

# MONTHLY BULLETIN

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

Vol. 6

SPRINGFIELD, ILL., JANUARY 1, 1931

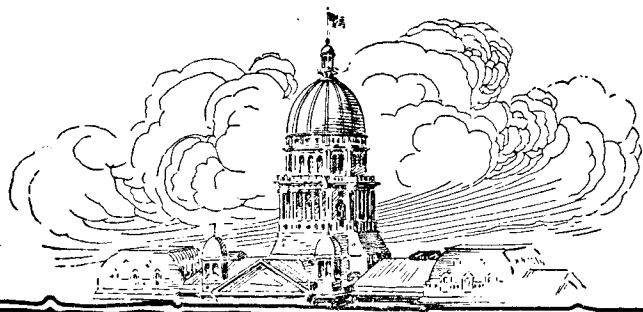
No. 10

## 1931

Again we have reached that point along Life's Highway which marks the passing of the old year and we are now looking forward to the New.

While some unrest and some uneasiness marked the affairs in the financial world during the past twelve months, evidences are apparent now that future business will be conducted on a more stabilized basis and that the so called "depression" has about run its course. While immediate and overnight return to prosperity cannot be expected, yet the improvement will doubtless be gradual and satisfactory.

To all of the readers of this Bulletin we send you hope that the New Year will bring to you the fulfillment of all your desires.



## CHARTER AMENDMENTS

Under the amended Banking Act effective December 2, 1930, Section Twelve now provides in part as follows:

"Whenever the board of directors, managers or trustees of any corporation having any banking powers existing by virtue of any general or special law of this State, or any corporation with banking powers hereafter organized under the provisions of this Act, may desire to change the name, to change the place of business, to increase or decrease or change the par value of the capital stock, to extend the duration of its charter, to increase or decrease the number of directors, managers or trustees, or to consolidate such corporation with any other corporation having banking powers which may hereafter exist, they may call a special meeting of the stockholders of such corporation for the purpose of submitting to a vote of such stockholders the question of such change of name, change of place of business, increase or decrease of number of directors, managers or trustees, increase or decrease or change the par value of capital stock, extension of duration of its charter, or consolidation with some other corporation, as the case may be: Provided, that in changing the name of any corporation under the provisions hereof, no name shall be assumed or adopted by any corporation organized under the laws of this State without the consent of such other corporation, and that in no case shall the capital stock be diminished to the prejudice of the creditors of such corporation, or the number of directors, managers or trustees be reduced to less than three or increased to more than a number to be determined by the stockholders, nor shall the place of business of any bank or banking association located in any city, village or incorporated town, be changed to any other city, village or town, nor shall the place of business of any bank or banking association not located in an incorporated village, town or city, be changed to any village, town or city, or to any place more than five miles from its existing place of business.

Such special meeting shall be called by delivering personally, or by depositing in the post office at least thirty days before the time fixed for such meeting, a notice addressed to each stockholder at his residence as shown by the books of the bank, signed by a majority of said directors, managers or trustees, stating the time, place and object of such meeting. A general notice of the time, place and object of such meeting shall also be published, once each week, for three successive weeks in some newspaper printed in or nearest to the county in which the principal business office of said corporation is located. At any such meeting stockholders may vote in person or by proxy, each stockholder being entitled to one vote for each share of stock held by him and votes representing two thirds of all the stock of the corporation shall be necessary for the adoption of the proposed change of name, place of business, number of directors, managers or trustees, amount and par value of capital stock, extension of duration of charter or consolidation with some other company. At any regular meeting, or at the time and place specified in said notice of a special meeting called for that purpose, said propositions, or any of them, may be submitted to a vote, and if it shall appear that two thirds of all votes rep-

resented by the whole stock of such corporation are in favor of the propositions, or any of them, so submitted, a certificate thereof, verified by the affidavit of the president, or a vice-president, and under seal of the corporation shall immediately be filed in the office of the Auditor, and if such change or changes shall be approved in writing by him, a like certificate, together with the Auditor's written approval, shall be filed forthwith for record in the office of the recorder of deeds of the county where the principal business office of such corporation is located; whereupon the changes proposed and voted for at such meeting, as to name, place of business, increase or decrease or change of par value of capital stock, or number of directors, managers or trustees, extension of duration of charter, or consolidation with some other company, shall be and is hereby declared accomplished in accordance with the said vote of the stockholders.

And, provided, further, that any corporation with banking powers availing itself of or accepting the benefits of, or formed under, this Act, and all corporations with banking powers existing by virtue of any special charter or general law of this State, shall be subject to the provisions and requirements of this Act in every particular, as if organized under this Act.

Such corporation shall, upon the filing of said certificate, in the recorder's office, cause to be published in some newspaper in or nearest the county in which their principal office is located a notice of such change of organization, once each week, for three successive weeks.  
\* \* \* \* \*

This portion of the Act is of particular interest at this time in view of the number of annual stockholders' meetings which are to be held within the next thirty to sixty days, at which time many charter changes will be accomplished.

## THE NEW BANKING ACT

\* \* \*

A copy of the newly amended Statutes for the operation of State Banks, together with a copy of "Instructions and Model By-Laws Relating to the Organization of a State Bank" are being mailed to all banks under the jurisdiction of this Department and it is urged that every banker give careful thought and consideration to this Act as there are many amendments to the old Act with which every banker should become familiar.

Extra copies will be furnished upon application.

## FORM 55

A number of inquiries have been made since mailing out the form for filing information relative to the declaration of dividends, as to when the blank should be executed. As the Law became effective December 2, 1930, the blank should be executed for dividends declared after that date.

PERMITS.

|                              |   |        | Capital.  | Surplus.  | Reserve.  | Date.         |
|------------------------------|---|--------|-----------|-----------|-----------|---------------|
| Chicago.....Cook.....        | Sheridan Trust & Savings Bank of Chicago, 4753 Broadway |        | \$300,000 | \$300,000 | \$100,000 | Dec. 11, 1930 |
| Fairbury.....Livingston..... | Fairbury State Bank, 114 East Locust Street             | 50,000 | 22,500    | 2,500     |           | Dec. 19, 1930 |

CHARTERS.

|                       |  |           |           |           |  |               |
|-----------------------|--|-----------|-----------|-----------|--|---------------|
| Chicago.....Cook..... | Sheridan Trust & Savings Bank of Chicago, 4753 Broadway<br>Gerhard Foreman, President<br>J. R. W. Bjorkman, Cashier                  | \$300,000 | \$300,000 | \$100,000 |  | Dec. 13, 1930 |
| Chicago.....Cook..... | Banco di Napoli Trust Company of Chicago, 906-910 South Halsted Street<br>Eduardo Magliano, President<br>Egidio d'Eustachio, Cashier | 300,000   | 100,000   | 50,000    |  | Dec. 31, 1930 |

CAPITAL STOCK INCREASED.

|                        |                             |                           |  |  |  |               |
|------------------------|-----------------------------|---------------------------|--|--|--|---------------|
| Palatine.....Cook..... | State Bank of Palatine..... | From \$25,000 to \$75,000 |  |  |  | Dec. 30, 1930 |
|------------------------|-----------------------------|---------------------------|--|--|--|---------------|

LIQUIDATED.

|                       |  |  |  |  |  |               |
|-----------------------|--|--|--|--|--|---------------|
| Chicago.....Cook..... | Sheridan Trust & Savings Bank through Sheridan Trust & Savings Bank of Chicago.....  |  |  |  |  | Dec. 13, 1930 |
| Berwyn.....Cook.....  | Ridgeland State Bank, Oakwyn State Bank and American State Bank of Berwyn through First American National Bank & Trust Company of Berwyn |  |  |  |  | Dec. 13, 1930 |
| Havana.....Mason..... | Havana State Bank through Mason County Bank, Havana  |  |  |  |  | Dec. 17, 1930 |

CLOSED.

|                               |  |  |  |  |  |               |
|-------------------------------|--|--|--|--|--|---------------|
| Goreville.....Johnson.....    | Citizens State Bank of Goreville.....                      |  |  |  |  | Dec. 1, 1930  |
| Harvel.....Montgomery.....    | Harvel State Bank.....                                     |  |  |  |  | Dec. 2, 1930  |
| Rock City.....Stephenson..... | Rock City State Bank.....                                  |  |  |  |  | Dec. 2, 1930  |
| Hamilton.....Hancock.....     | Peoples State Bank of Hamilton.....                        |  |  |  |  | Dec. 3, 1930  |
| Zeigler.....Franklin.....     | Zeigler State Bank.....                                    |  |  |  |  | Dec. 3, 1930  |
| Centralia.....Marion.....     | Merchants State Bank of Centralia, Illinois.....           |  |  |  |  | Dec. 6, 1930  |
| Martinsville.....Clark.....   | Martinsville State Bank.....                               |  |  |  |  | Dec. 9, 1930  |
| Christopher.....Franklin..... | Christopher State Bank.....                                |  |  |  |  | Dec. 11, 1930 |
| Golconda.....Pope.....        | Pope County State Bank.....                                |  |  |  |  | Dec. 13, 1930 |
| Ina.....Jefferson.....        | The Ina State Bank.....                                    |  |  |  |  | Dec. 13, 1930 |
| Brownfield.....Pope.....      | Union State Bank of Brownfield.....                        |  |  |  |  | Dec. 15, 1930 |
| Keithsburg.....Mercer.....    | Citizens State Bank of Keithsburg.....                     |  |  |  |  | Dec. 17, 1930 |
| Mt. Vernon.....Jefferson..... | Jefferson State Bank.....                                  |  |  |  |  | Dec. 18, 1930 |
| Cypress.....Johnson.....      | Farmers and Merchants State Bank of Cypress, Illinois..... |  |  |  |  | Dec. 18, 1930 |
| Macedonia.....Hamilton.....   | Macedonia State Bank.....                                  |  |  |  |  | Dec. 18, 1930 |
| Hecker.....Monroe.....        | State Bank of Hecker.....                                  |  |  |  |  | Dec. 30, 1930 |
| Brocton.....Edgar.....        | The Brocton Bank.....                                      |  |  |  |  | Dec. 31, 1930 |

RECEIVERS APPOINTED.

|                                  |  |  |  |  |  |               |
|----------------------------------|--|--|--|--|--|---------------|
| Chicago.....Cook.....            | Laramie State Bank of Chicago—Union Bank of Chicago<br>(Oscar H. Swan, Receiver—resigned). |  |  |  |  | Dec. 2, 1930  |
| Golden.....Adams.....            | Exchange State Bank of Golden—I. Otho Arnold....   |  |  |  |  | Dec. 12, 1930 |
| Rockport.....Pike.....           | Peoples State Bank of Rockport—Clark Armentrout.   |  |  |  |  | Dec. 19, 1930 |
| Centralia.....Marion.....        | Merchants State Bank of Centralia, Illinois—A. D. Rodenberg                                |  |  |  |  | Dec. 19, 1930 |
| Harvel.....Montgomery.....       | Harvel State Bank—C. McNaughton.....   |  |  |  |  | Dec. 22, 1930 |
| Geff.....Wayne.....              | State Bank of Geff—B. F. Thomas.....   |  |  |  |  | Dec. 23, 1930 |
| Broughton.....Hamilton.....      | First State Bank of Broughton—Frank Osborn.....  |  |  |  |  | Dec. 24, 1930 |
| Carthage.....Hancock.....        | Marine Trust Company of Carthage—Lee Siebenborn  |  |  |  |  | Dec. 26, 1930 |
| Blandinsville.....McDonough..... | Huston Banking Company—Clifford W. Warner.....   |  |  |  |  | Dec. 26, 1930 |
| Sciota.....McDonough.....        | State Bank of Sciota—James H. Foster.....  |  |  |  |  | Dec. 26, 1930 |
| Rock City.....Stephenson.....    | Rock City State Bank—J. F. Moughin.....  |  |  |  |  | Dec. 29, 1930 |
| Rock Grove.....Stephenson.....   | Rock Grove State Bank—Ezra T. Morse.....   |  |  |  |  | Dec. 30, 1930 |
| Waynesville.....DeWitt.....      | Waynesville State Bank—Harry T. Swigart.....   |  |  |  |  | Dec. 31, 1930 |

TRUST CERTIFICATE ISSUED.

|                       |  |          |           |  |  |              |
|-----------------------|--|----------|-----------|--|--|--------------|
| Chicago.....Cook..... | Trans-Continental Trust Company of Chicago | Deposit. | \$200,000 |  |  | Dec. 2, 1930 |
|-----------------------|--|----------|-----------|--|--|--------------|

RECAPITULATION.

|   |              |
|---|--------------|
| State Banks in Chicago                            | 167          |
| State Banks in Cook County, outside Chicago.....  | 81           |
| State Banks in Illinois, outside Cook County..... | 897          |
| <b>Total</b>                                      | <b>1,145</b> |

# MONTHLY BULLETIN

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

Vol. 6

SPRINGFIELD, ILL., FEBRUARY 1, 1931

No. 11

## HAVE FAITH IN YOUR COMMUNITY BANK.

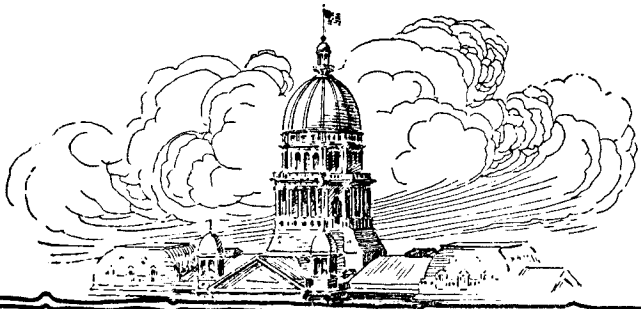
Viewed from bank reports that reach our desk, it is apparent that many local community depositors are stifling the life of the country bank by unwarranted withdrawals. Many banks in our State have been forced to close their doors through lack of support on the part of their former loyal depositors—We ask, why?

The country bank is an institution very much needed and missed only when it no longer exists. There is nothing that creates community failure quicker than bank failure.

The deserving local merchant, farmer, laborer and home builder needs a bank as badly as does the corporation that issues stocks and bonds for investment consumption.

It is well to strive for liquidity in bank assets but the usefulness of the bank as a community asset must be retained.

The strength and prosperity of a community is reflected in its bank deposits.



## ELECTION OF DIRECTORS

Oaths of Fealty are now being filed as a result of annual Stockholders' Meetings and it is noticeable in many instances that the full complement of Directors has not been elected.

It is our thought that as the corporate records of a bank provide for a specified number of Directors, that number should be elected at the annual Stockholders' Meeting. In case there are not enough Stockholders with a sufficient amount of stock to qualify for the positions of the specified number of Directors, then, it is apparently incumbent upon the Stockholders to reduce the number of Directors under Section 12 of the Banking Law providing, of course, that the Board is not decreased below the number of three.

The Law in respect to the election of Directors is as follows:

"And there shall be an annual meeting of the stockholders for the election of directors each year on the first Monday in January unless some other date shall be fixed by the by-laws of the association. Any omission to elect directors shall not impair any of the rights and privileges of the association or of any person in any way interested but the existing directors shall hold office until their successors are elected and qualified as in such cases may be by law provided. \* \* \* \*"

It will be noted by the language that it refers to the election of "Directors"; the reference, undoubtedly, being to the entire Board and the intent of the Law is that if no Stockholders' Meeting is held the old Board shall continue to serve without impairment of rights and privileges of anyone interested in the association, but that if a Stockholders' Meeting is held a full Board of Directors as provided by the By-Laws shall be elected or the number reduced.

## INDEMNIFYING BOND ON LOST STOCK CERTIFICATE

In cases where holders of certificates of Capital Stock of a State Bank lose the same, the institution should require an indemnifying bond.

When this bond has been properly executed, sealed and delivered to the bank, a duplicate certificate of stock may then be issued to the rightful owner thereof. This should be held in the files of the bank until the original certificate is located or until the final liquidation of the Charter. The bond should provide that the bank be relieved and kept harmless from any loss, and all costs, damages and expenses that may arise, including Attorneys' fees and court costs in case defense of any suit in connection with such lost certificate is made, and it should further obligate the subscriber in case the certificate is found, to deliver the same immediately for cancellation and in this case, and this case only, should the bond be cancelled and returned.

|                                      |  | CHARTERS                         |               |           |               |
|--------------------------------------|--|----------------------------------|---------------|-----------|---------------|
|                                      |  | Capital                          | Surplus       | Reserve   | Date          |
| Chicago.....Cook.....                | Sheridan Trust & Savings Bank<br>4753 Broadway<br>F. E. Roney, President<br>J. R. W. Bjorkman, Cashier               | \$300,000                        | \$300,000     | \$100,000 | Jan. 14, 1931 |
| Chicago.....Cook.....                | Chatham State Bank.....<br>7850 Cottage Grove Ave.<br>John Bain, President<br>Alex R. Einson, Cashier                | 300,000                          | 110,000       | 15,000    | Jan. 22, 1931 |
| CONSOLIDATED                         |  |                                  |               |           |               |
| Chicago.....Cook.....                | Sheridan Trust & Savings Bank and Sheridan Trust & Savings Bank of Chicago under title Sheridan Trust & Savings Bank |                                  |               |           | Jan. 14, 1931 |
| Chicago.....Cook.....                | Park Manor State Bank and Chatham State Bank of Chicago under title Chatham State Bank                               |                                  |               |           | Jan. 22, 1931 |
| CAPITAL STOCK DECREASED              |  |                                  |               |           |               |
| Chicago.....Cook.....                | North-Western Trust and Savings Bank.....  | From \$1,250,000 to \$           | 625,000       |           | Jan. 13, 1931 |
| CAPITAL STOCK INCREASED              |  |                                  |               |           |               |
| Forest Park....Cook.....             | Forest Park Trust & Savings Bank.....  | From \$                          | 200,000 to \$ | 300,000   | Jan. 2, 1931  |
| Chicago.....Cook.....                | North-Western Trust and Savings Bank.....  | From \$                          | 625,000 to \$ | 1,000,000 | Jan. 13, 1931 |
| Chicago.....Cook.....                | First Union Trust and Savings Bank.....  | From \$7,500,000 to \$10,000,000 |               |           | Jan. 15, 1931 |
| Monticello.....Platt.....            | The Moore State Bank   | From \$                          | 100,000 to \$ | 150,000   | Jan. 16, 1931 |
| Durand.....Winnebago.....            | The Citizens State Bank of Durand.....   | From \$                          | 30,000 to \$  | 50,000    | Jan. 28, 1931 |
| CHANGE OF PAR VALUE OF CAPITAL STOCK |  |                                  |               |           |               |
| Chicago.....Cook.....                | Park Manor State Bank.....   | From \$100 to \$20               |               |           | Jan. 20, 1931 |
| Chicago.....Cook.....                | Chatham State Bank of Chicago.....   | From \$100 to \$20               |               |           | Jan. 20, 1931 |
| Chicago.....Cook.....                | Bryn Mawr State Bank.....  | From \$100 to \$20               |               |           | Jan. 22, 1931 |
| Cuba.....Fulton.....                 | State Bank of Cuba.....  | From \$100 to \$10               |               |           | Jan. 22, 1931 |
| REOPENED                             |  |                                  |               |           |               |
| Ina.....Jefferson.....               | The Ina State Bank.....<br>(Closed for examination and adjustment December 13, 1930)                                 |                                  |               |           | Jan. 15, 1931 |
| Martinsville....Clark.....           | Martinsville State Bank.....<br>(Closed for examination and adjustment December 9, 1930)                             |                                  |               |           | Jan. 17, 1931 |
| CHANGE OF LOCATION                   |  |                                  |               |           |               |
| Chicago.....Cook.....                | Chicago Trust Company from 79 West Monroe Street, Chicago, to 134 South LaSalle Street, Chicago.....                 |                                  |               |           | Jan. 1, 1931  |

## DURATION EXTENDED

|                              |  |               |
|------------------------------|--|---------------|
| Sheffield.....Bureau.....    | Farmers State Bank of Sheffield, Ill. Charter extended 25 years from September 28, 1931..... | Jan. 7, 1931  |
| Hoyleton.....Washington..... | Hoyleton State & Savings Bank. Charter extended 99 years from November 8, 1931.....          | Jan. 7, 1931  |
| Chrisman.....Edgar.....      | State Bank of Chrisman. Charter extended 20 years from December 21, 1931.....                | Jan. 15, 1931 |

## OTHER CHANGES

|                      |  |               |
|----------------------|--|---------------|
| Cuba.....Fulton..... | State Bank of Cuba assumed deposit liability of First National Bank of Cuba..... | Jan. 17, 1931 |
|----------------------|--|---------------|

## LIQUIDATED

|                           |  |               |
|---------------------------|--|---------------|
| Calumet City..Cook.....   | First Trust and Savings Bank of Calumet City through Calumet City State Bank.....        | Jan. 3, 1931  |
| Chicago.....Cook.....     | Jefferson Park Trust and Savings Bank through Jefferson Park National Bank, Chicago..... | Jan. 3, 1931  |
| Salem.....Marion.....     | The Salem State Bank through The Salem National Bank.....                                | Jan. 17, 1931 |
| Durand.....Winnebago..... | Durand State Bank through The Citizens State Bank of Durand.....                         | Jan. 17, 1931 |
| Chicago.....Cook.....     | Schiff Trust & Savings Bank through The West Side Trust & Savings Bank of Chicago.....   | Jan. 31, 1931 |

## CLOSED

|                                 |  |               |
|---------------------------------|--|---------------|
| Alma.....Marion.....            | Alma State Bank.....                               | Jan. 2, 1931  |
| Joppa.....Massac.....           | Joppa State Bank.....                              | Jan. 3, 1931  |
| Yale.....Pike.....              | State Bank of Yale.....                            | Jan. 3, 1931  |
| Barry.....Pike.....             | Barry State Bank.....                              | Jan. 5, 1931  |
| Oakland.....Coles.....          | Citizens State Bank of Oakland.....                | Jan. 6, 1931  |
| Manchester.....Scott.....       | Farmers & Traders State Bank of Manchester.....    | Jan. 6, 1931  |
| New Canton.....Pike.....        | New Canton State Bank.....                         | Jan. 13, 1931 |
| Chicago.....Cook.....           | Crawford State Savings Bank.....                   | Jan. 15, 1931 |
| Rushville.....Schuyler.....     | Bank of Rushville.....                             | Jan. 17, 1931 |
| Berwick.....Warren.....         | Farmers State Bank of Berwick.....                 | Jan. 20, 1931 |
| Orangeville.....Stephenson..... | State Bank of Orangeville.....                     | Jan. 23, 1931 |
| McConnell.....Stephenson.....   | McConnell State Bank.....                          | Jan. 24, 1931 |
| Wyoming.....Stark.....          | Scott, Walters & Rakestraw Bankers of Wyoming..... | Jan. 29, 1931 |
| Rochelle.....Ogle.....          | Rochelle Trust and Savings Bank.....               | Jan. 31, 1931 |
| Calumet City..Cook.....         | Calumet City State Bank.....                       | Jan. 31, 1931 |
| Ramsey.....Fayette.....         | Peoples State Bank of Ramsey.....                  | Jan. 31, 1931 |

## RECEIVERS APPOINTED

|                                |  |               |
|--------------------------------|--|---------------|
| Golconda.....Pope.....         | Pope County State Bank—E. B. Jackson.....                              | Jan. 6, 1931  |
| Brownfield.....Pope.....       | Union State Bank of Brownfield—E. B. Jackson.....                      | Jan. 7, 1931  |
| Marion.....Williamson.....     | Marion Trust & Savings Bank—O. A. James.....                           | Jan. 8, 1931  |
| Goreville.....Johnson.....     | Citizens State Bank of Goreville—A. F. Lentz.....                      | Jan. 9, 1931  |
| Hamilton.....Hancock.....      | Peoples State Bank of Hamilton—W. M. Leroy.....                        | Jan. 12, 1931 |
| Hecker.....Monroe.....         | State Bank of Hecker—W. H. Burkhardt.....                              | Jan. 12, 1931 |
| Keithsburg.....Mercer.....     | Citizens State Bank of Keithsburg—J. M. Connors.....                   | Jan. 13, 1931 |
| Yale.....Jasper.....           | State Bank of Yale—Walter W. Payne.....                                | Jan. 15, 1931 |
| Manchester.....Scott.....      | Farmers & Traders State Bank of Manchester—Sam Edwards.....            | Jan. 16, 1931 |
| Oakland.....Coles.....         | Citizens State Bank of Oakland—W. G. McCormick.....                    | Jan. 16, 1931 |
| Alma.....Marion.....           | Alma State Bank—W. O. Roddy.....                                       | Jan. 19, 1931 |
| Cypress.....Johnson.....       | Farmers and Merchants State Bank of Cypress, Illinois—M. M. Terry..... | Jan. 20, 1931 |
| Zeigler.....Franklin.....      | Zeigler State Bank—Fred Bagley.....                                    | Jan. 21, 1931 |
| Macedonia.....Hamilton.....    | Macedonia State Bank—A. S. Todd.....                                   | Jan. 22, 1931 |
| Mt. Vernon.....Jefferson.....  | Jefferson State Bank—Chas. C. Wilson.....                              | Jan. 22, 1931 |
| Johnston City..Williamson..... | Johnston City State Bank—E. B. Jackson.....                            | Jan. 24, 1931 |
| Brocton.....Edgar.....         | The Brocton Bank—Raymond R. English.....                               | Jan. 24, 1931 |
| Christopher.....Franklin.....  | Christopher State Bank—George A. Powers.....                           | Jan. 24, 1931 |
| Joppa.....Massac.....          | Joppa State Bank—John H. Kotter.....                                   | Jan. 26, 1931 |
| New Canton.....Pike.....       | New Canton State Bank—M. S. Barber.....                                | Jan. 27, 1931 |

## TRUST CERTIFICATES ISSUED

|                              | Deposit.  |                        |
|------------------------------|---|------------------------|
| New York City..New York..... | The Chase National Bank of the City of New York.....      | \$125,000 Jan. 7, 1931 |
| Chicago.....Cook.....        | Sheridan Trust & Savings Bank.....                        | 500,000 Jan. 14, 1931  |
| Bloomington..McLean.....     | First National Bank and Trust Company of Bloomington..... | 50,000 Jan. 16, 1931   |
| Chicago.....Cook.....        | Banco di Napoli Trust Company of Chicago.....             | 200,000 Jan. 28, 1931  |

## TRUST CERTIFICATES CANCELLED

|                              |  |               |
|------------------------------|--|---------------|
| New York City..New York..... | Equitable Trust Company of New York.....             | Jan. 7, 1931  |
| New York City..New York..... | The Chase National Bank of the City of New York..... | Jan. 7, 1931  |
| Chicago.....Cook.....        | Sheridan Trust & Savings Bank.....                   | Jan. 14, 1931 |
| Sterling.....Whiteside.....  | Sterling National Bank.....                          | Jan. 17, 1931 |

## RECAPITULATION

|  |       |
|--|-------|
| State Banks in Chicago.....                      | 163   |
| State Banks in Cook County outside Chicago.....  | 79    |
| State Banks in Illinois outside Cook County..... | 883   |
| Total.....                                       | 1,125 |

# MONTHLY BULLETIN

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

Vol. 6

SPRINGFIELD, ILL., MARCH 1, 1931

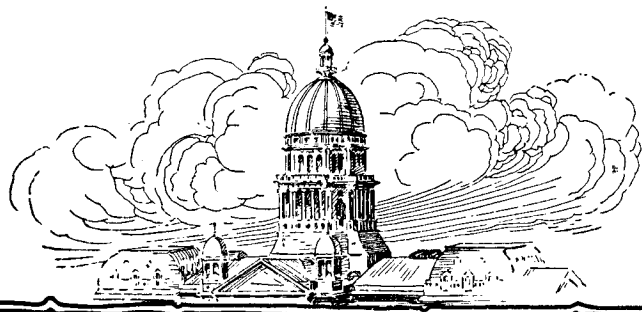
No. 12

## A RECORD OF IMPORTANCE

The method employed by the larger banking institutions relative to the record maintained in connection with the safe deposit box renter should be adopted, insofar as possible, by the smaller banks. They keep an accurate record of the visit of each customer who has rented a safe deposit box, knowing the time of entry into the vault.

In banks where custodians are regularly employed, the records are kept by the one in charge of the vault, but in cases where banks do not have custodians some clerk in the bank may be designated to keep the record. The value of the same is not only important but it is a protection to the customers as well as to the bank.

In this connection attention is called to the practice of customers leaving their safe deposit box keys in the custody of someone in the bank—this should be discontinued.



## COMMERCIAL FAILURES VS. BANK FAILURES

In the February issue of the American Bankers Association Journal, Joseph Stagg Lawrence writes at some length on the subject "What is the Average Recovery of Depositors?" and points out that since the Civil War National Bank records show that the recovery of Depositors has been ninety cents (90¢) on the dollar; whereas, the Creditors of commercial failures have received but eight and a quarter cents (8¼¢) on the dollar. In this computation no figures are given for State Banks but referring to the year 1930 in his article he says:

"Consider the record for 1930. About 1,100 banks have failed with deposits amounting to (estimated partly) \$800,000,000. This includes three large banks, two in New York City and one in Philadelphia which account for almost one-half of that total. At the time of writing it seems reasonably certain that at least two of these institutions will be reorganized and that the third might be able to pay 100 cents on the dollar. This would immediately cut the horrendous aggregate in half. A study of national bank failures and subsequent liquidation since the Civil War reveals the fact that depositors on the average recover about ninety cents on the dollar!

There is no intention here to mitigate the seriousness of bank suspension and failure even if the depositor does manage to salvage the greater part of his claim from the wreckage. To a client who has counted his deposit as so much liquid cash available to his draft the announcement that the bank has deferred payment is calamitous. It immediately freezes his own business not to mention any progressive commitments which he may have made and causes him grave embarrassment. Nevertheless it is an inconvenience rather than a loss. In many cases he can borrow against

his certificate of deposit and eventually the bank thaws out its assets to pay back the greater part of his claim.

What a contrast with the consequences of ordinary commercial failure! Sixty per cent of these suspend without any assets whatsoever. The expenses of administration absorb the assets of a large part of the remainder. By the time the average creditor of the commercial bankrupt takes stock he finds that his dollar claim against the debtor has shrunk to 8¼ cents. (The figures quoted are taken from the statistical appendices of Colonel Donovan's report on Bankruptcy Reform.) So slim are the chances of recovery, so costly the process and so indulgent the law that 30 per cent of the claims are abandoned by impatient or possibly wise creditors. During the five year period June 30, 1924, to June 30, 1929, commercial bankruptcies have resulted in \$3,800,000,000 losses."

It is not possible at this time to compare the average return to creditors of failed Illinois State Banks for the past five years for the reason that ninety-eight per cent of these institutions are in process of liquidation and the greater portion of quite recent suspension.

We can say, however, that the Receivers and Attorneys employed in this work are not wrecking the returns to creditors through excessive fees and expenses, being selected for their willingness to cooperate in this work at reasonable salaries and fees for the services actually performed.

The most of our failures have come at a time when economic conditions may reduce the average of normal return to creditors but we have the satisfaction of knowing that every effort is being made to conserve the resources of these institutions for their benefit.



| PERMITS.                                    |  | Capital.                        | Surplus. | Reserve.      | Date.         |
|---|--|---------------------------------|----------|---------------|---------------|
| Johnston City..                             | Williamson.....State Bank of Johnston City<br>100 W. Broadway St.  | \$50,000                        | \$5,000  | \$2,500       | Feb. 4, 1931  |
| CHARTERS.                                   |  |                                 |          |               |               |
| Fairbury.....                               | Livingston.....Fairbury State Bank....<br>114 East Locust Street.<br>T. D. Karnes, President<br>M. E. Tarpy, Cashier | 50,000                          | 22,500   | 2,500         | Feb. 12, 1931 |
| CAPITAL STOCK DECREASED.                    |  |                                 |          |               |               |
| Chicago.....                                | Cook.....Chicago Bank of Commerce  | From \$3,000,000 to \$1,500,000 |          | Feb. 4, 1931  |               |
| St. Anne.....                               | Kankakee.....Farmers' State Bank of St. Anne   | From 100,000 to 50,000          |          | Feb. 4, 1931  |               |
| CHANGE OF PAR VALUE OF CAPITAL STOCK.       |  |                                 |          |               |               |
| Chicago.....                                | Cook.....Chicago Bank of Commerce  | From \$100 to \$50              |          | Feb. 4, 1931  |               |
| St. Anne.....                               | Kankakee.....Farmers' State Bank of St. Anne   | From \$100 to \$50              |          | Feb. 4, 1931  |               |
| Stonington.....                             | Christian.....The Farmers State Bank of Stonington   | From \$100 to \$50              |          | Feb. 10, 1931 |               |
| REOPENED.                                   |  |                                 |          |               |               |
| Timewell.....                               | Brown.....Timewell State Bank.....<br>(Closed for examination and adjustment November 15, 1930)                      |                                 |          |               | Feb. 9, 1931  |
| NAME CHANGED.                               |  |                                 |          |               |               |
| Stonington.....                             | Christian.....The Farmers State Bank of Stonington to The First State Bank of Stonington                             |                                 |          |               | Feb. 10, 1931 |
| CHANGE OF LOCATION.                         |  |                                 |          |               |               |
| Chicago.....                                | Cook.....Chatfield Trust & Savings Bank from 7908 Cottage Grove Avenue to 7936 Cottage Grove Avenue, Chicago         |                                 |          |               | Feb. 13, 1931 |
| OTHER CHANGES.                              |  |                                 |          |               |               |
| Stonington.....                             | Christian.....The Farmers State Bank of Stonington assumed deposit liability of First National Bank, Stonington.     |                                 |          |               | Feb. 2, 1931  |
| Chicago.....                                | Cook.....Devon Trust & Savings Bank assumed deposit liability of Broadway National Bank, Chicago                     |                                 |          |               | Feb. 23, 1931 |
| LIQUIDATED.                                 |  |                                 |          |               |               |
| Smithton.....                               | St. Clair.....First State Bank of Smithton—to become National.   |                                 |          |               | Feb. 2, 1931  |
| Chicago.....                                | Cook.....Franklin Trust and Savings Bank through Straus National Bank and Trust Company of Chicago                   |                                 |          |               | Feb. 7, 1931  |
| Fairbury.....                               | Livingston.....Fairbury Bank through Fairbury State Bank (Earl D. Amsler, Receiver—resigned)                         |                                 |          |               | Feb. 12, 1931 |
| Chicago.....                                | Cook.....Inland Trust and Savings Bank through Inland Irving National Bank of Chicago                                |                                 |          |               | Feb. 14, 1931 |
| Chicago.....                                | Cook.....Harbor State Bank through Chatfield Trust & Savings Bank, Chicago   |                                 |          |               | Feb. 24, 1931 |
| CLOSED.                                     |  |                                 |          |               |               |
| Lansing.....                                | Cook.....Lansing State Bank  |                                 |          |               | Feb. 2, 1931  |
| Peoria.....                                 | Peoria.....State Trust & Savings Bank of Peoria  |                                 |          |               | Feb. 5, 1931  |
| Noble.....                                  | Richland.....The Bank of Noble   |                                 |          |               | Feb. 18, 1931 |
| Chicago.....                                | Cook.....Novak & Steiskal State Bank   |                                 |          |               | Feb. 19, 1931 |
| Palmyra.....                                | Macoupin.....First State Bank of Palmyra   |                                 |          |               | Feb. 21, 1931 |
| RECEIVERS APPOINTED.                        |  |                                 |          |               |               |
| Bone Gap.....                               | Edwards.....First State Bank of Bone Gap—D. A. Macaulay.....<br>(Stuart L. Walsler, Receiver—deceased)               |                                 |          |               | Feb. 2, 1931  |
| West Salem.....                             | Edwards.....West Salem State Bank—D. A. Macaulay.....<br>(Stuart L. Walsler, Receiver—deceased)                      |                                 |          |               | Feb. 2, 1931  |
| Chicago.....                                | Cook.....Crawford State Savings Bank—William J. Rathje..   |                                 |          |               | Feb. 3, 1931  |
| Rushville.....                              | Schuyler.....Bank of Rushville—Henry W. Ladewig.....   |                                 |          |               | Feb. 11, 1931 |
| Centralia.....                              | Marion.....Merchants State Bank of Centralia, Illinois—Earl D. Amsler. (A. D. Rodenberg, Receiver—deceased)..        |                                 |          |               | Feb. 16, 1931 |
| Berwick.....                                | Warren.....Farmers State Bank of Berwick—T. D. Allen.....  |                                 |          |               | Feb. 18, 1931 |
| Dary.....                                   | Pike.....Bary State Bank—W. W. Watson.....   |                                 |          |               | Feb. 19, 1931 |
| Rochelle.....                               | Ogle.....Rochelle Trust and Savings Bank—Guy L. Bush....   |                                 |          |               | Feb. 25, 1931 |
| Rausey.....                                 | Fayette.....Peoples State Bank of Ramsey—Don Connor.....   |                                 |          |               | Feb. 27, 1931 |
| McConnell.....                              | Stephenson.....McConnell State Bank—J. B. Scott.....   |                                 |          |               | Feb. 28, 1931 |
| TITLE GUARANTEE CERTIFICATE CANCELLED.      |  |                                 |          |               |               |
| Rock Island.....                            | Rock Island.....Rock Island County Abstract & Title Guaranty Company   |                                 |          |               | Feb. 16, 1931 |
| RECAPITULATION.                             |  |                                 |          |               |               |
| State Banks in Chicago                      |  |                                 |          |               | 159           |
| State Banks in Cook County outside Chicago  |  |                                 |          |               | 78            |
| State Banks in Illinois outside Cook County |  |                                 |          |               | 881           |
| Total                                       |  |                                 |          |               | 1,118         |

# MONTHLY BULLETIN

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

Vol. 7

SPRINGFIELD, ILL., APRIL 1, 1931

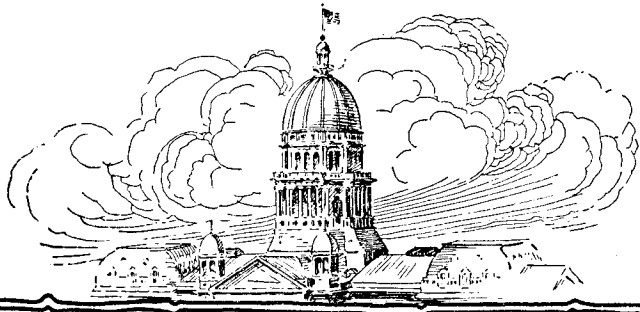
No. 1

## CREDIT INFORMATION.

Bankers operating the smaller institutions in the agricultural sections must, necessarily, give more attention and examine more closely financial statements furnished by borrowing customers. Information as submitted a year or so ago will hardly serve satisfactorily at this time owing to the various changes which have occurred in the localities referred to.

Financial statements executed for the information of the banker by those living in rural districts should show definitely whether there are any commitments on the part of the borrower for part-time payments on merchandise purchased, either for farm equipment or the home. Among the liabilities listed, borrowings from friends and other banks should be scrutinized very carefully.

At present it is not the practice of borrowers to do business entirely at their local institution as since the advent of the hard road it is convenient for certain of a bank's clientele to spread their banking relations and affiliations.



## REPORTS MUST BE PROPERLY EXECUTED.

Owing to the inaccuracy of a large number of official reports received, it is again necessary to call attention of bank officials to the importance of proper execution of Call, Trust, "Earnings, Expenses, and Dividends", and "Dividend Declared" forms. All blanks are forwarded in duplicate; one to be retained by the bank and both should be carefully checked to see that they agree before the original is filed with the Department as many are received that are not in balance, indicating that a copy was compiled and forwarded without being proven.

In the matter of Call Reports, we desire to call special attention to the fact that Form 7 and Form 9 must agree in every particular when published. Many of the Publishers' Certificates received show inaccuracies, doubtless due to careless proof reading. We, therefore, suggest that bankers obtain the proof of the statement before publication and compare the same with their copy of Form 7. *The utmost care should be exercised in executing all blanks to see that dates, names and such information as may be requested are properly furnished and that seals are imprinted where required. Signatures must also be affixed where specified.* It is the practice in too many instances for officers to change the wording of the blanks. *Do not attempt to change them to fit your particular case but make your situation fit the blank.*

The Department must insist on promptness in filing reports. Section Seven of the Banking Act provides that Call Reports must be transmitted within five days. Please observe this requirement.

## RECORD FOR 1930.

During the past year there have been 178 changes in State Banks. Of this number 43 were voluntary liquidations representing mergers or transfers and, in addition thereto, there were 30 consolidations. There were 105 banks that closed their doors; 12 of these were liquidated through the transfer of the deposit liability to some nearby institution and 8 reorganized and reopened their doors, while the outcome of 4 is still undetermined but will probably be classed with the 8 above within a very short time, leaving 81 that were placed in the hands of Receivers.

## "OTHER REAL ESTATE."

Section Nine of the Banking Act provides in part as follows:

"\* \* \*, and may carry as assets the real estate necessary in which to do its banking business, and such other real estate to which it may obtain title in the collection of its debts, but shall not carry in its assets any real estate except its banking house for the period of more than five years after acquiring title to the same."

In accordance with this provision it is necessary that "other real estate" which has been held in the assets of the bank for the five-year period shall either be disposed of or reduced to a carrying charge of one dollar. Bankers are prone to resort to the easier method of taking notes from the Directors and in some cases Stockholders, for an amount equal to that of the "other real estate" which is to be disposed of with the mutual agreement between the bank and the purchasers that further earnings are to be applied to the retirement of the notes and the payment of interest is waived.

This is a subterfuge and only may "other real estate" be disposed of to the Officers, Directors or Stockholders in exchange for their notes when the same are made and accepted with the understanding that they are personal obligations of the makers and that interest must be paid on the same regularly. The obligations should be retired at maturity unless there be some good reason for renewal.

## LEDGER SHEETS.

The system of handling the transfer of ledger sheets in banks is very important and examinations indicate much carelessness, or at least inattention, in this respect. When ledger sheets are filled and ready for transfer, the same should be O. K'd by some Officer other than the one having supervision of the bookkeeping department, before using a new ledger sheet. When an O. K. is given, the Officer so doing should satisfy himself that the old balance has been correctly brought forward and that the old sheet has been filed in a transfer tray or ledger.

This suggestion is also pertinent to delivery of pass books or statements. Before delivery to customers it would be well for some Officer to check the balances against the ledger sheets, and if correct obtain a receipt for the statement or pass book and vouchers delivered.

## PERMITS ISSUED.

|   | Capital  | Surplus  | Reserve | Date          |
|---|----------|----------|---------|---------------|
| Warren.....JoDavies.....Warren State Bank....<br>Main Street. | \$50,000 | \$10,000 | \$2,500 | Mar. 27, 1931 |

## CAPITAL STOCK INCREASED.

|   |                           |              |
|---|---------------------------|--------------|
| Clayton.....Adams.....Clayton State Bank..... | From \$30,000 to \$50,000 | Mar. 6, 1931 |
|---|---------------------------|--------------|

## CHANGE OF PAR VALUE OF CAPITAL STOCK.

|  |                    |              |
|--|--------------------|--------------|
| Lombard.....DuPage.....South Lombard Trust and Savings<br>Bank | From \$100 to \$20 | Mar. 9, 1931 |
|--|--------------------|--------------|

## REOPENED.

|   |               |
|---|---------------|
| Goreville.....Johnson.....Citizens State Bank of Goreville.....<br>(A. F. Lentz, Receiver—resigned.)                    | Mar. 10, 1931 |
| Orangeville.....Stephenson.....State Bank of Orangeville.....   | Mar. 16, 1931 |
| Virden.....Macoupin.....The Farmers and Merchants State Bank of Virden,<br>Illinois                                     | Mar. 20, 1931 |
| Cypress.....Johnson.....Farmers and Merchants State Bank of Cypress, Illi-<br>nois<br>(M. M. Terry, Receiver—resigned.) | Mar. 23, 1931 |

## LIQUIDATED.

|   |               |
|---|---------------|
| Clayton.....Adams.....Bartlett and Wallace State Bank through Clayton<br>State Bank         | Mar. 6, 1931  |
| Kinmundy.....Marion.....State Bank of Kinmundy through The First National<br>Bank, Kinmundy | Mar. 7, 1931  |
| Sidney.....Champaign.....State Bank of Sidney through Winston State Bank,<br>Sidney         | Mar. 19, 1931 |
| Chicago.....Cook.....Southwest State Bank through Depositors State Bank                     | Mar. 28, 1931 |

## CLOSED.

|   |               |
|---|---------------|
| Bingham.....Fayette.....Bingham State Bank.....               | Mar. 9, 1931  |
| West Point.....Hancock.....State Bank of West Point.....      | Mar. 12, 1931 |
| Melvin.....Ford.....Melvin State Bank.....                    | Mar. 14, 1931 |
| Penfield.....Champaign.....Bank of Penfield.....              | Mar. 19, 1931 |
| St. Joseph.....Champaign.....Exchange Bank of St. Joseph..... | Mar. 23, 1931 |
| Warrensburg.....Macon.....State Bank of Warrensburg.....      | Mar. 27, 1931 |
| Chicago.....Cook.....Columbia State Savings Bank.....         | Mar. 28, 1931 |
| Baldwin.....Randolph.....Baldwin State Bank.....              | Mar. 28, 1931 |
| Manlius.....Bureau.....First State Bank of Manlius.....       | Mar. 30, 1931 |

## RECEIVERS APPOINTED.

|   |               |
|---|---------------|
| Noble.....Richland.....The Bank of Noble—E. B. Ring.....  | Mar. 10, 1931 |
| Wyoming.....Stark.....Scott, Walters & Rakestraw, Bankers, of Wyoming—<br>Carl W. Peterson..... | Mar. 18, 1931 |
| Chicago.....Cook.....Novak & Steiskal State Bank—Edgar F. Olson.....                            | Mar. 18, 1931 |
| Bingham.....Fayette.....Bingham State Bank—Don Connor.....                                      | Mar. 20, 1931 |

## RECAPITULATION.

|   |       |
|---|-------|
| State Banks in Chicago                      | 157   |
| State Banks in Cook County outside Chicago  | 78    |
| State Banks in Illinois outside Cook County | 875   |
| Total                                       | 1,110 |

# MONTHLY BULLETIN

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

Vol. 7

SPRINGFIELD, ILL., MAY 1, 1931

No. 2

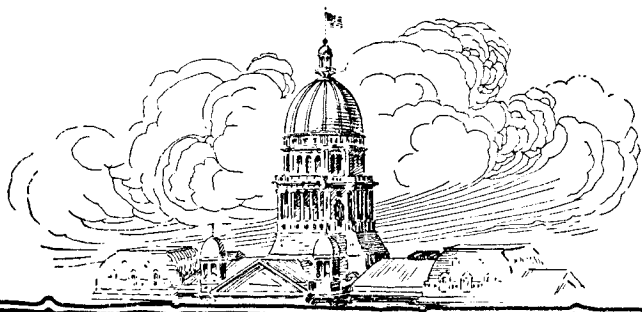
## BANK BUILDING AND FIXTURES

We admit that beautiful one-purpose bank buildings and fixtures make the business of banking attractive, both for the patrons and the banker. Experience, however, has taught us that unless they can be obtained from profits the luxury is a dangerous gamble.

Let us profit by experience in contemplating future investment and ask—"Can we afford it?"

We should benefit by the past and begin now to reduce existing investments even though it is necessary to sacrifice dividends.

Better to be safe than sorry.



## RUMORS INVOLVING BANKS

The attitude of the State's Attorney, Hon. John A. Swanson, of Cook County, in launching an investigation of the circulation of false propaganda which has resulted in the closing of some banks in Chicago is highly commendable and might be followed by like officers in other counties. Mr. Swanson has issued statements to the press in which he appeals to the depositors to disregard anonymous telephone calls or rumors regarding the stability of any bank without first having made a thorough investigation or inquiry of the officials of the bank.

Mr. Swanson's statement is as follows:

"The State's Attorney desires to warn the public, particularly depositors in banks, concerning certain conditions which seem to threaten possibility of serious losses. There have been within the last week or ten days a number of runs upon banks.

"Investigations now under way, and which will be vigorously continued, indicate that these were in the main artificially stimulated, mostly through the use of anonymous telephone communications. Among other agencies it is believed that certain subversive organizations whose purposes it is to spread and create dissatisfaction with established institutions, both of government and of business affairs, have undertaken to create in this manner runs upon banks, apparently with the hope that the fear thus created in minds of the depositors will produce a mental attitude which will be fertile for the propaganda of such organizations.

"The State's Attorney is confident that the business institutions, as well as the banks of this community, are, in the main, sound, in substantial shape, and thoroughly equipped to continue to render service to their depositors without risk of loss.

"The State's Attorney would urge that if any such anonymous rumors or suggestions are spread by telephone or otherwise before attention is paid to them, inquiry should be addressed by the receivers of such alarming suggestion to some qualified authority.

"The State's Attorney warns the public that the criminal code in its provisions as to conspiracy imposes a heavy penalty—a maximum imprisonment in the penitentiary for five years—for any person guilty of such attempt to ruin existing institutions upon which the public relies, as well as special statutory penalties for circulating false rumors as to banks."

## THIS IS IMPORTANT

Our "Form" which is used by the Examiner and Assistant when making an examination is important and is for the protection of the banker as well as this Department.

At the time the Examiner and Assistant begin their examinations they present the "Form" in duplicate and leave with the executive officer of the bank. He should immediately enclose one in the self-addressed envelope left for that purpose and see that it is promptly posted in order that the Department may have the "Form" to complete its records.

The banker for his own protection should comply fully with our instructions.

## TRUST DIVISION

On December 31, 1930, there were 313 domestic banks and corporations qualified under the Trust Act of this State.

These are classified as follows:

|                                  |     |
|----------------------------------|-----|
| Trust Companies (not banks)..... | 15  |
| National Banks.....              | 100 |
| State Banks.....                 | 198 |

The number of fiduciary accounts being executed by these legally qualified companies was 87,349, the value of the property reported as held in trust totalling \$5,146,305,333.31.

Under the provisions of the Trust Act these corporations had on deposit with the Auditor of Public Accounts approximately \$42,000,000.00 in approved securities.

These figures as compared with a year ago show an increase of four banks but there are 12,017 more fiduciary accounts with an increase in assets of \$157,037,820.34.

## RECEIVERSHIP DIVIDENDS

During the month of April various Receivers have issued checks for dividends amounting to nearly \$1,000,000.00—varying in amounts from 10% to 35%. The distribution of these checks at this time is particularly helpful in aiding Creditors in the matter of payment of taxes.

## CAPITAL STOCK INCREASED.

Lake Forest...Lake.....Lake Forest Trust and Savings Bank .....From \$ 50,000 to \$100,000 Apr. 25, 1931

## CAPITAL STOCK DECREASED.

Quincy.....Adams.....State Savings, Loan and Trust Company .....From \$1,000,000 to \$500,000 Apr. 2, 1931  
Virden.....Macoupin.....The Farmers and Merchants State Bank of Virden, Illinois .....From 85,000 to 75,000 Apr. 15, 1931

## CHANGE OF PAR VALUE OF CAPITAL STOCK.

Quincy.....Adams.....State Savings, Loan and Trust Company .....From \$100 to \$50 Apr. 2, 1931

## REOPENED.

Calumet City...Cook.....Calumet City State Bank..... Apr. 1, 1931  
Carterville...Williamson...Carterville State and Savings Bank..... Apr. 2, 1931  
Quincy.....Adams.....State Savings, Loan and Trust Company..... Apr. 2, 1931  
Quincy.....Adams.....South Side State Savings Bank of Quincy..... Apr. 2, 1931  
Payson.....Adams.....Payson State Savings Bank..... Apr. 2, 1931  
Alma.....Marion.....Alma State Bank (W. O. Roddy, Receiver—resigned) Apr. 17, 1931

## LIQUIDATED.

East Lynn...Vermilion...State Bank of East Lynn (Placed in voluntary liquidation by Directors) Apr. 1, 1931  
Penfield...Champaign...Bank of Penfield through Fowler State Bank, Rantoul Apr. 2, 1931  
Bellair...Crawford...Bellair State Bank through The Oil Belt National Bank, Oblong .....Apr. 6, 1931  
Park Ridge...Cook...Peoples and Merchants State Bank of Park Ridge through Citizens State Bank of Park Ridge..... Apr. 9, 1931  
Baldwin...Randolph...Baldwin State Bank through Sparta State Bank..... Apr. 17, 1931  
Chicago...Cook...Commercial State Bank of Chicago through Bowmanville National Bank, Chicago..... Apr. 25, 1931  
New Boston...Mercer...Peoples State Bank of New Boston through State Bank of New Boston..... Apr. 25, 1931  
Pontiac...Livingston...Pontiac State Bank through National Bank of Pontiac Apr. 27, 1931

## CLOSED.

Chicago...Cook...Ridgeway State Bank of Chicago..... Apr. 1, 1931  
Cicero...Cook...Cicero Trust and Savings Bank..... Apr. 2, 1931  
Seward...Winnebago...Seward State Bank..... Apr. 10, 1931  
Smithfield...Fulton...Smithfield State Bank..... Apr. 11, 1931  
Chicago...Cook...Builders and Merchants Bank and Trust Company.. Apr. 11, 1931  
Chicago...Cook...North Town State Bank..... Apr. 13, 1931  
Willow Hill...Jasper...First State Bank of Willow Hill..... Apr. 13, 1931  
Chicago...Cook...Boulevard State Savings Bank..... Apr. 15, 1931  
Chicago...Cook...Lincoln Trust and Savings Bank..... Apr. 15, 1931  
Lyndon...Whiteside...First State Bank of Lyndon..... Apr. 20, 1931  
Pecatonica...Winnebago...Pecatonica State Bank..... Apr. 24, 1931

## RECEIVERS APPOINTED

Lansing...Cook...Lansing State Bank—Robert E. Rodgers..... Apr. 8, 1931  
Warrensburg...Macon...State Bank of Warrensburg—W. C. Chynoweth..... Apr. 13, 1931  
Palmyra...Macoupin...First State Bank of Palmyra—J. G. Waters..... Apr. 15, 1931  
Chicago...Cook...Columbia State Savings Bank—Wm. H. Schmidt..... Apr. 18, 1931  
Chicago...Cook...Ridgeway State Bank of Chicago—Edward M. Olson Apr. 21, 1931  
Manlius...Bureau...First State Bank of Manlius—C. A. Simington..... Apr. 22, 1931  
Smithfield...Fulton...Smithfield State Bank—Charles E. Berry..... Apr. 23, 1931  
Cicero...Cook...Cicero Trust and Savings Bank—Robert M. Chittenden ..... Apr. 27, 1931

## TRUST CERTIFICATE CANCELED.

Park Ridge...Cook...Peoples and Merchants State Bank of Park Ridge.. Apr. 8, 1931

## RECAPITULATION.

|  |       |
|--|-------|
| State Banks in Chicago .....                     | 151   |
| State Banks in Cook County outside Chicago.....  | 77    |
| State Banks in Illinois outside Cook County..... | 871   |
| Total .....                                      | 1,099 |

# MONTHLY BULLETIN

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

Vol. 7

SPRINGFIELD, ILL., JUNE 1, 1931

No. 3

## THE SECONDARY RESERVE

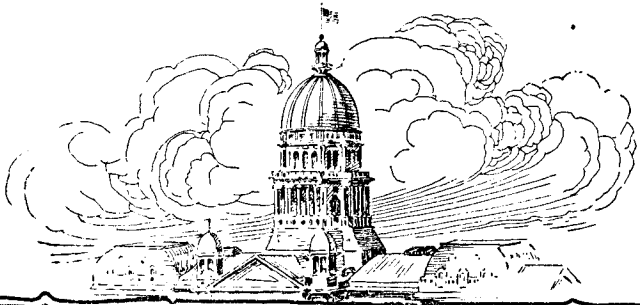
\* \* \* \*

Reasons for the maintenance of a secondary reserve still obtain. Some bankers who are faced with heavy depreciation argue that the idea relative to bond accounts has not proven sound, but this is answerable by a study of investments.

We have noted from various reports that where safe investments have been made, the banks' bond lists show very little, if any depreciation and in quite a few instances some appreciation. We have also found from experience that where a bank maintained even a small per cent of its deposit liability in fairly liquid securities and was forced to close its doors by reason of an unprecedented demand, efforts for reorganization have proven successful.

The banker in every case where a large depreciation is present in the bond list has lost sight of the paramount requirement of a secondary account, and that is—the readily marketable feature. The high-return bonds in many instances are in default. Look over the lists of the largest institutions and you will find securities that can promptly be converted into cash. These banks maintain a large percentage of their deposits in investments that can be utilized for cash at a moment's notice.

Protection of depositors is the fundamental principle to be observed and the point is that bond investments must be of the highest grade.





## BORROWING MONEY

\* \* \*

The Courts have ruled that under certain circumstances a bank may become a temporary borrower of money but it is necessary for those who require loans to have express authority for such action.

The power to borrow money or to give notes is not expressly given in the Illinois State Banking Act nor in the National Bank Statute. In a court decision handed down in a suit by one National Bank against another on a note for money borrowed, this language was used: "The business of the bank is to lend, not to borrow money; to discount the notes of others, not to get its own notes discounted. Nevertheless, a National Bank has implied authority to incur liabilities in the regular course of its business."

## SEMI-ANNUAL REPORTS

\* \* \* \*

During the month there will be forwarded to the banks under the jurisdiction of this Department blanks for the preparation and filing of the semi-annual report on Earnings, Expenses, and Dividends (Form 37 A), also Form 55 for execution in case dividends are to be declared. While these reports are not published, they are used for statistical purposes and it is absolutely necessary that they be accurate.

They have been printed with a view of obtaining the exact information desired and, therefore, it is requested that no change whatever be made in the forms prescribed. Bankers in many instances are prone to write in explanations or, under the impression that the blank is not adapted to their particular situation, make various changes which render it impracticable from the Department's standpoint.

As a matter of explanation we wish to state that the two forms are not dependent one on the other or interlocking. Form 55 must be used whenever a dividend is to be declared. If banks do not have blanks on hand, requisition should be made of this Department and they will be promptly forwarded.

Please execute blanks as received—make no changes or alterations.

## OFFICERS' AND DIRECTORS' LOANS

\* \* \* \* \*

One portion of the Banking Act which continues to be overlooked by a number of banks is the closing paragraph of Section 10 which reads as follows:

"It shall not be lawful for any bank to loan to its president, or to any of its vice-presidents or its salaried officers or employees, or to corporations or firms controlled by them, or in the management of which any of them are actively engaged, until an application for such loan shall have been first approved, both as to security and amount, by the board of directors."

When action is not taken as prescribed above a violation of the Law has occurred. Therefore, attention should be given this matter by those who have been delinquent heretofore.

## INCREASED SAVINGS TO MARK 1931

\* \* \* \* \*

A year of large increases in American savings is likely to mark 1931, according to Col. Leonard P. Ayres, Vice President of the Cleveland Trust Co., and internationally known economist.

Savings records running back 60 years indicate in every period of depression savings deposits are drawn down rapidly in the early part of a depression and begin to be built up and reach their most rapid accumulation early in the period of recovery. Americans save best when business is just struggling back toward prosperity after hard times and then their savings tend to become progressively less as we grow more prosperous, becoming rather low in boom periods. I am confident that 1931 will be a year of progressive business recovery if we do as we have in the past—progressively accumulate savings.

To the banking business in general, Col. Ayres offered the cheering thought: Corporation bonds of the kind that bankers buy, have in the past always advanced in price until business got back to normal. To him this means we probably have a year of advancing bond prices ahead of us. Col. Ayres also described the course of business cycles in the past half century when discussing "Savings and Cycles".—Ex.

## PERMITS ISSUED.

|                        |   | Capital.  | Surplus. | Reserve. | Date.        |
|------------------------|---|-----------|----------|----------|--------------|
| Peoria.....Peoria..... | Jefferson Trust and Savings Bank of Peoria<br>242 South Jefferson Street. | \$200,000 | \$75,000 | \$25,000 | May 14, 1931 |

|                       |   |         |        |        |              |
|-----------------------|---|---------|--------|--------|--------------|
| Chicago.....Cook..... | Sears-Community State Bank<br>3401 Arthington St. | 200,000 | 20,000 | 10,000 | May 19, 1931 |
|-----------------------|---|---------|--------|--------|--------------|

## CAPITAL STOCK DECREASED.

|                               |  |                            |  |              |
|-------------------------------|--|----------------------------|--|--------------|
| Hillsboro.....Montgomery..... | The Montgomery County Loan and Trust Company | From \$100,000 to \$50,000 |  | May 28, 1931 |
|-------------------------------|--|----------------------------|--|--------------|

## CAPITAL STOCK INCREASED.

|                               |  |                            |  |              |
|-------------------------------|--|----------------------------|--|--------------|
| Hillsboro.....Montgomery..... | The Montgomery County Loan and Trust Company | From \$ 50,000 to \$80,000 |  | May 28, 1931 |
|-------------------------------|--|----------------------------|--|--------------|

## CHANGE OF PAR VALUE OF CAPITAL STOCK.

|                               |  |                    |  |              |
|-------------------------------|--|--------------------|--|--------------|
| Hillsboro.....Montgomery..... | The Montgomery County Loan and Trust Company | From \$100 to \$50 |  | May 28, 1931 |
|-------------------------------|--|--------------------|--|--------------|

## REOPENED.

|                             |                          |              |
|-----------------------------|--------------------------|--------------|
| West Point.....Hancock..... | State Bank of West Point | May 28, 1931 |
|-----------------------------|--------------------------|--------------|

## DURATION EXTENDED.

|  |                         |              |
|--|-------------------------|--------------|
| Martinsville.....Clark.....                  | Martinsville State Bank | May 14, 1931 |
| Charter extended 25 years from July 5, 1931. |                         |              |

## LIQUIDATED.

|                                    |  |             |
|------------------------------------|--|-------------|
| Taylor Springs.....Montgomery..... | State Bank of Taylor Springs through The Montgomery County Loan and Trust Company, Hillsboro | May 2, 1931 |
|------------------------------------|--|-------------|

|                       |  |             |
|-----------------------|--|-------------|
| Chicago.....Cook..... | Twenty Sixth Street State Bank through Lawndale National Bank, Chicago | May 9, 1931 |
|-----------------------|--|-------------|

|                             |  |              |
|-----------------------------|--|--------------|
| Willow Hill.....Jasper..... | First State Bank of Willow Hill through The Oil Belt National Bank, Oblong | May 18, 1931 |
|-----------------------------|--|--------------|

|                          |   |              |
|--------------------------|---|--------------|
| Tiskilwa.....Bureau..... | Farmers State Bank of Tiskilwa through The First State Bank of Tiskilwa | May 18, 1931 |
|--------------------------|---|--------------|

|                            |  |              |
|----------------------------|--|--------------|
| Hemming.....Vermilion..... | Lane Bros. State Bank (Placed in voluntary liquidation by Directors) | May 29, 1931 |
|----------------------------|--|--------------|

## CLOSED.

|                             |                                   |             |
|-----------------------------|-----------------------------------|-------------|
| Princeville.....Peoria..... | Farmers State Bank of Princeville | May 5, 1931 |
|-----------------------------|-----------------------------------|-------------|

|                       |                     |              |
|-----------------------|---------------------|--------------|
| Chicago.....Cook..... | Humboldt State Bank | May 13, 1931 |
|-----------------------|---------------------|--------------|

|                       |                            |              |
|-----------------------|----------------------------|--------------|
| Chicago.....Cook..... | Second Humboldt State Bank | May 13, 1931 |
|-----------------------|----------------------------|--------------|

|                       |                               |              |
|-----------------------|-------------------------------|--------------|
| Chicago.....Cook..... | Montrose Trust & Savings Bank | May 20, 1931 |
|-----------------------|-------------------------------|--------------|

|                             |                                 |              |
|-----------------------------|---------------------------------|--------------|
| Armington.....Tazewell..... | Farmers State Bank of Armington | May 27, 1931 |
|-----------------------------|---------------------------------|--------------|

|                       |                               |              |
|-----------------------|-------------------------------|--------------|
| Chicago.....Cook..... | Commerce Trust & Savings Bank | May 28, 1931 |
|-----------------------|-------------------------------|--------------|

|                               |                                   |              |
|-------------------------------|-----------------------------------|--------------|
| Crystal Lake.....McHenry..... | United State Bank of Crystal Lake | May 28, 1931 |
|-------------------------------|-----------------------------------|--------------|

## RECEIVERS APPOINTED.

|                       |  |             |
|-----------------------|--|-------------|
| Chicago.....Cook..... | Builders and Merchants Bank and Trust Company—Will H. Wade | May 1, 1931 |
|-----------------------|--|-------------|

|                       |   |              |
|-----------------------|---|--------------|
| Chicago.....Cook..... | North Town State Bank—Charles W. Bainbridge | May 12, 1931 |
|-----------------------|---|--------------|

|                            |   |              |
|----------------------------|---|--------------|
| Smithfield.....Fulton..... | Smithfield State Bank—W. H. Fouts<br>(Charles E. Berry, Receiver—resigned.) | May 18, 1931 |
|----------------------------|---|--------------|

|                             |  |              |
|-----------------------------|--|--------------|
| Princeville.....Peoria..... | Farmers State Bank of Princeville—Charles E. Berry | May 18, 1931 |
|-----------------------------|--|--------------|

|                           |  |              |
|---------------------------|--|--------------|
| Lyndon.....Whiteside..... | First State Bank of Lyndon—Glen Craddock | May 19, 1931 |
|---------------------------|--|--------------|

|                       |   |              |
|-----------------------|---|--------------|
| Chicago.....Cook..... | Lincoln Trust and Savings Bank—George W. Blomgren | May 22, 1931 |
|-----------------------|---|--------------|

|                       |  |              |
|-----------------------|--|--------------|
| Chicago.....Cook..... | Boulevard State Savings Bank—Emil J. Wentzlaff | May 26, 1931 |
|-----------------------|--|--------------|

## OTHER CHANGES.

|                               |  |              |
|-------------------------------|--|--------------|
| Hillsboro.....Montgomery..... | The Montgomery County Loan and Trust Company assumed deposit liability of Peoples National Bank, Hillsboro | May 29, 1931 |
|-------------------------------|--|--------------|

## RECAPITULATION.

|   |     |
|---|-----|
| State Banks in Chicago                      | 146 |
| State Banks in Cook County outside Chicago  | 77  |
| State Banks in Illinois outside Cook County | 866 |

|       |       |
|-------|-------|
| Total | 1,089 |
|-------|-------|

# MONTHLY BULLETIN

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

Vol. 7

SPRINGFIELD, ILL., JULY 1, 1931

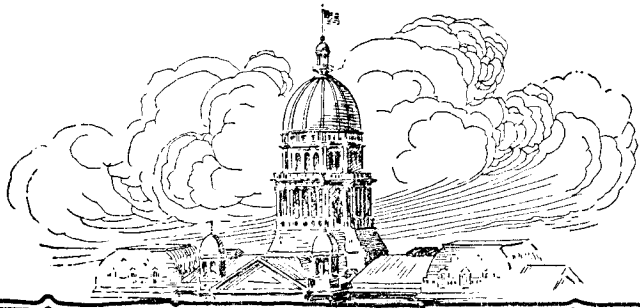
No. 4

## RESTORATION OF CONFIDENCE

The one splendid and outstanding result of the President's suggestion for a suspension of War debt payments will undoubtedly be the restoration of confidence. Already signs of more faith are manifest in the recent activity of the stock and bond market and other evidences of stability will be forthcoming.

We badly need a strengthening of our business structure. It has been damaged greatly in the past by hysteria. The public has been frightened in many instances by unwarranted propaganda which has resulted in the breaking down of long time-honored institutions and customs.

Every effort has been put forth to stem the tide of attack on business by those responsible for its conduct, especially among bankers. Unprecedented withdrawals have caused a general upheaval and no state and hardly any community has been exempt. With a thoughtful and orderly return of confidence the public should again put faith in the community bank, whether it be located in the village, town or city. The bank is the weave and woof of our business fabric.



DIRECTORS' MEETINGS

\* \* \* \*

Section Four of the Banking Act provides that Directors of State Banks shall meet at least once each month and Section Four of the Model Form of By-Laws provides for the monthly meeting and the order of business as follows:

"The directors shall hold regular meetings at least once each month at such hour as they may appoint by resolution previously passed, and there shall be present a quorum. A majority of the board shall constitute a quorum.

"Special meetings of the board of directors may be called by the president and cashier and shall be called by either upon request of \_\_\_\_\_ directors. Twenty-four hours' notice shall be given to each director of the time, place and purpose of such meeting. A meeting may be held on shorter notice if all members consent. No business shall be considered at such meeting except such as shall have been specified in the call. At all regular meetings of the board of directors the following shall be the order of business.

1. Roll call.
2. Reading minutes of previous meeting.
3. Report of executive committee.
4. Report of president.
5. Written report of the cashier.
6. Reports of committees.
7. Examination of loans and investments and action thereon.
8. Examination and approval of expense account.
9. Unfinished business.
10. New business."

Corporate records are not as complete as needs be and attention is directed to this fact.

WHAT HAPPENS TO MONEY IN DEPRESSIONS?

The question is often asked, "What has become of all the money?" The answer may be found in the following interesting article taken from the recent issue of the "Bankers Service Bulletin."

In general, the volume of currency in circulation decreases during a period of business depression. This results from a decline in the volume of payrolls and in retail prices, as well as from the reduction in the volume of retail trade accompanying a business depression. In 1920-1921, for example, there was a marked decline in the volume of currency outstanding, and there has also been a decline during the past year. This is shown in the accompanying table, which gives the average volume of money in circulation annually from 1918 to 1930.

MONEY IN CIRCULATION

(Money outside of Federal Reserve Banks and Treasury)

Annual averages of daily figures—1918-1930

(In millions of dollars)

|            |       |
|------------|-------|
| 1918 ..... | 4,658 |
| 1919 ..... | 5,016 |
| 1920 ..... | 5,478 |
| 1921 ..... | 4,950 |
| 1922 ..... | 4,535 |
| 1923 ..... | 4,822 |
| 1924 ..... | 4,879 |
| 1925 ..... | 4,871 |
| 1926 ..... | 4,932 |
| 1927 ..... | 4,892 |
| 1928 ..... | 4,783 |
| 1929 ..... | 4,763 |
| 1930 ..... | 4,546 |

When, however, the recession in business activity is accompanied by failures of important financial institutions, the volume of currency in circulation is likely to increase as a result of withdrawals by depositors. This is illustrated by the depression and panic of 1873.

AN OFT REPEATED SUBJECT

\* \* \* \*

Owing to a decrease in earnings many banks are cancelling, or at least materially reducing, surety bonds. This is more or less of a "Penny wise and pound foolish" policy. In some cases the management has cancelled or permitted bonds to expire and adopted resolutions to the effect that it was deemed an unnecessary expense and that the directors would assume all criticism for any losses caused by defalcations or irregularities. Such a resolution would not reimburse depositors in the event that some unfortunate loss might occur, and directors have no legal right to assume such responsibility. Depositors are naturally entitled to all of the protection that can be afforded and there is no question but that the bonding of employees may be classed under the heading of necessary protection.

This Department has no hesitancy in urging this matter and without any thought of creating business for companies that may be engaged in supplying bonds but entirely from the common sense idea of protection. As called to attention in a previous issue of the Bulletin, all Model By-Laws require this action. After providing for the election of the officers of the association, the following language is used:

"The said executive officers shall each give bond in such amounts as may be required by the board of directors for the faithful performance of their duties, and the said bonds shall be in the custody of one of the directors who is not an executive officer."

PERMITS ISSUED.

|  | Capital  | Surplus | Reserve | Date         |
|--|----------|---------|---------|--------------|
| Rock City.....Stephenson.....Rock City Bank..... | \$50,000 | \$5,000 | \$2,500 | June 4, 1931 |

CHARTERS ISSUED.

|  |           |          |          |               |
|--|-----------|----------|----------|---------------|
| Chicago.....Cook.....Sears-Community State Bank.....                             | \$200,000 | \$20,000 | \$10,000 | June 30, 1931 |
| 3401 Arthington Street.<br>J. Louis Kohn, President.<br>Michael Bolker, Cashier. |           |          |          |               |

LIQUIDATED.

|  |  |  |  |               |
|--|--|--|--|---------------|
| Saybrook.....McLean.....Saybrook State Bank through Saybrook Bank.....   |  |  |  | June 3, 1931  |
| Chicago.....Cook.....Foreman State Trust and Savings Bank through First Union Trust and Savings Bank, Chicago.....   |  |  |  | June 6, 1931  |
| Chicago.....Cook.....Xenia State Bank through Liberty Trust & Savings Bank, Chicago.....                             |  |  |  | June 8, 1931  |
| Xenia.....Clay.....Xenia State Bank through First National Bank, Xenia.....  |  |  |  | June 20, 1931 |
| Sheridan.....LaSalle.....Farmers and Merchants State Bank through The First National Bank of Sheridan, Illinois..... |  |  |  | June 22, 1931 |
| Evanston.....Cook.....Central State Bank of Evanston through City National Bank and Trust Company, Evanston.....     |  |  |  | June 30, 1931 |

CLOSED.

|   |  |  |  |               |
|---|--|--|--|---------------|
| Chicago.....Cook.....Fullerton State Bank.....                                  |  |  |  | June 4, 1931  |
| Chicago.....Cook.....Industrial State Bank of Chicago.....                      |  |  |  | June 6, 1931  |
| Chicago.....Cook.....Sheridan Trust & Savings Bank.....                         |  |  |  | June 6, 1931  |
| Galva.....Henry.....Farmers Co-operative State Bank of Galva, Illinois.....     |  |  |  | June 6, 1931  |
| Chicago.....Cook.....Cheltenham Trust & Savings Bank.....                       |  |  |  | June 6, 1931  |
| Chicago.....Cook.....South Side Savings Bank & Trust Co.....                    |  |  |  | June 6, 1931  |
| Bloomington.....DuPage.....Farmers and Merchants State Bank of Bloomington..... |  |  |  | June 6, 1931  |
| Chicago.....Cook.....Bryn Mawr State Bank.....                                  |  |  |  | June 9, 1931  |
| Chicago.....Cook.....West Englewood Trust & Savings Bank.....                   |  |  |  | June 9, 1931  |
| Chicago.....Cook.....Stony Island State Savings Bank.....                       |  |  |  | June 9, 1931  |
| Chicago.....Cook.....West Lawn Trust and Savings Bank.....                      |  |  |  | June 9, 1931  |
| Chicago.....Cook.....Armitage State Bank.....                                   |  |  |  | June 9, 1931  |
| Chicago.....Cook.....Auburn Park Trust & Savings Bank.....                      |  |  |  | June 9, 1931  |
| Chicago.....Cook.....Bryn Mawr State Bank.....                                  |  |  |  | June 9, 1931  |
| Chicago.....Cook.....Chatham State Bank.....                                    |  |  |  | June 9, 1931  |
| Chicago.....Cook.....Chicago Lawn State Bank.....                               |  |  |  | June 9, 1931  |
| Chicago.....Cook.....Elston State Bank.....                                     |  |  |  | June 9, 1931  |
| Chicago.....Cook.....Ridge State Bank.....                                      |  |  |  | June 9, 1931  |
| Chicago.....Cook.....West Highland State Bank.....                              |  |  |  | June 9, 1931  |
| Chicago.....Cook.....North-Western Trust and Savings Bank.....                  |  |  |  | June 9, 1931  |
| Chicago.....Cook.....Second North-Western State Bank.....                       |  |  |  | June 9, 1931  |
| Chicago.....Cook.....Lincoln State Bank of Chicago.....                         |  |  |  | June 9, 1931  |
| Edinwood Park.....Cook.....Edinwood Park State Bank.....                        |  |  |  | June 9, 1931  |
| Chicago.....Cook.....Italian Trust & Savings Bank.....                          |  |  |  | June 10, 1931 |
| Chicago.....Cook.....State Bank of Beverly Hills.....                           |  |  |  | June 10, 1931 |
| Chicago.....Cook.....West Town State Bank.....                                  |  |  |  | June 10, 1931 |
| Chicago.....Cook.....Cragin State Bank.....                                     |  |  |  | June 10, 1931 |
| Chicago.....Cook.....Garfield State Bank.....                                   |  |  |  | June 11, 1931 |
| Evanston.....Cook.....Illinois State Bank of Evanston.....                      |  |  |  | June 11, 1931 |
| Chicago.....Cook.....Diversey Trust and Savings Bank.....                       |  |  |  | June 12, 1931 |
| DesPlaines.....Cook.....DesPlaines State Bank.....                              |  |  |  | June 12, 1931 |
| Rockford.....Winnecago.....Peoples Bank and Trust Company.....                  |  |  |  | June 15, 1931 |
| Waukegan.....Lake.....Waukegan State Bank.....                                  |  |  |  | June 17, 1931 |
| Chicago.....Cook.....Noel State Bank.....                                       |  |  |  | June 18, 1931 |
| Cicero.....Cook.....Mid-West State Bank.....                                    |  |  |  | June 18, 1931 |
| Glencoe.....Cook.....Glencoe State Bank.....                                    |  |  |  | June 22, 1931 |
| Berwyn.....Cook.....Berwyn State Bank.....                                      |  |  |  | June 27, 1931 |
| Berwyn.....Cook.....Twelfth Street State Bank.....                              |  |  |  | June 27, 1931 |
| Lyons.....Cook.....Lyons State Bank.....  |  |  |  | June 27, 1931 |

RECEIVERS APPOINTED.

|  |  |  |  |               |
|--|--|--|--|---------------|
| Chicago.....Cook.....Montrose Trust & Savings Bank—Charles D. Jenks.....                     |  |  |  | June 8, 1931  |
| Chicago.....Cook.....Humboldt State Bank—Carl Antonsen.....                                  |  |  |  | June 10, 1931 |
| Chicago.....Cook.....Second Humboldt State Bank—Carl Antonsen.....                           |  |  |  | June 10, 1931 |
| Chicago.....Cook.....Commerce Trust & Savings Bank—George H. Wilson.....                     |  |  |  | June 18, 1931 |
| Melvin.....Ford.....Melvin State Bank—W. T. Cameron.....                                     |  |  |  | June 22, 1931 |
| St. Joseph.....Champaign.....Exchange Bank of St. Joseph—J. F. Rankin.....                   |  |  |  | June 23, 1931 |
| Chicago.....Cook.....Cheltenham Trust & Savings Bank—Frank M. McKey.....                     |  |  |  | June 23, 1931 |
| Chicago.....Cook.....Industrial State Bank of Chicago—Paul Corkell.....                      |  |  |  | June 23, 1931 |
| Crystal Lake.....McHenry.....United State Bank of Crystal Lake—Frank J. Green.....           |  |  |  | June 29, 1931 |
| Galva.....Henry.....Farmers Co-operative State Bank of Galva, Illinois—Carl W. Peterson..... |  |  |  | June 30, 1931 |
| Armington.....Tazewell.....Farmers State Bank of Armington—Phil H. Siple.....                |  |  |  | June 30, 1931 |

TRUST CERTIFICATES ISSUED.

|  | Deposit  | Date          |
|--|----------|---------------|
| Paris.....Edgar.....Edgar County National Bank of Paris..... | \$50,000 | June 20, 1931 |
| Paris.....Edgar.....Citizens National Bank of Paris.....     | 50,000   | June 26, 1931 |

TRUST CERTIFICATES CANCELLED.

|  |  |               |
|--|--|---------------|
| Peoria.....Peoria.....South Side Trust & Savings Bank of Peoria..... |  | June 3, 1931  |
| Decatur.....Macon.....Milkkin National Bank.....                     |  | June 8, 1931  |
| Berwyn.....Cook.....Berwyn State Bank.....                           |  | June 17, 1931 |

RECAPITULATION.

|  |              |
|--|--------------|
| State Banks in Chicago.....                      | 118          |
| State Banks in Cook County outside Chicago.....  | 68           |
| State Banks in Illinois outside Cook County..... | 859          |
| <b>Total</b> .....                               | <b>1,045</b> |

# MONTHLY BULLETIN

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

Vol. 7

SPRINGFIELD, ILL., AUGUST 1, 1931

No. 5

## READ THE REPORTS

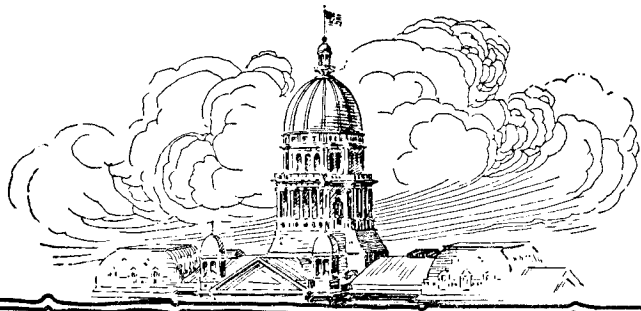
We again urge that more attention be devoted to the duplicate report returned after the examination of the bank.

It is incumbent upon the Officers of the institution to call the attention of the Directors to the contents of the report and request that each one individually familiarize himself with the information contained therein. The purpose of returning the duplicate report to the bank is to furnish the Directors an opportunity to familiarize themselves with the facts concerning the bank which are set forth in a comprehensive form.

Failing to realize the importance to them of the information to be derived from the report, the Directors have delegated to the Cashier and the President the duty of considering the same and formulating a reply to be returned to the Department. This is a mistake! In some cases Directors have expressed their regret at having overlooked this opportunity.

Therefore, it is urged that when the report is received from the Department showing the result of the examination that the Directors be apprised of the matter and that due consideration be given to the items contained in the report regardless of the time necessary.

The report is not a circular letter but an individual resume of the findings of the Examiner in connection with the examination of the bank in question.



REVIEW OF PAST SIX YEARS

Many requests have been received for a copy of the report of banking activities for the past six years, the pertinent facts of which were given to the public through an interview with the Auditor of Public Accounts recently. As the report has not been put into printed form for distribution we quote for the information of the inquirers as follows:

In January 1925, the date of assumption of office by the present incumbent, there were 1403 State Banks doing business in Illinois. Since then 537 have suspended business and 179 others have procured new charters, making a net decrease of 358 banks and leaving the present number—1045. Of the 537 which ceased doing business, 419 closed their doors during the six-year period prior to January 1, 1931. Of the 419 referred to only 139, or approximately 35% have gone into Receivership; others relinquishing their charters through mergers, the purchase of their assets and liabilities by larger banks, or by voluntary liquidation wherein the depositors were paid in full.

In other words, in 65% of the cases of closed banks the depositors lost nothing. The remaining 35% consisted of small banks with small deposit liabilities and a sizeable rate of dividend has already been distributed to the creditors.

Since January 1, 1931, 118 banks have suspended business up to and including June 30, 1931. Sixty-six of these were in Cook County and 52 downstate. Of this number 17 in Cook County and 39 downstate were liquidated voluntarily—all depositors being paid in full.

The report further showed that 48 banks closed in villages of 1,000 population and only one closed in a town from 5,000 to 10,000 population, while none closed in towns from 10,000 to 20,000 population outside of Cook County.

One portion of the report lists the technical causes of bank suspensions. Among those given for the six-year period are heavy withdrawals 126; depleted cash reserve 101; death of officer or defalcation 30 and robbery 1.

Total deposits of all State Banks closed from January to June are listed at \$85,023,000. Total resources are set at \$126,847,000. Of all the banks closing in that period, less than 25% were capitalized at more than \$200,000.

The report includes a table prepared from data by the Federal Reserve Bank of Chicago listing all banks, both State

and National, which were closed in the United States from 1927 to the present. Nebraska heads the list with 316 closed banks and Iowa is second with 259.

Illinois had 250 banks closed in the four and one-half year period while Indiana, with hardly half of Illinois' population, had 217. Wisconsin is listed for 76 closed banks; Michigan 79; Minnesota 187, and Missouri 224. Only 23 failures were marked against New York, but several of these were banks with branches and one, the Bank of the United States, was the largest closed.

In summing up, the Auditor of Public Accounts arrived at three conclusions as follows:

1. That prior to 1925 the State had too many banks, mainly because of post-war inflation of real estate and commodity values.
2. That in the six-year period up to January 1, 1931, the oversupply was being reduced by an orderly process of mergers and voluntary liquidations, resulting in no loss whatever to depositors, with a certain number of failures among smaller banks, resulting, however, in no great losses to depositors.
3. That bank failures since January 1st, in Cook County at least, have been due almost entirely to a lack of confidence by depositors, who if they had left their savings in the bank vaults would have seen the institutions in many cases emerge from the current depression as strong as ever.

| PERMITS ISSUED.               |  |            |            |            |               |
|-------------------------------|--|------------|------------|------------|---------------|
|                               |  | Capital.   | Surplus.   | Reserve.   | Date.         |
| St. Charles.....Kane.....     | State Bank of St. Charles  | \$ 100,000 | \$ 40,000  | \$ 210,000 | July 20, 1931 |
| CHARTERS ISSUED.              |  |            |            |            |               |
| Rock City.....Stephenson..... | Rock City Bank...<br>J. H. Graham,<br>President<br>J. F. Mouglin,<br>Cashier   | 50,000     | 5,000      | 2,500      | July 3, 1931  |
| Chicago.....Cook.....         | Sears-Community<br>State Bank .....<br>3401 Arthington<br>Street<br>J. Louis Kohn,<br>President<br>Michael Bolker,<br>Cashier                          | 200,000    | 20,000     | 10,000     | July 3, 1931  |
| St. Charles.....Kane.....     | State Bank of St. Charles .....<br>Lester J. Norris,<br>President<br>Paul C. McHann-<br>der, Cashier   | 100,000    | 40,000     | 210,000    | July 20, 1931 |
| Chicago.....Cook.....         | Central Republic<br>Bank and Trust<br>Company .....<br>208 South LaSalle<br>Street<br>Philip R. Clarke,<br>President<br>C. C. Haffner,<br>Jr., Cashier | 14,000,000 | 10,000,000 | 4,000,000  | July 25, 1931 |

CONSOLIDATED.

Chicago.....Cook.....Community State Bank and Sears-Community State Bank under title Sears-Community State Bank.... July 3, 1931  
 Chicago.....Cook.....Central Trust Company of Illinois and Chicago Trust Company under title Central Republic Bank and Trust Company ..... July 25, 1931

CAPITAL STOCK INCREASED.

Chicago.....Cook.....Chicago Trust Company From \$3,000,000 to \$3,100,000 July 25, 1931  
 Chicago.....Cook.....Liberty Trust and Savings Bank ..... From 700,000 to 1,000,000 July 30, 1931

DURATION EXTENDED.

Hudson.....McLean.....Hudson State Bank..... July 15, 1931  
 Charter extended 25 years from May 1, 1932

LIQUIDATED.

Bloomington.....DuPage.....Farmers and Merchants State Bank of Bloomington through Roselle State Bank..... July 1, 1931  
 Rock City.....Stephenson.....Rock City State Bank through Rock City Bank..... July 8, 1931  
 St. Charles.....Kane.....Stewart State Bank through State Bank of St. Charles July 20, 1931  
 Evanston.....Cook.....Illinois State Bank of Evanston through Phillip State Bank & Trust Company, Chicago..... July 29, 1931

CLOSED.

Dundee.....Kane.....Dundee State Bank..... July 2, 1931  
 Chicago.....Cook.....Immel State Bank..... July 2, 1931  
 Chicago.....Cook.....The Roseland State Savings Bank..... July 3, 1931  
 Spring Grove.....McHenry.....Spring Grove State Bank..... July 9, 1931

RECEIVERS APPOINTED.

Chicago.....Cook.....Fullerton State Bank—Walter P. Mack..... July 9, 1931  
 Chicago.....Cook.....Bryn Mawr State Bank—Irwin T. Gilruth..... July 10, 1931  
 Chicago.....Cook.....West Englewood Trust & Savings Bank—Irwin T. Gilruth ..... July 10, 1931  
 Chicago.....Cook.....Stony Island State Savings Bank—Irwin T. Gilruth..... July 10, 1931  
 Chicago.....Cook.....West Lawn Trust and Savings Bank—Irwin T. Gilruth July 10, 1931  
 Chicago.....Cook.....Armitage State Bank—Irwin T. Gilruth..... July 10, 1931  
 Chicago.....Cook.....Auburn Park Trust & Savings Bank—Irwin T. Gilruth July 10, 1931  
 Chicago.....Cook.....Brainerd State Bank—Irwin T. Gilruth..... July 10, 1931  
 Chicago.....Cook.....Chatham State Bank—Irwin T. Gilruth..... July 10, 1931  
 Chicago.....Cook.....Chicago Lawn State Bank—Irwin T. Gilruth..... July 10, 1931  
 Chicago.....Cook.....Elston State Bank—Irwin T. Gilruth..... July 10, 1931  
 Chicago.....Cook.....Ridge State Bank—Irwin T. Gilruth..... July 10, 1931  
 Chicago.....Cook.....West Highland State Bank—Irwin T. Gilruth..... July 10, 1931  
 Chicago.....Cook.....Sheridan Trust & Savings Bank—Ernest Ridgeway... July 16, 1931  
 Elmwood Park.....Cook.....Elmwood Park State Bank—Einer S. Liljeberg... July 17, 1931  
 Dundee.....Kane.....Dundee State Bank—H. D. Hemmens..... July 20, 1931  
 Chicago.....Cook.....Lincoln State Bank of Chicago—John P. O'Brien... July 20, 1931  
 Chicago.....Cook.....West Town State Bank—Thomas B. Roberts..... July 21, 1931  
 Chicago.....Cook.....Immel State Bank—R. F. Gentzel..... July 21, 1931  
 Chicago.....Cook.....Diversey Trust and Savings Bank—Glen C. Hodges... July 22, 1931  
 Chicago.....Cook.....Second North-Western State Bank—Norman O. Geyer... July 22, 1931  
 Cicero.....Cook.....Mid-West State Bank—Arthur A. R. Nelson..... July 22, 1931  
 Berwyn.....Cook.....Twelfth Street State Bank—Arthur A. R. Nelson..... July 22, 1931  
 Seward.....Cook.....Seward State Bank—Christ T. Wilhelm..... July 22, 1931  
 Spring Grove.....McHenry.....Spring Grove State Bank—Frank B. McConnell..... July 22, 1931  
 Chicago.....Cook.....South Side Savings Bank & Trust Co.—John A. Carroll July 24, 1931  
 Glencoe.....Cook.....Glencoe State Bank—Chicago Title & Trust Company July 24, 1931  
 Chicago.....Cook.....Noel State Bank—Henry S. Savage..... July 27, 1931  
 Lyons.....Cook.....Lyons State Bank—Francis Karel..... July 28, 1931  
 Chicago.....Cook.....Italian Trust & Savings Bank—Howard C. Holbrook... July 28, 1931  
 Berwyn.....Cook.....Berwyn State Bank—George H. Anderson..... July 28, 1931  
 Waukegan.....Lake.....Waukegan State Bank—Fred Brown Whitney..... July 28, 1931  
 Chicago.....Cook.....Cragin State Bank—Logan L. Mullins..... July 30, 1931

TRUST CERTIFICATES ISSUED.

Chicago.....Cook.....Central Republic Bank and Trust Company \$500,000 July 25, 1931

TRUST CERTIFICATES CANCELLED.

Berwyn.....Cook.....American State Bank of Berwyn..... July 9, 1931  
 Chicago.....Cook.....Chicago Trust Company..... July 25, 1931  
 Chicago.....Cook.....Central Trust Company of Illinois..... July 25, 1931

RECAPITULATION.

State Banks in Chicago ..... 114  
 State Banks in Cook County outside Chicago..... 68  
 State Banks in Illinois outside Cook County..... 858  
 Total ..... 1040



# MONTHLY BULLETIN

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

Vol. 7

SPRINGFIELD, ILL., SEPTEMBER 1, 1931

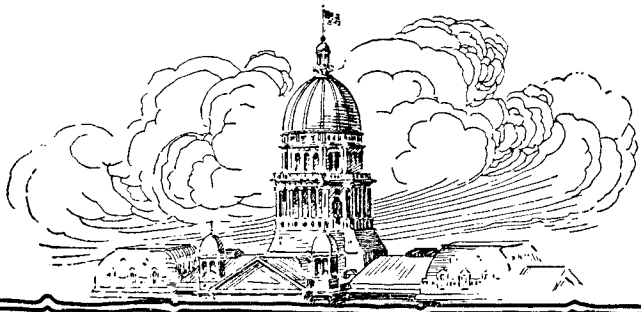
No. 6

## MUST BE CORRECTLY PUBLISHED

The Banking Act provides that reports should be made to the Auditor of Public Accounts upon forms prescribed by him and properly verified under oath of the Officers of the bank.

The forms submitted in connection with Call Reports under this provision are three in number, 7-8 and 9, and all must agree as to the various items. Form 9 carries the copy of the Official Publication and must be so indicated when it appears in print. Carelessness is apparent from our check of the published statements as the words "Official Publication" have been omitted in a great many instances. This is very important. The published statements required by the Auditor of Public Accounts are distinguished from statements used as advertising by banks. Every item on Form 7 of the Call Report must be reproduced in the published statement figure for figure, item for item, without any change and must be properly acknowledged before a Notary.

Hereafter when statements are published without the words "Official Publication" the banks will be required to republish.



## A UNIFORM BANK COLLECTION CODE

An Act was passed by the last Legislature which deals principally with the question of the rights and liabilities of the banks and their customers with respect to the collection of checks and other commercial paper deposited in banks. It is known as the "Uniform Bank Collection Code" and has been adopted by thirteen States; Illinois being the fourteenth.

With the placing of this law on the statute books it will be unnecessary in the future for banks to use a standard form of collection agreement which has been recommended in the past. The Act provides that where an instrument is received for collection any credit given shall be revocable until the proceeds are received in actual money or an unconditional credit given by another bank.

This Act sets out, also, the legal effect of restrictive endorsements and fixes responsibility of agent collecting banks and, in general, requires them to use due care. It further provides that if the collecting bank accepts a credit it shall be as responsible as if the proceeds were actually paid in money. It provides that in case a bank which has received an instrument for collection fails:

1. Before the actual collection or payment of the instrument, the Receiver shall return it to the owner.
2. And the drawer has on deposit with such bank an amount equal to the amount of such instrument and the item has been charged to the account of the drawer but the bank has not paid the owner or payee or given him credit therefor, then the assets of the bank shall be impressed with a trust in favor of the owner of such item for the amount thereof and such owner shall have a preferred claim upon such assets.
3. After it has received the proceeds of the item intrusted to it for collection and before it has remitted the amount or given an unconditional credit therefor, the assets of such collecting bank shall be impressed with a trust in favor of the owner of the item and such owner shall have a preferred claim upon such assets.

Another law which was passed by the Legislature was called the Uniform Fiduciaries Act. In general it makes the

use of good faith the test of any responsibility on the part of a person dealing with a Fiduciary for any loss to the principal of the Fiduciary by reason of any breach of the trust. That is to say, under the provisions of this Act a third person dealing with a Fiduciary is not responsible to the principal for whom the Fiduciary is acting for any loss to the principal by reason of any breach of trust on the part of the Fiduciary, unless the third person has actual knowledge that the Fiduciary is committing a breach of trust in carrying out the transaction with the third person, or unless the third person fails to use good faith in the matter.

Still another bill becoming a law by the Act of the last Legislature was an amendment to Section 9 of the Negotiable Instruments Act. This provides that the instrument shall be payable to bearer when it is made payable to the order of a fictitious or non-existent person or living person not intended to have any interest in it, and such fact was known to the person making it so payable, or known to his employee or other agent who supplies the name of such payee.

## BASIS FOR CREDIT

A Banker recently made inquiry as to what basis he should use for extending credit to a farmer customer. He asks, "Should I make a loan on the showing of net assets as disclosed by the customer's financial statement of today or upon the theory that prices for land and farm products are as low as they will ever go and that with a probable increase just in the offing, should the borrower have the advantage of the possible betterment in prices?" Really what the inquirer means to say is, "Should I make a loan on present-day values or upon what I think will be the net worth of my customer a year from now?"

The loan should be made upon a review of the present and with a thought for the future. If credit is granted upon the basis of present price for farm lands and agricultural products it should be safe, providing the borrowers financial statement, after being thoroughly checked, justifies credit.

Repayment of the loan by the borrower must be taken into account and that, to some extent, depends on the future.

PERMITS ISSUED.

|  | Capital.  | Surplus. | Reserve. | Date.         |
|--|-----------|----------|----------|---------------|
| Chicago.....Cook.....Avondale State Bank<br>2956 Milwaukee Avenue. | \$200,000 | \$20,000 | \$10,000 | Aug. 26, 1931 |

CLOSED.

|   |               |
|---|---------------|
| Cissna Park.....Iroquois.....Peoples State Bank of Cissna Park..... | Aug. 1, 1931  |
| Plano.....Kendall.....First State Bank of Plano.....                | Aug. 5, 1931  |
| Reddick.....Kankakee.....Reddick State Bank.....                    | Aug. 8, 1931  |
| Cloverdale.....DuPage.....Cloverdale State Bank.....                | Aug. 8, 1931  |
| Buckingham.....Kankakee.....Farmers Bank of Buckingham.....         | Aug. 11, 1931 |
| Arlington Heights.....Cook.....Arlington Heights State Bank.....    | Aug. 15, 1931 |
| Hanover.....JoDaviss.....Hanover State Bank.....                    | Aug. 17, 1931 |
| North Henderson.....Mercer.....Farmers Bank of North Henderson..... | Aug. 18, 1931 |
| Davis.....Stephenson.....State Bank of Davis.....                   | Aug. 24, 1931 |
| Herscher.....Kankakee.....Citizens State Bank of Herscher.....      | Aug. 25, 1931 |
| Chicago.....Cook.....Marquette Park State Bank.....                 | Aug. 31, 1931 |

RECEIVERS APPOINTED.

|   |               |
|---|---------------|
| Chicago.....Cook.....The Roseland State Savings Bank—George W. Rein-<br>ecke  | July 31, 1931 |
| DesPlaines.....Cook.....DesPlaines State Bank—William Busse, Jr.....  | Aug. 3, 1931  |
| Chicago.....Cook.....Lake View State Bank—William H. Beckman (Chi-<br>cago Trust Company, Receiver—resigned).....                     | Aug. 6, 1931  |
| Chicago.....Cook.....Citizens Trust and Savings Bank—Erwin J. Zuehls<br>(Chicago Trust Company, Receiver—resigned).....               | Aug. 6, 1931  |
| Chicago.....Cook.....Roosevelt-Bankers State Bank—Erwin J. Zuehls (Chi-<br>cago Trust Company, Receiver—resigned).....                | Aug. 6, 1931  |
| Chicago.....Cook.....Garfield State Bank—John E. Sullivan.....  | Aug. 12, 1931 |
| Chicago.....Cook.....North-Western Trust and Savings Bank—David E.<br>Shanahan  | Aug. 12, 1931 |
| Galva.....Henry.....Farmers Co-operative State Bank of Galva, Illinois—<br>George D. Palmer (Carl W. Peterson, Receiver—<br>resigned) | Aug. 12, 1931 |
| Chicago.....Cook.....State Bank of Beverly Hills—Victor H. Munnecke....   | Aug. 18, 1931 |

RECAPITULATION.

|  |              |
|--|--------------|
| State Banks in Chicago .....                     | 113          |
| State Banks in Cook County outside Chicago ..... | 67           |
| State Banks in Illinois outside Cook County..... | 819          |
| Total .....                                      | <u>1,029</u> |

# MONTHLY BULLETIN

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

Vol. 7

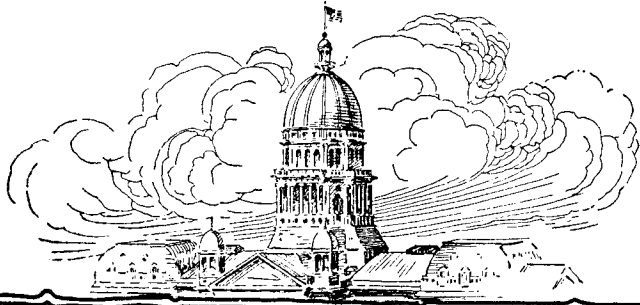
SPRINGFIELD, OCTOBER 1, 1931

No. 7

## BOND DEPRECIATION

Considerable depreciation is evidenced in many of the bond accounts of the banks regardless of whether they are State or National. Of course, the higher grade bonds carry less depreciation. Bankers have complained that both the National and State Departments have urged the establishment of secondary reserves and that their compliance with such recommendation has resulted in the necessity of increasing reserves and undivided profits to meet depreciation. Some bankers were not interested as much in the marketability of the securities purchased as in the return; hence their depreciation has been greater than those who have been more careful relative to security and high market value rather than to the income to be derived from the bonds.

As a result of the general depreciation on bonds, many inquiries have been received as to the attitude of the Department respecting the same and our reply is that each case must be handled individually and the class of bonds taken into consideration. Where there are securities in default as to principal, and others on which interest has been past due for a period of six months or more, the Department must request that the depreciation be charged off or that sufficient reserve be established to offset the same.



## A DIRECTOR'S INQUIRY

In our mail we find the following letter of inquiry from an interested Director in a State Bank:

\_\_\_\_\_, Illinois.  
\_\_\_\_\_, 1931.

Mr. Oscar Nelson,  
State Auditor,  
Springfield, Illinois.

Dear Sir:

As a Director I am interested in knowing what information should be furnished to the Directors at the Monthly Meetings. Should not the Cashier present a statement showing the condition of the bank and, particularly, the cash reserve and comment upon the general liquidity of the institution?

At our recent meeting the Cashier made the statement that it was necessary for the bank to borrow some money as the cash reserve had been low for some time. This was the first intimation that the Directors had of this situation.

I would thank you for your suggestions.

Yours truly,

J. G. C. (Director)

\_\_\_\_\_  
Bank.

Replying to this request, we would suggest that the Directors insist upon a written report by the Cashier at each meeting which should include a copy of the balance sheet of that date and this should be explained by reference to available cash reserve, secondary reserve, increase or decrease in loans and deposits and, particularly, a detailed list of all loans applied for, showing name, amount desired and amount of loan previously granted and collateral, if any.

The report should further show a resume of earnings since last meeting and then if this information does not seem to be sufficient, ask questions.

## LACK OF COLLATERAL

Unsecured loans are largely prevalent in smaller banks. The old instructor "Experience" should have taught the lesson of obtaining collateral, where possible, by this time. Customers often can furnish satisfactory security, as the banker will find upon inquiry, but he will not know of the customers' ability unless he requires a financial statement or makes a personal request.

In response to suggestions or requests from the Department, the banker often replies that he has secured a certain obligation by obtaining the endorsement of some financially responsible party. If the endorser is interested in a financial or business way with the maker of the note, such endorsement may prove satisfactory in all of its arrangements, but if no real consideration exists for such endorsement some enmity may be engendered when the bank forces collection from the endorser. Preferably, collateral should be obtained if possible. Frequently, loans have been negotiated by banks with customers whose credit statement could not command the loan, but it was made with the hope of obtaining security by the addition later of the signature of some friend or relative whose credit justifies the loan.

Ask for security by calling in the customer and talking as lender to borrower.

## DEPOSIT BALANCES

Bankers may find it more profitable to interest depositors in maintaining justifiable balances than to use unnecessary energy in promoting sales of securities to depositors; particularly, in cases where loans are granted. The compensating balance of a reasonable amount should be one of the requisites for granting the same.

During the immediate past when the public turned to investments in securities of all kinds, the Bankers became alarmed at the withdrawal of deposits for the purchase of securities and, in order to derive some return therefrom, have taken into consideration only the immediate profit as a result of the transaction and have lost sight of the greater and larger benefits of the satisfactory deposit balance.

In too many instances, the securities offered for sale by the banks have been those which the management or the corporation have created, and where the deposit balance was insufficient the bank advanced the difference and accepted the security as collateral for the amount borrowed; thereby forming an interlocking credit system which becomes difficult to untangle in case of liquidation.

Loans granted and secured by collateral purchased independently of the bank and backed by a reasonable deposit balance form the best class of assets for any banking institution.

PERMITS ISSUED.

|  |   | Capital   | Surplus   | Reserve  | Date           |
|--|---|-----------|-----------|----------|----------------|
| Rockford.....Winnebago.....                      | Illinois Bank & Trust Co of Rockford.....<br>228-230 S. Main Street.  | \$200,000 | \$ 30,000 | \$20,000 | Sept. 4, 1931  |
| Chicago.....Cook.....                            | Smulski Trust & Savings Bank .....<br>1201 Milwaukee Avenue.  | 400,000   | 150,000   | 50,000   | Sept. 21, 1931 |
| Rockford.....Winnebago.....                      | Illinois Bank & Trust Co of Rockford.....<br>228-230 S. Main Street<br>Edwin Mead, President<br>Eugene Abegg, Cashier | 200,000   | 30,000    | 20,000   | Sept. 8, 1931  |
| LIQUIDATED.                                      |   |           |           |          |                |
| Danville.....Vernilion.....                      | Commercial Trust and Savings Bank through The First National Bank, Danville.....                                      |           |           |          | Sept. 5, 1931  |
| Owaneco.....Christian.....                       | Eaton State Bank through First Trust and Savings Bank of Taylorville.....   |           |           |          | Sept. 12, 1931 |
| Lawrenceville.....Lawrence.....                  | Citizens Banking Company of Lawrenceville through Farmers State Bank of Lawrenceville.....                            |           |           |          | Sept. 19, 1931 |
| Chicago.....Cook.....                            | Union Bank of Chicago through Chicago Bank of Commerce .....  |           |           |          | Sept. 26, 1931 |
| Lombard.....DuPage.....                          | First Trust Bank of Lombard through South Lombard Trust and Savings Bank.....   |           |           |          | Sept. 28, 1931 |
| CLOSED.  |   |           |           |          |                |
| Mineral.....Bureau.....                          | First State Bank of Mineral.....  |           |           |          | Sept. 1, 1931  |
| Reynolds.....Rock Island.....                    | Farmers State Bank of Reynolds.....   |           |           |          | Sept. 8, 1931  |
| Chicago.....Cook.....                            | First Italian State Bank.....   |           |           |          | Sept. 8, 1931  |
| Browns.....Edwards.....                          | Browns State Bank.....  |           |           |          | Sept. 9, 1931  |
| Morton Grove.....Cook.....                       | Morton Grove Trust and Savings Bank.....  |           |           |          | Sept. 9, 1931  |
| Avon.....Fulton.....                             | The Avon State Bank.....  |           |           |          | Sept. 10, 1931 |
| Lee.....Lee.....                                 | Lee State Bank.....   |           |           |          | Sept. 12, 1931 |
| Apple River.....JoDavies.....                    | First State Bank of Apple River.....  |           |           |          | Sept. 15, 1931 |
| Chicago.....Cook.....                            | Mount Greenwood Trust and Savings Bank.....   |           |           |          | Sept. 19, 1931 |
| Kewanee.....Henry.....                           | Union State Savings Bank & Trust Company.....   |           |           |          | Sept. 19, 1931 |
| Moline.....Rock Island.....                      | Commercial Savings Bank.....  |           |           |          | Sept. 22, 1931 |
| St. Anne.....Kankakee.....                       | Farmers' State Bank of St. Anne.....  |           |           |          | Sept. 22, 1931 |
| Winnebago.....Winnebago.....                     | Peoples State Bank of Winnebago.....  |           |           |          | Sept. 24, 1931 |
| East Moline.....Rock Island.....                 | Manufacturers State Bank of East Moline.....  |           |           |          | Sept. 24, 1931 |
| Princeville.....Peoria.....                      | First State Bank of Princeville.....  |           |           |          | Sept. 24, 1931 |
| New Windsor.....Mercer.....                      | Bank of New Windsor.....  |           |           |          | Sept. 26, 1931 |
| Astoria.....Fulton.....                          | Astoria State Bank.....   |           |           |          | Sept. 26, 1931 |
| Chicago.....Cook.....                            | Union State Bank of South Chicago.....  |           |           |          | Sept. 28, 1931 |
| Ottawa.....LaSalle.....                          | Ottawa Banking and Trust Company.....   |           |           |          | Sept. 28, 1931 |
| Serena.....LaSalle.....                          | Serena State Bank.....  |           |           |          | Sept. 29, 1931 |
| Rock Island.....Rock Island.....                 | Central Trust and Savings Bank.....   |           |           |          | Sept. 30, 1931 |
| Ottawa.....LaSalle.....                          | Peoples Trust & Savings Bank of Ottawa.....   |           |           |          | Sept. 30, 1931 |
| Laura.....Peoria.....                            | Laura State Bank.....   |           |           |          | Sept. 30, 1931 |
| RECEIVERS APPOINTED.                             |   |           |           |          |                |
| Plano.....Kendall.....                           | First State Bank of Plano—R. C. Hanchette.....  |           |           |          | Sept. 3, 1931  |
| Rockford.....Winnebago.....                      | Peoples Bank and Trust Company—Eugene Abegg.....  |           |           |          | Sept. 4, 1931  |
| Pecatonica.....Winnebago.....                    | Pecatonica State Bank—Fred Haines.....  |           |           |          | Sept. 5, 1931  |
| Buckingham.....Kankakee.....                     | Farmers Bank of Buckingham—C. D. Cary.....  |           |           |          | Sept. 8, 1931  |
| Reddick.....Kankakee.....                        | Reddick State Bank—C. D. Cary.....  |           |           |          | Sept. 9, 1931  |
| Cissna Park.....Iroquois.....                    | Peoples State Bank of Cissna Park—G. B. Egley.....  |           |           |          | Sept. 10, 1931 |
| Mineral.....Bureau.....                          | First State Bank of Mineral—C. A. Simington.....  |           |           |          | Sept. 21, 1931 |
| Arlington Heights.....Cook.....                  | Arlington Heights State Bank—Walter L. Plew.....  |           |           |          | Sept. 22, 1931 |
| Chicago.....Cook.....                            | Marquette Park State Bank—Edgar F. Olson.....   |           |           |          | Sept. 23, 1931 |
| Chicago.....Cook.....                            | First Italian State Bank—Chester A. Willoughby.....   |           |           |          | Sept. 25, 1931 |
| North Henderson.....Mercer.....                  | Farmers Bank of North Henderson—Roy E. Shaver.....  |           |           |          | Sept. 25, 1931 |
| Reynolds.....Rock Island.....                    | Farmers State Bank of Reynolds—Harry Thompson.....  |           |           |          | Sept. 25, 1931 |
| Lee.....Lee.....                                 | Lee State Bank—William F. Hogan.....  |           |           |          | Sept. 26, 1931 |
| Hanover.....JoDavies.....                        | Hanover State Bank—John L. Mason.....   |           |           |          | Sept. 26, 1931 |
| Herschler.....Kankakee.....                      | Citizens State Bank of Herscher—A. E. Inglesh.....  |           |           |          | Sept. 28, 1931 |
| Chicago.....Cook.....                            | Mount Greenwood Trust and Savings Bank—Victor H. Munnecke.....  |           |           |          | Sept. 28, 1931 |
| OTHER CHANGES.                                   |   |           |           |          |                |
| Eureka.....Woodford.....                         | The Farmers State Bank of Eureka, Illinois assumed deposit liability of The First National Bank of Eureka .....       |           |           |          | Sept. 24, 1931 |
| TRUST CERTIFICATE ISSUED.                        |   |           |           |          |                |
| Rockford.....Winnebago.....                      | Illinois Bank & Trust Co of Rockford.....   | Deposit   |           |          | Sept. 23, 1931 |
| Blue Island.....Cook.....                        | Blue Island Trust & Savings Bank.....   |           |           |          | Sept. 5, 1931  |
| TRUST CERTIFICATE CANCELLED.                     |   |           |           |          |                |
| RECAPITULATION.                                  |   |           |           |          |                |
| State Banks in Chicago.....                      |   |           |           |          | 109            |
| State Banks in Cook County outside Chicago.....  |   |           |           |          | 66             |
| State Banks in Illinois outside Cook County..... |   |           |           |          | 827            |
| Total .....                                      |   |           |           |          | 1,002          |

# MONTHLY BULLETIN

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

Vol. 7

SPRINGFIELD, NOVEMBER 1, 1931

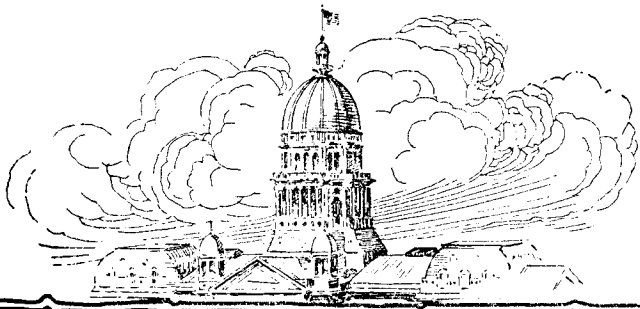
No. 8

## THE UPWARD TREND

\* \* \*

Apparently, there is a rift in the financial skies and a bit of silver lining is peeping through. Evidences of improvement in several respects substantiate this statement. As a nation we have been terribly ill and have taken all kinds of remedies and nostrums and have survived. Now we are entering upon the period of convalescence—a critical time too! The patient must be given every attention that his recovery will be complete and when that time comes we will have arrived at a stage of normalcy and not prosperity.

Perhaps, the most encouraging feature noticeable is an increase in deposits in many localities. If the money which has been withdrawn during the past six months by timid depositors can be coaxed out of hiding it will increase the deposit liability of the banks in every section of the nation and thus end the so-called *Depression*.



NATIONAL CREDIT CORPORATION

\* \* \*

Bankers throughout the State have received invitations from the National Credit Corporation to subscribe to the half billion dollar pool to aid banks in temporarily liquidating frozen assets. No detailed statement of the operation for the handling of this fund has been published or given out, yet the general mechanics of the corporation have been agreed upon and will be handled through representatives located in the various Federal Reserve Districts of the United States. It is quite likely that later sub-committees will be organized from various districts or portions of each State to handle the plan of the organization.

Each bank will be given an opportunity to subscribe for gold notes or other evidences of indebtedness finally agreed upon by the management of the corporation to the extent of 2% of their deposit liability. Owing to the diversity of loan limitation accorded by various State Banking Acts, it has been agreed that no institution will be called upon to invest more than 10% of its combined Capital and Surplus. All subscriptions are to be paid in installments and as called for.

The idea back of the formation of the National Credit Corporation, as stated by the President at the time of the announcement of its inception, was to relieve a tense situation. Only banks subscribing to the gold notes or other evidences of indebtedness will be entitled to help from the corporation. The benefit to be derived is from advances by the corporation on securities pledged which, while good, are slow of collection. Articles of Agreement forming the association provide that it shall continue from the date of incorporation for the period of one year. This may be extended from time to time by the association, but not for more than three additional years.

The National Credit Corporation was formed at a time when it was most necessary and will instil confidence throughout the country. The more generous the subscriptions, the more benefit to be derived and it is to be hoped that the depositing public in each community will realize that the unit bank in their immediate neighborhood has behind it resources of this powerful corporation to a certain extent and that fear and timidity will disappear and that the inflow of deposits will be greater than the outflow has been in the past few months. It should also strengthen the value of products which have been greatly depreciated and should aid in strengthening the markets and restoring general activity.

There will be no doubt as to the soundness of the investment to be made with the National Credit Corporation as it will not be speculative but substantial. Participation in the half billion dollar pool is bound to reflect creditably.

COLLATERAL TO DEPOSITS

\* \* \*

In answer to many inquiries concerning the pledging of collateral by banks except for money borrowed:

The only printed reference to the pledging of collateral for deposits is contained in Section Eleven of the Banking Law concerning deposits of Receivers and the Law governing deposits of the State Treasurer.

LIQUIDATING LOANS

\* \* \*

Although the present is not a very propitious time for the liquidation of bank loans, yet reductions may be obtained. The results derived naturally depend upon the resourcefulness of the bank officer in charge of the note portfolio. Attempts to collect an obligation in full may be of little avail as the price of products is at a low ebb and sufficient returns may not be realized from the sale of commodities to liquidate in full, but it is not a waste of time, energy or postage for bankers to call upon borrowers for reductions of their obligations.

In many cases bankers have adopted a plan of collection which has brought very satisfactory results. Reference is made to the renewal of notes on a thirty, sixty or ninety day basis with a payment of some of the principal at expiration. Often the tendency is to renew for not less than six months and many bankers are still clinging to the practice of making notes due in one year. The obligor is more impressed with his responsibility as a borrower when his note comes due frequently and he is required to make some reduction thereof. Our reports show that some banks permit their borrowing customers to make notes on demand. There is no surer way to freeze a note case than by this method. Those who borrow on demand notes in the average bank lose all sense of liability as to payment of principal and feel that they have met all necessary requirements when they pay the interest.

Make no demand notes; rather demand some payment on all notes.

CHARTERS ISSUED.

|   | Capital.  | Surplus. | Reserve. | Date.         |
|---|-----------|----------|----------|---------------|
| Peoria..... Peoria..... Jefferson Trust and Savings Bank of Peoria<br>202 South Jefferson Street.<br>Milton G. Newman,<br>President.<br>Earl T. Bachelor,<br>Cashier. | \$200,000 | \$75,000 | \$25,000 | Oct. 27, 1931 |

LIQUIDATED.

|   |               |
|---|---------------|
| Itasca..... DuPage..... Dairymens Bank of Northern Illinois (Placed in voluntary liquidation by Directors)  | Sept. 1, 1931 |
| Alvin..... Vermilion..... State Bank of Alvin through Farmers & Merchants State Bank of Bismarek.....   | Oct. 3, 1931  |
| Lovington..... Moultrie..... The Lovington State Bank through Merchants and Farmers State Bank, Sullivan.....   | Oct. 10, 1931 |
| St. David..... Fulton..... State Bank of St. David through State Bank of Cuba Lake Forest..... Lake Forest Trust and Savings Bank through First National Bank of Lake Forest..... | Oct. 14, 1931 |
| Summerfield... St. Clair..... Summerfield State Bank (Placed in voluntary liquidation by Directors)   | Oct. 27, 1931 |
| Peoria..... Peoria..... State Trust & Savings Bank of Peoria through Jefferson Trust and Savings Bank of Peoria.....  | Oct. 28, 1931 |
| Oak Park..... Cook..... North Oak Park State Bank through Oak Park Trust & Savings Bank   | Oct. 31, 1931 |



CLOSED.

|                               |   |               |
|-------------------------------|---|---------------|
| Chicago.....Cook.....         | Marshall Square State Bank.....                   | Oct. 1, 1931  |
| Chicago.....Cook.....         | Hegewisch State Bank.....                         | Oct. 1, 1931  |
| Chicago.....Cook.....         | Brighton Park State Bank of Chicago.....          | Oct. 1, 1931  |
| Utica.....LaSalle.....        | Utica State Bank.....                             | Oct. 1, 1931  |
| LaSalle.....LaSalle.....      | La Salle Savings Bank and Trust Company.....      | Oct. 2, 1931  |
| Galva.....Henry.....          | L. M. Yocum and Company, Bankers.....             | Oct. 2, 1931  |
| LaFayette.....Stark.....      | LaFayette State Bank.....                         | Oct. 2, 1931  |
| Brimfield.....Peoria.....     | Exchange State Bank of Brimfield.....             | Oct. 3, 1931  |
| Matherville.....Mercer.....   | Matherville State Bank.....                       | Oct. 5, 1931  |
| Saybrook.....McLean.....      | Saybrook Bank.....                                | Oct. 5, 1931  |
| Franklin Grove.....Lee.....   | Citizens State Bank of Franklin Grove.....        | Oct. 8, 1931  |
| Troy Grove.....LaSalle.....   | Troy Grove State Bank.....                        | Oct. 8, 1931  |
| Chicago.....Cook.....         | South West Trust and Savings Bank.....            | Oct. 8, 1931  |
| Albion.....Knox.....          | Bank of Albion.....                               | Oct. 8, 1931  |
| Victoria.....Knox.....        | State Bank of Victoria.....                       | Oct. 10, 1931 |
| Loda.....Iroquois.....        | State Bank of Loda.....                           | Oct. 17, 1931 |
| Adrian.....Hancock.....       | State Bank of Adrian.....                         | Oct. 17, 1931 |
| Mtsonville.....Crawford.....  | Newlin State Bank.....                            | Oct. 20, 1931 |
| Mtsonville.....Crawford.....  | Farmers & Merchants Bank of Mtsonville.....       | Oct. 20, 1931 |
| DeWitt.....DeWitt.....        | State Bank of DeWitt.....                         | Oct. 20, 1931 |
| Wauconda.....Lake.....        | Wauconda Trust and Savings Bank.....              | Oct. 24, 1931 |
| Brookfield.....Cook.....      | Brookfield State Bank.....                        | Oct. 27, 1931 |
| Brookfield.....Cook.....      | Congress Park State Bank.....                     | Oct. 28, 1931 |
| Sheldon.....Iroquois.....     | Citizens State Bank and Trust Co. of Sheldon..... | Oct. 30, 1931 |
| Downers Grove.....DuPage..... | Downers Grove State Bank.....                     | Oct. 31, 1931 |

RECEIVERS APPOINTED.

|                                  |   |               |
|----------------------------------|---|---------------|
| Morton Grove.....Cook.....       | Morton Grove Trust and Savings Bank—Fred I. Gillick.....  | Oct. 5, 1931  |
| Apple River.....JoDaviss.....    | First State Bank of Apple River—James W. Jagger.....  | Oct. 10, 1931 |
| New Windsor.....Mercer.....      | Bank of New Windsor—E. E. Smith.....  | Oct. 10, 1931 |
| Kewanee.....Henry.....           | Union State Savings Bank & Trust Company—Robert M. Campbell.....  | Oct. 13, 1931 |
| Winnebago.....Winnebago.....     | Peoples State Bank of Winnebago—Lisle W. Menzimer.....  | Oct. 13, 1931 |
| Avon.....Fulton.....             | The Avon State Bank—E. B. Sowers.....   | Oct. 16, 1931 |
| Chicago.....Cook.....            | Laramie State Bank of Chicago—Erwin J. Zuehl (Union Bank of Chicago, Receiver—resigned).....  | Oct. 17, 1931 |
| Moline.....Rock Island.....      | Commercial Savings Bank—Charles J. Smith.....   | Oct. 17, 1931 |
| Hanover.....JoDaviss.....        | Hanover State Bank—John C. McKenzie (John L. Mason, Receiver—resigned).....   | Oct. 19, 1931 |
| Chicago.....Cook.....            | Brighton Park State Bank of Chicago—John A. Pelka.....  | Oct. 20, 1931 |
| Chicago.....Cook.....            | Marshall Square State Bank—John A. Pelka.....   | Oct. 20, 1931 |
| Chicago.....Cook.....            | Union State Bank of South Chicago—Frank M. McKey.....   | Oct. 21, 1931 |
| Matherville.....Mercer.....      | Matherville State Bank—Louis J. Barnes.....   | Oct. 22, 1931 |
| Browns.....Edwards.....          | Browns State Bank—Clyde Crackel.....  | Oct. 27, 1931 |
| Bone Gap.....Edwards.....        | First State Bank of Bone Gap—Dave Osborn (D. A. Macaulay, Receiver—deceased).....   | Oct. 27, 1931 |
| West Salem.....Edwards.....      | West Salem State Bank—Dave Osborn (D. A. Macaulay, Receiver—deceased).....  | Oct. 27, 1931 |
| Troy Grove.....LaSalle.....      | Troy Grove State Bank—O. M. Andrews.....  | Oct. 27, 1931 |
| Serena.....LaSalle.....          | Serena State Bank—J. G. Schumacher.....   | Oct. 28, 1931 |
| Ottawa.....LaSalle.....          | Peoples Trust & Savings Bank of Ottawa—Robert L. Smith.....   | Oct. 28, 1931 |
| Ottawa.....LaSalle.....          | Ottawa Banking and Trust Company—Joseph H. Standart.....  | Oct. 28, 1931 |
| Chicago.....Cook.....            | Hegewisch State Bank—Morgan L. Piteh.....   | Oct. 28, 1931 |
| Utica.....LaSalle.....           | Utica State Bank—J. Weston Essington.....   | Oct. 29, 1931 |
| Chicago.....Cook.....            | Madison and Kedzie State Bank—deposit liability liquidated February 10, 1930. Will H. Wade appointed Receiver (To dissolve bank)..... | Oct. 29, 1931 |
| East Moline.....Rock Island..... | Manufacturers State Bank of East Moline—Oscar Ohlweiler.....  | Oct. 30, 1931 |
| Galva.....Henry.....             | L. M. Yocum and Company, Bankers—Ralph P. Palmer.....   | Oct. 31, 1931 |

OTHER CHANGES.

|                          |   |               |
|--------------------------|---|---------------|
| Elmhurst.....DuPage..... | Elmhurst State Bank assumed deposit liability of The First National Bank of Elmhurst..... | Oct. 10, 1931 |
|--------------------------|---|---------------|

TRUST CERTIFICATE CANCELLED.

|                         |   |               |
|-------------------------|---|---------------|
| Riverside.....Cook..... | The First National Bank of Riverside..... | Oct. 16, 1931 |
|-------------------------|---|---------------|

RECAPITULATION.

|  |     |
|--|-----|
| State Banks in Chicago.....                      | 105 |
| State Banks in Cook County outside Chicago.....  | 63  |
| State Banks in Illinois outside Cook County..... | 803 |
| Total.....                                       | 971 |

# MONTHLY BULLETIN

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

Vol. 7

SPRINGFIELD, DECEMBER 1, 1931

No. 9

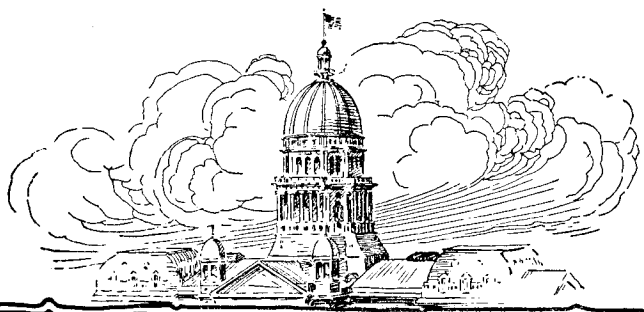
## CORRECT REPORTS.

\* \* \* \*

Again referring to the matter of executing Call Report forms, it is necessary to call the attention of Bankers to the manner of providing for deficits in the Undivided Profits Accounts. Do not show a deficit as an asset and carry same under the heading of "Other Resources". If a deficit exists in your profit account at the time a call statement is compiled show the same on the liability side of the report on line three under the heading "Undivided Profits Net" inserting thereafter the word "Deficit" and put in the figures, deducting the same from the total so that both the assets and resources of the report will balance.

The published report should carry the word "Seal" as provided for in copy submitted on our Form No. 9.

These requests should be given careful consideration.



## SUPERVISION VS. MANAGEMENT

\* \* \* \*

Many hold an erroneous impression relative to bank supervision. It is often confused with management. Bankers, as well as the public, continue to hold to the idea the Auditor of Public Accounts should instruct bankers individually as to the manner in which they shall conduct their business. Sometimes we have requests for an order instructing banks that they shall reduce interest rates from four to three or even two and one-half per cent.

Recently inquiries have been made as to why this Department has not demanded that all banks institute service charges. Some go so far as to ask that letters be sent out from this office to borrowing customers requesting a payment on their notes. These are matters of management entirely. No law can be enacted which will supplant human efficiency or banking acumen. Examinations are made with the idea of obtaining a correct analysis of the condition of the bank in question and such matters as are found to be in contravention of the law or such practices as are known to be in opposition to good banking are called to the attention of the bankers by the supervisory power. The correction and adjustment of these matters must be carried out by the management.

When the Examiners visit a bank and call the Board of Directors together for a discussion of the affairs of the bank, all information available should be furnished so that the representatives of the Auditor may obtain a complete and correct analysis of the condition of the bank.

## RESOLUTIONS NECESSARY

\* \* \* \*

Laxity prevails to a considerable extent among bankers with regard to loans of corporations. It is very important that the bank obtain from an incorporated concern a certified copy of the resolution passed by the Board of Directors, permitting and authorizing such loan. There may be, and in some instances there has been, an undue and easily preventable liability placed upon the banks' officers where caution was not exercised in requiring a resolution from the borrowing corporation.

When such a document is obtained it firmly and definitely establishes the fact that the corporation has officially given

its approval to the borrowing of a certain sum of money and further indicates that certain officers have the right to execute the corporation's note for a specified amount and the Examiner has absolute information when he finds such a note in the bank that it has been properly and legally executed.

## AN INSURANCE POLICY AS COLLATERAL

\* \* \* \*

Insurance policies have come into service as collateral to loans to a large extent at the present time. In many instances they have been taken as a last resort, while in other cases the banker has rather encouraged the practice due, probably, to the fact that they establish a habit of the customer furnishing collateral. Care should be exercised in assuming this class of collateral. If an assignment is taken, be sure that a copy of the same is filed with the main office of the insurance company, also it should be ascertained whether the assignment is an absolute one to the bank or only a collateral assignment.

Before accepting any policy as collateral for a loan, the banker should determine whether the policy carries either an automatic loan provision or an optional automatic loan provision. To be of value as collateral, a policy should have a stated surrender value for each year, and if the assignor of the policy cannot pay his debt to the bank, it is fair to assume that he may not be keeping up his premium payments. If he is not keeping up his premium payments, the policy with the automatic provision may be valueless as collateral because the company can apply all of the surrender value of the policy to premium payments until it is exhausted.

In the policy containing a provision that the insured may have the option of requesting the company to put the automatic loan provision in effect, a different situation arises because in some of the policies it requires the consent of the assignee. The policy must also provide the unrestricted right to change beneficiaries.

These are a few of the important points that should be kept in mind when accepting insurance policies as collateral to loans.

PERMITS ISSUED

|   | Capital   | Surplus  | Reserve  | Date          |
|---|-----------|----------|----------|---------------|
| Rock Island...Rock Island...Blackhawk State Bank...<br>Room 303, Central<br>Trust Building, N.W.<br>Corner 18th St. and<br>3rd Ave. | \$280,000 | \$35,000 | \$35,000 | Nov. 12, 1931 |

REOPENED

|   |               |
|---|---------------|
| Davis.....Stephenson...State Bank of Davis..... | Nov. 14, 1931 |
|---|---------------|

LIQUIDATED

|  |               |
|--|---------------|
| Chatham.....Sauganau.....Caldwell State Bank (placed in voluntary liquidation<br>by Directors)   | Nov. 7, 1931  |
| Peru.....LaSalle.....Peru State Bank through State-National Bank of<br>Peru, Illinois            | Nov. 10, 1931 |
| Joy.....Mercer.....O. A. Bridgford & Co's. Farmers' Bank through Joy<br>State Bank               | Nov. 14, 1931 |
| Danville.....Vermilion.....American Bank and Trust Co. through Palmer<br>National Bank, Danville | Nov. 28, 1931 |

CLOSED

|  |               |
|--|---------------|
| Eddyville.....Pope.....State Bank of Eddyville, Eddyville, Ills..... | Nov. 2, 1931  |
| Calumet City...Cook.....Calumet City State Bank.....                 | Nov. 6, 1931  |
| Esmond.....DeKalb.....Esmond State Bank                              | Nov. 18, 1931 |
| Moline.....Rock Island...Fifth Avenue Trust and Savings Bank.....    | Nov. 23, 1931 |
| Chicago.....Cook.....Equitable Trust Company of Chicago.....         | Nov. 24, 1931 |
| Casey.....Clark.....Eagle State Bank                                 | Nov. 25, 1931 |
| Creston.....Ogle.....Farmers Bank of Creston.....                    | Nov. 25, 1931 |
| Burgess.....Mercer.....Farmers State Bank of Burgess.....            | Nov. 25, 1931 |
| LaMoille.....Bureau.....LaMoille State Bank                          | Nov. 27, 1931 |

RECEIVERS APPOINTED

|  |               |
|--|---------------|
| Chicago.....Cook.....South West Trust and Savings Bank—Willard F.<br>Cummings                              | Nov. 3, 1931  |
| St. Anne.....Kankakee.....Farmers' State Bank of St. Anne—Edwin Dumais.....                                | Nov. 4, 1931  |
| Arlington.....Bureau.....Arlington State Bank—L. H. Luther (Spring Valley<br>City Bank, Receiver—resigned) | Nov. 5, 1931  |
| LaSalle.....LaSalle.....LaSalle Savings Bank and Trust Company—James P.<br>Catlin                          | Nov. 6, 1931  |
| Franklin Grove...Lee.....Citizens State Bank of Franklin Grove—J. U.<br>Weyant                             | Nov. 10, 1931 |
| Brookfield.....Cook.....Brookfield State Bank—G. C. Hoskin.....  | Nov. 10, 1931 |
| Altona.....Knox.....Bank of Altona—Fred S. Wallich.....  | Nov. 12, 1931 |
| Victoria.....Knox.....State Bank of Victoria—George Essex.....   | Nov. 12, 1931 |
| DeWitt.....DeWitt.....State Bank of DeWitt—Leonard W. Ingham.....  | Nov. 16, 1931 |
| Brookfield.....Cook.....Congress Park State Bank—G. C. Hoskin.....   | Nov. 18, 1931 |
| Wauconda.....Lake.....Wauconda Trust and Savings Bank—Robert C. Kent                                       | Nov. 20, 1931 |
| Calumet City...Cook.....Calumet City State Bank—Thomas J. O'Connor.....                                    | Nov. 21, 1931 |
| Downers Grove...DuPage.....Downers Grove State Bank—P. H. Boecker.....                                     | Nov. 23, 1931 |

OTHER CHANGES

|  |              |
|--|--------------|
| Tampico.....Whiteside.....Tampico State Bank assumed deposit liability of<br>First National Bank of Tampico..... | Nov. 7, 1931 |
|--|--------------|

TRUST CERTIFICATE ISSUED

|   | Deposit  | Date          |
|---|----------|---------------|
| Belvidere.....Boone.....The Second National Bank of Belvidere.... | \$50,000 | Nov. 21, 1931 |

TRUST CERTIFICATES CANCELLED

|   |               |
|---|---------------|
| Spring Valley...Bureau.....Spring Valley City State Bank..... | Nov. 13, 1931 |
| Chicago.....Cook.....Twenty Sixth Street State Bank.....      | Nov. 23, 1931 |

RECAPITULATION

|   |     |
|---|-----|
| State Banks in Chicago                      | 104 |
| State Banks in Cook County outside Chicago  | 62  |
| State Banks in Illinois outside Cook County | 793 |
| Total                                       | 959 |