

# MONTHLY BULLETIN

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

Vol. 4

SPRINGFIELD, ILL., January 1, 1929

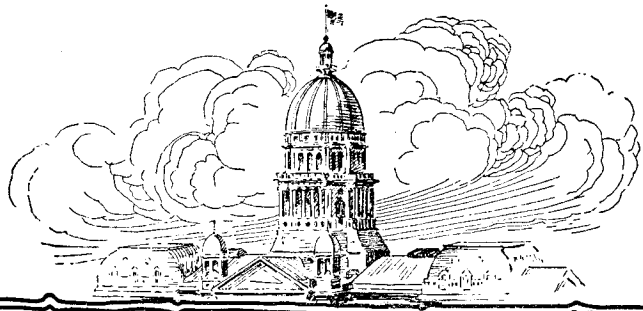
No. 10

## TIME'S IMPRINT

Unceasingly time goes on. In its haltless march it leaves here and there an imprint to mark its progress. One of these we recognize at this time as NEW YEAR'S DAY.

The efforts of the past are now almost forgotten as the hopes, ambitions and expectations of the future crowd in upon us. If, in the ashes and embers of what is now yesterday, we see a vision of tragedies or errors, may we at this time up-lift our eyes to the sunlight of tomorrow where the dream picture of the future will kindle as ever in the human breast that eternal hope which buoys us on to greater and better accomplishments.

It is our sincere wish that from the earth's abundance, you and yours may have a generous share during the year 1929.



## AN APPRECIATION

We are about to enter upon another four-year term and at this time we take the opportunity of expressing our gratitude to the Bankers of Illinois for the splendid co-operation rendered this administration. Such success as we have had in supervising the banks under our jurisdiction has come largely through the response to all of our requests and suggestions. We all realize that without united effort no great nor good thing can be accomplished.

Our policy in the past has been that of constructive criticism and shall be in the future. We have tried to keep in close touch with the bankers' problems through this medium and it is gratifying to know that the "Bulletin" has been so well received. Our justly prideful aim is to have the best banks in the Union operated in Illinois under the supervision of the State Banking Department.

We thank you.

---

## STOCK TRANSFERS

In answer to many inquiries we call attention to that portion of Section Six of the Banking Act which requires that all Certificates of Transfer of Stock must be filed with the office of the Recorder of Deeds of the County in which the bank is located within ten days after such transfer is executed.

This is very important and our Examiners are instructed to check thoroughly the stock records and transfers. In order that they may have no objections on this point, we urge that this matter be given earnest attention in the future.

---

## "OTHER REAL ESTATE"

The Department is desirous that all bank statements reflect the true condition of the institutions which they represent. While there is no disposition upon the part of the banker to misrepresent, yet through a lack of complete understanding the true condition of the "other real estate" account is not shown.

If a bank holds a real estate mortgage upon which it is necessary to foreclose, this item cannot be taken over into the "other real estate" account until the redemption period has expired and the title has be-

come absolute in the corporation, but when this has occurred or when some borrower has surrendered to the bank a deed in lieu of the mortgage, then, this obligation should be transferred from the real estate loans to the "other real estate" account.

In making examinations within the last few months our Examiners have noted a great many instances where obligations representing "other real estate" are not carried in the "other real estate" account. While it is true that it does not improve the appearance of a bank's statement to transfer from the mortgage account to the "other real estate" account, yet it does give the correct analysis of the bank's condition and should at all times be so shown.

In taking over instruments transferring the title from a borrower to the corporation, the Directors should have a thought in regard to this matter so that no excess loans are created as there have been occasions where the Directors became liable for an excess loan.

While the sale of farm lands has not been restored to normal, yet there is an increase in inquiries which indicates an interest in farm land. The Department is firmly of the belief that land will move at a better rate and better price within a short period and we urge every bank that is burdened with "other real estate" to use every effort during the next twelve months to dispose of the same. In some instances where property is held subject to an outstanding mortgage, there may be a small loss on the equity held and it may be better to charge this off rather than to put out additional funds to take up the outstanding indebtedness and thus create a larger liability for the bank, which in the end might still result in a loss.

---

## THE 1928 RECORD

On January 1, 1928 there were 1345 State Banks. During the year there were fourteen (14) that closed their doors, of which only five (5) were considered failures as these were placed in the hands of Receivers for dissolution; the other nine (9) were either reorganized or sold to other institutions without any loss to the Depositors.

During the past year there have been four (4) consolidations and twenty-six (26) voluntary liquidations through mergers with other institutions; one bank which closed in 1927 was reorganized and reopened during the past year.

Twenty-three (23) charters were issued during the year and deducting the banks which have liquidated and adding the new charters leaves a total at the beginning of January 1, 1929 of 1328 banks.

## PERMITS ISSUED.

		Capital.	Surplus.	Date.
Chicago.....Cook.....	Rawson State Bank..... 7 South Dearborn St.	\$200,000	\$25,000	Dec. 21, 1928

## CHARTERS ISSUED.

✓ Griggsville.....Pike.....	Griggsville State Bank..... S. S. Bradshaw, President. Samuel D. Elzeu, Cashier.	25,000	25,000	Dec. 6, 1928
✓ Chicago.....Cook.....	South Central State Bank..... 9 East 79th Street. Joseph E. Hitt, President. Frank R. Hanrahan, Cashier.	200,000	25,000	Dec. 10, 1928
✓ Moweaqua.....Shelby.....	State Bank of Moweaqua..... Herbert Mohler, President. Paul W. Neff, Cashier.	25,000	10,000	Dec. 22, 1928
/ Chicago.....Cook.....	Main State Bank..... 2652-2654 West North Avenue. Josef Rusnak, President. Emil Herzog, Cashier.	200,000	50,000	Dec. 24, 1928
✓ Chicago.....Cook.....	Rawson State Bank..... 7 South Dearborn Street. Craig B. Hazlewood, President. John J. Anton, Cashier.	200,000	25,000	Dec. 24, 1928

## LIQUIDATED.

✓ Griggsville.....Pike.....	Illinois Valley Bank through Griggsville State Bank..	Dec. 6, 1928
✓ Claytonville.....Iroquois.....	Citizens State Bank of Claytonville through Claytonville State Bank.....	Dec. 29, 1928

## TRUST CERTIFICATES ISSUED.

		Deposit.	
Chicago.....Cook.....	Hatterman & Glanz State Bank.....	\$200,000	Dec. 1, 1928
New York.....	The Commercial National Bank and Trust Company .....	50,000	Dec. 14, 1928

## RECAPITULATION.

State Banks in Chicago .....	194
State Banks in Cook County, outside Chicago.....	89
State Banks in Illinois outside Cook County.....	1,045
Total .....	1,328

# MONTHLY BULLETIN

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

VOL. 4

SPRINGFIELD, ILL., FEBRUARY 1, 1929

NO. 11

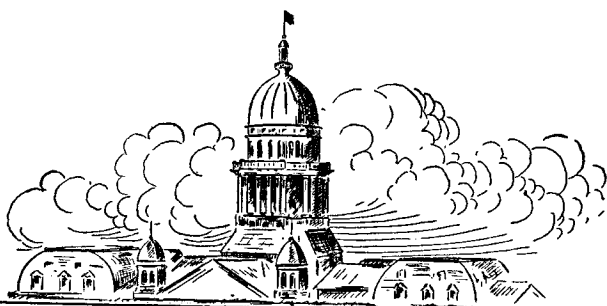
## INTEREST PAID

In the course of examination we find that very often bank directors fail to fix, either by resolution or by-law, the rate of interest to be paid upon savings and time deposits.

While this may not necessarily mean that a uniform rate of payment is not maintained, we have found that in some cases varying rates of interest are being paid and many times an exorbitant rate seriously affecting the earnings of the bank. Usually the bank is one which can ill afford to pay more than the prevailing rate of three per cent (3%).

Directors should prescribe by their by-laws the rate to be paid and officers must not deviate from the rate so fixed.

Profitable banking only is sound banking and reserves should be created from earnings in amounts sufficient to meet all reasonable calculation as to what may occur to find them useful.



HOW TO MAKE A LOAN

Perhaps one of the easiest functions of a banker is the making of a loan, but the granting of a good loan is much more difficult and, while all obligations are, doubtless, considered good when executed, yet, the records of the Department prove that a great many were either not properly considered at the time of their inception, or were not properly safeguarded afterwards. In granting a customer a loan where the amount is sizeable, the officer making the contract on behalf of the bank should obtain all of the credit information possible and the most satisfactory method to pursue is to require a financial statement which should be properly rendered and thoroughly checked for accuracy. If the statement does not show a sufficient net worth, then it becomes necessary to refuse the loan, or obtain security, either by additional signers or good collateral. The loan should be made for a reasonable period of time—three months being preferable. When the date of maturity arrives a reduction should be obtained before renewal is granted unless the circumstances justify a continuation of the original amount. This plan is advised for the reason that it impresses the borrower with the fact of his obligation to the bank, for where the loan for its original amount is continually renewed, the obligor often loses all sense of his debt to the loaning institution and his argument usually is that as long as he pays the interest regularly, and as it is a bank's function to loan money there is no need to give any concern to periodical reductions of the principal.

DECEMBER 31ST CALL FIGURES

The total Resources as shown by the reports received from the 1328 Illinois State Banks at the close of business December 31, 1928 were \$2,860,851,801.47, being a net gain of \$96,030,114.10 over the previous Call; this also represents a material gain over December 31, 1927 when there were 1347 banks with \$2,769,000,000 of assets, indicative of a gradual increase in the Resources of the State. The available cash reserve was 17 per cent of the deposit liability and shows a healthy gain over the previous Call Report of October 3, 1928. In the 194 banks in the city of Chicago a gain of \$85,000,000 in deposits is reported. A considerable increase in bills payable and rediscounts is also noted although a large proportion of this is attributed to "reserve city" banks. The down-state institutions show a commendable decrease in liability for money borrowed which, doubtless, is the result of movement of the corn crop. Loans and discounts have increased in proportion to the addition in deposits, but nearly all of the increase in this respect is shown in the obligations secured by collateral. Cash and cash resources show a very material gain. Surplus accounts have been very substantially improved and over \$1,250,000 has been added to contingent accounts; in fact, the entire statement shows a very satisfactory and wholesome condition of State Banks.

		PERMITS ISSUED.		Capital.	Surplus.	Date.
Equality.....Gallatin.....	Equality State Bank.....	\$25,000	\$5,000			Jan. 16, 1929
CHARTERS ISSUED.						
Marion.....Williamson.....	Marion Trust & Savings Bank J. H. Burnett, President. E. B. Jackson, Cashier.	\$150,000	\$50,000			Jan. 14, 1929
Mt. Carroll.....Carroll.....	First Carroll County State Bank Joseph S. Miles, President. Nathaniel Miles, Cashier.	200,000	25,000			Jan. 14, 1929
Chicago.....Cook.....	Central Trust Company of Illinois, 208 South LaSalle St. Joseph E. Otis, President. C. C. Haffner, Jr., Cashier.	10,500,000	7,500,000			Jan. 14, 1929
Equality.....Gallatin.....	Equality State Bank..... H. A. Murphy, President.	25,000	5,000			Jan. 19, 1929
CAPITAL STOCK INCREASED.						
Chicago.....Cook.....	Harbor State Bank.....From \$	100,000	to \$ 200,000			Jan. 5, 1929
Chicago.....Cook.....	Chicago Trust Company.....From	2,400,000	to 3,000,000			Jan. 9, 1929
Zion City.....Lake.....	The First State Bank of Zion City.....From	25,000	to 50,000			Jan. 15, 1929
Chicago.....Cook.....	The Peoples Trust and Savings Bank.....From	1,000,000	to 2,500,000			Jan. 23, 1929
Chicago.....Cook.....	Congress Trust & Savings Bank.....From	400,000	to 500,000			Jan. 24, 1929
Chicago.....Cook.....	Lincoln Trust and Sav- ings Bank.....From	200,000	to 400,000			Jan. 25, 1929
Chicago.....Cook.....	Division State Bank.....From	200,000	to 300,000			Jan. 30, 1929
Chicago.....Cook.....	West-City Trust and Sav- ings Bank.....From	100,000	to 300,000			Jan. 31, 1929
Cicero.....Cook.....	Cicero State Bank.....From	100,000	to 150,000			Jan. 31, 1929
CAPITAL STOCK DECREASED.						
Peoria.....Peoria.....	State Trust & Savings Bank of Peoria.....From	\$400,000	to \$200,000			Jan. 15, 1929
NAME CHANGED.						
Chicago.....Cook.....	The Hibernian Banking Association to Continental Illinois Bank and Trust Company.....					Jan. 15, 1929
LOCATION CHANGED.						
Chicago.....Cook.....	South Chicago Savings Bank from 3017 East 92nd St. to 2959 East 92nd St.....					Jan. 11, 1929
Chicago.....Cook.....	Commerce Trust & Savings Bank from 111 South Water St. to 1425 South Racine Ave.....					Jan. 15, 1929
DURATION EXTENDED.						
Stronghurst.....Henderson.....	State Bank of Stronghurst, 20 years from December 3, 1929.....					Jan. 24, 1929
CONSOLIDATED.						
Marion.....Williamson.....	Marion State & Savings Bank and Citizens Trust & Banking Company under title Marion Trust & Sav- ings Bank.....					Jan. 14, 1929
Mt. Carroll.....Carroll.....	Carroll County State Bank and First State Bank of Mt. Carroll under title First Carroll County State Bank.....					Jan. 14, 1929
Chicago.....Cook.....	Central Trust Company of Illinois and The Bank of America under title Central Trust Company of Illinois.....					Jan. 14, 1929
CLOSED.						
Augusta.....Hancock.....	First Trust & Savings Bank of Augusta.....					Jan. 7, 1929
LIQUIDATED.						
Seneca.....LaSalle.....	Farmers Trust and Savings Bank of Seneca through State Bank of Seneca.....					Jan. 7, 1929
Decatur.....Macon.....	Decatur State Bank through Citizens National Bank of Decatur.....					Jan. 22, 1929
Petersburg.....Menard.....	The Frackelton State Bank through First National Bank of Petersburg.....					Jan. 24, 1929
TRUST CERTIFICATES ISSUED.						
Chicago.....Cook.....	North Town State Bank.....	\$200,000				Jan. 1, 1929
Chicago.....Cook.....	Second Security Bank of Chicago.....	200,000				Jan. 1, 1929
Berwyn.....Cook.....	Berwyn State Bank.....	50,000				Jan. 1, 1929
Rockford.....Winnebago.....	Commercial National Bank of Rockford.....	50,000				Jan. 1, 1929
Chicago.....Cook.....	Jackson Park National Bank of Chicago.....	200,000				Jan. 29, 1929
TRUST CERTIFICATE CANCELLED.						
Mt. Carmel.....Wabash.....	American National Bank of Mt. Carmel.....					Jan. 24, 1929
RECAPITULATION.						
State Banks in Chicago.....						193
State Banks in Cook County, outside Chicago.....						89
State Banks in Illinois outside Cook County.....						1,040
Total.....						1,322

OSCAR NELSON  
AUDITOR OF PUBLIC ACCOUNTS  
SPRINGFIELD, ILL.

BANKING DEPARTMENT

SPRINGFIELD OFFICE  
Capitol Bldg.

CHIEF BANK EXAMINER—E. E. NICHOLSON.

Central and Southern Divisions

COUNTIES

Adams	Ford	Macon	Randolph
Alexander	Franklin	Macoupin	Richland
Bond	Fulton	Madison	Saline
Brown	Gallatin	Marion	Sangamon
Calhoun	Greene	Marshall	Schuyler
Cass	Hamilton	Mason	Scott
Champaign	Hancock	Massac	Shelby
Christian	Hardin	McDonough	Stark
Clark	Henderson	McLean	St. Clair
Clay	Iroquois	Menard	Tazewell
Clinton	Jackson	Monroe	Union
Coles	Jasper	Montgomery	Vermilion
Crawford	Jefferson	Morgan	Wabash
Cumberland	Jersey	Moultrie	Warren
DeWitt	Johnson	Peoria	Washington
Douglas	Knox	Perry	Wayne
Edgar	Lawrence	Piatt	White
Edwards	Livingston	Pike	Williamson
Effingham	Logan	Pope	Woodford
Fayette		Pulaski	

CHIEF EXAMINER—F. A. ADAMS.

GENEVA OFFICE

111 Unity Bldg.

Northern Illinois Division

COUNTIES

Boone	Henry	LaSalle	Rock Island
Bureau	JoDaviess	Lee	Stephenson
Carroll	Kane	McHenry	Whiteside
DeKalb	Kankakee	Mercer	Will
DuPage	Kendall	Ogle	Winnebago
Grundy	Lake	Putnam	

CHIEF EXAMINER—J. J. JAEGER.

CHICAGO OFFICE

1331 First National Bank Bldg.

Cook County Division

Chicago and Cook County.

CHIEF EXAMINER—F. E. EDGERTON

Address all correspondence to  
OSCAR NELSON

AUDITOR OF PUBLIC ACCOUNTS

at the office designated for the Division in which you are located.

# MONTHLY BULLETIN

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

VOL. 4

SPRINGFIELD, ILL., MARCH 1, 1929

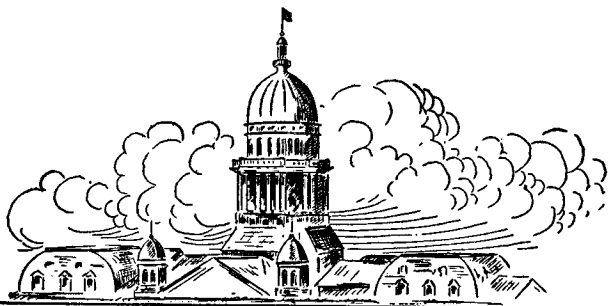
NO. 12

## DESIGNATION OF MORTGAGES

The Examiners from this Department continue to find real estate mortgages improperly executed by reason of the fact that the designation of the mortgage as to its priority is not stated. Banks should not execute liens on real estate without setting forth the fact that the same is either a first or second mortgage as the case may be.

This, of course, also applies to trust deed form of liens. As has been referred to in this Bulletin, under the Securities Act—better known as the "Blue Sky Law"—where certain real estate mortgages have been offered for sale, there is a provision that all junior mortgages be so stamped. This applies, particularly, to agencies offering securities for sale to the general public. Where the mortgage is made and held by the bank this would not apply and while there is no law compelling the banker to indicate whether the same be a first or junior mortgage, yet the necessity has almost become imperative in view of past experiences.

Where the mortgage or trust deed is silent in this respect the Examiner has to depend upon the recollection of the Officer handling that department which should not be the case. The records must be kept so that definite knowledge may be presented to the representative of the Banking Department. Mortgages which do not indicate whether they are first or second liens should be stamped or typed so that the Examiner may have full knowledge of the same on the occasion of his visit.



**SUMMARY OF ANNUAL TRUST REPORTS**

Since the previous annual report of our Trust Division showing the number of State and National Banks qualified to do a trust business, and companies organized under the General Corporation Act to execute trusts, we find a total increase of fourteen; six additional State Banks; six National Institutions and two Trust Companies having been granted trust powers and issued certificates.

The total number of accounts of Trust Companies at the close of

business December 31, 1927, was 61,383. At the close of business December 31, 1928, there were 70,916 or an increase of 9,533.

The assets and liabilities of the State Banks show an increase of \$394,495,947. The National Banks show an increase of \$139,365,078 and the Trust Corporations show an increase of \$79,844,359, or an increase over the past year of \$613,705,384.

The total figures in each group and under each trust are shown in the recapitulation below.

**RECAPITULATION.**

Aggregate Liabilities and Assets of the Trust Departments of the 299 Trust Companies, State and National Banks of Illinois, qualified under the Trust Act to accept and execute trusts, as of Dec. 31, 1928.

	125 State Banks outside Chicago	67 State Banks in Chicago.	Total—192 State Banks	78 National Banks outside Chicago.	14 National Banks in Chicago.	Total—92 National Banks	15 Trust Cos., Not Banks	State Banks 192 National Banks 92 Trust Cos. 15 Grand Total 299	Total number of accounts.
<b>LIABILITIES.</b>									
Administrator.....	\$ 1,090,935 26	\$ 9,682,191 75	\$ 10,773,127 01	\$ 971,397 40	\$ 681,324 07	\$ 1,652,721 47	\$ 3,222,476 14	\$ 15,648,324 62	1,336
Agent.....	6,051,419 37	48,760,188 14	54,811,607 51	1,967,507 56	196,130,001 50	198,097,509 06	12,184,628 19	285,093,714 76	4,486
Assignee.....	275,746 34	258,187 23	533,933 57		634 46	634 46		534,568 03	14
Bailee.....	218 00	517,051,937 30	517,052,155 30					517,052,155 30	8,066
Conservator.....	2,041,495 67	10,879,189 32	12,420,675 99	740,306 79	679,826 91	1,420,133 70	1,868,723 10	15,709,532 79	2,015
Custodian.....	13,565,488 39	251,497,423 92	265,062,912 31	1,896,193 83	28,239,672 23	30,135,866 11	518,136 08	295,656,914 50	1,993
Depository.....	406,557 99	204,156,088 99	204,562,646 98	146,844 43	257,839,193 51	257,986,037 94	15,669,892 87	461,238,677 79	1,866
Escrow.....	1,886,683 37	117,450,099 88	119,336,783 25	243,966 40	44,606,585 39	44,850,551 79	1,325,161 12	182,492,496 16	8,066
Executor.....	5,212,434 86	56,118,189 98	61,330,624 84	1,935,822 90	8,605,950 69	10,541,773 59	3,784,573 27	75,656,971 70	1,381
Fiscal Agent.....	10,089,243 72	17,855,537 88	27,944,781 60		7,027,458 11	7,027,458 11	3,778,056 28	38,750,295 99	1,787
Guardian.....	1,908,452 92	8,100,807 44	10,009,260 36	1,182,885 19	1,857,603 71	3,040,488 90	1,084,169 08	14,133,918 34	2,964
Receiver.....	2,288,027 59	1,966,715 09	4,254,742 68	99,977 26	5,748 64	105,725 90	24,973,996 29	29,334,464 87	765
Trustee under Agreement.....	30,090,588 06	862,690,368 53	892,780,956 59	7,455,322 71	42,626,160 07	50,081,482 78	264,716,610 38	1,207,579,049 75	16,574
Trustee under Decree.....	4,071,437 41	10,939,143 49	15,010,580 90	915,580 09	2,736,587 88	3,652,167 97	236,645 98	18,899,394 85	461
Trustee under Trust Deed.....	2,962,987 70	188,240,056 75	191,203,044 45	454,828 66	224,711,233 39	225,166,062 05	30,421,641 56	446,790,745 06	15,602
Trustee under Will.....	13,952,091 98	384,850,672 77	398,802,764 75	3,357,182 69	30,460,088 10	34,017,270 79	19,294,256 35	452,114,291 89	3,540
Miscellaneous.....									
<b>Total.....</b>	<b>\$95,833,808 63</b>	<b>\$2,689,996,789 46</b>	<b>\$2,785,830,598 09</b>	<b>\$21,567,815 91</b>	<b>\$846,208,068 71</b>	<b>\$867,775,884 62</b>	<b>\$383,079,066 69</b>	<b>\$4,036,685,549 40</b>	<b>70,916</b>
<b>ASSETS.</b>									
Cash Advances.....	\$ 213,073 14	\$ 4,491,976 63	4,705,049 77	\$ 31,757 61	\$ 477,221 58	\$ 508,979 19	\$ 313,323 99	\$ 5,527,352 95	
Cash on Hand.....	4,614,432 18	53,758,294 38	58,372,726 56	1,477,015 20	42,377,319 57	43,854,334 77	10,929,980 37	113,157,041 70	
Real Estate.....	10,451,517 70	161,950,024 17	172,401,541 87	2,933,438 64	9,568,462 71	12,501,901 35	245,219,569 20	430,123,012 42	
Other Personal Property.....	80,554,785 61	2,469,796,494 28	2,550,351,279 89	17,125,604 46	793,788,064 85	810,910,669 31	126,616,193 13	3,487,878,142 33	
<b>Total.....</b>	<b>\$95,833,808 63</b>	<b>\$2,689,996,789 46</b>	<b>\$2,785,830,598 09</b>	<b>\$21,567,815 91</b>	<b>\$846,208,068 71</b>	<b>\$867,775,884 62</b>	<b>\$383,079,066 69</b>	<b>\$4,036,685,549 40</b>	



## PERMITS ISSUED.

	Capital.	Surplus.	Date.
✓ Augusta.....Hancock.....State Bank of Augusta.....	\$25,000	\$7,500	Feb. 8, 1929

## CHARTERS ISSUED.

✓ Chicago.....Cook.....First Trust and Savings Bank..... Dearborn, Monroe and Clark Sts. M. A. Traylor, President. A. W. Converse, Cashier.	\$7,500,000	\$7,500,000	Feb. 11, 1929
✓ Pawnee.....Sangamon.....Pawnee State Bank..... W. H. Shaw, President. I. P. Davenport, Cashier.	50,000	2,500	Feb. 19, 1929
✓ Augusta.....Hancock.....State Bank of Augusta..... R. R. Robbins, President. B. J. Ufkes, Cashier.	25,000	7,500	Feb. 26, 1929

## CAPITAL STOCK INCREASED.

Chicago.....Cook.....Kaufman State Bank.....From \$	100,000	to \$	200,000	Feb. 1, 1929
Elmwood Park.....Cook.....Elmwood Park State Bank.....From	100,000	to	150,000	Feb. 6, 1929
Chicago.....Cook.....Rawson State Bank.....From	200,000	to	4,000,000	Feb. 11, 1929
Chicago.....Cook.....Harris Trust and Savings Bank.....From	4,000,000	to	5,000,000	Feb. 15, 1929
Kankakee.....Kankakee.....Legris Trust and Savings Bank.....From	100,000	to	150,000	Feb. 18, 1929
Chicago.....Cook.....Madison and Kedzie State Bank.....From	1,350,000	to	2,000,000	Feb. 19, 1929
Franklin Park.....Cook.....State Bank of Franklin Park.....From	50,000	to	75,000	Feb. 26, 1929
Chicago.....Cook.....Illinois Merchants Trust Company.....From	15,000,000	to	17,307,700	Feb. 26, 1929

## NAME CHANGED.

Kankakee.....Kankakee.....Legris Trust and Savings Bank to American Trust and Savings Bank of Kankakee.....	Feb. 18, 1929
--	---------------

## CONSOLIDATED.

✓ Chicago.....Cook.....First Trust and Savings Bank and Union Trust Com- pany under title First Trust and Savings Bank.....	Feb. 11, 1929
--	---------------

## CLOSED.

✓ Troy.....Madison.....Troy State Bank.....	Feb. 8, 1929
---	--------------

## LIQUIDATED.

✓ Chicago.....Cook.....Rawson State Bank through First National Bank of Chi- cago.....	Feb. 11, 1929
✓ Mahomet.....Champaign.....Mahomet State Bank through First National Bank of Champaign.....	Feb. 18, 1929
✓ Pawnee.....Sangamon.....State Bank of Pawnee through Pawnee State Bank.....	Feb. 19, 1929
✓ Augusta.....Hancock.....First Trust & Savings Bank of Augusta through State Bank of Augusta.....	Feb. 26, 1929

## TRUST CERTIFICATE ISSUED.

	Deposit.	Date.
Winnetka.....Cook.....Winnetka State Bank.....	\$50,000	Feb. 14, 1929
Decatur.....Macon.....The Millikin National Bank.....	50,000	Feb. 20, 1929

## RECAPITULATION.

State Banks in Chicago	191
State Banks in Cook County, outside Chicago	89
State Banks in Illinois, outside Cook County	1,039
Total	1,319

# MONTHLY BULLETIN

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

VOL. 5

SPRINGFIELD, ILL., APRIL 1, 1929

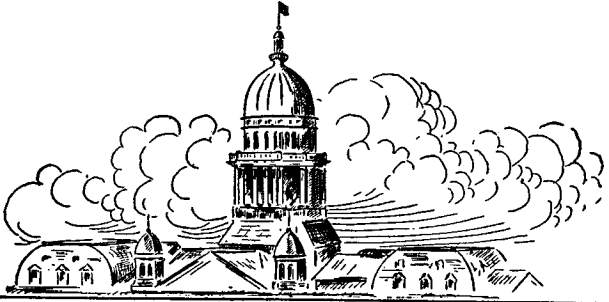
NO. 1

## SECONDARY RESERVE

The increase in the secondary reserve account in State Banks has been very marked and gratifying in the past year, or since the suggestions along this line were first presented through this Bulletin.

Before the investment account can be considered as a satisfactory secondary reserve it is quite necessary that the requirement of this Department be strictly adhered to; namely, the acquisition of "readily marketable securities". Banks should not make the mistake of purchasing an offering simply because it is a "bond" carrying an attractive rate of interest; the guiding factor should be its soundness and quick marketability.

We suggest that a careful analysis be made by all bankers of their secondary reserves and this feature kept in mind as the ultimate goal so that their secondary reserves may be in truth a secondary reserve account.



ANALYSIS OF REPORTS OF EARNINGS AND DIVIDENDS

Compilation of figures in connection with the Reports of Earnings and Dividends of the 1328 State Banks of Illinois, for the period of six months ending December 31, 1928, has been completed and an analysis of these Reports, showing the various averages and ratios for the eight groups into which the banks have been divided, has been prepared.

For the purpose of this analysis, the banks are classified into groups according to the amount of their earning assets, as shown on their Call Reports of December 31, 1928, and earning assets are held to be U. S. Government Investments, Other Bonds and Securities, Loans and Overdrafts (Resources numbered 4, 5, 6 and 7 on the Call Reports). Reserves reported as Item 4 under Liabilities on the Call Reports are included with Capital Stock, Surplus and Undivided Profits in figuring averages and ratios. Time Deposits are taken as Item 5b under Liabilities and Gross Deposits are computed as the total of Items 5a, 5b and 5c of Liabilities.

The resultant data is presented below in tabulated form.

Group	I	II	III	IV	V	VI	VII	VIII
Number of banks.....	511	306	152	117	80	100	34	28
Classification (earning assets).....	Under \$250,000	\$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. Earning Assets .....	\$142,869	\$351,445	\$610,867	\$ 983,460	\$1,539,913	\$3,144,042	\$7,594,507	\$42,511,524
2. Capital, Surplus and Undivided Profits.....	\$9,144	75,298	129,379	185,694	265,489	502,962	1,176,591	7,190,792
3. Time Deposits .....	180	306,930	554,060	554,060	900,632	1,846,322	4,387,466	17,518,788
4. Gross Deposits .....	1	35	613,434	1,017,303	1,626,926	3,239,781	7,841,475	44,730,150
<b>INCOME.</b>								
5. Gross Earnings .....	5,335	12,155	22,004	35,459	55,345	118,340	281,064	1,789,559
<b>DEDUCTIONS.</b>								
6. Interest Paid .....	1,458	3,693	6,374	10,554	16,395	32,951	79,915	471,574
7. Expenses .....	2,281	4,595	9,260	15,317	25,423	50,641	121,460	676,973
8. Total Deductions .....	3,739	8,288	15,634	25,871	41,818	83,592	201,375	1,148,547
9. Net Profit (before Losses).....	1,596	3,867	6,370	9,588	13,527	34,748	79,689	641,012
10. Losses on Loans, Investments, etc.....	534	1,536	1,909	2,985	3,207	5,988	19,463	80,647
11. Other Losses .....	10	50	117	227	389	888	2,070	82,768
12. Depreciation .....	126	285	649	717	2,206	2,191	4,102	4,646
13. Total Losses .....	670	1,871	2,675	3,929	5,802	9,067	25,635	168,061
14. Net Profit from Operation.....	926	1,996	3,695	5,659	7,725	25,681	54,054	472,951
15. Less Dividends Paid .....	580	1,298	2,351	3,470	4,664	12,607	36,588	204,035
16. Carried to Undivided Profits.....	346	698	1,344	2,189	3,061	13,074	17,466	268,916
<b>RATIOS—</b>								
17. Gross Earnings to Earning Assets.....	3.73%	3.46%	3.60%	3.60%	3.59%	3.76%	3.70%	4.21%
18. Interest paid to Gross Earnings.....	27.33%	30.38%	28.97%	29.76%	29.62%	27.84%	28.43%	26.35%
19. Expenses to Gross Earnings.....	42.75%	37.81%	42.08%	43.20%	45.93%	42.79%	43.21%	37.83%
20. Losses on Loans and Investments to Gross Earnings.....	10.01%	12.64%	8.67%	8.42%	5.79%	5.06%	6.92%	4.51%
21. Net Profit after Losses and Depreciation to Gross Earnings.....	17.36%	16.42%	16.73%	15.96%	13.96%	21.70%	19.23%	26.43%
22. Dividends paid to Capital, Surplus and Undivided Profits.....	1.48%	1.72%	1.82%	1.86%	1.76%	2.51%	2.51%	2.84%
23. Net Profit after Losses and Depreciation to Capital, Surplus and Undivided Profits.....	2.36%	2.65%	2.85%	3.04%	2.91%	5.10%	4.59%	6.58%
24. Interest paid to Average Gross Deposits.....	1.02%	1.03%	1.04%	1.04%	1.01%	1.02%	1.02%	1.05%
25. Time Deposits to Gross Deposits.....	42.62%	50.67%	50.03%	54.46%	55.36%	56.99%	55.95%	39.16%
26. Capital, Surplus and Undivided Profits to Gross Deposits.....	27.41%	21.09%	21.09%	18.28%	16.32%	15.52%	15.00%	16.07%

PERMITS ISSUED.

NONE.

CHARTERS ISSUED.

		Capital.	Surplus.	Date.
✓ Chicago.....Cook.....	Continental Illinois Bank and Trust Company 231 South LaSalle St. Eugene M. Stevens, President. Reuben G. Danielson, Cashier.	\$75,000,000	\$65,000,000	March 18, 1929

CAPITAL STOCK INCREASED.

Chicago.....Cook.....	Cosmopolitan State Bank	From \$750,000 to \$1,000,000	March 4, 1929
Chicago.....Cook.....	West Highland State Bank	From 200,000 to 300,000	March 5, 1929
Chicago.....Cook.....	Drexel State Bank of Chicago	From 350,000 to 500,000	March 15, 1929
Chicago.....Cook.....	Continental Illinois Bank and Trust Company	From 200,000 to 40,384,600	March 16, 1929

DURATION EXTENDED.

Franklin Grove.....Lee.....	Franklin Grove Bank	99 years from June 7, 1929.	March 13, 1929
-----------------------------	---------------------	-----------------------------	----------------

CONSOLIDATED.

✓ Chicago.....Cook.....	Illinois Merchants Trust Company and Continental Illinois Bank and Trust Company under title Continental Illinois Bank and Trust Company	March 18, 1929
-------------------------	---	----------------

CLOSED.

✓ Chebanse.....Iroquois.....	Bank of Chebanse	March 7, 1929
------------------------------	------------------	---------------

LIQUIDATED.

✓ Cabery.....Ford.....	Cabery State Bank through Farmers State Bank of Cabery	March 14, 1929
✓ Raymond.....Montgomery.....	Raymond State Bank through First National Bank of Raymond	March 22, 1929
✓ Bondville.....Champaign.....	Bondville State Bank through First National Bank of Champaign	March 30, 1929

RECEIVERS APPOINTED.

✓ Troy.....Madison.....	Troy State Bank—J. Erwin Hindmarch, Receiver	March 13, 1929
✓ Chebanse.....Iroquois.....	Bank of Chebanse—John J. Ruckrigel, Receiver	March 20, 1929

TRUST CERTIFICATE ISSUED.

		Deposit.	
Pontiac.....Livingston.....	National Bank of Pontiac	\$50,000	March 21, 1929
Wilmette.....Cook.....	1st National Bank of Wilmette	50,000	March 27, 1929

RECAPITULATION.

State Banks in Chicago	190
State Banks in Cook County, outside Chicago	89
State Banks in Illinois, outside Cook County	1035
Total	1314

NOTE: Continental Illinois Bank and Trust Company purchased Assets and assumed Liabilities of the Continental National Bank and Trust Company..... March 16, 1929

Goodwin State Bank, Potomac, purchased Assets and assumed Liabilities of the Potomac National Bank ..... March 25, 1929

# MONTHLY BULLETIN

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

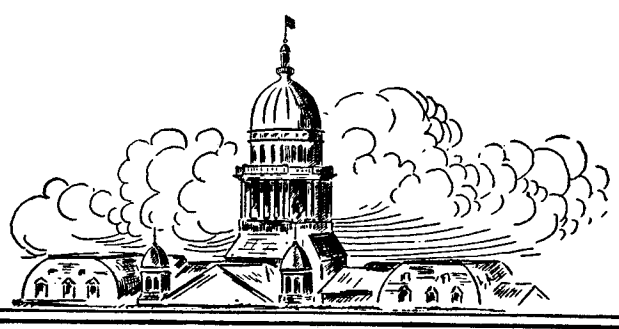
VOL. 5                      SPRINGFIELD, ILL., MAY 1, 1929                      NO. 2

## LARGE INCREASE IN RESOURCES.

The Call Report figures of State Banks as of the close of business March 27, 1929, show an increase of over one-half billion dollars in resources. This, of course, is largely attributable to the consolidation of two Chicago Banks, the Illinois Merchants Trust Company and the Continental National Bank & Trust Company as the Continental Illinois Bank & Trust Company, which was effected prior to the Call Report, giving to the public the largest financial institution under one roof in the world and at the same time establishing the certainty of the movement for "fewer and stronger banks".

The total amount of resources of State Banks is now \$3,357,562,973.64.

While bills payable of this Call show an increase, the increase is practically all in the larger "Reserve City" banks and their ability to pay is amply reflected in their resources. There is some additional borrowing downstate but not to any great extent and this is seasonal, deposits being at low ebb just preceding the forthcoming harvest.



JOINT ACCOUNTS.

Joint Accounts are always of a bothersome nature unless a definite agreement is executed at the time of the opening of the account. Not only should bankers give more consideration to this matter, but also to agreements for joint tenancy of safety deposit boxes. A convenient form for joint account agreements is submitted below.

All moneys now on deposit or at any time deposited by us, or either of us with the.....

State Bank of....., to the credit of the above account, are and shall be deposited by us and received by said bank upon the following terms and conditions of repayment, viz:

That the amount thereof and all interest thereon, shall be paid by the.....State Bank to us or either of us, or to the survivor of us or to the executors, administrators or assigns of such survivor or upon written order of any person so entitled to payment; and without reference to the original ownership of the moneys deposited.

In case of the death of either or both of us, further repayment shall at the option of the.....State Bank be conditioned upon the production of evidence that all inheritance and estate taxes—if any be due—have been paid, and that all other provisions of law in such cases provided have been fulfilled.

.....  
.....

(Date).....19.....

(Witness).....

The above can be printed on the reverse side of the signature card.

For the Joint Deposit Box Agreement the following form is suggested:

Safety Deposit Box Number.....

To.....State Bank,.....Illinois:

In consideration of the above named Bank renting or continuing to rent to us a safety deposit box, it is mutually agreed by us that all moneys, securities, valuables, papers and other property now on deposit, or at any time deposited by us, or either of us, with said Bank in the above numbered safety de-

posit box or otherwise left or deposited with said Bank, are and shall be so deposited by us and received by said Bank upon the following terms and conditions of delivery, viz:

That any and all of said property and any and all of the contents of said box, or other deposit with said Bank, may be delivered by said Bank to either or any of us or to the survivor or survivors of us or to the executors, administrators or assigns of such survivor and upon written order of any person so entitled to such delivery and without reference to the original ownership of the property so deposited.

In case of the death of either, any or all of the undersigned, further delivery shall at the option of said Bank be conditioned upon the production of evidence that all inheritance and estate taxes—if any there be assessable—have been paid and that all other provisions of law in such case provided have been fulfilled.

.....  
.....  
.....

(Date).....19.....

(Witness).....

A SATISFACTORY RECORD.

From the table printed below showing Undivided Profits and Reserves, Surplus and Capital, it will be seen that a satisfactory growth has been made since 1924, which covers the period of this administration.

Even though a decrease in the number of banks to the extent of seventy-five (75) is shown, yet the increase in the Capital Stock is \$20,293,000 and in addition the Surplus Accounts were increased \$17,624,713.

Aside from the increase in the Capital Stock structure there has been \$29,907,756 set apart for various reserve accounts which has strengthened the banking situation among State institutions to a handsome extent.

Date.	Number of Banks.	Undivided Profits and Reserves.	Surplus.	Capital.	Total.
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
Dec. 31, 1926.....	1379	77,793,421.36	120,647,674.84	170,000,500.00	368,441,596.20
June 30, 1927.....	1353	80,380,428.12	123,744,692.44	173,570,500.00	377,695,620.56
Dec. 31, 1927.....	1347	89,038,897.50	118,199,261.77	172,410,500.00	379,648,659.27
June 30, 1928.....	1332	87,016,105.94	118,995,068.77	172,395,500.00	378,407,574.71
Dec. 31, 1928.....	1328	94,385,850.12	125,722,442.31	177,216,500.00	397,324,792.43

PERMITS ISSUED.

		Capital	Surplus.	Date.
Chicago.....Cook.....	Safety State Bank..... 5617 Belmont Avenue.	\$200,000	\$ 25,000	April 3, 1929
Chicago.....Cook.....	The Upper Avenue Bank..... 919 North Michigan Avenue.	250,000	75,000	April 10, 1929
Chicago.....Cook.....	Avalon State Bank..... 8650 Stony Island Avenue.	200,000	100,000	April 10, 1929

CHARTERS ISSUED.

None

CAPITAL STOCK INCREASED.

Chicago.....Cook.....	Phillip State Bank & Trust Company .....	From \$400,000 to \$	500,000	April 4, 1929
Bartlett.....Cook.....	Bartlett State Bank.....	From 25,000 to	40,000	April 15, 1929
Wilmette.....Cook.....	Wilmette State Bank.....	From 100,000 to	200,000	April 15, 1929
Chicago.....Cook.....	South Side Trust & Sav- ings Bank .....	From 750,000 to	1,000,000	April 16, 1929
Bloomington...McLean.....	McLean County Bank.....	From 100,000 to	200,000	April 19, 1929
Chicago.....Cook.....	Fidelity Trust and Sav- ings Bank .....	From 400,000 to	500,000	April 19, 1929
Chicago.....Cook.....	C e n t r a l Manufacturing District Bank .....	From 500,000 to	600,000	April 25, 1929

CLOSED.

✓	Princeville.....Peoria.....	Home State Bank of Princeville.....	April 25, 1929
✓	Sesser.....Franklin.....	Sesser State Bank.....	April 27, 1929

LOCATION CHANGED.

Chicago.....Cook.....	The Chicago Morris Plan Bank from 21 North La- Salle Street to 105 West Madison Street.....	April 8, 1929
-----------------------	--	---------------

LIQUIDATED.

✓	Denver.....Hancock.....	Harmony State Bank through Basco State Bank, Basco .....	April 3, 1929
✓	Ellisville.....Fulton.....	Farmers State Bank of Ellisville through State Bank of London Mills.....	April 10, 1929
✓	Chicago.....Cook.....	Peoples Stock Yards State Bank—to become National	April 13, 1929

TRUST CERTIFICATES ISSUED.

		Deposit.	Date.
Chicago.....Cook.....	Peoples National Bank and Trust Company of Chicago .....	200,000	April 15, 1929
Peoria.....Peoria.....	The First National Bank of Peoria.....	\$ 50,000	April 17, 1929

TRUST CERTIFICATE CANCELLED. ✓

Chicago.....Cook.....	Straus Trust Company.....	April 6, 1929
	Deposit withdrawn.	

RECAPITULATION.

State Banks in Chicago .....	189
State Banks in Cook County, outside Chicago.....	89
State Banks in Illinois, outside Cook County.....	1031
Total .....	1309

# MONTHLY BULLETIN

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

VOL. 5

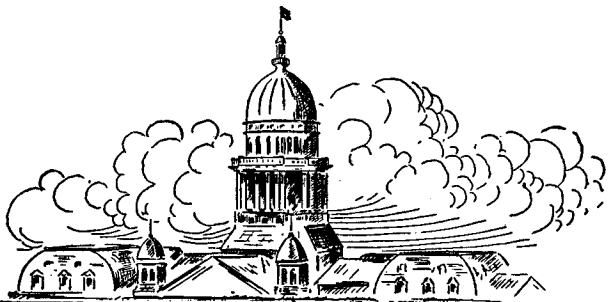
SPRINGFIELD, ILL., JUNE 1, 1929

NO. 3

## GRATIFYING INCREASE

In compiling our figures on Surplus Accounts of State Banks, we find that at the time of the Call on March 27, 1929, among the 1315 banks there were but 30 without any Surplus Account. Of the remaining number 50 banks have Surplus Accounts in excess of Capital; 168 with Surplus equal to Capital; 51 with Surplus of 75% of Capital; 255 with Surplus of 50% or more of Capital; 318 with Surplus from 25% to 50% of Capital and the balance with 25% or less of Capital.

This is very gratifying in comparison with former years and shows that banks are strengthening their Surplus Accounts from year to year.





The following decision relative to banks off-setting deposits in cases of parties filing in bankruptcy will be of interest. This decision was recently rendered by the U. S. Circuit Court of Appeals. The digest is as follows:

"This was a suit by a trustee in bankruptcy to recover as unlawful preference three amounts received by the bank and applied to the bankrupt's indebtedness to the bank. Held that the checking balance which was first applied to the indebtedness must be treated separately from the two later applications. This balance was accumulated in the bank in the usual course of business and was not built up or deposited for the purpose of giving a preference to the bank. The Court has no doubt of the right of the bank to apply it to the indebtedness of the milling company, even though it knew at the time that the company was insolvent. It is immaterial to the existence of this right that the debts were not due, as under 68 (a) of the Bankruptcy Act the right of set-off is preserved as to provable debts, whether due or not. The other two sums were paid in after the bank account had been closed. They were not accepted by appellee for deposit, but were taken by it—regardless of the purpose of the bankrupt—with the intention of applying them to the indebtedness of the bankrupt.

A bank cannot accept funds offered for deposit and claim the rights attaching to them as such when they were in fact accepted for and were immediately applied to a wholly different purpose. As to these two items, the trustee should have recovered." *Rupp Trustee v. Commerce Guardian Trust & Savings Bank*, U. S. Cir. Court of Appeals, 6th Cir. (Ohio.) Decided Apr. 5, 1929.

As evidenced by the above decision it will be noted that any deposit in the bank at the time of the bankruptcy of a Depositor may be off-set by the banker against any debt owing the bank whether the same was matured or not.

Within a few days the Department will mail to all State Banks a new form for the submission of data pertaining to the earnings for the past six months.

This blank will call for more detail in connection with expenses and gross earnings than has been required previously. This information will enable the Department to make a more complete and satisfactory analysis of a bank's earnings, as well as its earning power. These blanks will be forwarded in duplicate and each bank should retain one for its files. The management will find these to be of incalculable benefit in determining its own earning ability. These reports should be kept in the files from year to year so comparisons may be made. Bank bookkeeping should be such that these reports can be easily rendered.

We request the co-operation of all banks in the matter of forwarding promptly the new form after the close of business June 30th.

#### WE REPEAT

As referred to in this Bulletin in the August, 1928, issue, we again recommend the adoption of the following plan on making loans:

".....a list of the borrowers in each institution should be compiled by the Cashier showing the present amount of indebtedness, together with collateral, if any. The Directors should then carefully analyze this list and place opposite the name of each borrower the line of credit to be extended. (A liability ledger will serve for this purpose as well). If the amount already granted is too large, then efforts should be made to promptly reduce the same. If additional credit is to be granted, then the Cashier will have the information upon which to base his credit extensions in the future. This need not eliminate the approval of loans at the Directors' Meetings but it will correct the present method of approving loans after they have already been granted."

#### NOTICE

The attention of Bulletin readers is called to the fact that the address of the Chicago Office of Oscar Nelson, Auditor of Public Accounts, is now 2600 Foreman National Bank Building, 33 North LaSalle Street. The telephone number is Randolph 0801.

PERMITS ISSUED.

	Capital.	Surplus.	Date.
Cicero.....Cook.....Second Cicero State Bank.... 4807-9 West 22nd Street.	\$100,000	\$25,000	May 1, 1929
Chicago.....Cook.....Woodruff State Bank..... 134 South LaSalle St.	200,000	10,000	May 25, 1929
Chicago.....Cook.....Teter State Bank..... 79 West Monroe St.	200,000	10,000	May 25, 1929

CHARTERS ISSUED.

✓ Chicago.....Cook.....Woodruff State Bank..... 134 South LaSalle St., C. S. Macferran, President. O. H. Swan, Cashier.	200,000	10,000	May 25, 1929
✓ Chicago.....Cook.....Teter State Bank..... 79 West Monroe St., Willard F. Hopkins, Pres., Leslie B. McMahon, Cashier.	200,000	10,000	May 25, 1929

CAPITAL STOCK INCREASED.

Chicago.....Cook.....Transportation Bank of Chi- cago	From \$250,000 to \$350,000	May 13, 1929
Niles.....Cook.....State Bank of Niles.....	From 25,000 to 50,000	May 27, 1929
Belvidere.....Boone.....Farmers State Bank of Bel- videre	From 75,000 to 100,000	May 31, 1929

LOCATION CHANGED.

Chicago.....Cook.....State Bank of Beverly Hills from 1717 West 95th Street to 9441-43 South Ashland Avenue.....	Apr. 5, 1929
---	--------------

NAME CHANGED.

Chicago.....Cook.....First Trust and Savings Bank to First Union Trust and Savings Bank.....	May 2, 1929
Averyville.....Peoria.....Farmers & Mechanics State Bank of Averyville to Farmers & Mechanics State Bank.....	May 3, 1929

CLOSED.

✓ McHenry.....McHenry.....Citizens State Bank of McHenry.....	May 1, 1929
---	-------------

RECEIVER APPOINTED.

✓ Sesser.....Franklin.....Sesser State Bank—F. J. Chapman.....	May 31, 1929
--	--------------

TRUST CERTIFICATES ISSUED.

	Deposit.	Date.
Chicago.....Cook.....Madison Square State Bank.....	\$200,000	May 2, 1929
Evanston.....Cook.....Mid-Continent Trust Company.....	50,000	May 7, 1929
New York.....The National Park Bank of New York..	50,000	May 8, 1929
Moline.....Rock Island....Realty Trust Company.....	50,000	May 9, 1929

RECAPITULATION.

State Banks in Chicago.....	191
State Banks in Cook County, outside Chicago.....	89
State Banks in Illinois, outside Cook County.....	1030
Total .....	1310

# MONTHLY BULLETIN

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

VOL. 5

SPRINGFIELD, ILL., JULY 1, 1929

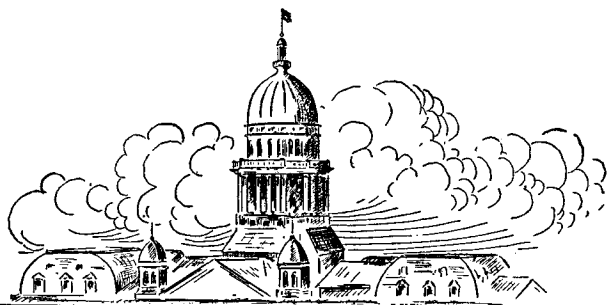
NO. 4

## INDIVIDUAL BANKING SYSTEM

Changes in the banking world are rapidly occurring and the tendency toward mergers and consolidations is a step in the right direction.

It has long been accepted by the most prominent banking authorities in the United States (their opinion being based on a careful survey) that every State in the Union is over-banked. However, in addition to the movement toward consolidations the group idea of banking has been brought to the fore within the past few months. Contrary to the belief of many, this does not bring about consolidations. Many bankers are laboring under a false impression when they believe that the inauguration of the group banking system will give them the opportunity of selling to a combination or an association that will consolidate.

Individual banking must stand alone and represent the bulwark of the financial fabric of each community. It is, therefore, necessary for competing banks to arrange for consolidations and mergers among themselves to strengthen the unit system of banking rather than await the day of group, chain or branch banking.



In some instances bankers have taken exception to the manner in which excess loans were construed by the Examiner. When a note signed by two individuals is found in the note case and additional paper signed by either of the individuals is discovered, also, the Examiner naturally sets up the two obligations against the signer who appears on the same. This might be in some cases the second name on the first noted obligation and, in such circumstances, the Bankers have claimed that this signature appears only as "surety".

There is nothing on the note to indicate that the second signer is additional surety. We believe that in some situations the Banker has been sincere in his claim relative to this exception and has secured an additional signature simply for collateral purposes. It is legally possible that the so-called "surety" would be held primarily liable and that both signers of the note would be considered co-makers or joint signers as practically all notes read, "I, we, or either of us, promise to pay....." This becomes a contract when duly executed. There may be some understanding between the signers of the note as to relief of payment but this would not affect the contract.

FORM OF INSTALLMENT NOTE

We present without comment or recommendation a form of installment note as submitted by the Rowley Service Bureau.

Date Due	Date Paid	
Jan. 5	\$-----	FOR VALUE RECEIVED, I promise to pay to the order of----- office in----- (State)----- Dollars (\$-----) in monthly installments after date, according to the annexed schedule, with interest after maturity at the rate of seven percent per annum until paid. Failure to pay any installment when due matures the whole principal sum.
Feb. 5	\$-----	
Mar. 5	\$-----	
Apr. 5	\$-----	
May 5	\$-----	
June 5	\$-----	
July 5	\$-----	
Aug. 5	\$-----	
Sept. 5	\$-----	
Oct. 5	\$-----	
Nov. 5	\$-----	
Dec. 5	\$-----	
Address-----		-----

We wish again to emphasize the importance of proper registration of all securities intended for deposit with the Department.

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, State of Illinois, in trust for (Name of bank and location)."

(Name of Bank and Official Signature.)"

When submitting real estate loans for deposit, the following procedure is required:

The entire loan must be submitted together with all supporting papers, that is, the mortgage or trust deed, insurance policies, complete abstract of title with opinion of a reputable attorney showing the loan as a first lien, or, in lieu of abstract and opinion, a Title Guarantee Policy or Certificate of Title, as provided in Section 7 of the Trust Act.

In case of a mortgage, assignment thereof in blank must also accompany the loan.

Upon receipt of such loan papers, this Department will have the property appraised and if the loan is approved and the appraisal warrants its acceptance, official receipt therefor will be issued and mailed to the bank or company for whose account it is accepted.

## PERMITS ISSUED.

		Capital.	Surplus.	Date.
Park Ridge.....Cook.....	Citizens State Bank of Park Ridge	\$50,000.00	\$15,000.00	June 4, 1929
Deerfield.....Lake.....	Citizens State Bank of Deerfield	50,000.00	10,000.00	June 4, 1929
Princeville.....Peoria.....	First State Bank of Princeville	50,000.00	10,000.00	June 5, 1929

## CHARTERS ISSUED.

Princeville.....Peoria.....	First State Bank of Princeville John Vogel, President. M. E. Tarpy, Cashier.	\$ 50,000.00	\$ 10,000.00	June 8, 1929
Chicago.....Cook.....	The Upper Avenue Bank..... 919 No. Michigan Avenue. Eugene I. Burke, President. Edward Schumann, Cashier.	300,000.00	100,000.00	June 17, 1929
Park Ridge.....Cook.....	Citizens State Bank of Park Ridge Fred H. Esdohr, President. George A. Palmquist, Cashier	50,000.00	15,000.00	June 28, 1929
Chicago.....Cook.....	Safety State Bank..... 5617 Belmont Avenue. Daniel V. Harkin, President. Roy C. Hansen, Cashier.	200,000.00	25,000.00	June 28, 1929

## CAPITAL STOCK INCREASED.

Chicago.....Cook.....	Teter State Bank.....	From \$200,000.00 to \$1,000,000.00	June 29, 1929
Chicago.....Cook.....	Woodruff State Bank.....	From \$200,000.00 to \$1,000,000.00	June 29, 1929

## DURATION EXTENDED.

Milledgeville...Carroll.....	Shumway State Bank—99 years from June 28, 1929....	June 28, 1929
------------------------------	--	---------------

## LIQUIDATED.

Princeville.....Peoria.....	Home State Bank through First State Bank of Princeville	June 11, 1929
Galesburg.....Knox.....	Peoples Trust and Savings Bank-Deposit liability assumed by First Galesburg National Bank & Trust Co.	June 29, 1929
Joliet.....Will.....	Commercial Trust & Savings Bank of Joliet-Deposit liability assumed by First National Bank of Joliet	June 29, 1929

## TRUST CERTIFICATES ISSUED.

		Deposit.	
Chicago.....Cook.....	Division State Bank.....	\$200,000.00	June 18, 1929
Waukegan.....Lake.....	Waukegan State Bank.....	50,000.00	June 28, 1929

## RECAPITULATION.

State Banks in Chicago .....	193
State Banks in Cook County, outside Chicago.....	90
State Banks in Illinois, outside Cook County.....	1,031
Total .....	1,314

Note: First National Bank of Bement liquidated through State Bank of Bement.  
Town of Averyville annexed to City of Peoria.

# MONTHLY BULLETIN

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

VOL. 5

SPRINGFIELD, ILL., AUGUST 1, 1929

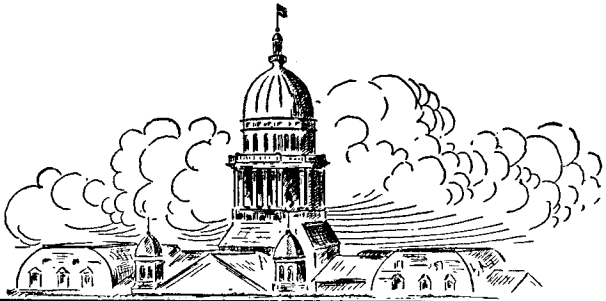
NO. 5

## THE WARNING SIGNAL

This is an opportune time for Bankers to consider well the story revealed by the semi-annual report of Earnings, Expenses and Dividends. If there are any danger signals they will appear in this report and will be easily discernible by deficits in earnings. Serious consideration of the receipts and expenditures of the past six months should be given by the Board of Directors and if no appreciable gain is in evidence for the past six months period, or if a definite loss has occurred which would reduce the Undivided Profits Account and no method can be devised for the reduction of expenses to overcome the loss and provide for a gain in the next period, then evidently, the affairs of the institution should receive earnest thought and attention.

Where banks have shown a continual deficiency in the earnings account, thus depleting its reserves, there is real concern for its managing officers, as every bank must show sufficient earnings to increase rather than decrease reserves.

We would suggest to the Officers of every State Bank that if they have not already read their report of Earnings, Expenses and Dividends to their Board of Directors this be done so that an analysis of conditions can be made of the bank's operating costs.



## AN ACT AFFECTING TRUST COMPANIES

*Be it enacted by the People of the State of Illinois, represented in the General Assembly:*

SECTION 1. Section 6 of "An Act to Provide for and Regulate the Administration of Trusts by Trust Companies," approved June 15, 1887, in force July 1, 1887, as heretofore amended, is hereby amended to read as follows:

Sec. 6. Each company in all cities and towns of 100,000 inhabitants or more, before accepting any such appointment of deposit, shall deposit with the Auditor of Public Accounts the sum of \$200,000, and each company in all cities and towns of less than 100,000 inhabitants shall deposit with the Auditor of Public Accounts the sum of \$50,000, said deposits to be for the benefit of the creditors of said company, and to consist of bonds of the United States or municipal bonds of this State, or in 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. Bonds and securities so deposited may be exchanged from time to time for other securities receivable as aforesaid. Said bonds of the United States or municipal bonds of this State to be registered in the name of said Auditor officially, and all said securities to be subject to sale and transfer and to the disposal of the proceeds by said Auditor only on the order of a court of competent jurisdiction and as hereinafter provided in section 18. So long as the company so depositing shall continue solvent, such company shall be permitted to receive from said Auditor the interest or dividends on said deposit.

Provided, however, that when it shall appear to the Auditor of Public Accounts, from the annual report of any such company that the value of the personal property and cash held and possessed by such company by virtue of the provisions of this act, and any amendment thereof, exceeds ten times the amount of the deposit aforesaid, he shall require said companies, if in cities or towns of 100,000 inhabitants or more, to forthwith increase said deposit to the sum of \$500,000 in such securities, and in all cities and towns of less than 100,000 inhabitants to forthwith increase its said deposit to the sum of \$125,000 in such securities. And whenever it shall appear to the Auditor of Public Accounts that the amount of personal property and cash so held by any such company has been reduced below ten times the value of its original deposit above provided for, and said company is not in any default in

its duties and obligations hereunder, he shall allow said company to reduce its said deposits to the sum originally required in this section by the withdrawal of such additional deposits until such time as an increase in its holdings shall again require an additional deposit as hereinbefore provided.

No corporation authorized to accept and execute trusts shall, either directly or indirectly through any officer, agent or employee of such corporation, accept or execute any trust concerning property located wholly or in part in this State without complying with the provisions of this Act and all amendments thereto; *Provided that nothing in this Act contained shall be construed to prohibit a corporation organized under the General Banking Act of this State from taking conveyance of and holding title to real estate as trustee under a mortgage deed of trust given to secure payment of a loan made by the bank or made through the bank as agent for the lender.*

## LEGALIZING STOCKHOLDERS ACKNOWLEDGMENTS

The following bill was passed by the last session of the legislature and will be of interest to all bankers.

*Be it enacted by the People of the State of Illinois, represented in the General Assembly:*

SECTION 1. That all deeds, mortgages, or other instruments in writing, relating to or affecting any real estate situated in this State, wherein a corporation was the grantor, mortgagor, grantee, or mortgagee, which have been acknowledged or proven before any notary public, justice of the peace, or other officer duly authorized by the statutes of this State to take acknowledgments of such instruments in writing, when so acknowledged or proven in conformity with the statutes of this State, shall be adjudged and treated by all courts of this State, as legally executed and acknowledged or proven notwithstanding such acknowledgments or proof of the execution thereof were taken before a notary public, justice of the peace or such other officer who was, at the time of such acknowledgment, a stockholder or officer of such corporation; and all such acknowledgments or proofs of such deeds, mortgages, or other instruments in writing, heretofore taken before any such notaries public or other officers who were, at the time of such execution, acknowledgment or proof, a stockholder or officer of such corporation, are hereby legalized.

## PERMITS ISSUED.

	Capital.	Surplus.	Date.
Chicago.....Cook.....Kenwood State Bank of Chicago 1159-61 East 47th Street.	\$200,000	\$ 50,000	July 10, 1929

## CHARTERS ISSUED.

McHenry.....McHenry.....Peoples State Bank of McHenry P. S. Webster, President. Floyd M. Foss, Cashier.	25,000	1,000	June 25, 1929
Chicago.....Cook.....Chicago Trust Company..... 79 West Monroe Street. John W. O'Leary, President. G. Henry Olson, Cashier.	\$3,000,000	500,000	July 1, 1929
Deerfield.....Lake.....Citizens State Bank of Deerfield John L. Walker, President. E. K. Butler, II Cashier.	50,000	10,000	July 15, 1929

## CAPITAL STOCK INCREASED.

Chicago Hts.....Cook.....First State Bank of Chi- cago Heights .....	From \$100,000 to \$200,000	July 3, 1929
Chicago.....Cook.....Kimbell Trust and Savings Bank .....	From 200,000 to \$300,000	July 30, 1929

## NAME CHANGED.

Chicago.....Cook.....The Chicago Morris Plan Bank to Personal Loan & Savings Bank .....	July 1, 1929
--	--------------

## CONSOLIDATED.

Chicago.....Cook.....Chicago Trust Company and Woodruff State Bank under title Chicago Trust Company.....	July 1, 1929
--	--------------

## LIQUIDATED.

Chicago.....Cook.....Teter State Bank through The National Bank of the Republic of Chicago.....	July 1, 1929
Papineau.....Iroquois.....State Bank of Papineau through Farmers State Bank of St. Anne .....	July 25, 1929

## RECEIVER APPOINTED.

McHenry.....McHenry.....Citizens State Bank of McHenry-Theodore Hamer, Woodstock .....	July 17, 1929
---	---------------

## TRUST CERTIFICATES ISSUED.

	Deposit.	
Chicago.....Cook.....Chicago Trust Company.....	\$500,000	July 1, 1929
Harvey.....Cook.....Bank of Harvey.....	50,000	July 2, 1929
Harvey.....Cook.....The First National Bank of Harvey.....	50,000	July 3, 1929
St. Louis, Mo.....Mercantile-Commerce Bank & Trust Com- pany .....	50,000	July 10, 1929
Belleville.....St. Clair.....The Fidelity Trust Company of Belleville, Illinois .....	50,000	July 11, 1929

## TRUST CERTIFICATE CANCELLED.

St. Louis, Mo.....Boatmen's National Bank of St. Louis.....	July 3, 1929
St. Louis, Mo.....Mercantile Trust Company.....	July 10, 1929
St. Louis, Mo.....Liberty Central Trust Company.....	July 23, 1929

## RECAPITULATION.

State Banks in Chicago .....	191
State Banks in Cook County outside Chicago.....	90
State Banks in Illinois, outside Cook County.....	1032
Total .....	1313



# MONTHLY BULLETIN

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

VOL. 5

SPRINGFIELD, ILL., SEPTEMBER 1, 1929

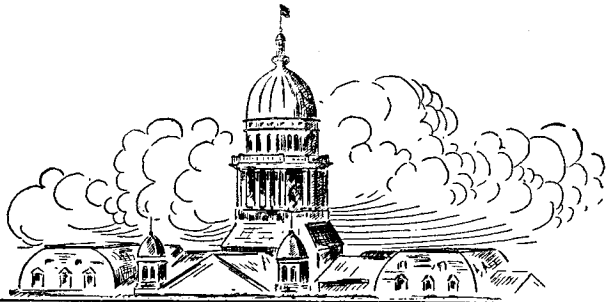
No. 6

## A FOUR YEARS' RECORD.

A recent request for information as to the number of bank failures in Illinois during the past four years, suggests the following statement in connection therewith:

Since January, 1925, there have been 34 failures up to and including June 30, 1929, for which Receivers were appointed—a period of four years and six months. During that time, however, there have been 103 voluntary liquidations through sale of deposit liability to neighboring banks, 25 other consolidations and 7 banks closed and reopened under the same Charter by replacement of Capital Stock. There were, in addition, 26 banks which temporarily closed their doors but later sold their deposit liability to some nearby institution; thus preventing failures.

On January 1, 1925, there were 1,403 State Banks, and at the close of business June 30, 1929—the date of the last Call—there were 1,314, a net reduction of 89 banks. There have been issued in that period 99 Charters for new banks; 57 in Chicago and Cook County, and 42 in down-state Illinois.



## NEW LAW ANENT INTEREST RATE.

AN ACT to amend Sections 4, 5, 6 and 8 of an Act entitled, "An Act to revise the law in relation to the rate of interest, and to repeal certain Acts therein named," approved May 24, 1879, as amended.

Be it enacted by the People of the State of Illinois, represented in the General Assembly:

SECTION 1. That Sections 4, 5, 6 and 8 of an Act entitled, "An Act to revise the law in relation to the rate of interest and to repeal certain Acts therein named," approved May 24, 1879, as amended, be amended to read as follows:

SEC. 4. In all written contracts it shall be lawful for the parties to stipulate or agree that seven (7) per cent per annum, or any less sum of interest, shall be taken and paid upon every one hundred (100) dollars of money loaned or in any manner due and owing from any person to any other person or corporation in this State, and after that rate for a greater or less sum, or for a longer or shorter time, except as herein provided; provided, however, with respect to money loaned to or in any manner due and owing from a corporation, the parties may stipulate or agree upon any rate of interest whatsoever, and take and pay the same, and provided further that in any case hereafter in which advances of money, repayable on demand, to an amount not less than five thousand (5,000) dollars, are made upon warehouse receipts, bills of lading, certificates of stock, certificates of deposit, bills of exchange, bonds or other negotiable instruments pledged as collateral security for such repayment, if evidenced by a writing, it shall be lawful to receive or to contract to receive and collect, as compensation for making such advances, any sum to be agreed upon by the parties to such transaction.

SEC. 5. No person or corporation shall directly or indirectly, accept or receive, in money, goods, discounts, or thing in action, or in any other way, any greater sum or greater value, for the loan, forbearance or discount of any money, goods or thing in action, than as above prescribed, except from a corporation and except, also, in the case of advances of money repayable on demand, to an amount not less than five thousand (5,000) dollars, made and secured as provided in Section 4 of this Act.

SEC. 6. If any person or corporation in this State shall contract to receive, except from a corporation and except with respect to advances of money repayable on demand, to an amount not less than five thousand (5,000) dollars, made and secured as provided in Section 4 of this Act, a greater rate of interest or discount than seven (7) per cent upon any contract, verbal or written, such person or corporation shall forfeit the whole of said interest so contracted to be received, and shall be entitled only to recover the principal sum due to such person or corporation, and all contracts executed after this Act shall take effect, except contracts for ad-

vances of money repayable on demand, to an amount not less than five thousand (5,000) dollars, made and secured as provided in Section 4 of this Act, and except contracts in which a corporation shall be the obligor, which shall provide for interest or compensation at a greater rate than herein specified, on account of non-payment at maturity, shall be deemed usurious, and only the principal sum due thereon shall be recoverable.

SEC. 8. When any written contract, wherever payable, shall be made in this State, or between citizens or corporations of this State, or a citizen or a corporation of this State and a citizen or corporation of any other State, territory or country (or shall be secured by mortgage or trust deed on lands in this State), such contract may bear any rate of interest allowed by law, to be taken or contracted for by persons or corporations in this State, or which is or which may be allowed by law on any contract for money due or owing in this State; provided, however, that such rate of interest shall not exceed seven (7) per cent per annum, except where a corporation shall be the obligor and except, also, in the case of advances of money repayable on demand, to an amount not less than five thousand (5,000) dollars, made and secured as provided in Section 4 of this Act. And if any such person or corporation shall contract to receive a greater rate of interest or discount than seven (7) per cent upon any such contract (except from a corporation) and except contracts for advances of money repayable on demand, to an amount not less than five thousand (5,000) dollars, made and secured as provided in Section 4 of this Act, such person or corporation shall forfeit the whole of said interest so contracted to be received and shall be entitled only to recover the principal sum due to such person or corporation.

## CONCERNING CALL REPORTS.

Section Seven of the Banking Act provides that "Any and all persons and associations organizing under the provisions of this Act shall make to the Auditor a report according to the form which may be prescribed by him, \* \* \* \* \* and shall transmit the same to the Auditor within five days after receiving call for same; and any bank failing to make and transmit such report \* \* \* \* \* shall be subject to a penalty of one hundred dollars (\$100.00) for each day after five (5) days that such report is delayed beyond that time. \* \* \* \* \*"

Rather than invoke the penalty provided for in the above quoted Section of the Law, we prefer the co-operation of the Bankers in the matter of transmitting promptly to the Department the properly executed blanks in connection with the Call. The compilation of the figures as shown by the reports entails a vast amount of work and should be promptly handled to be of much benefit. Of late many Bankers have been quite dilatory in forwarding their blanks and it has been necessary to write for the same and in some instances telegraph or telephone; all of which creates needless work and expense and we urge your co-operation in promptly forwarding your reports in the future.

PERMITS ISSUED.  
None.

CHARTERS ISSUED.

	Capital.	Surplus.	Date.
Chicago.....Cook.....Home Bank and Trust Company 1200 North Ashland Avenue. Peter L. Evans, President. Martin Johnson, Cashier.	\$1,200,000	\$550,000	Aug. 19, 1929

CAPITAL STOCK INCREASED.

Chicago.....Cook.....Central Trust Company of Illinois .....	From \$10,500,000 to \$12,000,000	Aug. 5, 1929
Chicago.....Cook.....Harris Trust and Sav- ings Bank .....	From 5,000,000 to 6,000,000	Aug. 12, 1929
Chicago.....Cook.....Home Bank and Trust Co. ....	From 1,000,000 to 1,100,000	Aug. 16, 1929
Chicago.....Cook.....Personal Loan & Sav- ings Bank .....	From 1,000,000 to 1,500,000	Aug. 24, 1929

LOCATION CHANGED.

Chicago.....Cook.....Belmont-Sheffield Trust & Savings Bank, From 1002 Belmont Avenue to 1005 Belmont Avenue.....	Aug. 21, 1929
Chicago.....Cook.....West-City Trust and Savings Bank, From 2350 North Cicero Avenue to 2424 North Cicero Ave.....	Aug. 29, 1929

CONSOLIDATED.

Chicago.....Cook.....Hatterman & Glanz State Bank and Home Bank and Trust Co., under title Home Bank and Trust Com- pany .....	Aug. 19, 1929
--	---------------

LIQUIDATED.

Freeport.....Stephenson.....Knowlton State Bank, through the Guaranty Trust & Savings Bank of Freeport.....	Aug. 10, 1929
Edwardsville...Madison.....Citizens State & Trust Bank, Deposit Liability as- sumed by Edwardsville National Bank and Trust Company .....	Aug. 16, 1929

TRUST CERTIFICATES ISSUED.

	Deposit.	
St. Charles.....Kane.....St. Charles National Bank.....	\$ 50,000	Aug. 7, 1929
Chicago.....Cook.....West Highland State Bank.....	200,000	Aug. 14, 1929
Chicago.....Cook.....Home Bank and Trust Company.....	500,000	Aug. 19, 1929

TRUST CERTIFICATES CANCELLED.

Chicago.....Cook.....Hatterman & Glanz State Bank.....	Aug. 19, 1929
Chicago.....Cook.....Home Bank and Trust Co.....	Aug. 19, 1929

RECAPITULATION.

State Banks in Chicago .....	190
State Banks in Cook County outside Chicago.....	90
State Banks in Illinois, outside Cook County.....	1031
Total .....	1311

# MONTHLY BULLETIN

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

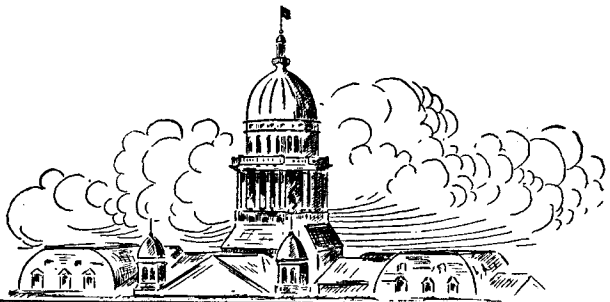
VOL. 5

SPRINGFIELD, ILL., OCTOBER 1, 1929

No. 7

## AN IMPROVEMENT

For comparative purposes the figures shown in the summaries of the Call Reports made to this Department as of June 30, 1925, and succeeding years including June 30, 1929, evidence a marked decrease in the total of overdrafts carried by State Banks, although the deposits have materially increased during this period. At the same time the Capital, Surplus and Undivided Profits have increased in State Banks approximately \$132,000,000. This includes the recent large merger in Chicago of some \$75,000,000. Reserves have approximately doubled; cash resources have improved each year and secondary reserve accounts have shown decided advancement. These figures, of course, are merely an index to the situation but they point toward a betterment in conditions.



Inquiries have been received concerning the interpretation of the Act passed by the recent Legislature relative to legalizing "Acknowledgments of deeds, mortgages and other instruments in writing heretofore taken by any notary public, justice of the peace, etc."

The opinion of the Attorney General has been received in connection with this matter and he states:

"The Act is a curative Act and legalizes acknowledgments taken by any notary public, justice of the peace or other officer authorized by the statutes of this State to take acknowledgments of such instruments in writing, when such person taking said acknowledgment was a Stockholder or Officer of said corporation. Said Act being a curative Act retrospective in its nature and not prospective, and would not authorize acknowledgments by such Officers or Stockholders of a corporation subsequent to the approval of said Act."

In other words, the Act legalizes acknowledgments that already have been taken up to the time of the passage of the Act but does not provide for such acknowledgments in the future.

The Attorney General has also given his opinion regarding the Act passed by the Legislature "to provide for and regulate the administration of trusts by trust companies." Quoting from his opinion:

"Permit me to say that my interpretation of the above provision is that acting as trustee as contemplated in the above provision does not bring the bank within the purview of the Trust Act, which requires them to comply with certain conditions precedent to their accepting and executing trusts."

FILING TRANSFERS OF STOCK

From the Examiners' Reports the Department notes that in many instances banks are not recording transfers of Capital Stock within the time prescribed by law and, therefore, call their attention to Section Six of the Banking Act which reads as follows:

"It is hereby made the duty of the president and cashier, within thirty days after organization, to file in the office of the recorder of deeds of the county in which such bank is located, a certified list of all the original stockholders, giving the number of shares of stock held by each, and thereafter a certificate of all transfer of stock, not later than ten days after such transfer."

....., Ill., July 17, 1929.  
Mr. Oscar Nelson,  
Auditor of Public Accounts,  
Springfield, Illinois.

Dear Sir:

I was very much interested in your Bulletin of June 1st and especially the article regarding the approval of loans by directors. If directors are held liable under the law for excess loans, it is certainly important that they should know definitely the amount which is to be loaned to each individual and here is one director that will insist in the future that all loans expiring and on which renewals are to be made and all additional loans to present borrowers be presented and discussed before the loans are actually made. Our Directors' Meetings have been too "cut and dried" in the past.

Yours truly,

W. A. H.  
Director.....Bank.

EXCESS LOANS

That the efforts of the Department in respect to reductions of excess loans have been productive of results is evidenced by the following summary showing the amount of such obligations on the dates of Call Reports for the past four years and more:

April 6, 1925.....	\$11,546,058.11
June 30, 1925.....	10,161,510.98
September 28, 1925.....	9,882,133.15
December 31, 1925.....	7,645,257.76
April 12, 1926.....	6,957,902.68
June 30, 1926.....	6,713,279.64
October 11, 1926.....	5,245,055.32
December 31, 1926.....	4,600,629.16
March 23, 1927.....	4,887,021.56
June 30, 1927.....	4,095,755.49
October 10, 1927.....	4,027,502.80
December 31, 1927.....	3,274,091.58
February 28, 1928.....	3,528,157.20
June 30, 1928.....	3,717,088.46
October 3, 1928.....	3,687,525.68
December 31, 1928.....	2,983,077.31
March 27, 1929.....	3,515,582.98
June 30, 1929.....	2,709,118.22

PERMITS ISSUED.

	Capital.	Surplus.	Date.
West Frankfort.Franklin.....First State Savings Bank of West Frankfort .....	\$100,000	\$10,000	Aug. 28, 1929
Kenilworth.....Cook.....Citizens State Bank of Kenilworth	50,000	10 000	Sept. 10, 1929
Chicago.....Cook.....Victory State Bank.....	200,000	35,000	Sept. 12, 1929
Chicago.....Cook.....Garard Trust and Savings Bank.... 39 S. LaSalle St.	200,000	35,000	Sept. 16, 1929
Chicago.....Cook.....Haugan State Bank..... 120 S. LaSalle St.	200,000		Sept. 27, 1929

CHARTERS.

West Frankfort.Franklin.....First State Savings Bank of West Frankfort .....	100,000	10,000	Sept. 7, 1929
Walter B. Crawford, President. Okley Hays, Cashier.			

CAPITAL STOCK INCREASED.

Chicago.....Cook.....Citizens State Bank of Chicago .....	From \$500,000 to \$	600,000	Sept. 4, 1929
Chicago.....Cook.....Edgewater Trust & Savings Bank .....	From 110,000 to	150,000	Sept. 6, 1929
Chicago.....Cook.....The West Side Trust & Savings Bank of Chicago	From 700,000 to	1,000,000	Sept. 13, 1929
Chicago.....Cook.....Union State Bank of South Chicago .....	From 200,000 to	250,000	Sept. 18, 1929

CLOSED.

Chicago.....Cook.....Triangle State Bank.....	Sept. 9, 1929
---	---------------

LIQUIDATED.

West Frankfort.Franklin.....Union State Bank of West Frankfort through First State Savings Bank of West Frankfort.....	Sept. 7, 1929
West Frankfort.Franklin.....West Frankfort Bank and Trust Co. through First State Savings Bank of West Frankfort.....	Sept. 7, 1929

TRUST CERTIFICATE CANCELLED.

Chicago.....Cook.....The Bills Trust Company.....	Sept. 9, 1929
---	---------------

RECAPITULATION.

State Banks in Chicago .....	189
State Banks in Cook County, outside Chicago.....	90
State Banks in Illinois, outside Cook County.....	1,030
Total .....	1,309

Note: Addison National Bank, Chicago, deposit liability purchased by the Citizens State Bank of Chicago..... Sept. 4, 1929

# MONTHLY BULLETIN

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

VOL. 5

SPRINGFIELD, ILL., NOVEMBER 1, 1929

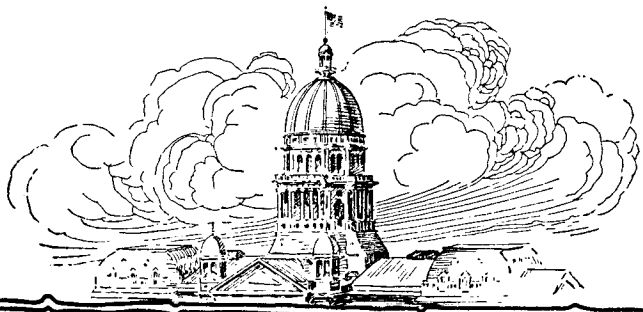
No. 8

## LET'S FACE THE MUSIC

Perhaps one of the most difficult tasks for a banker to accomplish is charging out losses. There is a hesitancy and a reluctance about sitting down and making a careful appraisal of the note portfolio with the determination of ascertaining what are the losses and then removing them. It is not a pleasant task, quite true, yet it is one that must be met eventually—WHY NOT NOW?

Some have the fear, no doubt, the total of assets that are worthless when summed up will be more than can "conveniently" be handled. If this be true, then all the more reason for the suggested action so that the bank's true condition may be known to the management and careful consideration may then be given to formulating a plan whereby the needed result may be obtained.

As we approach the end of the calendar year we submit the thought that no better nor more opportune time could be selected for making an honest and careful appraisal of all of the assets. LET'S FACE THE MUSIC!



## REPORTS SHOULD BE CONSIDERED BY DIRECTORS

One of the mutually beneficial innovations of this administration has been the submission of duplicate copies of Examiners' Reports to the Board of Directors of the bank examined. The object in this plan was to furnish the Directors an opportunity to familiarize themselves with the details of the bank and get the viewpoint of the Department in connection with their institution and to be assured that the Directors were availing themselves of this opportunity, the Department asked for replies to the suggestions submitted in regard to the Report to be returned over their signatures.

While this is being carried out, at least technically, yet in many instances it has come to the attention of the Department that the reading of the Reports has become more or less perfunctory and, in some cases, the Directors have delegated their power of signing the letter to the Cashier and have left it to the executive officer to formulate the reply to the Department as that officer deems best. This plan does not render the cooperation expected in connection with this matter and we are, therefore, again calling the Directors' attention to the importance of thoroughly considering each report returned from this Department.

The benefit to be gained by this is greater to the Directors than to the Department for the reason that if the Directors forward a letter over their signatures, although not aware of the contents, they have obligated themselves to the statements contained therein and this becomes a part of the official records of the bank in this Department.

Regardless of this feature, however, we believe that the submission of the duplicate report is an opportunity given to Directors which they should not overlook as they have the privilege thereby of informing themselves in detail as to the condition of their institution which they could not otherwise obtain or, at least, would not take the time or trouble to ascertain for themselves.

## SAVINGS HAVE INCREASED

In compiling statistics on the Earnings and Dividends of the 1314 banks under the jurisdiction of this Department it is

noted that the amount of savings deposits has increased since the report of June 30, 1928. The total now is \$1,143,338,007.00. This includes postal savings and certificates of deposit. The total amount of strictly savings deposits is \$957,426,566.00—an increase of over \$80,000,000.00 since the report of June 30, 1928. The total number of depositors in all savings departments was over 4,000,000. The number of banks in the State having strictly savings departments is 1023.

## TOO ANXIOUS FOR BUSINESS

Much grief has come to bankers by being over-zealous for the increase of business. A banker recently made the statement that he increased the deposits of his institution over 50% in two years' time and thought he had accomplished a notable feat but since then it has taken him four years to rid himself of the unacceptable business that came in with this increase.

This has proven true in many cases and the more conservative bankers have found that their institutions remain more stable without becoming too eager or over-anxious for an increase in business. Too often it has happened that what might appear to be good business at the outset has proven costly. A complete investigation and a thorough consideration of the business to be obtained should always prevail.

## CALL REPORT

The figures as compiled from the statements rendered by State Banks as of the close of business October 4, 1929, show a stable condition as there is no lessening in resources of the 1309 banks, but rather an increase of some \$4,700,000 since the June 30th Call. Cash Reserve shows better than 15% and a very satisfying feature is the fact that bills payable and discounts are practically stationary, showing no further inclination to incur additional liability on the part of State institutions in this respect. The Undivided Profits Account indicates an increase of \$7,500,000 after all charge-offs. The loans secured by collateral continued high which is, undoubtedly, due to the demand for investment purposes but as a whole the statement reflects a very satisfactory condition.



PERMITS ISSUED.

	Capital.	Surplus.	Date.
Chicago.....Cook.....Park Manor State Bank..... 7996 South Chicago Avenue.	\$200,000	\$ 40,000	Oct. 12, 1929
Chicago.....Cook.....Merchandise Bank and Trust Com- pany N. W. Corner Wells Street and North River Drive.	500,000	500,000	Oct. 14, 1929

CHARTERS ISSUED.

Chicago.....Cook.....Haugan State Bank..... 120 South LaSalle Street. Oscar H. Haugen, President. C. Edward Carlson, Cashier.	\$200,000		Oct. 3, 1929
Chicago.....Cook.....Kenwood State Bank of Chicago.. 1159-61 East 47th Street. William L. Martin, President. F. S. Williams, Cashier.	200,000	50,000	Oct. 16, 1929

CAPITAL STOCK INCREASED.

Chicago.....Cook.....Equitable Trust Company of Chicago	From \$250,000 to \$350,000	Oct. 18, 1929
Northbrook.....Cook.....Northbrook State Bank....	From \$25,000 to \$50,000	Oct. 24, 1929

CLOSED.

Taylorville.....Christian.....John B. Colegrove and Co. State Bank.....	Oct. 11, 1929
Bulpitt.....Christian.....Farmers State Bank of Bulpitt.....	Oct. 12, 1929
Edinburg.....Christian.....Citizens State Bank of Edinburg.....	Oct. 17, 1929
Edinburg.....Christian.....Turner State Bank.....	Oct. 18, 1929
Benton.....Franklin.....Benton State Bank.....	Oct. 21, 1929
Urbana.....Champaign.....The Urbana Banking Company.....	Oct. 21, 1929
Thompsonville.....Franklin.....Thompsonville State Bank.....	Oct. 25, 1929

LIQUIDATED.

Braceville.....Grundy.....Peoples State Bank of Braceville.....	Oct. 2, 1929
Deposit liability satisfied.	

TRUST CERTIFICATES ISSUED.

	Deposit.	Date.
New York, N. Y.....City Bank Farmers Trust Company.....	\$50,000	Oct. 10, 1929
New York, N. Y.....Chemical Bank & Trust Company.....	50,000	Oct. 10, 1929
New York, N. Y.....Central Hanover Bank and Trust Company.	50,000	Oct. 15, 1929

TRUST CERTIFICATES CANCELLED. ✓

New York, N. Y.....Farmers Loan and Trust Company.....	Oct. 10, 1929
New York, N. Y.....United States Mortgage and Trust Company.....	Oct. 10, 1929
New York, N. Y.....Central Union Trust Company.....	Oct. 15, 1929

RECAPITULATION.

State Banks in Chicago	191
State Banks in Cook County, outside Chicago.....	90
State Banks in Illinois, outside Cook County.....	1022
Total	1303

# MONTHLY BULLETIN

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

VOL. 5

SPRINGFIELD, ILL., DECEMBER 1, 1929

No. 9

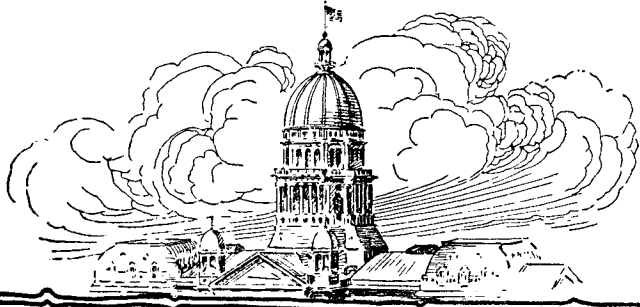
## IMPORTANT NOTICE

For sometime the Department has not requested the filing of copies of the record of transfers of stock but it has now become necessary that these documents be forwarded to this office at the same time that the certificate is filed with the recorder of deeds of the county in which the bank is located.

In the future remember to execute all transfers in duplicate; forwarding one to the Springfield office at the time one is forwarded to the recorder. As has been our custom in the past, the Department will be glad to furnish proper blanks for the purpose of making a record of all transfers of bank stock.

This is in accordance with Section Six of the Banking Law quoted in part as follows:

"It is hereby made the duty of the President and Cashier, \* \* \* to file in the office of the recorder of deeds of the county in which such bank is located, \* \* \* a certificate of all transfer of stock not later than ten days after such transfer."



## SHRINKAGE OF SAVINGS

According to a recent report by the Deputy Manager of the American Bankers Association "The greatest change of front, during more than a decade, in individual deposits in banks developed during the year ending with June, 30, 1929."

At that period the individual deposits in banks and trust companies in the United States amounted to over \$50,000,000,000.00; showing a decrease of \$410,000,000.00 from the figures of the year before. This loss was shared by the savings and demand deposits; the latter being the greater. The previous year showed a gain of over \$2,000,000,000.00; a marked contrast with the figures just released. As stated in the bulletin issued by the American Bankers Association "This loss comes, too, in a year when industrial production, month for month, was much higher than during the preceding year, when production of manufactures and the production of minerals were at a high point, when factory pay-rolls were considerably greater than during the record year of 1919."

According to further figures it showed that Illinois had a per inhabitant savings of \$218.00 or a loss of \$18.00 over the previous year.

The conclusion may be drawn after a study of the report that the lure of the profit in stocks has caused this recession in deposits and, if this be true, then next year should show a recovery.

## THE MONTH OF REPORTS

While we realize that there are many reports due from the bankers this month, yet we urge promptness in returning the same in order that the Department may not be delayed in compiling the same for publication. The data so published is only of interest when issued within a reasonable period after its receipt, therefore, we urge your co-operation.

## NEW WORLD BANK

Much has been written concerning the new bank for international settlements as contemplated under the Young Plan. Boiled down to a simple statement it might be termed an "Association of Bankers" where the representatives of the member banks will meet and pass upon the handling of reparation payments. Among the first problems will be the "prevention of sudden withdrawals of gold from a given country, acting as a consortium for granting of loans to backward countries, and averting a fall in the world price level expressed in gold." In one respect it is a clearing house for the collection of the payments due from Germany for

the credit of the nations benefiting under the Reparations Agreement. Capitalization will be approximately \$100,000,000.00 of American money. The bank will have no power of note issue; hence, we revert to our original term as it is composed of representatives of the various countries who formulate statutes for the collection and disbursement of funds referred to and to which all participants subscribe.

## ACCOMMODATION MAKERS LIABLE ON NOTES

A decision is noted in the Banking Law Journal of November issue wherein it quotes the decision of the Court of Appeals of Georgia relative to an accommodation maker on a note who was compelled to pay the same although he received no direct benefit from the loan.

The defendant in the case signed a note for \$6,300.00 and delivered the same to a friend who obtained \$6,300.00 on the same from the bank in question. The party accommodated could not pay the note when due although he had promised the signer to take care of the obligation at maturity. Hence, the bank sued the drawer of the note and the Court ruled that "An unconditional promise to pay contained in a promissory note cannot be defeated by proof of a contemporaneous agreement that it would never be enforced."

In other words, the bank accepted a note duly executed and properly signed by the accommodation party and no defense was established at the time of the drawing of the note; no written notice given to the bank that there was a separate agreement between the accommodation party and the accommodated party.

## DEROGATORY STATEMENTS

By request we publish the following from the Criminal Code:

"Any person who shall willfully and maliciously make, circulate, or transmit to another or others, any statements, rumor or suggestion, written, printed or by word of mouth, which is directly or by inference derogatory to the financial condition, with intent to affect the solvency or financial standing of any corporation doing a banking or trust business in this State, or any building and loan association doing business in this State, or who shall counsel, aid, procure or induce another to start, transmit or circulate any such statement, rumor or suggestion, shall be punished by a fine of not more than \$500.00, or by imprisonment in the county jail not exceeding one year, or both: Provided, that the truth of said statement, established by the maker thereof, shall be a complete defense in any prosecution under the provisions of this Act."

PERMITS ISSUED.

	Capital.	Surplus.	Date.
Chicago.....Cook.....Chicago Bank of Commerce.... 7 South Dearborn Street.	\$3,000,000	\$1,500,000	Nov. 6, 1929
Edinburg.....Christian.....Edinburg State Bank.....	40,000	10,000	Nov. 18, 1929

CHARTERS ISSUED.

Chicago.....Cook.....Garard Trust and Savings Bank 39 South LaSalle Street. E. A. Garard, President. G. B. Miller, Cashier.	200,000	35,000	Nov. 1, 1929
Chicago.....Cook.....Citizens State Bank of Chicago 3228 Lincoln Avenue. John Squires, President. N. L. Schank, Cashier.	700,000	700,000	Nov. 12, 1929
Chicago.....Cook.....Garfield State Bank..... 4010 West Madison Street. Delbert A. Clithero, Pres. J. H. Kenna, Vice President and Cashier.	800,000	400,000	Nov. 12, 1929
Chicago.....Cook.....Park Manor State Bank..... 7096 South Chicago Ave. John Bain, President. Alex R. Eunson, Cashier.	200,000	40,000	Nov. 26, 1929

CAPITAL STOCK INCREASED.

Chicago.....Cook.....Immel State Bank.....	From \$200,000 to \$300,000	Nov. 2, 1929
Chicago.....Cook.....Depositors State Bank....	From 350,000 to 400,000	Nov. 2, 1929
Summit.....Cook.....The Summit State Bank....	From 25,000 to 50,000	Nov. 22, 1929

CONSOLIDATED.

Chicago.....Cook.....Citizens State Bank of Chicago and Marshfield Trust and Savings Bank under title Citizens State Bank of Chicago .....	Nov. 12, 1929
Chicago.....Cook.....Garfield State Bank and West Madison State Bank under title Garfield State Bank.....	Nov. 12, 1929

LIQUIDATED.

Dixon.....Lee.....Dixon Trust and Savings Bank through Dixon National Bank and City National Bank of Dixon.....	Nov. 23, 1929
Chicago.....Cook.....Triangle State Bank through Park Manor State Bank..	Nov. 27, 1929
Champaign.....Champaign.....The Citizens State Bank of Champaign through First National Bank of Champaign .....	Nov. 27, 1929

CLOSED.

Chicago.....Cook.....City State Bank of Chicago.....	Nov. 2, 1929
Dixon.....Lee.....Dixon Trust and Savings Bank.....	Nov. 2, 1929
Venice.....Madison.....Venice State Bank.....	Nov. 9, 1929
Abingdon.....Knox.....First State and Savings Bank.....	Nov. 12, 1929
Oak Park.....Cook.....Central Oak Park State Bank.....	Nov. 15, 1929
Chicago.....Cook.....Exchange State Bank of Chicago.....	Nov. 21, 1929

RECEIVERS APPOINTED.

Urbana.....Champaign.....The Urbana Banking Company—Roger F. Little.....	Nov. 1, 1929
Taylorville.....Christian.....John B. Colegrove & Co. State Bank—Robert G. Earley .....	Nov. 2, 1929
Chicago.....Cook.....City State Bank of Chicago—Abel Davis.....	Nov. 11, 1929
Thompsonville. Franklin.....Thompsonville State Bank—Rama H. Sweet.....	Nov. 13, 1929

TRUST CERTIFICATES ISSUED.

	Deposit.	
Chicago.....Cook.....Citizens State Bank of Chicago.....	\$200,000	Nov. 12, 1929
Chicago.....Cook.....Garfield State Bank.....	200,000	Nov. 12, 1929
New York City. New York.....The Chase National Bank of the City of New York .....	125,000	Nov. 21, 1929

TRUST CERTIFICATES CANCELLED.

Chicago.....Cook.....Citizens State Bank of Chicago.....	Nov. 12, 1929
Chicago.....Cook.....Garfield State Bank.....	Nov. 12, 1929
Paris.....Edgar.....Illinois Trust Company of Paris.....	Nov. 14, 1929
Edwardsville.....Madison.....Citizens State & Trust Bank.....	Nov. 20, 1929
New York City. New York.....The National Park Bank of N. Y.....	Nov. 21, 1929

RECAPITULATION.

State Banks in Chicago .....	189
State Banks in Cook County outside Chicago.....	89
State Banks in Illinois outside Cook County.....	1,018
Total .....	1,296