ches. & Ohio.	24⅜	25½	23⅞	24
Do 1st pref.	64½	66¾	63⅜	64
Chic. & Alton	—	133	131	—
Do pref.	—	—	—	—
Chic., B. & Q.	109⅛	111¼	107¾	108
Chic. & East'n	36	40¾	35	38½
Do pref.	85	88	83½	—
Chic., M. & St. P.	74¾	79⅝	73¾	78¾
Do pref.	122¼	123⅛	120	121½
Chic. & N. W.	115	117	114	115¾
Do pref.	—	147½	147	—
Chic., R. I. & P.	95¾	97	94⅛	95½
Chic., St. L. & P.	—	18¼	16⅞	—
Do pref.	—	52½	49	—
Chic., St. P., M. & O.	34⅞	36⅞	34¼	—
Do pref.	100	100⅞	98	—

RAILROAD STOCKS.	Opening.	Highest.	Lowest.	Closing.
C., C., C & St. L.	77	80	75½	78½
Col. Coal & Iron	51⅞	54	49½	52¼
Col., H. Valley & Tol.	25	26	24¼	24⅝
Del. & Hudson	165½	175	162	—
Del., Lack. & W.	144⅜	148⅞	143⅜	146
Den. & Rio Grande	18¼	20¼	18	19
Do. pref.	—	56⅝	53⅝	—
East Tenn. V & G.	—	11½	9¼	—
Do 1st pref.	—	81	76	—
Do 2d pref.	23¼	27¼	23⅝	26½
Evansville & T. H.	—	125	120	120¼
Illinois Central	—	117½	116½	—
Lake Erie and Western	19	19⅞	18¾	—
Do pref.	66⅝	67½	65¼	—
Lake Shore	111⅝	113⅜	110	113¼
Long Island	91	92¼	91	—
Louisville and Nashville	92	92½	89½	91
Louisville, N. Alb & Chic.	—	47½	40	42
Manhattan Consol.	112¾	117	112½	113¾
Memphis & Charleston	—	62	60	—
Michigan Central	101¼	102¾	99½	102¼
Mil., L. S. & W.	—	96	93	—
Do pref.	113½	114½	113	—
Minn. & St. Louis	7⅞	8¼	6¼	—
Do pref.	16½	20¼	15¾	—
Mo., Kan. & Texas	12½	17⅜	12	—
Missouri Pacific	75¾	79¼	73½	75½
Nash., C. & St. L.	104	105	104	—
N. Y. C. & Hudson	110	110	108	109⅞
N. Y., C. & St. L.	18¼	18¼	17	—
Do pref.	74	75	72⅞	—
N. Y., L. E. & W.	28⅛	29½	27½	28⅞
Do pref.	—	69½	65	—
N. Y. & New Eng.	48⅞	52¼	47¼	49⅞
N. Y., Ont. & W.	20½	22¼	20	21⅜
N. Y., Sus. & W.	—	9	8	—
Do pref.	33	34⅝	32½	—
Norfolk & Western	22¾	24⅞	21¾	—
Do pref.	65¼	66⅜	64⅜	—

MISCELLANEOUS.	Opening.	Highest.	Lowest.	Closing.
Northern Pacific	34⅛	38⅞	33¼	36⅞
Do pref.	81⅜	86	80	84½
Ohio & Mississippi	22⅞	25	22½	25
Ohio Southern	15½	21⅞	15	—
Oregon Impt.	49⅞	53	48½	49½
Oregon R. & N.	—	107	105½	—
Oregon Short Line	50⅞	52¼	48½	—
Oregon & Trans-Con.	39¾	51⅛	38⅝	48½
Pacific Mail	45	46¾	43⅜	45
Peoria, Decatur & Evansville	23	24	21½	—
Philadelphia & Reading	42⅝	48½	41⅞	47½
Pullman Palace Car Co.	191	200	191	198½
Rich. & W. P. Term.	23¼	28¼	22¾	24
Rome, W. & Ogd.	—	115¾	115	—
St. Louis, A. & T. H.	44	46½	43	—
Do pref.	—	130¼	124¼	—
St. Louis & San Francisco	29	36½	26	—
Do pref.	40⅞	67	47	65¼
Do 1st pref.	99	104½	99	—
St. Paul & Duluth	36	38⅜	36	36
Do pref.	—	97	92½	—
St. Paul, M. & M.	113	114½	112½	112½
Southern Pacific Co.	36	36	34¾	35¾
Texas & Pacific	21½	24½	20⅞	22¼
Union Pacific	67	68¼	64¾	67
Wabash, St. Louis & Pacific	14⅛	15	13	—
Do. pref.	29⅜	31½	28⅝	—
Wisconsin Central	31⅞	33⅜	30½	30¾
MISCELLANEOUS—				
Am. Cotton Oil Trust.	27¾	34½	27¼	29¾
Nat. Lead Trust	19¾	24½	19⅜	21¾
Sugar Refineries	76	95	74⅜	79½
Tenn Coal & Iron	53½	58	48½	49½
Express—Adams.	—	155	150⅛	—
American.	—	120	114¼	—
United States.	73⅞	78	71	—
Wells-Fargo	144	148½	142	—
Western Union.	85⅛	87	84½	85¼
Wheel. & Lake E.	38⅜	42⅝	36⅞	40⅜