

# MONTHLY BULLETIN

*Issued by*  
**OSCAR NELSON**  
**AUDITOR of PUBLIC ACCOUNTS**  
BANKING DEPARTMENT  
State of Illinois

VOL. 3

SPRINGFIELD, ILL., JANUARY 1, 1927

No. 10

## HAPPY NEW YEAR !

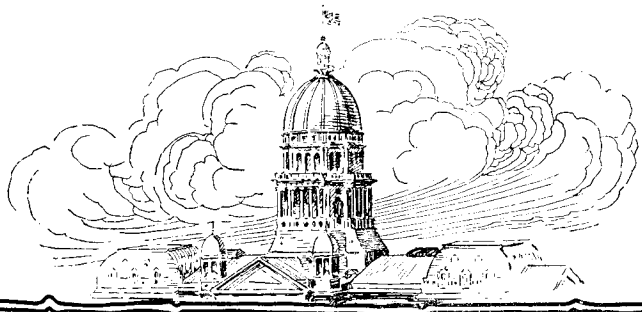
The Old Year is now but a memory and as we stand upon the threshold of the New with its hopes and promises and possibilities, we extend our sincere wish that the next twelve months may be filled with happiness and prosperity.

To those whom the year 1926 has not favored we hope the forthcoming year will bring real blessings, and to those who have received abundantly may the year 1927 be as generous.

Much, we feel, has been accomplished in the way of constructive endeavor by the Banking Department during the Old Year, but not without the splendid cooperation of the Bankers of Illinois, and for which we are highly appreciative and deeply sensible.

The months ahead of us will, like those which have passed, present their problems for solution, and with the same hearty cooperation which we anticipate, the results will be manifest in improved service, mutually beneficial.

The continued aim of the Department is toward constructive efforts that will make for safe and sound banking.



## A REMARKABLE RECORD

The statements furnished this Department pursuant to law indicate that the State Banks of Illinois are 46% stronger in 1926 than they were in 1921 when the private banks came under the jurisdiction of this Department.

The persistent campaign waged by the Department to strengthen all State Banks has accomplished remarkable results despite the low earnings and heavy loss ratio occasioned by the post-bellum reconstruction period.

During this period total Undivided Profits and Reserves have increased more than 105%, Surplus shows a 50% increase, Capital Stock has been increased 26 1/4%, while the total of Capital, Surplus, Undivided Profits and Reserve Accounts shows an increase of more than 46%.

Incidentally it might be mentioned that as a result of the increased capital, the stockholders of State Banks have obligated themselves to further protect the depositors to the extent of an additional \$35,000,000.

The Department urges the officers and directors of each State Bank to deal generously with Surplus and Reserve Accounts at the next meeting of the Board. If your Bank has not created a surplus fund it is expected that such action will be taken promptly.

Note the following table:

DATE	NUMBER OF BANKS	UNDIVIDED PROFITS AND RESERVES	SURPLUS	CAPITAL	TOTAL
Jan. 3, 1921	1372	\$40,599,197.60	\$ 78,979,156.84	\$134,448,905.00	\$254,027,259.44
June 30, 1924	1404	67,209,652.47	89,052,037.97	154,458,800.00	310,720,490.44
Dec. 31, 1924	1403	64,478,094.33	108,097,729.95	156,923,500.00	329,499,324.28
June 30, 1925	1395	68,850,262.37	111,719,937.80	160,023,500.00	340,593,700.17
Dec. 31, 1925	1395	67,341,790.66	114,044,081.68	162,325,000.00	343,710,872.34
June 30, 1926	1385	72,161,713.00	117,695,547.00	168,790,000.00	358,647,260.00
Oct. 11, 1926	1384	83,560,520.41	118,071,556.18	169,528,000.00	371,160,076.59

PERMITS ISSUED.				
		Capital.	Surplus.	Date.
Biggsville.....Henderson.....	First State Bank of Biggsville.....	\$ 25,000	\$ 5,000	Dec. 15, 1926
Chicago.....Cook.....	Cheltenham State Bank.....	200,000	30,000	Dec. 26, 1926
2871 East 78th Street.				
CHARTERS ISSUED.				
Chicago.....Cook.....	Edison Park State Savings Bank.....	200,000	30,000	Dec. 10, 1926
6733 Olmsted Avenue, O. A. Christensen, President. E. J. Zuehlis, Cashier.				
CAPITAL STOCK DECREASED.				
Eureka.....Woodford.....	The Farmers State Bank of Eureka, from \$100,000 to \$50,000			Dec. 28, 1926
LIQUIDATED.				
Hillsdale.....Rock Island.....	Hillsdale State Bank.....			Nov. 30, 1926
Assets and liabilities transferred to Old Farmers & Merchants State Bank.				
McClure.....Alexander.....	State Bank of McClure.....			Dec. 31, 1926
Voluntary liquidating through The First State Bank of Thebes.				
RE-OPENED.				
Stronghurst.....Henderson.....	State Bank of Stronghurst.....			Dec. 30, 1926
Closed for examination and adjustment Dec. 13.				
RECEIVER APPOINTED.				
Mattoon.....Coles.....	First State Bank of Mattoon.....			Dec. 22, 1926
Closed on request of directors for voluntary liquidation Dec. 9. Receiver E. T. Guthrie appointed.				
OTHER CHANGES.				
Chicago.....Cook.....	Hegewisch State Bank.....			Dec. 6, 1926
Assumed deposit liability of Inter State National Bank.				
TRUST CERTIFICATES ISSUED.				
Chicago.....Cook.....	Heitman Trust Company.....	Deposit. \$200,000		Dec. 1, 1926
19 South LaSalle Street.				
Park Ridge.....do.....	Peoples and Merchants State Bank of.....	50,000		Dec. 16, 1926
Forest Park.....do.....	Forest Park State Bank.....	50,000		Dec. 28, 1926
Chicago.....do.....	Lincoln Trust & Savings Bank.....	200,000		Dec. 29, 1926
3936 Lincoln Avenue.				
RECAPITULATION.				
State Banks in Chicago.....				185
State Banks in Cook County, outside Chicago.....				86
State Banks in Illinois, outside Cook County.....				1,107
Total.....				1,378

OSCAR NELSON  
AUDITOR OF PUBLIC ACCOUNTS

(Address all correspondence to Auditor of Public Accounts  
for attention following Departments.)

BANKING DEPARTMENT  
SPRINGFIELD OFFICE

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*Chief Bank Examiner*  
E. E. NICHOLSON

*Assistant Chief Bank Examiner*  
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TRUST DEPARTMENT

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*Trust Examiner and Securities Custodian*  
W. E. TURNER

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CHICAGO OFFICE

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*Chief Examiner, Cook County Division*  
F. E. EDGERTON

*Assistant to Chief Examiner*  
A. E. KIMLIN

*New Banks Department and Credit Unions*  
C. F. BUCK

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BUILDING AND LOAN DEPARTMENT

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*Chief Examiner*  
W. B. WHITLOCK

*Assistant Examiner in Charge Chicago Office*  
JOHN S. KOWALSKI

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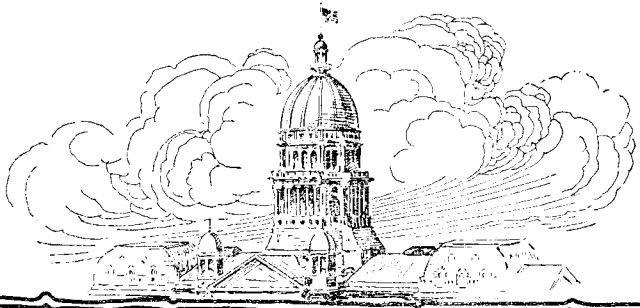
VOL. 2

SPRINGFIELD, ILL., FEBRUARY 1, 1927

No. 11

## PATIENCE

While in many quarters bankers have referred to the present season as the "Winter of our discontent" yet every cloud has a silver lining, and while collections in the agricultural districts may be rather slow, due to loss of crops in particular localities, yet there is some movement of grain and in several communities inquiries are arising concerning farm lands and a few sales are reported at fair returns. Prices and products move in cycles and run the gamut of changes from the peak to the lowest strata. Our observation is that the upward trend is approaching.



CALL FIGURES OF DECEMBER 31ST

The 1,379 State Banks of Illinois show total Resources of \$2,771,532,897.28 at the close of December 31, 1926. According to the figures which have just been compiled and compared with the report of October 11, 1926, they evidence an increase of \$39,692,278.11. The greater portion of this increase is represented by \$30,953,854.96 in deposits.

A very satisfactory feature is the available cash reserve which averages 20 per cent plus or 2 per cent more than at the last Call. A decrease in the undivided profits account of \$3,666,319.06 reflects the charging out of losses and the payment of dividends to that extent. In the Chicago Banks the bills payable have been retired to the extent of \$4,847,360, but the rediscounts have increased \$2,760,243. In the Downstate Banks, the rediscounts show an increase of \$98,492.46, while the bills payable have increased \$3,322,124.72.

Cash and cash resources are more now than in October by \$53,000,000, which would indicate that after the adjustments of the first month of the year the investment accounts of the banks would again be increased. The Department is gratified at the decrease in overdrafts and at the splendid showing in the surplus accounts, which have been bolstered by the sum of \$2,576,118.66. The detailed figures of the Call are now being prepared by the printer in book form and will be distributed to all of the State Banks within a short time.

GOOD PROGRESS SHOWN

The following table is a comparison of capital, surplus, undivided profits and reserve accounts as of December 31, 1925, and December 31, 1926.

It will be noted that the State Banks have materially strengthened their position during the past year and that their co-operation with the Department in the matter of building up these important accounts is most encouraging.

	Dec. 31, 1925.	Dec. 31, 1926.	Increase for Year.
CAPITAL	\$162,325,000	\$170,000,500	\$7,675,500
SURPLUS	114,044,081	120,647,674	6,603,593
UNDIVIDED PROFITS	41,184,294	43,397,137	2,212,843
RESERVES			
Taxes and Interest	11,381,010	13,580,695	2,199,685
Building and Fixtures	1,510,671	2,084,590	573,919
Bond Depreciation	3,373,513	5,634,324	2,260,811
Contingent Fund	9,892,301	13,096,673	3,204,372
<b>TOTAL</b>	<b>\$343,710,870</b>	<b>\$368,441,593</b>	<b>\$24,730,723</b>

On December 31, 1925, there were 126 State Banks in Illinois which, up to that time, had not created surplus funds. As a result of a special campaign to establish surplus funds in these banks the number of such banks was reduced to 59.

PERMITS ISSUED.

None.

CHARTERS ISSUED.

		Capital.	Surplus.	Date.
Chandlerville..Cass.....	Chandlerville State Bank.....	\$ 60,000	\$36,000	Jan. 3, 1927
	J. G. Franken, President.			
	C. W. Ainsworth, Cashier.			
Sterling.....Whiteside.....	Central Trust & Savings Bank, Sterling	100,000	50,000	Jan. 13, 1927
	H. V. Bittorf, President.			
	Wm. L. Frye, Cashier.			

CAPITAL STOCK INCREASED.

Crystal Lake....McHenry.....	United State Bank of .....	From \$ 50,000 to \$ 75,000	Jan. 3, 1927
Chicago.....Cook.....	Humboldt State Bank.....	From 200,000 to 300,000	Jan. 12, 1927
Winnetka.....Cook.....	Winnetka State Bank.....	From 50,000 to 75,000	Jan. 12, 1927
Monticello.....Piatt.....	The Dighton-Dilatush Loan Co.....	From 50,000 to 75,000	Jan. 14, 1927
Chicago.....Cook.....	West Englewood Trust and Sav- ings.....	From 500,000 to 600,000	Jan. 24, 1927
Chicago.....Cook.....	Marquette Park State Bank.....	From 200,000 to 300,000	Jan. 27, 1927
Chicago.....Cook.....	North Avenue State Bank.....	From 400,000 to 500,000	Jan. 27, 1927

CAPITAL STOCK DECREASED.

Stronghurst.....Henderson.....	State Bank of Stronghurst.....	From \$105,000 to \$50,000	Jan. 10, 1927
Brocton.....Edgar.....	The Brocton Bank.....	From 40,000 to 25,000	Jan. 12, 1927

NAME CHANGED.

Chicago.....Cook.....	Garfield Bank State Bank to Garfield State Bank.	Jan. 48, 1927
Chicago.....Cook.....	Keystone Trust & Savings Bank to Keystone State Bank..	Jan. 18, 1927
Chicago.....Cook.....	Hill State Bank to North Park Trust and Savings Bank..	Jan. 28, 1927

LOCATION CHANGED.

Chicago.....Cook.....	Columbia State Savings Bank from 5000 West Chicago Ave., to 5146-5148 West Chicago Ave.	Jan. 11, 1927
Chicago.....Cook.....	Home Bank and Trust Co. from 1225 North Ashland Ave., to 1200 North Ashland Ave.	Jan. 18, 1927
Chicago.....Cook.....	Kimbell Trust and Savings Bank from 3638 Fullerton Ave., to Northwest corner of Fullerton Ave. and Central Park Ave.	Jan. 29, 1927

DURATION EXTENDED.

Ashton.....Lee.....	The Farmers State Bank of Ashton.....	Jan. 18, 1927
	Charter extended 99 years from April 6, 1927.	
Manlius.....Bureau.....	First State Bank of Manlius.....	Jan. 18, 1927
	Charter extended 99 years from May 15, 1927.	
Addison.....DuPage.....	Addison State Bank.....	Jan. 27, 1927
	Charter extended 20 years from Nov. 7, 1927.	

CONSOLIDATED.

Chandlerville..Cass.....	State Bank of Chandlerville and Peoples State Bank of Chandlerville under title "Chandlerville State Bank"....	Jan. 3, 1927
Sterling.....Whiteside.....	State Bank of Sterling and Farmers & Merchants State Bank of Sterling under title "Central Trust & Savings Bank, Sterling".....	Jan. 13, 1927

LIQUIDATED.

Ashkum.....Iroquois.....	Farmers & Merchants Bank of Ashkum.....	Jan. 13, 1927
	Deposit liability assumed by Farmers Trust & Sav- ings Bank of Ashkum Jan. 14, 1927.	
Plano.....Kendall.....	Plano State Bank.....	Jan. 15, 1927
	Deposit liability assumed by First State Bank of Plano Jan. 17, 1927.	

TRUST CERTIFICATES ISSUED.

	Deposit.	Date.
Havana.....Mason.....	Mason County Bank.....	\$ 50,000 Jan. 15, 1927
Wenona.....Marshall.....	First State Bank of Wenona.....	50,000 Jan. 18, 1927
Chicago.....Cook.....	Builders and Merchants State Bank.....	200,000 Jan. 19, 1927
Chicago Hts.....Cook.....	First National Bank of Chicago Heights.....	50,000 Jan. 19, 1927
Wheaton.....DuPage.....	Gary-Wheaton Bank.....	50,000 Jan. 20, 1927
Chicago.....Cook.....	Capital Trust Company, 10 N. Clark St.....	200,000 Jan. 25, 1927

RECAPITULATION.

State Banks in Chicago.....	185
State Banks in Cook County, outside Chicago.....	86
State Banks in Illinois, outside Cook County.....	1,104
<b>Total.....</b>	<b>1,375</b>

OSCAR NELSON  
AUDITOR OF PUBLIC ACCOUNTS

(Address all correspondence to Oscar Nelson, Auditor of  
Public Accounts.)

BANKING DEPARTMENT  
SPRINGFIELD OFFICE

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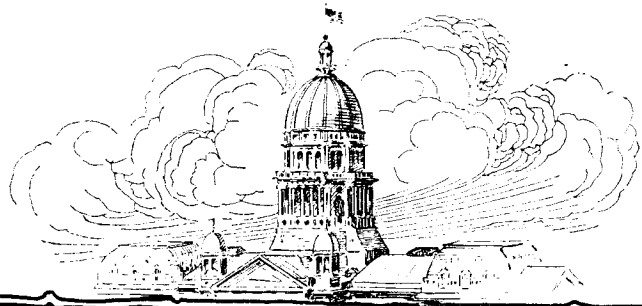
SPRINGFIELD, ILL., MARCH 1, 1927

No. 12

## INTEREST RATES

Very frequently inquiries are received as to the Department's attitude on interest rates on deposits. The questions take such forms as these, "Will you please write us advising a reduction of interest rates from 4% to 3%?" "Will you kindly publish in the BULLETIN an article recommending that banks reduce their interest rates."

It is clearly beyond the province of the Department to suggest or recommend policies relative to the earnings of banks, but it always reserves the right to criticise banks where overhead is out of proportion to earnings. The matter of interest rates is one for adjustment by banks either individually or collectively.



## DETERMINING TAX VALUES

In view of the confusion as to terms used in connection with the determining of tax values, and the possibility of misunderstanding of the table or suggested formula set up in our BULLETIN of October 1, 1926, we have after conference with the Attorney General determined to submit the following carefully considered explanatory statement for the purpose of fully clarifying the method of assessment of bank stock.

In assessing bank stock it is the duty of the assessment officers, first to determine the fair cash value of the shares of stock. Any method or methods may be used which will best serve in arriving at such value. One method is to take the market value of said shares. Another method, which is in common use in this State, is to take the book value. This value is determined by adding together the capital, surplus and undivided profits determined as of the first of April. Following a determination of the fair cash value of the stock, it is necessary to equalize the value so determined in order that the stock may not be assessed at a greater percentage of its true value than other property is assessed. *Peoples Gas Light & Coke v. Stuckart*, 286 Ill. 164; *People v. C. B. & Q. R. R. Co.*, 300 Ill. 399. In order to make this equalization the assessment officers must determine the percentage of full cash value at which property generally is assessed. The Tax Commission of the State of Illinois has adopted sixty per cent (60%) as the percentage. In many counties fifty per cent (50%) has been used as the percentage for equalization. Whatever may be the proper percentage, the valuation of the stock should then be equalized. From the full equalized value of the stock thus ascertained, it is necessary under the provisions of section 35 of the Revenue Act of 1872 (Par. 39, Chap. 120, Smith-Hurd's Revised Statutes, 1925) to deduct the full equalized value of the real estate owned by the bank and situated in the county in which the bank is located. The balance should be divided by two, in order to determine the assessed value of the stock. Thereafter, it is necessary to divide this value by the number of shares of stock to determine the assessed value of each share.

In the terms used above "Full Equalized Value" legally means that value of property for taxation determined by the assessing officer as a result of taking the proper equalizing percentage of what he has found as the full value thereof. For example:

Full value \$70,000; 60% of same \$42,000 which sum of \$42,000 is thereby found as the full equalized value.

Assessed Value, in the meaning of the law, is one-half of the "full equalized value" and is the final value to which the tax rate is applied by the county clerk in extending taxes.

## TRUST DIVISION

Trust business is essentially a banking business and one of the functions of a bank. The public is beginning to realize this more and more and is turning to regularly qualified Trust Departments of Banks through which to transact or administer fiduciary business, finding this much more satisfactory than the individual Trustee.

On December 31, 1926 there were 249 banks and corporations in Illinois and 26 Foreign Corporations qualified under the Trust Act, the Illinois corporations being classified as follows:

Trust Companies .....	12
National Banks .....	76
State Banks .....	161

The figures taken from the annual reports at the close of business December 31, 1926 have just been compiled and show that in the 249 Illinois Corporations there were 55,455 accounts with \$2,941,254,459.66 of trust cash and deposits or \$684,167,000 more than last year, a very splendid increase.

Securities approximating \$33,000,000 are deposited by these companies with the Auditor of Public Accounts and pledged to guarantee the trustors against loss.

## ENDORSEMENTS ON C/Ds

Examiners in the course of their work still find many banks that are careless in the matter of requiring endorsements, particularly on certificates of deposit. The contract entered into between debtor and creditor provides that a certain sum will be paid when the certificate is presented for payment properly endorsed.



PERMITS ISSUED.

		Capital.	Surplus.	Date.
Chicago.....Cook.....	Clark-Division State Bank..... 1211-1215 N. Clark St.	\$200,000	\$40,000	Feb. 9, 1927
Metropolis.....Massac.....	Metropolis State and Savings Bank.....	50,000	5,000	Feb. 16, 1927
Cicero.....Cook.....	Mid-West State Bank..... 5837-39 West Roosevelt Road.	100,000	20,000	Feb. 24, 1927
Chicago.....Cook.....	Belmont Sheffield State Bank..... 1005-07 Belmont Ave.	200,000	30,000	Feb. 24, 1927

CHARTERS ISSUED.

New Lenox.....Will.....	New Lenox State Bank..... Fred A. Francis, President. Ceward W. Batson, Cashier.	25,000	2,500	Feb. 1, 1927
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CAPITAL STOCK INCREASED.

New Athens.....St. Clair.....	State Bank of New Athens.....	From \$ 25,000 to \$ 50,000	Feb. 2, 1927
Oak Park.....Cook.....	Oak Park Trust and Savings Bk.....	From 400,000 to 500,000	Feb. 8, 1927
Chicago.....Cook.....	Second Northwestern State Bank.....	From 200,000 to 250,000	Feb. 10, 1927
Chicago.....Cook.....	The Foreman Tr. and Sav. Bk.....	From 1,000,000 to 2,000,000	Feb. 10, 1927
Chicago.....Cook.....	West Town State Bank.....	From 300,000 to 500,000	Feb. 11, 1927
Chicago.....Cook.....	North-Western Tr. and Sav. Bk.....	From 1,000,000 to 1,250,000	Feb. 11, 1927
Chicago.....Cook.....	Drovers Trust and Savings Bank.....	From 250,000 to 350,000	Feb. 15, 1927
Elgin.....Kane.....	Elgin City Banking Co.....	From 150,000 to 300,000	Feb. 25, 1927
Maywood.....Cook.....	Maywood State Bank.....	From 100,000 to 200,000	Feb. 28, 1927

NAME CHANGED.

Chicago.....Cook.....	Altrui State Savings Bank to Jefferson Park Trust and Savings Bank.....	Jan. 25, 1927
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LOCATION CHANGED.

Chicago.....Cook.....	Gage Park State Bank from 3133 West 59th St. to 5906-5908 S. Kedzie Ave.....	Feb. 1, 1927
Chicago.....Cook.....	Security Bank of Chicago from 741 Milwaukee Ave. to 765 Milwaukee Ave.....	Feb. 8, 1927

DURATION EXTENDED.

San Jose.....Mason.....	San Jose State Bank..... Charter extended 99 years from Feb. 26, 1927.	Feb. 23, 1927
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CLOSED.

Arcola.....Douglas.....	Arcola State Bank..... Closed by stockholders for voluntary liquidation.	Feb. 28, 1927
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RECEIVER APPOINTED.

Toluca.....Marshall.....	Toluca State Bank..... The First State Bank of Wenona appointed receiver.	Feb. 11, 1927
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TRUST CERTIFICATES ISSUED.

Ottawa.....LaSalle.....	First National Bank of Ottawa.....	Deposit. \$50,000	Feb. 3, 1927
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OTHER CHANGES.

New York.....	The Irving Bank-Columbia Trust Company of New York changed its name effective Dec. 11, 1926 to "American Exchange Irving Trust Company."
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RECAPITULATION.

State Banks in Chicago.....	185
State Banks in Cook County, outside Chicago.....	86
State Banks in Illinois, outside Cook County.....	1,104
Total.....	1,375

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VOL. 3

SPRINGFIELD, ILL., APRIL 1, 1927

No. 1

## PROFIT AND LOSS

A compilation of Reports of Earnings and Dividends rendered by 1,379 State Banks covering the year 1926 shows gross earnings of \$160,629,919.72 with net earnings, before charge-offs for losses and depreciation, of \$47,426,502.69.

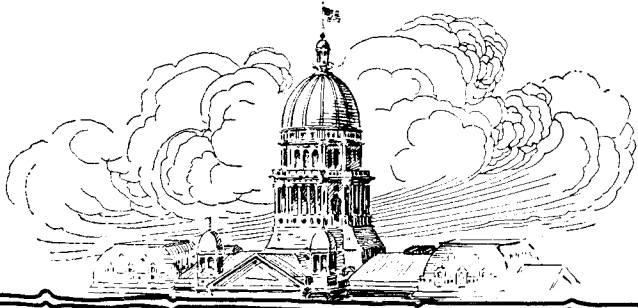
Undivided profits retained on hand on December 31, 1926, were \$43,082,524.61, an increase of \$2,380,762.18 over the amount retained at the end of the previous year.

Dividends for the year totaled \$19,285,978.67 while \$8,310,122.48 was transferred to capital and surplus accounts and \$11,721,241.81 to reserve accounts and contingent funds.

The banks charged off as depreciation on bank building, furniture and fixtures and other real estate the sum of \$1,618,722.57 and as losses on loans, investments, etc., the sum of \$8,216,335.64.

The following figures will indicate the volume of business done by these banks for the year 1926:

Interest Received .....	\$120,163,811.92
Exchange Collected .....	1,605,461.80
Rents Collected .....	3,243,352.37
Commissions, Profits, Fees and other Earnings	35,617,293.63
Recoveries on Losses Charged off .....	2,048,292.97
Interest Paid .....	46,726,946.77
Expenses and Taxes Paid .....	66,746,470.26



## THE BANK BOSS

(Contributed)

With report, blue pencil and glow'ring frown  
He sits in judgment this man of renown  
Irregularities escape not his practiced eye  
Believe me or not, he's some hard boiled guy.

From the line he has hewn you dare not swerve  
Fifteen per cent is the cash reserve  
A thirty day overdraft makes him wroth  
He bellows, "COLLECT IT OR CHARGE IT OFF."

When the beagle in the field scents an excess loan  
He tears his hair and emits a loud groan  
And straightway issues to the bank a command  
"Reduce—Collect—or qualify with a mortgage on the land"

And when at last reports do appear  
So perfect they should bring a ray of cheer  
Chuckling he dictates—the villanous crank  
"The Directors borrow too much from the bank."

Accounts that have been over or short for months  
He orders them balanced and balanced at once  
And to the poor banker with items in the cash  
He's a Simon Legree with the verbal lash.

But should all of these sins together appear  
He shouts to his stenographer "Lady come here,  
Take this letter quick," and she wisely conjectures  
"This is a summons to the Board of Directors."

And when the Directors trembling with fright  
Appear to learn what is wrong and right  
They find him minus horns and cloven feet.  
Firm, but a regular guy-worthwhile to meet.

### WHO RUNS YOUR BANK?

If the inquiring reporter were to put the above caption as a query to the bankers throughout the State their replies could possibly be classified under three headings, viz., "The President," "The Cashier," "The Customers," whereas the answer should be, "The Officers and Directors." Every bank should give service, but there is a clear line of demarcation between giving service and allowing the customers unlimited privileges. A survey of the reports of the banks received by the Department will readily establish the latter class, as lack of sound business management will be reflected in the past due paper, overdrafts, excess loans, and bills payable.

## JUNIOR MORTGAGES

In a recent conference of a group of bankers the question arose as to whether all second mortgage real estate liens should be stamped with the words "Junior Mortgage" on the face of the document. The general opinion expressed was that this was required by statute and that banks not complying with this requirement were negligent in this respect.

The Department finds that in the Illinois Securities Law (known as the Blue Sky Law) on page five, section four, clause seven, the following language occurs:

"(c) when the mortgage lien is a junior mortgage upon real estate or leasehold (other than oil, gas and mining leases) and the aggregate face value of such mortgage and notes or bonds secured thereby, together with all other existing prior and / or concurrent liens of equal or superior rank, (but not including interest notes or coupons) does not exceed ninety (90) per centum of the fair market value of such real estate or leasehold, provided, that the mortgage and notes or bonds secured thereby (but not including interest notes or coupons) shall each bear across the face and text thereof a legend in red letters not less than one-half inch in height, stating (1) that the mortgage is a junior mortgage, and (2) that the mortgage is a leasehold, if that be the case."

While the above applies particularly to securities offered for sale to the general public, yet the Department finds from experience that it would be quite helpful if all second mortgages were so indicated.

### DORMANT ACCOUNTS

There are a few bankers who still cherish the idea that when a deposit balance has remained dormant for a certain length of time that it may be possessed by the bank and credited to the earnings account. There is no statute providing for such action and naturally the Department must require the return of all such "assumed" earnings to the deposit accounts from which they were transferred. The best legal authorities hold that in the absence of any statute providing for the "absorption" of dormant bank balances, they must remain a liability of the bank and so be shown upon the books of the institution. The Department has always suggested that where a bank has a number of dormant accounts either in the individual or savings ledger, or both, that these be transferred to a single ledger sheet and carried under the heading "Dormant Accounts" carrying the total of the said sheet as one balance in connection with the run-off or in the balancing of the ledgers.

PERMITS ISSUED.

		Capital.	Surplus.	Date.
Chicago.....Cook.....	Exchange State Bank of Chicago.....	\$200,000	\$50,000	Mar. 28 1927
	329-331 South Wood St.			

CHARTERS ISSUED.

Oak Park.....Cook.....	Central Oak Park State Bank.....	100,000	15,000	Mar. 7 1927
	Frank A. Alden, President.			
	Henry A. Potwin, Cashier.			
Mt. Greenwood.....Cook.....	Mount Greenwood Trust and Savings Bank.....	25,000	5,000	Mar. 25 1927
	Howard W. Elmore, President.			
	Gus Mussfeldt, Cashier.			

CAPITAL STOCK INCREASED.

Chicago.....Cook.....	Woodlawn Trust and Savings Bank.....	From \$500,000 to \$600,000	Mar. 16 1927
Bellflower.....McLean.....	Bellflower Exchange Bank.....	From 30,000 to 40,000	Mar. 28 1927
Tinley Park.....Cook.....	Bremen State Bank.....	From 25,000 to 75,000	Mar. 28 1927

CAPITAL STOCK DECREASED.

Stronghurst.....Henderson.....	State Bank of Stronghurst.....	From \$105,000 to \$50,000	Mar. 21 1927
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DURATION EXTENDED.

Fulton.....Whiteside.....	The Fulton Bank.....	Mar. 25 1927
	Charter extended 99 years from May 6 1927.	

CLOSED.

Cisco.....Piatt.....	Croninger State Bank.....	Mar. 2 1927
	Closed by Directors for voluntary liquidation.	
Springfield.....Sangamon.....	North Side State Bank of Springfield.....	Mar. 3 1927
Springfield.....Sangamon.....	Jeffersons State Bank.....	Mar. 3 1927
	Closed on request of Directors.	
Arlington.....Bureau.....	Arlington State Bank.....	Mar. 5 1927
	Closed on request of Directors.	
Greenview.....Menard.....	The Marbold State Bank.....	Mar. 8 1927
	Closed on request of Directors.	

RECEIVER APPOINTED.

Arcola.....Douglas.....	Arcola State Bank.....	Mar. 7 1927
	T. E. Lyons appointed receiver.	
Bath.....Mason.....	State Bank of Bath.....	Mar. 8 1927
	Mason County Bank, Havana <sup>1</sup> appointed receiver.	
Springfield.....Sangamon.....	North Side State Bank of Springfield.....	Mar. 25 1927
	Oscar J. Putting appointed receiver.	

LIQUIDATED.

Trilla.....Coles.....	Peoples State Bank of Trilla.....	Mar. 19 1927
	Placed in voluntary liquidation by Directors.	
Marine.....Madison.....	Bank of Marine.....	Mar. 23 1927
	Placed in voluntary liquidation by Directors—deposit liability assumed by First National Bank of Marine.	

TRUST CERTIFICATES ISSUED.

		Deposit.	
Peru.....LaSalle.....	Peru National Bank.....	\$ 50,000	Mar. 2 1927
New York.....New York.....	The Chase National Bank of the City of New York.....	50,000	Mar. 5 1927
Spring Valley.....Bureau.....	Spring Valley City Bank.....	50,000	Mar. 17 1927
Chicago.....Cook.....	North Park Trust and Savings Bank.....	200,000	Mar. 18 1927
Cicero.....Cook.....	Pinkert State Bank.....	50,000	Mar. 22 1927
Bloomington.....McLean.....	Corn Belt Bank.....	50,000	Mar. 23 1927

RECAPITULATION.

State Banks in Chicago.....	185
State Banks in Cook County outside Chicago.....	87
State Banks in Illinois outside Cook County.....	1,098
Total.....	1,370

# MONTHLY BULLETIN

*Issued by*  
**OSCAR NELSON**  
**AUDITOR of PUBLIC ACCOUNTS**  
BANKING DEPARTMENT  
State of Illinois

VOL. 3

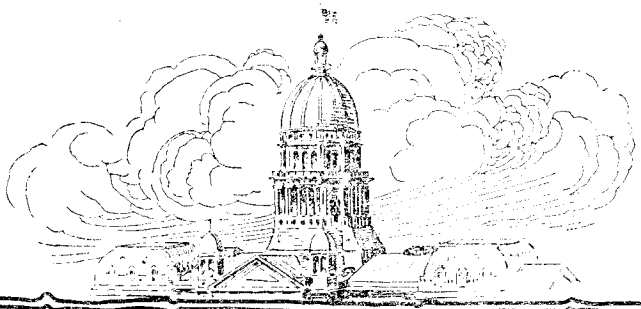
SPRINGFIELD, ILL., MAY 1, 1927

No. 2

## BANKS CLOSED DURING 1926

In so far as this statement may controvert false reports concerning the number of banks closed during 1926, is its justification for publication. From January 1, 1926, to December 31, 1926, there were sixteen banks with deposits of \$4,940,136 closed by the Auditor of Public Accounts. Of this number, one was re-opened within a few days. The deposit liability, intact, of ten was sold to neighboring institutions. Five were placed in the hands of receivers for liquidation.

The banks closed during the past year were five, with deposit liability of \$1,156,000 in receivership. The other eleven suspended for a limited time only and their business was underwritten and assumed by others.



RECAPITULATION.

Aggregate Resources and Liabilities of the 1,369 Illinois State Banks in the entire State at the close of Business March 23, 1927, as compared with the statement issued by the Department on December 31, 1926.

Resources.

	Preceding call of Dec. 31, 1926, number of banks, 1,379.	Date present call of Mar. 23, 1927, number of banks, 1,369.	Increase.	Decrease.
Loans:				
Loans on real estate.....	\$ 287,080,172 17	\$ 271,670,518 35		\$15,409,653 82
Loans on collateral security.....	769,231,701 96	709,426,534 60		59,805,167 36
Other loans.....	580,638,569 80	625,614,367 12	\$44,975,797 32	
Total Loans.....	1,636,950,443 93	1,606,711,420 07		
Overdrafts.....	1,250,008 41	1,432,258 61	182,250 20	
U. S. Government Investments:				
Liberty Loan Bonds (all issues).....	127,706,099 71	121,384,589 45		6,321,510 26
Other United States Investments.....	22,907,557 42	61,993,406 42	38,985,849 00	
Total U. S. Government Investments.....	150,613,657 13	183,377,995 87		
Other Bonds and Stocks:				
State, county and municipal bonds.....	121,413,751 58	121,662,543 50	248,791 92	
Other bonds.....	275,223,673 30	287,135,917 96	11,912,244 66	
Stock of Federal Reserve Bank.....	4,142,129 38	4,536,003 49	393,874 11	
Total Other Bonds and Stocks.....	400,779,554 26	413,334,464 95		
Banking House, Furniture and Fixtures:				
Banking house.....	45,776,249 94	45,613,909 43		162,340 51
Furniture and fixtures.....	11,282,174 55	12,436,374 59	1,154,200 04	
Total Banking House, Furniture and Fixtures.....	57,058,424 49	58,050,284 02		
Other Real Estate.....	9,932,045 70	10,418,785 13	486,739 43	
Due from Banks:				
State.....	65,900,174 48	53,931,051 66		11,978,122 82
National.....	145,088,460 61	145,218,454 46	129,993 85	
Private or foreign.....	13,277,560 38	11,723,660 72		1,553,899 66
Federal Reserve Bank.....	84,069,249 22	90,087,869 63	6,018,620 41	
Total Due from Banks.....	308,344,444 69	300,961,036 47		
Cash on Hand:				
Paper currency.....	36,722,612 00	35,153,841 00		1,568,771 00
Gold coin.....	2,465,851 50	2,390,356 50		75,495 00
Silver and minor coin.....	3,787,037 91	3,824,990 58	37,952 67	
Total Cash on Hand.....	42,975,501 41	41,369,188 08		
Other Cash Resources:				
Exchanges for clearing house.....	67,755,969 02	36,897,067 67		30,858,901 35
Checks and other cash items.....	9,133,139 79	4,370,527 26		4,762,612 53
Collections in transit.....	40,528,899 47	30,360,126 93		10,168,772 54
Total Other Cash Resources.....	117,418,008 28	71,627,721 86		
Customers' Liability Under Letters of Credit.....	19,908,116 66	18,730,775 31		1,177,341 35
Customers' Liability Account of Acceptances.....	12,330,130 15	12,107,879 40		222,250 75
Other Resources.....	13,972,532 17	13,110,748 09		861,784 08
Grand Total Resources.....	\$2,771,532,897 28	\$2,731,132,557 86		\$40,400,339 42

Liabilities.

	Preceding call of Dec. 31, 1927, number of banks, 1,379.	Date, present call of Mar. 23, 1927, number of banks, 1,369.	Increase.	Decrease.
Capital Stock.....	\$ 170,000,500 00	\$ 171,663,000 00	\$1,662,500 00	
Surplus.....	120,647,674 84	121,870,264 00	1,222,589 16	
Undivided Profits (net).....	43,397,137 84	47,420,183 19	4,023,045 35	
Deposits:				
Time:				
Savings, subject to notice.....	868,867,938 59	868,120,544 32		\$ 747,394 27
Time certificates.....	208,190,894 63	195,580,266 95		12,630,627 68
Total Time Deposits.....	1,077,058,833 22	1,063,680,811 27		
Demand:				
Demand, subject to check.....	1,039,822,394 91	1,011,325,486 21		28,496,908 70
Demand certificates.....	59,166,530 84	52,906,006 68		6,260,524 16
Certified checks.....	5,291,539 02	6,858,707 69	1,567,168 67	
Cashier's checks.....	23,845,594 28	25,556,081 47	1,710,487 19	
Total Demand Deposits.....	1,128,126,059 05	1,096,646,282 05		
Due to Banks:				
State.....	75,646,840 69	72,044,292 87		3,602,547 82
National.....	32,795,744 92	37,104,134 59	4,308,389 67	
Private or foreign.....	8,406,680 95	7,867,194 81		539,486 14
Federal Reserve Bank.....	2,481,500 47	2,959,650 01	478,149 54	
Total Due to Banks.....	119,330,767 03	119,975,272 28		
Dividends Unpaid.....	4,489,305 69	122,006 17		4,367,299 52
Reserve:				
For taxes and interest.....	13,580,695 34	14,414,813 75	834,118 41	
For depreciation, building and fixtures.....	2,084,590 91	2,130,004 35	45,413 44	
For bond depreciation.....	5,634,324 04	5,933,942 27	299,618 23	
Contingent fund.....	13,096,673 23	13,307,945 80	211,272 57	
Total Reserve.....	34,396,285 52	35,786,706 17		
Bills Payable and Rediscounts:				
Bills payable.....	16,774,502 76	19,738,961 17	2,964,458 41	
Rediscounts.....	8,457,260 27	6,290,028 58		2,167,231 69
Total Bills Payable and Rediscounts.....	25,231,763 03	26,028,989 75		
Letters of Credit.....	20,019,165 56	18,886,633 07		1,132,532 49
Bank Acceptances.....	12,372,637 59	12,130,572 90		242,064 69
Other Liabilities.....	16,462,769 91	16,921,837 01	459,067 10	
Grand Total Liabilities.....	\$2,771,532,897 28	\$2,731,132,557 86		\$40,400,339 42
Total Capital, Surplus, Undivided Profits and Reserve.....	\$ 368,441,596 20	\$ 376,740,153 36	\$8,298,557 16	
Total Deposits.....	2,324,515,659 30	2,280,302,365 41		44,213,293 89
Total Due from Banks, Cash and Other Cash Resources.....	468,737,984 38	413,957,947 41		54,780,037 97
Per cent of Available Reserve.....	20.16%	18.15%		

PERMITS ISSUED.			Capital.	Surplus.	Date.
Worth.....Cook.....	Worth Trust & Savings Bank.....		\$ 25,000	\$ 5,000	Apr. 7, 1927
CHARTERS ISSUED.					
Chicago.....Cook.....	Congress Trust & Savings Bank.....	300,000	30,000		Apr. 4, 1927
Henry S. Henschen, President. Thor H. Erickson, Cashier. 310 S. Wabash Ave.					
CAPITAL STOCK INCREASED.					
Oak Lawn.....Cook.....	Oak Lawn Trust & Savings Bank.....	From \$ 25,000 to \$ 50,000			Apr. 1, 1927
Bellwood.....Cook.....	Bellwood State Bank.....	From 25,000 to 50,000			Apr. 14, 1927
Chicago.....Cook.....	Builders and Merchants State Bk.....	From 200,000 to 300,000			Apr. 14, 1927
Melrose Park.....Cook.....	Melrose Park State Bank.....	From 100,000 to 200,000			Apr. 16, 1927
Evanston.....Cook.....	State Bank and Trust Company.....	From 300,000 to 500,000			Apr. 25, 1927
Chicago.....Cook.....	Second North Western State Bk.....	From 250,000 to 350,000			Apr. 29, 1927
DURATION EXTENDED.					
LaPlace.....Piatt.....	State Bank of LaPlace.....				Apr. 4, 1927
Charter extended 90 years from April 11, 1927.					
Speer.....Stark.....	State Bank of Speer.....				Apr. 14, 1927
Charter extended 50 years from April 14, 1927.					
Leland.....LaSalle.....	Farmers and Merchants State Bank of Leland.....				Apr. 21, 1927
Charter extended 25 years from June 4, 1927.					
Monroe Center.....Ogle.....	Monroe Center State Bank.....				Apr. 22, 1927
Charter extended 25 years from July 16, 1928.					
LOCATION CHANGED.					
Chicago.....Cook.....	Second North-Western State Bank.....				Apr. 29, 1927
From 2954 Milwaukee Ave. to 2956 Milwaukee Ave.					
Chicago.....Cook.....	Belmont Trust and Savings Bank.....				Apr. 29, 1927
From 3198 Milwaukee Ave. to 2956 Milwaukee Ave.					
NAME CHANGED.					
Bellflower.....McLean.....	Bellflower Exchange Bank to Exchange State Bank of Bellflower.....				Apr. 1, 1927
Chicago.....Cook.....	Greenebaum Sons Bank and Trust Company to The Bank of America.....				Apr. 30, 1927
CLOSED.					
Fisher.....Champaign.....	Fisher State Bank.....				Apr. 2, 1927
Closed on request of Directors.					
Magnolia.....Putnam.....	First State Bank of Magnolia.....				Apr. 26, 1927
Closed for examination and adjustment.					
LIQUIDATED.					
Ava.....Jackson.....	State Bank of Ava.....				Apr. 15, 1927
To become National.					
Meredosia.....Morgan.....	Meredosia State Bank.....				Apr. 2, 1927
Deposit liability assumed by Farmers and Traders State Bank of Meredosia.					
Dana.....LaSalle.....	State Bank of Dana—Voluntary—Deposit liability satisfied.....				Apr. 30, 1927
Wenona.....Marshall.....	Farmers State Bank of Wenona.....				Apr. 30, 1927
Deposit liability assumed by First State Bank of Wenona.					
Springfield.....Sangamon.....	Jeffersons State Bank.....				Mar. 28, 1927
Deposit liability assumed by— First National Bank of Springfield. First Trust and Savings Bank of Springfield. Ridgely-Farmers State Bank. Springfield Marine Bank. Springfield Security Savings Bank. Illinois National Bank of Springfield.					
RECEIVER APPOINTED.					
Arlington.....Bureau.....	Arlington State Bank.....				Mar. 27, 1927
Spring Valley City Bank appointed Receiver.					
OTHER CHANGES.					
Stronghurst.....Henderson.....	State Bank of Stronghurst assumed the deposit liability of the First National Bank of Stronghurst.....				Apr. 4, 1927
TRUST CERTIFICATES ISSUED.					
Wheaton.....DuPage.....	Wheaton Trust & Savings Bank.....		Deposit.		Apr. 5, 1927
Chicago.....Cook.....	Central Manufacturing District Bank.....		\$ 50,000		Apr. 12, 1927
Knoxville.....Knox.....	Farmers National Bank of Knoxville.....		200,000		Apr. 21, 1927
Pekin.....Tazewell.....	The American National Bank of Pekin.....		50,000		Apr. 26, 1927
TRUST CERTIFICATES CANCELLED.					
Decatur.....Macon.....	Illinois Standard Trust Co.....				Apr. 22, 1927
Deposit withdrawn.					
RECAPITULATION.					
State Banks in Chicago.....					188
State Banks in Cook County, outside Chicago.....					87
State Banks in Illinois outside Cook County.....					1,092
Total.....					1,365

# MONTHLY BULLETIN

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BANKING DEPARTMENT  
State of Illinois

VOL. 3

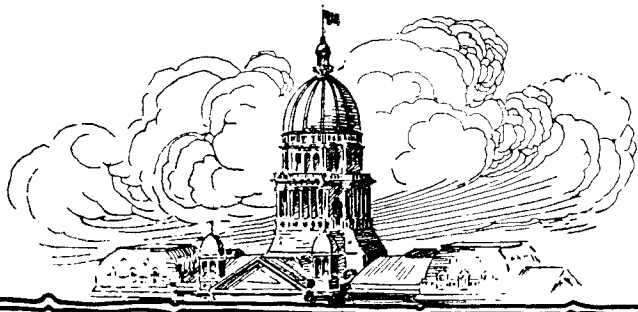
SPRINGFIELD, ILL., JUNE 1, 1927

No. 3

## GUARANTEE OF DEPOSITS

There is more or less discussion among bank depositors relative to the matter of guaranteeing deposits in banks. Some States have adopted a law assessing all banks a certain per cent of their capital for the establishment of a guarantee fund to pay depositors' losses in failed institutions, but this plan has not been a success, or at least has not been so considered by the best minds in the banking business.

Due to the fact that some States have attempted to pay depositors' losses, the notion has arisen that when a National bank fails the government pays the losses and that when a State bank fails, the State pays the losses. This question has been put to this Department on several occasions. Iowa attempted to solve the safety of depositors' funds through a clearing house plan in order to defeat the State Guarantee idea. But after all is said and done through press and legislation, the final answer remains—*bank management*.





## SUMMARY OF CALL REPORT

A comparison of the figures evidence by the Call Report Statements of December 31, 1926, and those of March 23, 1927, reveal the following changes:

The decrease in the total resources since the December Call represents \$40,400,000.

Available Cash Reserve showed an average of 18%.

The Deposits according to the March statement were \$44,480,000 less than before, with a decrease in Chicago of \$53,100,000 and an increase of \$8,620,000 Downstate.

The bills Payable and Rediscount items show an increase of \$800,000 throughout the entire State; with an increase of \$3,600,000 in Chicago and a decrease of \$2,800,000 outside of the City of Chicago.

Government Investments increased \$32,664,000 in the Banks throughout the State.

With respect to Loans and Discounts there has been a \$30,000,000 decrease since the December Call Report; being a reduction of \$28,985,000 in Chicago and \$1,015,000 Downstate.

The total increase in the Reserve Accounts shows an encouraging gain of \$1,390,000; with an increase of \$1,165,000 in Chicago and \$225,000 Downstate.

The Other Real Estate Account carried by the various banks in the State showed an increase of \$490,000; \$116,000 of same being in Chicago and the balance of \$374,000 due to increases in Downstate institutions.

## A LETTER FROM A DIRECTOR

The following communication indicates an arousal of interest in directors' responsibilities which is the solution to successful banking:

-----, Ill.  
April 30, 1927.

Mr. Oscar Nelson, Auditor  
Springfield, Illinois.

Dear Sir: I saw one of your monthly bulletins on the Cashier's desk the other day, and I was interested in what you wrote and printed about directors' liability. I never figured before that there was much to the job, just sort of felt that being a bank director was of some notice in the community. It appears that its more important than I had any idea. I have been letting the thing slide along with the Cashier running things to suit himself. So, if I am liable for some mistakes if they should happen, I'd better take more interest in my job and keep them from happening. Thankin' you and hoping for more later on,

Yours truly,  
(Wm.-----)  
Director----- State Bank.

## ORGANIZATION OF TRUST DEPARTMENTS

Banks desiring to qualify to accept, execute and handle trust business should communicate with this office and approved standard forms of application and a copy of the Trust Act will be furnished.

State Banks are by charter granted trust powers and need only file application and make deposit of securities.

National Banks must first obtain permission from the Federal Reserve Board under the provisions of Section 11 (k) of the Federal Reserve Act, to act in a fiduciary capacity and a certified copy of this permit must be filed with the application and deposit of securities.

A fee of \$32.00 for receiving the deposit and issuing the Certificate of Authority must also accompany the application and deposit of securities.

Section Six of the Trust Act provides for only three classes of securities for deposit: Bonds of the United States, Municipal Bonds of this State and Mortgages on improved and productive real estate in this State, being first liens thereon, and the real estate being worth at least twice the amount loaned thereon. Section Seven of said Act provides for an appraisal of the real estate and examination of title under the direction of this office, the fees for such appraisal and examination to be paid by the bank making the deposit.

*Bonds of the United States* must be registered as follows:

OSCAR NELSON or his Successors in Office as Auditor of Public Accounts, State of Illinois, in trust for (Name of Bank and Location.)"

*Municipal Bonds of this State* must be registered as follows:

"OSCAR NELSON or his Successors in Office as Auditor of Public Accounts, State of Illinois."

*Notes of Mortgage and Trust Deed loans* should be endorsed as follows:

"Pay to the order of OSCAR NELSON or his Successors in office as Auditor of Public Accounts of the State of Illinois, in trust for (Name and location of bank)."

(Name of Bank and Official Signature).

Assignment of mortgage in blank must also accompany the mortgage.

\$50,000 in securities is the minimum deposit required from banks in cities of 100,000 population or less, and \$200,000 is the minimum deposit for banks in cities of over 100,000 population. When the Cash and Personal Property held in trust exceeds ten times the amount of the securities deposited, the deposit in the first instance must be increased to \$125,000 and in the second instance to \$500,000.

Exchanges in the securities may be made from time to time when found necessary, however, this is in the nature of a permanent deposit as security against trust deposits and should be changed only in case of expiration of security or other necessary reason.

United States Bonds being registered in trust for the bank can be assigned only to the bank for whom held in trust and cannot be assigned in blank or to bearer.

PERMITS ISSUED.

NONE.

CHARTERS ISSUED.

		Capital.	Surplus.	Date.
Chicago.....Cook.....	West Lawn Trust and Savings Bank. 63rd Street and Crawford Avenue. John Bain, President. John H. Bain, Cashier.	\$200,000	\$100,000	May 23, 1927

CAPITAL STOCK INCREASED.

Peoria.....Peoria.....	Home Savings and State Bank.....	From \$250,000 to \$350,000	May 27, 1927
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LOCATION CHANGED.

Cicero.....Cook.....	Western State Bank of Cicero.....	May 10, 1927
	From 5601 W. 22nd Street to 5600 W. 22nd Street.	
DesPlaines...Cook.....	DesPlaines State Bank.....	May 20, 1927
	From 1511 Ellinwood Street to 678 Lee Street.	

NAME CHANGED.

Middletown...Logan.....	Marbold State Bank of Middletown to Middletown State Bk.	May 4, 1927
Fulton.....Whiteside.....	The Fulton Bank to Fulton State Bank.....	May 5, 1927
Greenview...Menard.....	The Marbold State Bank to Greenview State Bank.....	May 17, 1927
Evanston.....Cook.....	Central State Savings Bank of Evanston to Central State Bank of Evanston.....	May 25, 1927

RE-OPENED.

Greenview...Menard.....	The Marbold State Bank (now Greenview State Bank).....	May 18, 1927
	(Closed March 8, 1927.)	

CLOSED.

Galatia.....Saline.....	Bank of Galatia.....	May 5, 1927
Harco.....Saline.....	State Bank of Harco.....	May 5, 1927
Fairbury.....Livingston.....	Claudon State Bank.....	May 7, 1927
Rutland.....LaSalle.....	Rutland State Bank.....	May 9, 1927
Annawan.....Henry.....	Farmers State Bank of Annawan.....	May 21, 1927
Hooppole.....Henry.....	Farmers State Bank of Hooppole.....	May 21, 1927
Alhambra.....Madison.....	Citizens State Bank of Alhambra.....	May 26, 1927
	(Closed on request of Directors.)	

LIQUIDATED.

Cisco.....Piatt.....	Croniger State Bank. (Closed March 2, 1927). Deposit liability transferred to Moore State Bank, Monticello.	May 10, 1927
Aledo.....Mercer.....	First Trust and Savings Bank of Aledo. Deposit liability assumed by First National Bank of Aledo.	May 12, 1927
Clayton.....Adams.....	Clayton Exchange Bank..... Purchased by Bartlett and Wallace State Bank.	May 21, 1927
Findlay.....Shelby.....	Farmers State Bank of Findlay..... Deposit liability assumed by First National Bank of Findlay.	May 31, 1927

TRUST CERTIFICATES ISSUED.

		Deposit.	Date.
Morrison.....Whiteside.....	Smith Trust and Savings Bank.....	\$ 50,000	May 4, 1927
Evanston.....Cook.....	Iroquois Trust Co., 1504 Sherman Ave.....	50,000	May 11, 1927
Chicago.....Cook.....	Twenty-Sixth Street State Bank.....	200,000	May 13, 1927
Mt. Carroll...Carroll.....	First State Bank of Mount Carroll.....	50,000	May 17, 1927
TRUST CERTIFICATES CANCELLED.			
Rock Island...Rock Island...	American Trust and Savings Bank.....		May 17, 1927
	Deposit withdrawn.		

RECAPITULATION.

State Banks in Chicago.....	187
State Banks in Cook County, outside Chicago.....	88
State Banks in Illinois outside Cook County.....	1,082
Total.....	1,357

# MONTHLY BULLETIN

Issued by  
**OSCAR NELSON**  
AUDITOR of PUBLIC ACCOUNTS  
BANKING DEPARTMENT  
State of Illinois

VOL. 3

SPRINGFIELD, ILL., JULY 1, 1927

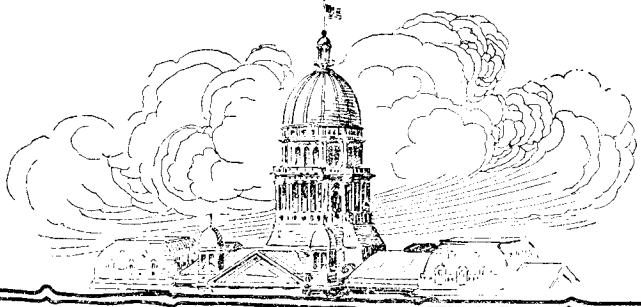
No. 4

## ANNOUNCEMENT

After a continuous and faithful service of nearly twenty-two years, Mr. W. B. Whitlock has resigned as Chief Examiner of the Building and Loan Department to devote his entire time to his duties as Secretary of the Illinois Building and Loan League. Mr. Carl H. Weber, who has been connected with the Banking Department as Assistant Chief Bank Examiner for the past six years, has accepted the position made vacant by Mr. Whitlock's resignation.

## ANTICIPATION WARRANTS

Judging from inquiries received by this Department, many bankers are not clearly familiar with Tax Anticipation Warrants, which they accept for discount. It would be well for the bank to have its attorney pass upon their negotiability, as warrants cannot be legally issued where the taxes have not been levied for their payment. The rate of interest which they bear must also be in accordance with the provisions of the Act authorizing their issuance. These and other points are well worth remembering.



## BONDING OFFICERS AND EMPLOYEES

The Department firmly believes in its policy of requesting the bonding of active officers and employees of a State bank, and by active officers is meant those who handle cash and are a part of the working force. The bonds should be in reasonable amounts and with some reputable and well known surety company. We find reaction to this request from some State institutions, especially where the stock is largely held by the "family" or in the case of stockholders who have been long and closely associated in the bank. They advance the argument that as they (in either case) hold the majority or nearly all of the stock that there is no need of surety bonds. Bonds are for protection of depositors as well as stockholders, and a recognized, necessary expense in the conduct of a bank.

We quote just two actual illustrations:

The President of a bank, also a public official of high standing in the community, defaulted to the tune of several thousand dollars. He held considerable stock on which it was impossible to collect the assessment. In the second instance, the Cashier of the bank was a son of one of the directors; the family owned considerable stock and stood so well in the community that it was considered an insult when the directors were requested to bond the employees of the bank, yet the Cashier got away with an amount equal to the capital stock.

If the By-laws of your bank are in form such as the Department has recommended they will contain this provision—"The said executive officers shall each give bond in such amounts as may be required by the Board of Directors for the faithful performance of their duties, and the said bonds shall be in the custody of one of the directors who is not an executive officer," and this should be done by every State bank.

## OVER BANKED

Rowley's Service Bureau, in a recent bulletin, contends that the United States is over banked, there being particularly too many small banks; the average is one bank to 4,554 people. Illinois, in this respect, makes a fair showing as there is one bank to 3,746 people. Statistics show that the average bank capital in the United States per capita is \$68.63. Illinois is pretty close to this with \$64.64 per capita. There is still an over supply of banks in the United States with capital of less than \$25,000. In this regard Illinois has made much headway since the amendment of the law in 1924 prohibiting the incorporation of banks with less than \$25,000 capital, and while the law was not retroactive in this respect, much has been accomplished to increase the capital stock structure of the under capitalized banks.

### PERMITS ISSUED.

		Capital.	Surplus.	Date.
Warrensville.....DuPage.....	Warrensville State Bank.....	\$ 25,000	\$10,000	June 8, 1927
Chicago.....Cook.....	South Park Trust & Savings Bank..... 4656 Indiana Ave.	200,000	30,000	June 30, 1927

### CHARTERS ISSUED.

NONE.

### CAPITAL STOCK INCREASED.

Chicago.....Cook.....	The Bank of America.....	From \$1,500,000 to \$2,500,000	June 6, 1927
Peoria.....Peoria.....	Home Savings and State Bank.....	From 250,000 to 350,000	June 30, 1927
Shannon.....Carroll.....	State Bank of Shannon.....	DURATION EXTENDED. Extended 50 years from May 16, 1928.	

### CLOSED.

New Salem.....Pike.....	New Salem State Bank.....	June 8, 1927
Royalton.....Franklin.....	Royalton State Bank.....	June 23, 1927

(Closed for examination and adjustment.)

### LIQUIDATED.

Alhambra.....Madison.....	Citizens State Bank of Alhambra.....	June 25, 1927
	Deposit Liability Assumed by Farmers and Merchants Bank of Highland.	
Chicago.....Cook.....	Belmont Trust and Savings Bank.....	June 30, 1927
	Deposit liability assumed by Second North-Western State Bank.	
White Heath.....Piatt.....	White Heath State Bank.....	June 30, 1927
	Deposit liability assumed by Moore State Bank, Monticello.	

### RECEIVER APPOINTED.

Fairbury.....Livingston.....	Claudon State Bank.....	June 16, 1927
	Illinois State Savings Bank, Pontiac, Receiver.	
Galatia.....Saline.....	Bank of Galatia.....	June 16, 1927
	First Trust & Savings Bank of Harrisburg, Receiver.	
Harco.....Saline.....	First State Bank of Harco.....	June 16, 1927
	First Trust & Savings Bank of Harrisburg, Receiver.	
Magnolia.....Putnam.....	First State Bank of Magnolia.....	June 29, 1927
	Peoples Trust & Savings Bank of Streator, Receiver.	
Rutland.....LaSalle.....	Rutland State Bank.....	June 29, 1927
	Peoples Trust & Savings Bank of Streator, Receiver.	

### Re-OPENED.

Fisher.....Champaign.....	Fisher State Bank.....	June 28, 1927
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(Closed on request of Directors for examination and adjustment April 2, 1927.)

### TRUST CERTIFICATES ISSUED.

		Deposit.	Date.
Evanston.....Cook.....	Central State Bank of Evanston.....	\$50,000	June 8, 1927
Harrisburg.....Saline.....	First Trust & Savings Bank of Harrisburg.....	50,000	June 13, 1927
Pontiac.....Livingston.....	Illinois State Savings Bank.....	50,000	June 13, 1927
Oak Park.....Cook.....	Prairie State Bank.....	50,000	June 23, 1927
Chicago.....Cook.....	Lake View Trust and Savings Bank.....	200,000	June 28, 1927

### RECAPITULATION.

State Banks in Chicago.....	186
State Banks in Cook County, outside Chicago.....	88
State Banks in Illinois outside Cook County.....	1,080
Total.....	1,354

OSCAR NELSON  
AUDITOR OF PUBLIC ACCOUNTS

(Address all correspondence to Auditor of Public Accounts  
for attention following Departments.)

BANKING DEPARTMENT  
SPRINGFIELD OFFICE

*Chief Bank Examiner*  
E. E. NICHOLSON

*Assistants to Chief Bank Examiner*  
JUSTIN J. JAEGER  
F. A. ADAMS

TRUST DEPARTMENT

*Trust Examiner and Securities Custodian*  
W. E. TURNER

CHICAGO OFFICE

*Chief Examiner, Cook County Division*  
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*Assistant to Chief Examiner*  
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*New Banks Department and Credit Unions*  
C. F. BUCK

BUILDING AND LOAN DEPARTMENT

*Chief Examiner*  
CARL H. WEBER

*Assistant Examiner, in Charge Chicago Office*  
JOHN S. KOWALSKI

# MONTHLY BULLETIN

*Issued by*  
**OSCAR NELSON**  
**AUDITOR of PUBLIC ACCOUNTS**  
BANKING DEPARTMENT  
State of Illinois

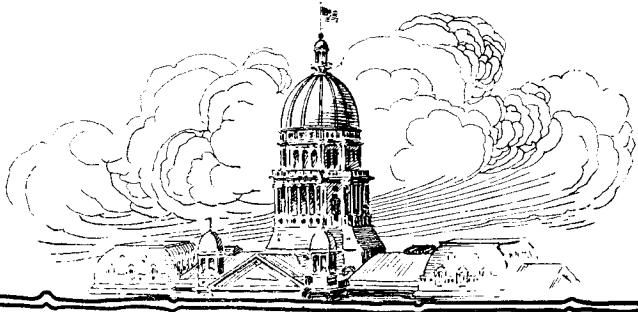
VOL. 3

SPRINGFIELD, ILL., AUGUST 1, 1927

No. 5

## DEPOSITS OF PUBLIC FUNDS

Bankers should exercise due diligence and care in connection with the acceptance of deposits of public funds. Officials entrusted with moneys of city, town, village, road district, school district or other political division as the case may be, should deposit them to the credit of such division and not to their individual accounts. This also applies to officers and agents of corporations. A case at hand notes that a surety company paid its liability on a defaulting official handling school funds but sued and recovered from the bank for carelessness in permitting the treasurer to deposit the district's money in his personal account. Even though all courts may not so decide, precaution will be a sure preventative.



## JUNE 30TH CALL

Figures compiled from the reports of the 1,353 banks reporting on the call of June 30th, show an increase in assets of \$47,730,891.00 over the March 23rd call.

The available cash reserve is approximately the same as before, being 17½%.

This call shows an increase in deposits of \$46,162,700.00; of this amount \$25,526,117.00 was in Chicago and the balance, \$20,636,583.00 was down state. The grand total of deposits including "Due to Banks" is \$2,326,465,065.00. Savings Deposits are \$905,998,884.00.

The Treasury accounts again show a substantial gain of \$2,000,000.00.

Other real estate shows a further increase of \$509,379.00.

The loans and discounts have increased since the last call in the amount of \$41,783,357.00, sixty per cent of which increase is represented by loans secured by real estate mortgages.

Municipal bonds have increased \$4,761,157.00 and Liberty Bond increases were \$7,513,052.00, while the item of "Other Bonds" evidences an increase of bonds purchased in the sum of \$14,274,217.00. Stock of the Federal Reserve Banks increased \$348,900 while United States Investments decreased \$19,101,801.00.

A very gratifying decrease is noted in Bank Borrowing; Bills Payable being down \$4,944,429.00, while Re-discounts show a decrease of \$1,536,085.00.

### STEADY IMPROVEMENT NOTED

The response to the Department's recommendations made from time to time concerning the strengthening of surplus accounts has been very gratifying as the following table will show:

CLASSIFICATION	December 31, 1925	December 31, 1926	June 30, 1927
Surplus in excess of capital.....	48	50	47
Surplus equal to capital.....	133	153	153
Surplus 75% to 99% of capital.....	54	60	63
Surplus 50% to 74% of capital.....	219	214	224
Surplus 25% to 49% of capital.....	335	337	327
Surplus less than 25% of capital.....	480	493	500
No surplus.....	126	72	39
Total number of banks.....	1,395	1,379	1,353

Since the Call reports have been received two other banks have advised that surplus accounts will be established by September at the latest and with other possibilities in sight for the close of the year the report of the next six months should show a still more marked improvement.

## FEWER AND STRONGER BANKS

At the inception of the present administration it became very apparent to this Department that Illinois was a heavily over-banked State; particularly, in its agricultural districts.

A survey of the situation revealed many communities whose wealth, population and area were barely sufficient to justify the operation of one bank, being served by two or more. Further analysis brought out the fact that unwise competitive practices such as unwarranted interest rates to depositors and injudicious credit extensions had combined to leave one or more of these small community banks in a weakened condition. In many localities it was found that such competition was carried on to such an extent as to not only affect the Bank detrimentally, but the community as well.

Our attention was, therefore, directed immediately to these weakened units whose surroundings or management were not conducive to safe and profitable bank operation, with a view toward securing better protection for their depositors and other creditors through mergers, consolidations and liquidations. In many instances we found the Bankers themselves were fully cognizant of their situation, but due to the natural feeling engendered by years of keen and often unethical competition, they were unable to meet the situation on a common ground. Under such circumstances this Department was in an admirable position to bring together the competing factions and secure to the community the strength of combination.

In reviewing our accomplishments along these lines thus far, we find a very gratifying decrease which has been carried out with comparatively small loss to bank creditors; particularly, in view of the very unfavorable economic conditions under which we have carried on during the past two and one-half years.

On January 1, 1925, there were in operation in the State of Illinois 1,403 banks. Today this number shows a net decrease to 1,354 despite the fact that this administration has issued 53 new charters. However, these new incorporations have but little effect on the situation down-state as 41 charters were issued to associations organized to serve largely in suburban Chicago and rapidly growing communities adjacent thereto. Six were issued to give effect to down-state consolidations—4 to assist in down-state reorganizations; while the remaining 2 were for new down-state organizations—one of which operated but a short while and went into voluntary liquidation, paying the creditors in full.

During this period 106 banks have ceased operation; all of which, with one exception, were down-state banks. Of this number 55 went into voluntary liquidation with full payment to the creditors; 14 were absorbed into consolidations and mergers; while 37 were forced to close their doors. In the case of the 37 closed banks, this Department was able through salvage and sale of assets to make full payment to creditors in 14 instances. Three were re-organized and re-opened and 17 placed in receivership; 3 being still in the custody of this Department.

It should be added here that 8 of these receiverships have been the result of heavy deficiencies due to official defalcations.

## PERMITS ISSUED.

			Capital Surplus.	Date.
Elmhurst.....DuPage.....	York State Bank.....		\$ 50,000 \$12,500	July 29, 1927
	572 S. York St.			

## CHARTERS ISSUED.

Chicago.....Cook.....	Cheltenham Trust & Savings Bank.....	200,000	30,000	July 7, 1927
	2900 E. 79th St. Roy P. Roberts, President. W. A. Woodsworth, Cashier.			
Cicero.....Cook.....	Mid-West State Bank.....	100,000	25,000	July 7, 1927
	5937-39 W. Roosevelt Rd. James E. Melich, President. Allin G. Arnot, Cashier.			

## CAPITAL STOCK INCREASED.

Chicago.....Cook.....	Schiff Trust & Savings Bank.....	From \$500,000 to \$600,000	July 25, 1927
Chicago.....Cook.....	Cragin State Bank.....	From 100,000 to 200,000	July 28, 1927
Chicago.....Cook.....	Columbia State Savings Bank.....	From 200,000 to 300,000	July 29, 1927

## DURATION EXTENDED.

Seaton.....Mercer.....	State Bank of Seaton 10 years from Aug. 20, 1927.....	July 11, 1927
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## LOCATION CHANGED.

Chicago.....Cook.....	Parkway State Bank from 2220 N. Clark St. to 1950 N. Clark St.....	July 8, 1927
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## LIQUIDATED.

Grant Park....Kankakee....	Grant Park State Bank.....	June 30, 1927
	Deposit liability assumed by Home State Bank of Grant Park, State Bank.	
Urbana.....Champaign.....	First <del>Urbana State Bank</del> of Urbana.....	July 5, 1927
	Deposit liability assumed by Busey's State Bank, The Urbana Banking Company and First National Bank of Urbana.	

## RECEIVER APPOINTED.

New Salem.....Pike.....	New Salem State Bank.....	July 16, 1927
	Farmers State Bank, Pittsfield, Receiver.	

## TRUST CERTIFICATE ISSUED.

Pittsfield.....Pike.....	Farmers State Bank.....	Deposit. \$50,000	July 15, 1927
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## RECAPITULATION.

State Banks in Chicago.....	187
State Banks in Cook County, outside Chicago.....	89
State Banks in Illinois outside Cook County.....	1,068
Total.....	1,354



# MONTHLY BULLETIN

*Issued by*  
**OSCAR NELSON**  
**AUDITOR of PUBLIC ACCOUNTS**  
BANKING DEPARTMENT  
State of Illinois

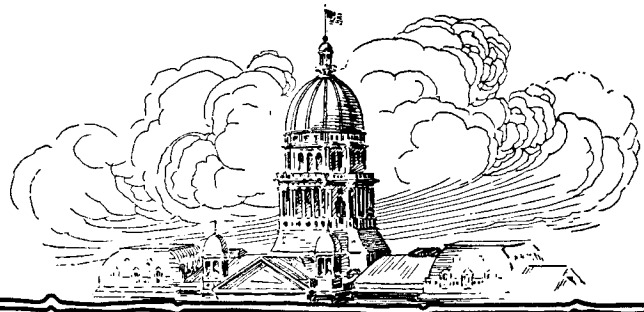
VOL. 3

SPRINGFIELD, ILL., SEPTEMBER 1, 1927

No. 6

## SECONDARY RESERVE

Much more emphasis is being put on the term "Secondary Reserve" now than ever before. Much agitation has been rife for the past three or four years until the demand for good bonds has increased many fold. Bankers should remember that in order for bonds to qualify as a "secondary reserve" they must be as available as cash. And one strong reason why bonds may be as good as cash is due to their marketability. Bonds may be said to be so good that they may be laid away and forgotten, but it is the banker who watches his bonds and the changing market who reaps the profit. The financial page of your daily paper will afford much information if carefully noted from issue to issue.



ANALYSIS OF EARNINGS, DIVIDENDS AND EXPENSES OF THE 1,353 BANKS OF ILLINOIS FOR SIX MONTHS ENDING JUNE 30, 1927

Group.....	I	II	III	IV	V	VI	VII	VIII
Number of banks.....	542	308	154	121	69	98	33	28
Classification (earning assets).....	Under \$25,000	\$250,000 to \$500,000	\$500,000 to \$750,000	\$750,000 to \$1,250,000	\$1,250,000 to \$2,000,000	\$2,000,000 to \$5,000,000	\$5,000,000 to \$10,000,000	Over \$10,000,000
<b>AVERAGES.—</b>								
1. Average Earning Assets.....	\$142,095	\$349,761	\$698,866	\$ 967,343	\$1,546,793	\$2,059,241	\$7,749,867	\$42,743,983
2. Capital, Surplus and Undivided Profits.....	38,098	74,137	144,488	177,417	250,574	479,209	1,120,171	6,791,801
3. Average Time Deposits.....	60,047	178,611	357,836	527,045	874,455	1,821,375	4,325,835	18,192,032
4. Average Gross Deposits.....	144,059	356,796	720,219	1,001,198	1,606,508	2,174,767	7,753,268	44,320,571
<b>INCOME.</b>								
5. Average Gross Earnings.....	5,372	12,673	24,319	34,694	56,384	109,873	296,645	1,561,496
<b>DEDUCTIONS.</b>								
6. Interest Paid.....	1,631	4,053	7,377	10,328	15,596	30,047	72,969	455,667
7. Expenses.....	2,772	5,929	12,261	16,994	27,912	52,755	138,078	712,820
8. Total Deductions.....	4,403	9,982	19,638	27,322	42,608	82,802	211,047	1,168,487
9. Net Profit (before losses).....	969	2,691	4,681	7,372	13,776	27,071	85,598	393,009
10. Losses on Loans, Investments, etc.....	317	961	1,224	1,771	2,864	4,066	12,149	56,917
11. Other Losses.....	1	2	15	14	6	6	519	50
12. Depreciation.....	55	121	280	317	1,961	1,103	17,097	22,242
13. Total Losses.....	373	1,084	1,519	2,102	4,825	5,175	29,265	79,239
14. Net Profit from Operation.....			3,162	5,270	8,951	21,896	55,833	313,770
15. Less Dividends Paid.....	2	1	2,271	3,026	5,900	11,351	40,325	190,735
16. Carried to Undivided Profits.....	74	382	891	2,244	3,051	10,545	15,508	123,038
<b>RATIOS.—</b>								
17. Gross Earnings to Earning Assets.....	3.75%	3.62%	3.48%	3.59%	3.64%	5.34%	3.98%	3.65%
18. Interest Paid to Gross Earnings.....	30.36%	31.98%	30.33%	29.77%	27.66%	27.35%	24.60%	29.18%
19. Expenses to Gross Earnings.....	51.60%	46.78%	50.42%	48.95%	47.91%	48.01%	46.55%	45.65%
20. Losses on Loans and Investments to Gross Earnings.....	6.00%	7.58%	5.03%	5.10%	5.07%	3.70%	4.05%	3.65%
21. Net Profit after Losses and Depreciation to Gross Earnings.....	11.09%	12.65%	13.00%	15.19%	15.87%	19.92%	18.82%	20.09%
22. Dividends paid to Capital, Surplus and Undivided Profits.....	1.37%	1.69%	1.57%	1.70%	2.35%	2.37%	3.60%	2.81%
23. Net Profit after Losses and Depreciation to Capital, Surplus and Undivided Profits.....	1.86%	2.17%	2.18%	2.87%	3.57%	4.57%	4.88%	4.62%
24. Interest Paid to Average Gross Deposits.....	1.13%	1.14%	1.02%	1.03%	0.97%	1.38%	0.94%	1.03%
25. Time Deposits to Gross Deposits.....	41.68%	50.05%	49.68%	52.64%	54.43%	83.75%	55.77%	41.03%
26. Capital, Surplus and Undivided Profits to Gross Deposits.....	26.45%	20.78%	20.06%	17.72%	15.59%	22.03%	14.44%	15.32%

STATE BANKS

According to the report of R. N. Sims, Secretary of the National Association of Supervisors of State Banks as submitted to the recent Convention of that organization at Richmond, Virginia, Illinois has more State banks than any State in the Union. In the matter of capital, surplus and undivided profits, it stands fourth on the list; Massachusetts, New York and Pennsylvania ranking ahead. This is also true with deposits; Illinois having \$2,280,000,000.00, New York \$11,226,000,000.00, Massachusetts \$3,043,000,000.00 and Pennsylvania \$2,561,000,000.00. New Mexico has but thirty

banks, with a combined capital, surplus and undivided profits of \$1,696,814.00 and deposits of only \$9,232,531.00. At the close of business March 23, 1927, there were 27,425 banks in the United States, 19,597 of which were State institutions and the balance 7,828 were National banks. The total deposits of all banks showed an increase of \$1,182,399,591.00 above the previous high record of April 12, 1926. The total resources amounted to the enormous sum of \$65,745,808,000.00. The deposits aggregated 55½ billions of dollars. The report further shows a decrease of 1,388 banks in the United States in the past 12 months.

CHARTERS ISSUED.

	Capital.	Surplus.	Date.
Biggsville.....Henderson.....First State Bank of Biggsville.....	\$25,000	\$5,000	Aug. 25, 1927
Frank E. Abbey, President. A. P. McHenry, Cashier.			

CAPITAL STOCK INCREASED.

Chicago.....Cook.....Madison and Kedzie State Bk. From \$1,000,000 to \$1,350,000	Aug. 3, 1927
Clearing.....Cook.....State Bank of Clearing.....From 25,000 to 100,000	Aug. 5, 1927

LIQUIDATED.

St. Augustine..Knox.....The Bank of St. Augustine.....	Aug. 31, 1927
Placed in voluntary liquidation by directors.	

RECEIVER APPOINTED.

Hooppole.....Henry.....Farmers State Bank of Hooppole.....	Aug. 17, 1927
Mr. Jacob H. Bennison, Kewanee, Receiver.	
Annawan.....Henry.....Farmers State Bank of Annawan.....	Aug. 20, 1927
Mr. W. W. Calhoun, Kewanee, Receiver.	
West End.....Saline.....State Bank of West End.....	Aug. 24, 1927
First Trust & Savings Bank of Harrisburg, Receiver.	

OTHER CHANGES.

Abingdon.....Knox.....First State and Savings Bank purchased the deposit liability of the First National Bank of Abingdon.....	Aug. 27, 1927
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TRUST CERTIFICATE ISSUED.

	Deposit.	
Libertyville...Lake.....The First National Bank of Libertyville.....	\$50,000	Aug. 31, 1927

RECAPITULATION.

State Banks in Chicago.....	187
State Banks in Cook County, outside Chicago.....	89
State Banks in Illinois outside Cook County.....	1,077
Total.....	1,353

# MONTHLY BULLETIN

*Issued by*  
**OSCAR NELSON**  
**AUDITOR of PUBLIC ACCOUNTS**  
BANKING DEPARTMENT  
State of Illinois

VOL. 3

SPRINGFIELD, ILL., OCTOBER 1, 1927

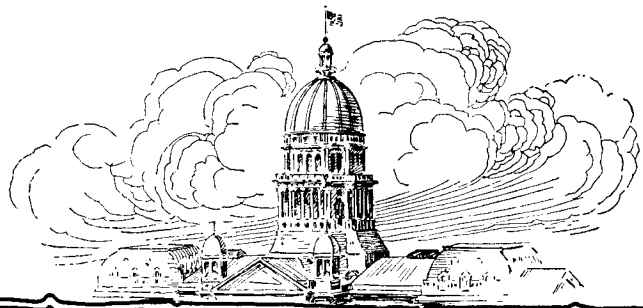
No. 7

## CREDITING UNCOLLECTED FUNDS

A recent experience brought to the attention of the Department emphasizes the importance of the customer's knowledge of the fact that funds credited before collection will be charged back immediately if the item be returned unpaid.

No doubt a great many banks take the precaution to acquaint their customers with this fact at the time the bank account is opened, by having the agreement appear in printed form on the customer's signature card, as well as having the information also appear in printed form on each deposit ticket.

Experience is a good teacher but don't wait for it; correct your records now.



## OUR AIM

The great objective consistently sought by this Department is, and always has been, to convert the supervisory powers conferred upon it by statute into real service to the banks under its jurisdiction. Our entire organization has been designed to extend service rather than exert irksome supervision. Our wide experience with banks, and the banking situation in general, is being constantly placed at the disposal of the bankers. In the course of a month's time a great volume of valuable information is cleared through this Department to the State Bankers of Illinois. What we learn from the misfortune of one bank, we endeavor to convert to the benefit of all the rest. When a State Bank fails in Illinois we immediately make it our business to learn the cause. We study its career, its management, its investments and surrounding conditions, and our findings are always applied to save other banks from a similar fate.

Our supervisory duties are imposed upon us by law to insure the safety of the depositor's funds. At the same time there is nothing more desirable to any banker than to have his bank in an ABSOLUTELY SAFE condition. To this Department safety is a matter of duty; to the banker, not only a matter of duty, but of pride. Obviously, we share a common objective.

One of the most distinctive features of our service is the duplicate Examiner's Report. The examination is required by law and when the Examiner makes his report of the examination to this Department, the law has been complied with and unless the provisions of the Banking Act are being violated or the bank is in an unsafe condition no further action is legally required of this Department. However, at this point an opportunity presents itself for a real service to the bank. The institution has been thoroughly examined by a disinterested person and a careful appraisal made of its assets. A report of this kind should prove very valuable to the Board of Directors.

Within ten days a complete report, made up from the Examiner's findings and appraisal, is placed in the Directors' hands. In this report the bank's condition is shown; its loans and investments classified and appraised; criticisms and suggestions offered in connection with its system of accounting; in short, a complete picture of their bank drawn by a person who has no interest in the institution, whose judgment is absolutely unbiased and whose opinions are wholly uninfluenced.

Attached to this report will be found a letter of comment written after a careful study and analysis of the Report has been made. This letter in reality represents the interest that this Department takes in its State Banks, and the constructive criticism therein contained is well worthy of the careful and serious consideration of the Officers and Directors.

## LIQUIDATING SLOW ASSETS

The problem now of utmost concern to the average Banker is the liquidation of slow assets, or "frozen paper" as the term now obtains. It is granted, of course, that some loans are so completely congealed that no method so far proposed can have, or at least has had, the salutary effect desired; that is, thawing out. But many reports have been received from Bankers throughout the State regarding their experiences in connection with the collection of obligations that at one time seemed impossible of action.

The general trend of these advices is highly encouraging and point to the practicability of the plan of amortization on installment note system. This consists of taking a series of notes at maturity for a short period of renewal. For example; if a borrower owes a banking institution \$3,000 which is due, the cashier or executive officer proposes to the customer the renewal of, say \$2,900 for six months and \$100 for three months, with the distinct understanding that the latter is to be paid at maturity. This process is then repeated at the expiration of the three months' period and continued on from time to time until the loan is finally liquidated, or is brought down to a sum commensurate with the borrower's financial ability to pay within a reasonable time. In other words, it is transformed from a frozen asset to a liquid one.

The one outstanding benefit derived from such a process is the fact that it impresses upon the customer his sense of duty and responsibility to the Bank. Many borrowers after many periods of renewals of obligations become calloused to the fact that they are indebted to the Bank in the sum of the principal, and feel that when the interest on the note has been paid regularly, their duty has been satisfactorily discharged, as the Bank must loan to earn. This fallacy should be supplanted with a realization of a borrower's duty in connection with the maintenance of proper credit with his banker and, perhaps, no other plan will succeed quite as well as the system herein outlined.

## OVERDRAFTS

Inquiries are continually made of the Department as to some plan to eliminate overdrafts. The following is one banker's idea:

Beginning on Monday, \_\_\_\_\_, this bank will make a charge of fifty cents for entering each check that creates or continues an overdraft against the account of the person by whom the check was drawn.

The bank reserves the right and option of refusing to pay any check that would create or continue an overdraft.

If such a check is paid by the bank and entered on the books a service charge of fifty cents will be made for granting the temporary loan to the person who drew the check.

This rule has been adopted by many other banks and it will be strictly enforced.

The way to avoid the application of this rule is for a depositor to know his exact balance at all times.

PERMITS ISSUED.

Elmwood Pk. Cook.....	Westwood State Bank.....	Capital. Surplus.	Date.
	12 Broadway Circle.	\$25,000 \$5,000	Sept. 8, 1927

CAPITAL STOCK INCREASED.

✓ Chicago..... Cook.....	West Irving State Bank.....	From \$100,000 to \$200,000	Sept. 26, 1927
Chicago..... Cook.....	Ashland Sixty-Third State Bank.....	From 200,000 to 300,000	Sept. 30, 1927

CAPITAL STOCK DECREASED.

Rankin..... Vermilion..	Rankin-Whitham State Bank.....	From 100,000 to 50,000	Sept. 13, 1927
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CLOSED.

Kewanee..... Henry.....	Savings Bank of Kewanee.....	Sept. 16, 1927
Buda..... Bureau.....	Citizens State Bank of Buda.....	Sept. 17, 1927
	(Closed on request of Directors.)	

LIQUIDATED.

✓ Illiopolis..... Sangamon..	Illiopolis State Bank.....	Sept. 13, 1927
	Purchased by Farmers State Bank of Illiopolis.	

OTHER CHANGES.

Chicago..... Cook.....	Ashland Sixty-Third State Bank assumed the deposit liability and took over the assets of the West Englewood National Bank.....	July 30, 1927
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TRUST CERTIFICATES ISSUED.

Forest Park.. Cook.....	Harlem State Savings Bank.....	Deposit.	
		\$50,000	Sept. 28, 1927

RECAPITULATION.

State Banks in Chicago.....	187
State Banks in Cook County, outside Chicago.....	89
State Banks in Illinois outside Cook County.....	1,074
Total.....	1,350

# MONTHLY BULLETIN

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State of Illinois

VOL. 3

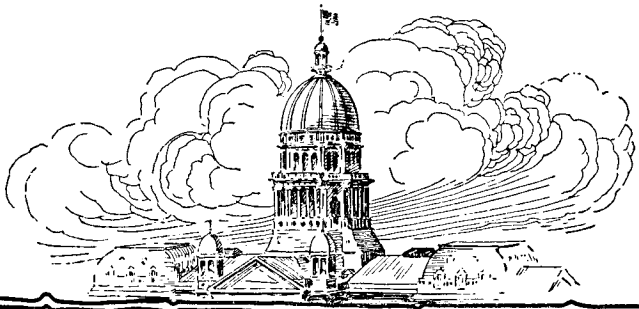
SPRINGFIELD, ILL., NOVEMBER 1, 1927

No. 8

## RESERVE BALANCES

In reviewing reports of a number of State banks attention is drawn to the practice by some institutions of carrying the major portion of the reserve balance with a bank, perhaps in the same county or in some nearby city or with a friendly banker. If these were personal funds so deposited, there could be no right of criticism, but when the money so deposited is a trust, the agent responsible for its care should use the utmost diligence in selecting the most acceptable depository for the same.

Obviously only banks in a reserve city should be selected. And the Department defines a reserve city bank as a solvent bank with at least \$200,000 capital and assets sufficiently diversified and liquid to meet the varying demands of correspondents' balances. The "tickle me, and I will tickle you" policy in the matter of bank deposits has long been discarded by conservative and progressive bankers. The reciprocal bank balance idea was prevalent many years ago, but under our modern and efficient system of bank collections, there is no need nor demand for such banking. There are few institutions of the class with limited resources that are equipped to handle surplus funds for a correspondent. Ambition oft times leads a banker to reach out for additional business along this line, but we are of the opinion that if just a moment's serious and analytical thought were to be given, the impracticability of properly handling this class of business would be most apparent. We trust this matter will be given serious contemplation.



RECAPITULATION.

Aggregate Resources and Liabilities of the 1,348 Illinois State Banks in the entire State at the close of business October 10, 1927, as compared with statement issued by the department June 30, 1927.

Resources.

	Preceding call of June 30, 1927, number of banks, 1,353.	Date, present call of Oct. 10, 1927, number of banks, 1,348.	Increase.	Decrease.
<b>Loans:</b>				
Loans on real estate.....	\$ 293,759,054 71	\$ 284,812,381 89		\$ 8,946,672 82
Loans on collateral security.....	724,799,597 75	791,552,362 62	\$66,752,764 87	
Other loans.....	629,936,124 96	615,680,465 70		14,255,659 26
Total Loans.....	1,648,494,777 42	1,692,045,210 21		
Overdrafts.....	1,076,554 81	1,391,406 46	314,851 65	
<b>U. S. Government Investments:</b>				
Liberty Loan Bonds (all issues).....	123,897,641 69	78,801,266 52		50,096,375 17
Other United States investments.....	42,791,604 67	101,421,550 37	58,639,945 70	
Total U. S. Government Investments.....	171,689,246 36	180,322,816 89		
<b>Other Bonds and Stocks:</b>				
State, county and municipal bonds.....	126,423,700 53	134,903,657 77	8,479,957 24	
Other bonds.....	301,410,135 86	285,592,272 93		15,817,862 93
Stock of Federal Reserve Bank.....	4,884,904 33	4,015,938 00		868,966 33
Total Other Bonds and Stocks.....	432,718,740 72	424,511,868 70		
<b>Banking House, Furniture and Fixtures:</b>				
Banking house.....	45,474,813 16	48,083,023 13	2,558,209 97	
Furniture and fixtures.....	14,758,490 22	14,816,152 62	57,662 40	
Total Banking House, Furniture and Fixtures.....	60,233,303 38	62,899,175 75		
Other Real Estate.....	10,923,164 77	11,616,656 84	688,492 07	
<b>Due from Banks:</b>				
State.....	60,019,051 24	62,349,588 24	2,330,537 00	
National.....	128,570,454 34	127,821,380 30		749,074 04
Private or foreign.....	11,186,072 34	11,167,718 40		1,846 06
Federal Reserve Bank.....	65,321,049 64	93,831,528 69	28,510,479 05	
Total Due from Banks.....	265,076,627 56	295,170,215 63		
<b>Cash on Hand:</b>				
Paper currency.....	36,879,788 00	36,601,985 00		277,803 00
Gold coin.....	2,432,911 00	2,136,467 00		296,444 00
Silver and minor coin.....	3,875,142 47	3,586,289 02		288,853 45
Total Cash on Hand.....	43,187,841 47	42,324,741 02		
<b>Other Cash Resources:</b>				
Exchanges for clearing house.....	50,621,479 24	44,036,424 81		6,585,044 43
Checks and other cash items.....	7,909,645 64	5,303,115 16		2,606,530 48
Collections in transit.....	41,375,736 64	32,422,171 65		8,953,564 99
Total Other Cash Resources.....	99,906,861 52	81,761,721 62		
<b>Customers' Liability Under Letters of Credit:</b>				
.....	17,692,177 42	17,191,301 88		500,875 54
<b>Customers' Liability Account of Acceptances:</b>				
.....	13,080,365 53	18,424,799 43	5,344,433 90	
<b>Other Resources:</b>				
.....	14,778,798 26	15,439,091 36	660,293 10	
<b>Grand Total Resources.....</b>	<b>\$2,778,863,449 22</b>	<b>\$2,843,049,005 79</b>	<b>\$64,185,556 57</b>	

Liabilities.

	Preceding call of June 30, 1927, number of banks, 1,353.	Date, present call of Oct. 10, 1927, number of banks, 1,348.	Increase.	Decrease.
<b>Capital Stock.....</b>	<b>\$ 173,570,500 00</b>	<b>\$ 176,685,500 00</b>	<b>\$ 3,115,000 00</b>	
<b>Surplus.....</b>	<b>123,744,692 44</b>	<b>124,003,033 88</b>	<b>258,341 44</b>	
<b>Undivided Profits (net).....</b>	<b>45,928,461 86</b>	<b>51,636,401 31</b>	<b>5,707,939 45</b>	
<b>Deposits:</b>				
<b>Time:</b>				
Savings, subject to notice.....	905,998,884 44	899,369,406 22		\$ 6,629,478 22
Time certificates.....	184,900,951 97	195,160,641 29	10,259,689 32	
Total Time Deposits.....	1,090,899,836 41	1,094,530,047 51		
<b>Demand:</b>				
Demand, subject to check.....	1,024,655,367 59	1,078,985,259 31	54,329,891 72	
Demand certificates.....	61,661,682 48	51,869,918 42		9,791,764 06
Certified checks.....	6,258,065 94	6,724,096 18	466,030 24	
Cashier's checks.....	21,815,643 99	23,516,276 02	1,700,632 03	
Total Demand Deposits.....	1,114,390,760 00	1,161,095,549 93		
<b>Due to Banks:</b>				
State.....	77,701,252 64	98,704,089 41	21,002,836 77	
National.....	37,296,017 47	22,895,355 29		14,400,762 18
Private or foreign.....	4,824,983 56	7,102,653 68	2,277,670 12	
Federal Reserve Bank.....	1,352,215 48	3,507,300 00	2,155,144 52	
Total Due to Banks.....	121,174,469 15	132,208,758 38		
<b>Dividends Unpaid.....</b>	<b>3,605,288 77</b>	<b>211,257 02</b>		<b>3,394,031 75</b>
<b>Reserve:</b>				
For taxes and interest.....	11,071,379 94	16,059,673 49	4,988,293 55	
For depreciation, building and fixtures.....	2,378,104 95	2,380,628 70	2,523 75	
For bond depreciation.....	7,081,752 81	7,521,219 70	439,466 89	
Contingent fund.....	13,920,728 56	14,995,894 27	1,075,165 71	
Total Reserve.....	34,451,966 26	40,957,416 16		
<b>Bills Payable and Rediscounts:</b>				
Bills payable.....	14,794,532 07	11,217,077 70		3,577,454 37
Rediscounts.....	4,753,943 40	2,367,364 40		2,386,579 00
Total Bills Payable and Rediscounts.....	19,548,475 47	13,584,442 10		
<b>Letters of Credit.....</b>	<b>18,130,321 33</b>	<b>16,975,523 32</b>		<b>1,154,798 01</b>
<b>Bank Acceptances.....</b>	<b>13,079,203 07</b>	<b>18,477,700 26</b>	<b>5,398,497 19</b>	
<b>Other Liabilities.....</b>	<b>20,339,474 46</b>	<b>12,683,375 92</b>		<b>7,656,098 54</b>
<b>Grand Total Liabilities.....</b>	<b>\$2,778,863,449 22</b>	<b>\$2,843,049,005 79</b>	<b>\$64,185,556 57</b>	
<b>Total Capital, Surplus, Undivided Profits and Reserve.....</b>	<b>\$ 377,695,620 56</b>	<b>\$ 393,282,351 35</b>	<b>\$15,586,730 79</b>	
<b>Total Deposits.....</b>	<b>2,326,465,065 56</b>	<b>2,387,834,395 82</b>	<b>61,369,330 26</b>	
<b>Total Due from Banks, Cash and Other Cash Resources.....</b>	<b>408,171,320 55</b>	<b>419,256,678 28</b>	<b>11,085,357 73</b>	
<b>Per cent of Available Reserve.....</b>	<b>17.54%</b>	<b>17.50%</b>		



CHARTERS ISSUED.

	Capital	Surplus	Date.
Chicago...Cook.....Old Colony State Bank..... 1215 North Clark St. Arvid L. Peterson, President. Charles H. Waterman, Cashier.	\$200,000	\$40,000	Oct. 5, 1927
Elmhurst...DuPage...York State Bank..... 572 South York St. August A. Timke, President. Joe Reilly, Cashier.	50,000	7,500	Oct. 21, 1927

CAPITAL STOCK INCREASED.

LaGrange...Cook.....LaGrange Trust and Savings Bank..	From \$ 100,000 to \$ 200,000	Oct. 19, 1927
Chicago...Cook.....State Bank of Chicago.....	From 2,500,000 to 5,000,000	Oct. 27, 1927

LOCATION CHANGED.

Chicago...Cook.....Lake State Bank from 186 North State Street to 203 North Wabash Ave.	Oct. 1, 1927
Villa Park...DuPage...State Bank of Villa Park from 212 Villa Avenue to 340 South Ardmore Avenue.	Oct. 19, 1927

LIQUIDATED.

Atkinson...Henry...Farmers State Bank of Atkinson..... Deposit liability assumed by Atkinson Trust & Savings Bk.	Oct. 26, 1927
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CLOSED.

Benton...Franklin...Mercantile Bank and Trust Company.....	Oct. 3, 1927
Aurora...Kane...Aurora Trust and Savings Bank.....	Oct. 8, 1927
Mansfield...Piatt...State Bank of Mansfield..... (Closed for examination and adjustment on request of Directors.)	Oct. 8, 1927

RECEIVER APPOINTED.

Royalton...Franklin...Royalton State Bank..... Albert E. Pike of Christopher, Receiver.	Oct. 19, 1927
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TRUST CERTIFICATES ISSUED.

	Deposit.	
Sterling...Whiteside...Central Trust & Savings Bank, Sterling.....	\$ 50,000	Oct. 6, 1927
Berwyn...Cook...First National Bank of Berwyn.....	50,000	Oct. 11, 1927
Chicago...Cook...Chicago Lawn State Bank.....	200,000	Oct. 13, 1927

OTHER CHANGES.

Village of Mount Greenwood, Cook County, annexed to the City of Chicago.

RECAPITULATION.

State Banks in Chicago.....	189
State Banks in Cook County, outside Chicago.....	89
State Banks in Illinois outside Cook County.....	1,071
Total.....	1,348

ADDENDUM.

As the Bulletin goes to press the announcement is made that the Broadway Trust & Savings Bank of Aurora opens its doors with a capital of \$200,000, and surplus of \$200,000. This institution succeeds the Aurora Trust and Savings Bank recently closed through defalcation of its former President.

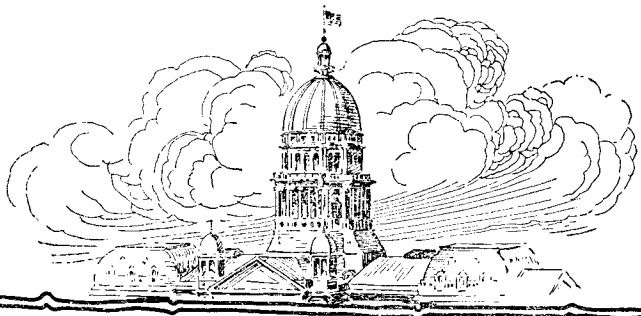
# MONTHLY BULLETIN

*Issued by*  
**OSCAR NELSON**  
**AUDITOR of PUBLIC ACCOUNTS**  
BANKING DEPARTMENT  
State of Illinois

VOL. 3      SPRINGFIELD ILL., DECEMBER 1, 1927      No. 9

## TRUSTS

An article recently published in a banking journal of merit, referred to the trust business as a rapidly growing affair. No one now-a-days considers the personal equation in the matter of trusteeship. Insurance companies have long since demonstrated their need and have created endless estates that would otherwise never have been brought into being. Illinois banks with Trust Departments are in the same way filling a need in not only caring for living trusts but in supervising estates. Trust Departments of banks are officered by men who have had experience in investing money and in addition thereto their actions are usually subject to approval by the Courts, all of which tends towards increasing the confidence in trust business which is rapidly growing in favor.



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## CORPORATE RECORDS

Answering inquiries relative to proper method of keeping minutes of directors' meetings, the Department offers the following, with the suggestion that they be entered in a bound book, or in a loose-leaf binder, equipped with lock and pages numbered:

Date.....

The regular meeting of the Directors of the.....  
Bank was held at..... on..... with the following members of the Board present (list attendance).

The minutes of the previous meeting were read and approved. Reports of the Executive Committee and the President were read and accepted. The Cashier presented his monthly report, showing various changes in assets and liabilities occurring since previous report. Report of Loan Committee was then read showing list of notes made or renewed during past month, as follows: (Here insert list showing number of note, maker, amount, maturity and amount of borrowers previous loan, if any; also, collateral or other security. If any securities have been purchased these should also be listed and read, and the further suggestion is offered that, notes maturing during the month should also be listed, discussed and instructions given the officers relative to their collection or renewal).

On motion of..... seconded by.....  
they were approved by vote of: Ayes.....; Nays.....

The monthly expense account was submitted by the Cashier and on motion of..... seconded by.....  
the items shown therein were approved by a vote of: Ayes.....; Nays.....

There being no further business the meeting adjourned.

.....  
President.

Attest:

Cashier  
or  
Secretary.

### PROTESTING OF CHECKS

The following inquiry was recently made by a Wisconsin Banker:

"There is one point that comes up every day in banking on which I am not entirely clear, and I believe many other bankers are somewhat hazy on the subject, and that is the protesting of checks. I am not always certain as to when a check must be protested and do not believe I am clear on the theory of it. For instance, should a post-dated check be protested? ....."

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The following reply was made by Mr. L. B. Rowley, Editor of the Rowley Service Bureau of Madison, Wisconsin:

"First, let us get clearly in mind that the Negotiable Instruments Law, which is now in effect in all the States, provides (1) 'A check is a bill of exchange drawn on a bank, payable on demand. Except as herein otherwise provided, the provisions of this act applicable to a bill of exchange payable on demand apply to a check.'

Another section of the Negotiable Instruments Law provides: (2) 'An inland bill of exchange is a bill which is, or on its face purports to be, both drawn and payable *within this state* (within the same state). Any other bill is a foreign bill. Unless the contrary appears on the face of the bill, the holder may treat it as an inland bill.'

Another section provides, (3) 'Where any negotiable instrument has been dishonored it *may be protested* for non-acceptance or non-payment, as the case may be, but protest is not required except in the case of foreign bills of exchange.' So we have this situation: Neither a draft nor a check on a bank need be protested if they are drawn in Wisconsin and payable in Wisconsin, (this applies also to any state), but both a check and a draft *may be protested* when they are both drawn and payable in the same state. Whenever a check or draft is drawn in one state and payable in another state, it is a foreign bill of exchange and must be protested. This, however, is to be determined from the fact of the instrument and in all cases where a doubt arises, the safest method is to protest.

On inland bills of exchange (drafts and checks) all that is necessary to hold all parties is notice of presentment, demand and dishonor. On foreign bills protest is necessary or it discharges drawers and endorsers. Where the bill contains a waiver of protest, protest is not necessary.

There is one phase of the subject to which banks should give thought. That is that where protest is not necessary but is merely premissive, it does not give the right to collect protest fees from the drawer of the instrument if he objects, and a number of courts have held that if he is charged such fees he can recover them in an action.

The question is asked whether post-dated checks should be protested. I take this to mean: 'If a post-dated check is forwarded for collection and payment is refused when presented for payment prior to its date, should it be protested?' The answer to this is: 'No, it should not.' Protest only lies against the acceptance of a draft on presentment for acceptance, or on the dishonor of a draft or check *on the date on which it is payable*. Protest except for those two reasons is a *wrongful protest* and one for which the drawer can recover damages for injury to credit."

PERMITS ISSUED.

		Capital.	Surplus.	Date.
Oak Park.....Cook.....	Fair Oaks State Bank.....	\$100,000	\$10,000	Nov. 10, 1927
	72 West North Avenue.			
Chicago.....Cook.....	Empire Trust and Savings Bank.....	200,000	20,000	Nov. 10, 1927
	S. W. Cor. Crawford and School Streets.			

CHARTERS ISSUED.

✓ Aurora.....Kane.....	Broadway Trust & Savings Bank of Aurora.....	200,000	200,000	Nov. 2, 1927
	George W. Alschuler, President. Harry D. Mombieau, Cashier.			
✓ Chicago.....Cook.....	Exchange State Bank of Chicago.....	200,000	50,000	Nov. 18, 1927
	329-331 South Wood St. R. H. H. Luckenbill, President. Hugh McNeff, Cashier.			

CAPITAL STOCK INCREASED.

✓ Villa Park.....DuPage.....	State Bank of Villa Park.....	From \$25,000 to \$50,000	Nov. 9, 1927
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NAME CHANGED.

✓ Chicago.....Cook.....	Lake State Bank to Old Dearborn State Bank.....	Nov. 22, 1927
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LIQUIDATED.

✓ Chicago.....Cook.....	Continental and Commercial Trust and Savings Bank through the Continental and Commercial National Bank.....	Nov. 30, 1927
✓ Woodstock.....McHenry.....	Farmers Exchange State Bank..... (To consolidate with American National Bank of Woodstock.)	Nov. 30, 1927

CLOSED.

Rock Island.....Rock Island.....	First Trust and Savings Bank of Rock Island.....	Nov. 18, 1927
Astoria.....Fulton.....	Peoples State Bank of Astoria.....	Nov. 30, 1927
	(Closed for examination and adjustment on request of Directors.)	

RECEIVER APPOINTED.

Buda.....Bureau.....	Citizens State Bank of Buda. Charles M. Boyden, Sheffield, Receiver.
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TRUST CERTIFICATES ISSUED.

	Deposit.	
Woodstock.....McHenry.....	The State Bank of Woodstock.....	\$ 50,000 Nov. 10, 1927
Sterling.....Whiteside.....	Sterling National Bank.....	50,000 Nov. 10, 1927
Aurora.....Kane.....	Broadway Trust & Savings Bank of Aurora.....	50,000 Nov. 29, 1927
Mt. Carmel.....Wabash.....	American National Bank of Mt. Carmel.....	50,000 Nov. 29, 1927
Chicago.....Cook.....	Continental and Commercial National Bank.....	500,000 Nov. 30, 1927

RECAPITULATION.

State Banks in Chicago.....	189
State Banks in Cook County, outside Chicago.....	88
State Banks in Illinois outside Cook County.....	1,069
Total.....	1,346