BANKING BULLETIN

ISSUED BY

BENJAMIN O. COOPER

Auditor of Public Accounts

STATE OF ILLINOIS

VOL. 25 -- NO. 10 SPRINGFIELD JANUARY 1, 1950

Banking Hours Publication

The pamphlet showing the opening and closing hours of Illinois state banks which was distributed by my office early last November received such favorable comments that plans are now going forward to further expand its usefulness.

For a long time prior to the publication covering state banks the great variance among the banks in their daily business hours as well as the lack of uniformity in closing for half-days and in the adoption of daylight saving schedules had caused considerable confusion to the public. This confusion was state-wide and was not limited to the peculiarities of one area to another, for diversified schedules were encountered even among banks located in the same cities or localities.

The legislation which became effective during the past year and which permitted a five-day week for banks in Illinois added to the confusion as all banks did not adopt the shorter week and no one particular day of the week was selected by all that did take advantage of the permissive legislation.

As a convenience in our official dealings with the banks under the supervision of this office and as a facility to the examiners in avoiding disadvantageous examination dates, it was decided to undertake the compilation of hours of all state banks. They were asked to report their banking hours concurrently with their reports of condition on June 30, 1949 and again on September 15, 1949. The information received in this manner was originally intended to serve the functioning of this office, although frequently we did answer individual inquiries concerning the hours of specific banks.

It was very apparent, especially as the five-day week began to be put into usage, that the compilation of banking hours adopted by each bank, would be of considerable service, not only to the banking staff of my office, but also to bankers themselves and to many others who have business dealings with those institutions. Consequently, the initial publication of the opening and closing hours of Illinois state banks was made. Copies were distributed to each bank in Illinois, national as well as state, and additional copies were made available on request of other interested parties. In fact the requests for copies have been much greater than expected and the interest which has been manifested in the listings has more than justified the initial venture as well as indicating the value of future listings revised to current dates.

Many who wrote to the Department commenting on the usefulness of the original publication expressed the hope that it might be expanded to include data on national banks as well.

These suggestions that our listings include the business hours of national banks was considered by this office when it became increasingly apparent that national bankers also wished to have their institutions listed in our publication and were anxious to make their contribution toward a complete compilation of banking hours.

The discussion and exploration as to the possibility for such publication of a complete listing was culminated by the Illinois Bankers Association who circularized the national banks in its membership and tendered its aid and assistance in compiling a listing of hours of all banks in Illinois. Arrangements were then made to combine in our next publication of opening and closing hours, information concerning national banks as assembled by the Illinois Bankers Association with the schedules obtained by this office concurrently with the December 31, 1949 call for statements of condition of Illinois state banks.

The date of the revised publication will be somewhat later than the date that the information was given to the Illinois Bankers Association. In order that the new listing will be currently correct, the Association has advised the national banks in its membership to report any changes in hours that may have been adopted by them since their initial report.

The listings are expected to be completed and copy sent to the printers during the middle of January 1950. Distribution should follow in early February. While the publication will be available for general distribution and copies may be obtained upon request, our mailing list will include all banks in Illinois, national as well as state, and those bank officers, institutions and others who specifically indicate that they wish to be placed on the regular mailing list for the listing of opening and closing hours. Every bank in Illinois will, therefore, receive one copy of each issue and need not inform this office unless additional copies are desired. All others interested in receiving copies of the listings should indicate their desires.

Considerable inquiry and exploration have been made concerning the frequency of future publications. The most practical schedule of revision appears to be on the basis of three times yearly in January, May and September. A January revision would cover most of the changes in the usual hours since changes are frequently adopted at the first meeting of boards following the annual election of directors.

Reports made as of May would enable revisons showing the adoptions of daylight saving time and other variances in summer schedules, while a revision in September would show the resumption of normal hours.

We realize that a practical schedule for assembling the information will greatly increase the accuracy and value of the revised listings and, therefore, invite comments or suggestions to enable us to arrive at a final decision on frequency of publication. My office is pleased to provide these listings as a service and wishes to proceed with future publication in such manner and method as will meet the desires and approval of all.

Mailing Lists

The mailing lists for the various publications issued by the Banking Department are now in the process of being revised to corrected and current order.

Some time has elapsed since the addressing plates were last corrected and resorted into order of the publication to which they are used. In the interval, duplications and omissions have occurred that make a thorough revision advisable. A new mailing list for each publication is now being assembled from inquiries sent under the date of January 16, 1950.

The mailing system is organized to provide each director of every Illinois state bank with a copy of the banking bulletin as issued monthly.

Illinois state banks receive the book showing resources and liabilities of Illinois state banks which is published as of June 30 each year, and a copy of each revision in the listings of the opening and closing hours.

The list also is arranged to provide every national bank in Illinois with a copy of each issue of the monthly banking bulletin, the annual statement book and the revised lists of opening and closing hours.

Directors of Illinois state banks and all banks in Illinois, both national and state, are not being circularized in the present survey as these names are available to us from current records. All others, which include officers (other than those who are also directors) of Illinois state banks, officers of national banks in Illinois, bank employees, out of state bankers, libraries, institutions and other interested parties are being sent explanatory letters and return cards. In order for those interested to receive specific publications of the banking department as they are issued, the postal card which is being furnished should be mailed to this office after notations have been made concerning any error in name or change in address and after designating the titles of the desired publications.

The return cards received in this office will be used as an index and control of the regular mailing lists for the various publications. Consequently, cards not returned promptly may result in names being omitted from the listings. It is assumed that some of the reply cards will be overlooked and not returned or that other circumstances may cause inadvertent omissions of names from the various lists. We regret that the possibility of omissions may be attendent, but it is expected that a more accurate mailing system will result from the survey and revision. This office should be so advised by anyone failing to receive, within a reasonable time after issue, those publications of this department which may be desired.

Directors of Illinois state banks, who now receive only the monthly issues of the banking bulletin, may also have their name placed on the mailing list for other publications of this department by advising this office. Similarly, others who might not be included in the present survey may have their name placed on the lists to regularly receive these publications.

This office wishes and is pleased to furnish copies of departmental publications to all who have a use for or an interest in them. We realize, however, that the present lists contain names of persons who by circumstance or change in position are no longer interested. We wish to relieve them of unwanted mail while at the same time eliminating unnecessary printing and mailing costs.

We do, however, wish to urge the prompt return of survey cards and other requests for the publications so that the revision of the mailing lists can be completed as soon as possible.

Report of Changes

CAPITAL STOCK INCREASED

Alton	Madison	Alton Banking & Trust Co. from $100,000 to $200,000	Dec. 1, 1949
Mount Carmel	Wabash	Security Bank of Mount Carmel from $100,000 to $200,000	Dec. 15, 1949
Union	McHenry	State Bank of Union from $25,000 to $40,000	Dec. 19, 1949

RECAPITULATION

State Banks in Chicago	24
State Banks in Cook County outside Chicago	28
State Banks in Illinois outside Cook County	455
Total	507

Printed by Authority of the State of Illinois (2928—6M—1-50)

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Vol 25—No. 11 SPRINGFIELD February 1, 1950

Resources and Liabilities

Total resources of Illinois state banks were reported at the close of December 31, 1949 in amounts aggregating nearly $3,582 million, reflecting a net gain of $120 million in asset accounts for the year. Total resources having aggregated somewhat under $3,462 million on December 31, 1948.

Three of the major asset items increased during the year. An additional $57 million was invested in U. S. Government Obligations, $55 million was placed in other investment securities and loans increased nearly $16 million; while the fourth major asset item, cash on hand and cash balances due from banks was lowered $10 million.

Net increases of $106 million in deposits and $14½ million in capital accounts were concurrently reflected. At the close of 1949 demand deposits and due to banks totaled $2,295 million and time deposits amounted to over $1,078½ million.

RESOURCES		Totals (in millions) Dec. 31, 1949	Percentage of Totals	Percentage of Deposits
Cash and Due from Banks....	$	775.6	21.65%	22.99%
U. S. Government Obligations		1,770.5	49.43	52.48
Other Investment Securities..		360.6	10.07	10.69
Loans and Discounts.........		649.2	18.12	19.24
All Other Resources..........		26.0	.73	.77
Total....................	$	3,581.9	100.00%	106.17%
LIABILITIES				
Capital Accounts............	$	197.0	5.50%	5.84%
Deposits......................		3,373.9	94.19	100.00
Other Liabilities.............		11.0	.31	.33
Total....................	$	3,581.9	100.00%	106.17%

Review of Call Reports Covering All Illinois State Banks

NUMBER OF BANKS	503	Increase or	502	Increase or	506	Increase or	507	Increase or	507
DATE OF CALL	December 31, 1948	(—) Decrease	March 22, 1949	(—) Decrease	June 30, 1949	(—) Decrease	September 15, 1949	(—) Decrease	December 31, 1949
RESOURCES:									
Cash and Due from Banks	$ 785,505,811.71	$ —91,052,988.38	$ 694,452,823.33	$ 17,847,449.69	$ 712,300,273.02	$ 13,593,234.68	$ 725,893,507.70	$ 49,714,181.94	$ 775,607,689.64
Outside Checks and Other Cash Items	3,104,694.64	—580,535.36	2,524,159.28	403,556.41	2,927,715.69	—499,362.73	2,428,352.96	905,206.44	3,333,559.40
U. S. Governments—Direct & Guaranteed	1,713,234,178.69	—40,147,930.06	1,673,086,248.63	35,755,828.42	1,708,842,077.05	94,682,803.70	1,803,524,880.75	—32,998,691.97	1,770,526,188.78
Other Bonds, Stocks and Securities	305,403,767.00	5,347,933.82	310,751,700.82	10,339,949.32	321,091,650.14	20,024,609.29	341,116,259.43	19,509,222.79	360,625,482.22
Loans and Discounts	633,468,663.99	11,419,330.42	644,887,994.41	—2,491,618.27	642,396,376.14	—20,114,421.72	622,281,954.42	26,872,977.05	649,154,931.47
Overdrafts	185,145.48	66,495.77	251,641.25	—43,646.46	207,994.79	134,697.09	342,691.88	—183,421.08	159,270.80
Banking House, Furniture & Fixtures	12,167,297.77	267,429.52	12,434,727.29	108,849.30	12,543,576.59	130,636.86	12,674,213.45	—128,338.05	12,545,875.40
Other Real Estate	19,193.41	—3,743.65	15,449.76	11,193.20	26,642.96	—2,814.34	23,828.62	—6,603.52	17,225.10
Customers' Liability—Letters of Credit	1,190,809.94	108,392.33	1,299,202.27	—673,505.01	625,697.26	121,725.25	747,422.51	—63,287.11	684,135.40
Customers' Liability—Acceptances	432,840.59	54,207.10	487,047.69	57,181.69	544,229.38	—290,516.07	253,713.31	246,555.18	500,268.49
Other Resources	6,972,558.49	—700,578.51	6,271,979.98	913,706.66	7,185,686.64	639,253.35	7,824,939.99	935,395.24	8,760,335.23
GRAND TOTAL RESOURCES	$ 3,461,684,961.71	$ —115,221,987.00	$ 3,346,462,974.71	$ 62,228,944.95	$ 3,408,691,919.66	$ 108,419,845.36	$ 3,517,111,765.02	$ 64,803,196.91	$ 3,581,914,961.93
LIABILITIES:									
Capital Stock	$ 46,478,350.00	$ 565,000.00	$ 47,043,350.00	$ 234,650.00	$ 47,278,000.00	$ 140,000.00	$ 47,418,000.00	$ 340,000.00	$ 47,758,000.00
Income Debentures	294,400.00	—4,600.00	289,800.00	—36,800.00	253,000.00	....	253,000.00	....	253,000.00
Surplus	58,051,932.97	339,000.00	58,390,932.97	351,150.00	58,742,082.97	207,500.00	58,949,582.97	7,063,434.33	66,013,017.30
Undivided Profits (net)	38,672,183.01	1,445,747.24	40,117,930.25	2,278,027.04	42,395,957.29	1,759,907.49	44,155,864.78	—4,885,361.32	39,270,503.46
Reserve Accounts	38,910,620.17	1,350,295.12	40,260,915.29	—522,576.99	39,738,338.30	1,454,498.84	41,192,837.14	2,476,324.32	43,669,161.46
TOTAL CAPITAL STRUCTURE	$ 182,407,486.15	$ 3,695,442.36	$ 186,102,928.5[illegible]	$ 2,304,[illegible]0.05	$ 188,407,378.56	$ 3,561,906.33	$ 191,969,284.89	$ 4,994,397.33	$ 196,963,682.22
Demand Deposits	$ 2,073,209,000.63	$ —118,671,145.37	$ 1,954,537,855.26	$ 39,140,289.45	$ 1,993,678,144.71	$ 75,527,670.85	$ 2,069,205,815.56	$ 49,881,794.14	$ 2,119,087,609.70
Time Deposits	1,033,312,245.83	19,566,872.86	1,052,879,118.69	15,222,479.71	1,068,101,598.40	—3,983,052.38	1,064,118,546.02	14,529,222.54	1,078,647,768.56
Due to Banks	161,362,224.41	—19,799,829.97	141,562,394.44	6,569,853.62	148,132,248.06	31,236,728.08	179,368,976.14	—3,239,746.03	176,129,230.11
TOTAL DEPOSITS	$ 3,267,883,470.87	$ —118,904,102.48	$ 3,148,979,368.39	$ 60,932,622.78	$ 3,209,911,991.17	$ 102,781,346.55	$ 3,312,693,337.72	$ 61,171,270.65	$ 3,373,864,608.37
Bills Payable	$ 17,050.50	$ —17,050.50	$	$	$	$	$	$	$ ....
Rediscounts	....	....	....	....	....	....	....	35,829.40	35,829.40
Dividends Unpaid	762,074.00	—278,874.00	483,200.00	58,750.00	541,950.00	—222,750.00	319,200.00	577,275.00	896,475.00
Letters of Credit	1,211,803.50	104,280.77	1,316,084.27	—667,662.01	648,422.26	122,674.75	771,097.01	—66,832.11	704,264.90
Bank Acceptances	439,300.34	75,130.59	514,430.93	34,781.45	549,212.38	—119,909.59	429,302.79	104,605.26	533,908.05
Other Liabilities	8,963,776.35	103,186.26	9,066,962.61	—433,997.32	8,632,965.29	2,296,577.32	10,929,542.61	—2,013,348.62	8,916,193.99
TOTAL OTHER LIABILITIES	$ 11,394,004.69	$ —13,326.88	$ 11,380,677.81	$ —1,008,127.88	$ 10,372,549.93	$ 2,076,592.48	$ 12,449,142.41	$ —1,362,471.07	$ 11,086,671.34
GRAND TOTAL LIABILITIES	$ 3,461,684,961.71	$ —115,221,987.00	$ 3,346,462,974.71	$ 62,228,944.95	$ 3,408,691,919.66	$ 108,419,845.36	$ 3,517,111,765.02	$ 64,803,196.91	$ 3,581,914,961.93
ANALYSIS:									
Deposits Secured by Pledge	$ 172,271,183.72	$ —5,112,406.81	$ 167,158,776.91	$ 1,099.59	$ 175,771,750.84	$ 3,003,533.51	$ 178,775,284.35	$ 2,262,145.32	$ 181,037,429.67
Deposits Not Secured by Pledge	3,095,612,287.15	—113,791,695.67	2,981,820,591.48	52,319,648.85	3,034,140,240.33	99,777,813.04	3,133,918,053.37	58,909,125.33	3,192,827,178.70
TOTAL—DEPOSITS	$ 3,267,883,470.87	$ —118,904,102.48	$ 3,148,979,368.39	$ 60,932,622.78	$ 3,209,911,991.17	$ 102,781,346.55	$ 3,312,693,337.72	$ 61,171,270.65	$ 3,373,864,608.37
Banking House	$ 9,572,436.47	$ 25,916.56	$ 9,598,353.03	$ 1,099.59	$ 9,599,452.62	$ 40,540.22	$ 9,639,992.84	$ —17,538.21	$ 9,622,454.63
Furniture & Fixtures	2,594,861.30	241,512.96	2,836,374.26	107,749.71	2,944,123.97	90,096.64	3,034,220.61	—110,799.84	2,923,420.77
TOTAL—Banking House, Furn. & Fixtures	$ 12,167,297.77	$ 267,429.52	$ 12,434,727.29	$ 108,849.30	$ 12,543,576.59	$ 130,636.86	$ 12,674,213.45	$ —128,338.05	$ 12,545,875.40
Commercial Paper	$ 18,033,639.10	$ —1,013,700.35	$ 17,019,938.75	$ 762,968.95	$ 17,782,907.70	$ 5,000,175.03	$ 22,783,082.73	$ —2,456,802.89	$ 20,326,279.84
Collateral Loans	160,651,470.71	9,805,760.14	170,457,230.85	15,732,667.42	186,189,898.27	—25,222,350.64	160,967,547.63	17,886,926.32	178,854,473.95
Other Loans	307,917,150.07	1,304,920.36	309,222,070.43	—21,108,967.57	288,113,102.86	—1,581,418.70	286,531,684.16	5,975,653.57	292,507,337.73
Farm Loans	15,731,282.34	818,492.60	16,549,774.94	5,806,233.49	22,356,008.43	—5,727,016.31	16,628,992.12	2,176.06	16,631,168.18
Other Real Estate Loans	131,135,121.77	503,857.67	131,638,979.44	—3,684,520.56	127,954,458.88	7,416,188.90	135,370,647.78	5,465,023.99	140,835,671.77
TOTAL—LOANS AND DISCOUNTS	$ 633,468,663.99	$ 11,419,330.42	$ 644,887,994.41	—2,[illegible]3.27	$ 642,396,376.14	$ —20,114,421.72	$ 622,281,954.42	$ 26,872,977.05	$ 649,154,931.47

Report of Changes

CAPITAL STOCK INCREASED

Maple Park	Kane	First State Bank of Maple Park from $25,000 to $50,000	Jan. 3, 1950
German Valley	Stephenson	German-American State Bank from $25,000 to $50,000	Jan. 9, 1950
Round Lake	Lake	First State Bank of Round Lake from $25,000 to $32,500	Jan. 15, 1950
Crystal Lake	McHenry	Home State Bank of Crystal Lake from $50,000 to $100,000	Jan. 18, 1950
Burlington	Kane	State Bank of Burlington from $20,000 to $50,000	Jan. 19, 1950
Elmhurst	DuPage	York State Bank from $50,000 to $100,000	Jan. 19, 1950
Marengo	McHenry	Marengo State Bank from $50,000 to $75,000	Jan. 19, 1950
Shabbona	DeKalb	Farmers' and Traders' State Bank from $25,000 to $50,000	Jan. 19, 1950
Rock Island	Rock Island	Rock Island Bank and Trust Company from $450,000 to $540,000	Jan. 20, 1950
East Dubuque	Jo Daviess	State Bank of East Dubuque from $25,000 to $50,000	Jan. 20, 1950
Oak Park	Cook	Suburban Trust and Savings Bank from $200,000 to $300,000	Jan. 20, 1950
Peotone	Will	Peotone State Bank from $25,000 to $50,000	Jan. 23, 1950
New Lenox	Will	New Lenox State Bank from $25,000 to $50,000	Jan. 27, 1950
Hampshire	Kane	State Bank of Hampshire from $25,000 to $50,000	Jan. 27, 1950

CHANGE OF PAR VALUE OF CAPITAL STOCK

Rock Island	Rock Island	Rock Island Bank and Trust Company from $100.00 to $10.00	Jan. 20, 1950
Oak Park	Cook	Suburban Trust and Savings Bank from $100.00 to $10.00	Jan. 20, 1950

DURATION OF CHARTER EXTENDED

Somonauk	DeKalb	Farmers State Bank of Somonauk Charter extended 99 years from January 25, 1950	Jan. 25, 1950

CHANGE OF NAME

Gifford	Champaign	The Morse State Bank of Gifford To: The Gifford State Bank	Jan. 17, 1950

RECAPITULATION

State Banks in Chicago	24
State Banks in Cook County outside Chicago	28
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STATE OF ILLINOIS

MARCH 1, 1950 SPRINGFIELD VOL. 25 -- NO. 12

Operating Results -- 1949

Earning reports of Illinois state banks for the year 1949, indicate that over $13½ million of the year's earnings were retained by these banks and used by them to elevate capital accounts. This occurred after $4 million of the year's net income was allotted as dividends to stockholders.

Operating income of $75 million supplemented by an additional $3 million arising from recoveries and profits was reported. Current operating expenses, depreciation charges, valuation adjustments and losses totalled just over $60 million, leaving net income of $17¾ million for the year.

Income in the form of interest and discount on loans averaged 3.97% on the estimated level of $636 million in that class of assets and income from investment securities averaged 1.78% on the estimated level of $2,044 million.

Total income reported from these two principal earning assets amounted to $61¾ million, and was slightly over the $60½ million operating requirement. Net income before dividends to shareholders was but $1½ million greater than the combined receipts from all sources other than from loans and investments. These receipts from other sources were the $13¼ million which came into the banks from service charges, departmental income and miscellaneous earnings and the $3 million attributed to recoveries and profits.

The following comparisons, based on averages per $1,000 of deposits, may be gained from the tabulations of former years:

	1946	1947	1948	1949
Current Operating Income	$19.74	$19.75	$21.75	$22.25
Current Expense	$13.32	$14.27	$15.05	$15.59
Net Income (before dividends)	$ 5.76	$ 3.91	$ 4.68	$ 5.26

OPERATING RESULTS OF ILLINOIS STATE BANKS

FOR THE YEARS 1948 - 1949

	GROUP 1 Under $500,001		GROUP 2 $500,001 to $1,000,000		GROUP 3 $1,000,001 to $5,000,000		GROUP 4 $5,000,001 to $10,000,000		GROUP 5 $10,000,001 and over		GENERAL COMPARISON	
	1948	1949	1948	1949	1948	1949	1948	1949	1948	1949	1948	1949
Number of Banks	18	22	84	85	317	310	44	48	37	40	502	502
GROSS EARNINGS:												
Interest and discount on loans	57,531	119,995	604,873	733,408	6,538,922	7,572,290	2,821,907	3,343,022	12,590,314	13,469,668	22,613,734	25,223,634
Interest and dividends on securities	61,953	81,885	711,885	726,315	7,531,783	7,458,528	3,214,519	3,502,343	24,177,295	24,682,050	35,702,980	36,451,023
Exchange, collection charges, etc.	4,793	5,395	41,455	43,584	465,457	429,210	212,090	264,813	961,036	866,755	1,566,717	1,604,309
Service charges on deposit accounts	10,708	15,460	107,100	109,372	1,077,819	1,034,405	541,589	672,609	2,111,519	2,327,675	3,848,735	4,155,813
Trust Departments	....	....	....	94	32,682	32,190	94,874	70,982	4,834,279	5,054,889	5,023,741	5,229,743
Miscellaneous	4,269	7,351	35,640	37,052	453,357	436,877	331,369	377,420	1,372,799	1,465,180	2,315,641	2,322,366
Total	139,254	230,086	1,500,953	1,649,825	16,100,020	16,963,500	7,216,348	8,231,189	46,047,242	47,866,217	71,071,548	74,986,888
UNIT AVERAGE	7,736	10,458	17,868	19,410	50,789	54,721	164,008	171,483	1,244,520	1,196,655	141,577	149,375
Average Per $1,000 of Deposits	21.22	28.79	23.58	25.95	23.09	25.76	23.49	25.48	21.00	20.62	21.75	22.25
EXPENSES:												
Salaries	57,746	92,817	482,992	528,346	4,688,146	4,899,525	2,227,775	2,628,150	14,777,488	15,744,781	22,267,645	23,914,455
Interest on deposits	4,992	10,076	99,817	108,278	1,500,931	1,489,564	700,599	842,898	6,028,271	6,377,634	8,334,611	8,827,957
Taxes	14,217	21,901	126,765	150,337	1,385,299	1,555,927	630,381	689,447	2,734,959	3,325,178	4,899,422	5,748,641
Miscellaneous	38,752	49,675	259,112	298,710	2,874,100	2,697,832	1,371,781	1,487,490	9,119,641	9,551,190	13,670,451	14,066,064
Total	115,707	174,469	968,686	1,085,671	10,448,476	10,642,848	4,930,536	5,647,985	32,660,359	34,998,783	49,172,129	52,557,117
UNIT AVERAGE	6,428	7,930	11,532	12,773	32,961	34,332	112,058	117,666	882,713	874,969	97,753	104,695
Average Per $1,000 of Deposits	17.63	21.83	15.22	17.08	14.97	16.16	16.05	17.48	14.89	15.08	15.05	15.59
NET EARNINGS:	23,547	55,617	532,267	564,154	5,651,544	6,320,652	2,285,812	2,583,204	13,386,883	12,867,434	21,899,419	22,429,770
UNIT AVERAGE	1,308	2,528	6,336	6,637	17,828	20,389	51,950	53,817	361,807	321,686	43,626	44,637
Average Per $1,000 of Deposits	3.59	6.96	8.36	8.87	8.12	9.60	7.44	8.00	6.11	5.54	6.70	6.66
RECOVERIES AND PROFITS:												
Recoveries on loans	783	1,564	31,978	12,732	209,641	174,550	78,601	32,975	396,337	1,476,839	717,339	1,698,658
Recoveries on securities	833	74	8,358	7,029	176,996	206,733	52,394	41,854	152,759	103,130	391,340	358,819
Profits on securities	2,767	6,850	9,068	20,169	102,218	109,899	51,696	145,288	550,147	494,939	715,897	776,083
Miscellaneous	3,917	911	4,921	3,809	136,058	112,698	88,788	25,211	307,136	216,819	540,820	359,265
Net earnings plus recoveries and profits	31,847	65,016	586,592	607,893	6,276,457	6,924,532	2,557,291	2,828,532	14,793,262	15,159,161	24,264,815	25,622,595
LOSSES, DEPRECIATION AND WRITE-OFFS:												
On loans	1,146	5,114	31,728	27,545	219,553	315,794	94,374	158,247	354,879	1,150,813	701,680	1,657,512
On securities	3,422	2,578	48,777	41,381	714,043	519,152	353,862	303,708	5,405,511	3,774,642	6,525,616	4,641,344
Banking house, furniture and fixtures	3,272	5,330	28,450	28,765	378,419	420,481	209,183	204,765	486,263	500,605	1,106,410	1,160,703
Miscellaneous	1,342	1,318	7,143	5,571	155,305	147,710	64,450	75,005	397,598	200,731	625,839	429,149
Total	9,182	14,340	116,098	103,262	1,467,320	1,403,137	721,869	741,725	6,644,251	5,626,791	8,959,545	7,888,708
NET PROFITS	22,665	50,676	470,494	504,631	4,809,137	5,521,395	1,835,422	2,086,807	8,149,011	9,532,370	15,305,270	17,733,887
UNIT AVERAGE	1,259	2,303	5,601	5,937	15,170	17,811	41,714	43,475	220,243	238,309	30,489	35,327
Average Per $1,000 of Deposits	3.45	6.34	7.39	7.94	6.89	8.39	5.97	6.46	3.71	4.11	4.68	5.26
Cash dividends paid to shareholders	4,515	9,900	75,979	84,775	932,036	1,079,325	260,250	305,500	2,524,300	2,602,050	3,807,079	4,091,550
Percentage of Net Profits	19.92%	19.54%	16.15%	16.80%	19.38%	19.55%	14.18%	14.64%	30.98%	27.30%	24.87%	23.07%
Capital, Surplus, Undivided Profits and Reserves	728,438	977,759	4,534,724	5,121,588	40,888,824	43,317,784	16,155,596	19,028,337	119,075,200	128,160,021	182,328,130	196,508,150
Time Deposits	992,543	1,385,333	13,482,022	13,538,770	190,784,924	179,064,135	104,730,841	118,530,550	723,321,889	766,128,980	1,033,312,219	1,077,952,403
Total Deposits	6,562,572	7,993,086	63,654,520	63,581,165	[illegible]87,24[illegible]	[illegible]58,429,931	307,194,388	323,017,111	2,193,181,772	2,320,843,315	3,267,880,501	3,370,348,108

Group 1 to 5 show operating results of banks according to size as measured by total deposits of each.
General comparison is the aggregate of operating results as reported by the 502 Illinois State Banks that operated in both 1948 and 1949.

Opening and Closing Hours

The pamphlet listing the daily business hours of Illinois banks has now been distributed. Anyone who requested to be placed on the mailing list for this pamphlet but has not received his copy should advise this office, as additional copies are available and by being notified of such omission, we may then determine whether our mailing list is incomplete or otherwise at fault.

Additional copies are available and may be obtained at the office of the Illinois Bankers Association as well as both the Chicago and Springfield offices of the Banking Department.

Report of Changes

PERMIT ISSUED

			Capital	Surplus	Reserve	
Princeville	Peoria	Princeville State Bank	$50,000	$15,000	$10,000	Feb. 27, 1950

CAPITAL STOCK INCREASED

Orland Park..Cook.........Orland State Bank
from $35,000 to $70,000................................Jan. 6, 1950

Bloomington. McLean......Corn Belt Bank
from $100,000 to $200,000..............................Feb. 1, 1950

Peoria.......Peoria.......Jefferson Trust and Savings Bank of Peoria
from $200,000 to $400,000..............................Feb. 1, 1950

CHANGE OF PAR VALUE OF CAPITAL STOCK

Morrison.....Whiteside....Smith Trust and Savings Bank
from $100.00 to $20.00.................................Feb. 4, 1950

TRUST CERTIFICATE ISSUED

			Deposit	
Rochester	Sangamon	Rochester State Bank	$50,000	Feb. 21, 1950

RECAPITULATION

State Banks in Chicago	24
State Banks in Cook County outside Chicago	28
State Banks in Illinois outside Cook County	455
Total	507

BANKING BULLETIN

ISSUED BY

BENJAMIN O. COOPER

Auditor of Public Accounts

STATE OF ILLINOIS

APRIL 1, 1950 SPRINGFIELD VOL. 26 -- NO. 1

Business Hours

Since this Department undertook to compile and publish the daily opening and closing hours of Illinois banks, many questions of statistical nature have been directed to this office concerning those hours.

As a result of the apparent interest, the reported business schedules of 887 Illinois banks were tabulated and the results appear on the inside pages of this Bulletin.

For the purposes of the tabulations a normal business day was considered to be the hours used by the individual bank for three or more days of each week. Consideration was not given in the business hour summary to shortened or lengthened hours when they were not consistently observed by the individual bank for at least three days in the business week. Special service hours were not included if limited to certain departments, other than commercial, although in some instances these special hours are maintained daily. Throughout Illinois twenty-two variations in normal business hours are found. Opening hours fall into six groups, spaced from 7:00 A. M. to 10:00 A. M., while eight intervals between 2:00 P. M. and 5:30 P. M. are observed as normal closing times.

The hour of 9:00 A. M. has been established by 677 banks as their usual opening hour, which represents, roughly, three-fourths of the 887 Illinois banks. Included in this group are 66 of the 67 banks located in the City of Chicago. 122 Illinois banks open before 9:00 A. M. on the usual business day while 88 have a later opening time.

A 3:00 P. M. closing time has been chosen by 602 banks of which 23 are in Chicago. The next most widely observed closing hour is 2:00 P. M., which has been adopted by 144 Illinois banks, including 43 in Chicago.

A total of 511 Illinois banks have adopted 9:00 A. M. to 3:00 P. M. as their normal business day; while 166 others open at 9:00 A. M. but close either earlier or later than 3:00 P. M. and 91 others close at 3:00 P. M. but open either before or after 9:00 A.M.

Although 23 Chicago banks are included in the above tabulation of a 9:00 A. M. to 3:00 P. M. normal business day, the majority (43) of the banks in that city have adopted the hours of 9:00 A. M. to 2:00 P. M.

NORMAL BUSINESS HOURS AS ADOPTED BY BANKS

OPENING HOURS	CLOSING HOURS								TOTALS
	2:00	2:15	2:30	3:00	3:30	4:00	5:00	5:30	
7:00								1	1
8:00	21			31	3	4			59
8:30	11		3	34	12	2			62
9:00	97	1	20	511	11	37			677
9:30	15		44	11	2		1		73
10:00				15					15
Totals	144	1	67	602	28	43	1	1	887

A total of 105 Illinois banks observe a five-day schedule by not opening on one entire business day in each week. Four of these banks observe shortened hours, also, on one other instance during the week, by closing for a half day. A total of 697 banks observe a full business week of six days but are not open on at least one half day of each week. In 22 instances these earlier closings occur twice weekly.

Some 85 banks maintain the same hours throughout a six-day week with the exception that two are open also on Saturday evenings and five have special service hours to provide facilities for cashing pay roll checks.

Longer business hours are provided at least once in each week by 66 of the 105 banks that operate on a five-day schedule. This is accomplished by a later closing time on designated days or by re-opening during an evening. In six of these cases longer business hours are scheduled for two days in each week.

The 697 banks that operate on a six-day schedule, although closing half days, observe longer hours on one day each week in 45 cases, one bank observes this practice on two occasions each week and nine have arranged to stay open extra hours to facilitate the cashing of pay roll checks. In the latter nine instances, these extra hours do not occur regularly on the same day of each week and in some cases, this program may require extra hours on more than one day in some weeks while in others may occur but once in two weeks.

BUSINESS WEEK AS ADOPTED BY BANKS

	Number of Banks	
Not opening on one business day per week	101	
Not opening on one business day and also closing for one-half day each week	4	
Total banks observing five-day week		105
Closing one-half day once each week	675	
Closing one-half day twice each week	22	
Total banks closing only for half days		697
Banks observing six-day week and not closing half days		85
Total banks in summary		887

DAYS SELECTED BY BANKS TO EXTEND OR REDUCE ACTIVITIES

	Day selected to not be open under provisions of permissive five-day week legislation	Day selected to close half day earlier than on ordinary business day	Day selected to lengthen ordinary business day or to re-open during evening
Monday	13		16
Tuesday		1	1
Wednesday	24	88	2
Thursday	1	401	22
Friday		1	68
Saturday	67	232	12
Miscellaneous			14
Totals	105	723(1)	135(2)

(1) Includes 4 banks that also are on five-day week and 22 banks that close one-half day on two occasions per week; however, 9 banks that close one hour earlier on Saturday are not included in this figure as well as being omitted from Saturday tabluation.

(2) The extra hours of 7 banks are duplicated in this total as 2 are open extra hours on both Monday and Thursday, 4 on Monday and Friday and 1 on Thursday and Saturday.

67 or nearly two-thirds of the 105 banks that observe a five-day week have selected Saturday to remain closed, while 24 have selected Wednesday, 13 chose Monday and one bank takes Thursday.

Although 401 banks limit their business hours to a half-day on Thursday, yet only one bank takes the entire day off and 22 apparently feel that longer hours than ordinarily observed are necessary on that day.

On Saturdays 67 banks do not open and 232 close for the afternoon while 12 have adopted a longer than ordinary business day. 858 banks maintain normal business hours on Mondays and while 16 others employ extra hours, nevertheless, 13 do not open for business. Wednesday's activity is the closest to an average pattern as 24 banks do not open, 88 close for the afternoon and two lengthen their hours. Only two banks adjust their hours on Tuesdays and all except one are open for a full business day on Fridays, with 68 extending their closing hour or re-opening that evening.

MAILING LISTS

This is the first issue of the Bulletin to be distributed since our mailing lists have been revised and corrected.

Although the file of address plates has been carefully checked against the survey cards, it is possible that some plates may yet be incorrect due to a number of factors.

When the director's oath of fealty forms are filed with this office, inquiries are made as to the mailing address of each new member. Replies to such inquiries have not been received in every case, consequently, address plates in those names are not in our files. Advice stating the name and correct mailing address of any director of an Illinois state bank, who does not appear to be on the Bulletin mailing list, will be appreciated.

Others who have been receiving our publications and who are not Illinois state bank directors were circularized early this year. Many that were in our former files have been omitted from the present list. While this has resulted from the misinterpretation of requests in some instances, most omissions have occurred through failure to receive the return postal card which was included in our survey.

This office wishes and is pleased to furnish copies of departmental publications to all who have a use for or an interest in them. We regret that some who have requested to be on our mailing lists may have been omitted from our active file of address plates and that, in some cases, the plates may be incorrect. It is our desire to be advised where either has occurred.

Similarly, we would like to be advised by those who receive our publications but no longer desire them, as well as those whose names have been inadvertently duplicated and receive more than one copy of each issue, as in both instances we wish to relieve these of unwanted mail and at the same time eliminate unnecessary printing and mailing costs.

Report of Changes

CAPITAL STOCK INCREASED

Carmi	White	White County Bank from $40,000 to $80,000	March 1, 1950.
Goodfield	Woodford	Goodfield State Bank from $10,000 to $25,000	March 1, 1950.
Rosiclare	Hardin	State Bank of Rosiclare from $15,000 to $30,000	March 10, 1950.
Chicago	Cook	Southmoor Bank of Chicago from $200,000 to $250,000	March 15, 1950.

CHANGE OF LOCATION

Rosiclare	Hardin	State Bank of Rosiclare from The Southwest Corner of Main and Second Streets to The North Part of Lot Number Eight (8), Block Number Ten (10), in Pell and Steele Addition to the City of Rosiclare, situated in Hardin County, Illinois	March 10, 1950.

RECAPITULATION

State Banks in Chicago	24
State Banks in Cook County outside Chicago	28
State Banks in Illinois outside Cook County	455
Total	**507**

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BANKING BULLETIN

ISSUED BY

BENJAMIN O. COOPER

Auditor of Public Accounts

STATE OF ILLINOIS

Vol. 26—No. 2 SPRINGFIELD May 1, 1950

Call Figures

Resources and Liabilities of the Illinois State banks, as reported at the close of business March 10,1950, have been totalled and appear on the inner pages of this Bulletin. Total figures for banks grouped as to locations are shown and changes occurring since December 31, 1949 are exhibited for each group.

Total Resources of the 507 banks were reported at about $42½ million less than the total figures reported at the close of business on the preceding Call. Although Cash and Due From Banks were almost $90 million lower on March 10, 1950, U. S. Government Obligations had increased $8 million, investments in Other Bonds and Securities were $8½ million greater and Loans and Discounts were up nearly $30 million. Total Deposits were $46¾ million less than reported at the year end, Demand Deposits having been reduced over $51 million while Due To Banks declined over $9 million. Time Deposits, however, gained nearly $14 million.

Changes in the above accounts while not occurring at the same ratios throughout the groupings were consistent as to the direction of movement except in the case of U. S. Government Obligations. Additional holdings of government issues by Chicago banks reflected an increase both for that group of banks as well as in the total for the entire State. Declines in the totals of these issues held by banks located in the Seventh Federal Reserve District but outside the City of Chicago and by those in the Eighth District were reported.

Resources as well as Liabilities are distributed percentage-wise in a tabulation appearing on the back page of this Bulletin and correspond to the divisions used for showing group totals of Resources and Liabilities. These, in addition to the Entire State of Illinois, are (1) City of Chicago, (2) Seventh Federal Reserve District, but outside the City of Chicago, and (3) Eighth Federal Reserve District.

Total Resources and Liabilities of Illinois State Banks

as reported at the close of business March 10, 1950

(Grouped as to location and showing changes since December 31, 1949)

	City of Chicago 24 Banks	City of Chicago Increase or (—) Decrease	Seventh Federal Reserve District but outside the City of Chicago 344 Banks	Seventh Federal Reserve District but outside the City of Chicago Increase or (—) Decrease	Eighth Federal Reserve District 139 Banks	Eighth Federal Reserve District Increase or (—) Decrease	Entire State of Illinois 507 Banks	Entire State of Illinois Increase or (—) Decrease
RESOURCES:								
Cash and Due from Banks	$ 417,754,658.91	$ —55,615,599.83	$ 207,663,920.74	$ —23,544,170.35	$ 60,358,591.77	$ —10,670,748.04	$ 685,777,171.42	$ —89,830,518.22
Outside Checks and Other Cash Items	1,335,173.11	—580,788.90	920,740.23	—342,957.29	166,556.29	12,656.42	2,422,469.63	—911,089.77
U. S. Governments—Direct & Guaranteed	979,980,333.70	10,455,925.52	619,749,194.94	—2,020,780.82	178,757,497.13	—474,307.71	1,778,487,025.77	7,960,836.99
Other Bonds, Stocks and Securities	250,076,988.12	5,187,092.77	83,496,520.25	2,365,905.52	35,494,059.12	889,086.98	369,067,567.49	8,442,085.27
Loans and Discounts	357,766,410.02	10,295,838.58	249,788,443.49	18,127,946.69	71,363,079.54	1,339,216.31	678,917,933.05	29,763,001.58
Overdrafts	62,352.48	21,185.00	164,376.92	66,347.24	47,543.46	27,469.82	274,272.86	115,002.06
Banking House, Furniture & Fixtures	5,885,396.42	53,224.62	5,259,732.20	100,819.98	1,580,854.35	26,062.97	12,725,982.97	180,107.57
Other Real Estate	7,119.70	7,106.70	8,978.69	541.76	12,148.57	3,373.40	28,246.96	11,021.86
Customers' Liability—Letters of Credit	1,260,389.73	582,454.33	5,700.00	—500.00	None	None	1,266,089.73	581,954.33
Customers' Liability—Acceptances	505,652.48	5,383.99	None	None	None	None	505,652.48	5,383.99
Other Resources	7,371,966.76	762,982.04	1,926,762.52	409,937.10	687,250.53	52,725.44	9,985,979.81	1,225,644.58
GRAND TOTAL RESOURCES	$ 2,022,006,441.43	$ —28,825,195.18	$ 1,168,984,369.98	$ —4,836,910.17	$ 348,467,580.76	$ —8,794,464.41	$ 3,539,458,392.17	$ —42,456,569.76
LIABILITIES:								
Capital Stock	$ 20,230,000.00	$ None	$ 20,840,000.00	$ 827,500.00	$ 7,570,500.00	$ 55,000.00	$ 48,640,500.00	$ 882,500.00
Income Debentures	200,000.00	None	53,000.00	None	None	None	253,000.00	None
Surplus	38,087,500.00	None	22,174,567.30	298,000.00	6,169,250.00	120,300.00	66,431,317.30	418,300.00
Undivided Profits (net)	17,660,974.72	502,536.13	16,597,354.24	—582,497.06	5,023,624.51	91,410.94	39,281,953.47	11,450.01
Reserve Accounts	31,867,523.11	1,539,289.47	10,393,451.64	374,482.15	3,412,331.49	90,373.16	45,673,306.24	2,004,144.78
TOTAL CAPITAL STRUCTURE	$ 108,045,997.83	$ 2,041,825.60	$ 70,058,373.18	$ 917,485.09	$ 22,175,706.00	$ 357,084.10	$ 200,280,077.01	$ 3,316,394.79
Demand Deposits	$ 1,103,328,129.79	$ —31,995,698.07	$ 736,[illegible].23	$ [illegible],738,685.58	$ 227,595,899.64	$ —9,594,970.39	$ 2,067,758,255.66	$ —51,329,354.04
Time Deposits	639,061,686.36	8,831,154.65	356,66[illegible]39.08	4,370,300.23	96,868,504.24	745,106.24	1,092,594,329.68	13,946,561.12
Due to Banks	162,615,883.62	—8,859,976.08	2,919,581.28	—303,425.71	1,227,264.14	—203,099.28	166,762,729.04	—9,366,501.07
TOTAL DEPOSITS	$ 1,905,005,699.77	$ —32,024,519.50	$ 1,096,417,946.59	$ —5,671,811.06	$ 325,691,668.02	$ —9,052,963.43	$ 3,327,115,314.38	$ —46,749,293.99
Bills Payable	$ 200,000.00	$ 200,000.00	$ None	$ None	$ None	$ None	$ 200,000.00	$ 200,000.00
Rediscounts	None	None	None	—35,829.40	None	None	None	—35,829.40
Dividends Unpaid	273,500.00	—185,250.00	96,666.00	—189,409.00	5,070.00	—146,580.00	375,236.00	—521,239.00
Letters of Credit	1,289,251.23	595,838.83	20,622.50	9,770.00	None	None	1,309,873.73	605,608.83
Bank Acceptances	563,333.70	29,425.65	None	None	None	None	563,333.70	29,425.65
Other Liabilities	6,628,658.90	517,484.24	2,390,761.71	132,884.20	595,136.74	47,994.92	9,614,557.35	698,363.36
TOTAL OTHER LIABILITIES	$ 8,954,743.83	$ 1,157,498.72	$ 2,508,050.21	$ —82,584.20	$ 600,206.74	$ —98,585.08	$ 11,063,000.78	$ 976,329.44
GRAND TOTAL LIABILITIES	$ 2,022,006,441.43	$ —28,825,195.18	$ 1,168,984,369.98	$ —4,836,910.17	$ 348,467,580.76	$ —8,794,464.41	$ 3,539,458,392.17	$ —42,456,569.76
ANALYSIS:								
Deposits Secured by Pledge	$ 102,745,107.94	$ —27,363,627.96	$ 37,198,762.35	$ 1,909,197.91	$ 15,856,012.87	$ 216,883.54	$ 155,799,883.16	$ —25,237,546.51
Deposits Not Secured by Pledge	1,802,260,591.83	—4,660,891.54	1,059,219,184.24	—7,581,008.97	309,835,655.15	—9,269,846.97	3,171,315,431.22	—21,511,747.48
TOTAL—DEPOSITS	$ 1,905,005,699.77	$ —32,024,519.50	$ 1,096,417,946.59	$ —5,671,811.06	$ 325,691,668.02	$ —9,052,963.43	$ 3,327,115,314.38	$ —46,749,293.99
Banking House	$ 4,879,265.69	$ 28,037.59	$ 3,748,296.18	$ 68,009.75	$ 1,113,947.43	$ 23,007.33	$ 9,741,509.30	$ 119,054.67
Furniture & Fixtures	1,006,130.73	25,187.03	1,511,436.02	32,810.23	466,906.92	3,055.64	2,984,473.67	61,052.90
TOTAL—Banking House, Furn. & Fixtures	$ 5,885,396.42	$ 53,224.62	$ 5,259,732.20	$ 100,819.98	$ 1,580,854.35	$ 26,062.97	$ 12,725,982.97	$ 180,107.57
Commercial Paper	$ 8,397,933.94	$ —341,064.49	$ 9,545,207.04	$ —245,476.93	$ 1,085,569.05	$ —711,028.39	$ 19,028,710.03	$ —1,297,569.81
Collateral Loans	112,383,231.31	—68,674.25	71,159,628.53	17,729,710.67	14,589,091.78	1,616,447.25	198,131,951.62	19,277,477.67
Other Loans	190,219,767.73	9,655,482.06	84,439,288.61	—493,445.98	27,948,061.34	937,743.87	302,607,117.68	10,099,779.95
Farm Loans	868,792.65	512,614.96	10,505,855.16	—487,523.91	5,411,309.99	129,698.57	16,785,957.80	154,789.62
Other Real Estate Loans	45,896,684.39	537,480.30	74,138,464.15	1,624,682.84	22,329,047.38	—633,638.99	142,364,195.92	1,528,524.15
TOTAL—LOANS AND DISCOUNTS	$ 357,766,410.02	$ 10,295,838.58	$ 249,788,443.49	$ 18,127,946.69	$ 71,363,079.54	$ 1,339,216.31	$ 678,917,933.05	$ 29,763,001.58

Distribution of Resources and Liabilities

(Illinois State Banks)

Resources	(1.)	(2.)	(3.)	Entire State
Cash and due from banks	20.66%	17.76%	17.32%	19.37%
U. S. government obligations	48.47	53.01	51.30	50.25
Other investment securities	12.37	7.14	10.19	10.43
Loans and Discounts	17.70	21.37	20.48	19.18
All other resources	.80	.72	.71	.77
	100.00%	100.00%	100.00%	100.00%

Liabilities				
Capital accounts	5.31%	5.99%	6.36%	5.66%
Deposits	94.25	93.79	93.46	94.00
Other liabilities	.44	.22	.18	.34
	100.00%	100.00%	100.00%	100.00%

Report of Changes

CHARTER ISSUED

			Capital	Surplus	Reserve	
Princeville	Peoria	Princeville State Bank, NW Corner Walnut and Canton Streets. Charles E. Sentz, President; R. B. Dettro, Cashier.	$50,000	$15,000	$10,000	Apr. 3, 1950

CAPITAL STOCK INCREASED

Raritan...... Henderson... Raritan State Bank
from $35,000 to $70,000 .... Apr. 3, 1950

Hoffman..... Clinton...... Farmers State Bank of Hoffman
from $15,000 to $25,000 .... Apr. 5, 1950

Dunlap...... Peoria....... Dunlap State Bank
from $25,000 to $50,000 .... Apr. 6, 1950

Champaign... Champaign... The Commercial Bank of Champaign
from $50,000 to $100,000 .... Apr. 15, 1950

Stonefort .... Saline........ Saline County State Bank
from $15,000 to $30,000 .... Apr. 17, 1950

CHANGE OF PAR VALUE OF CAPITAL STOCK

Marion....... Williamson... The Bank of Marion
from $100 to $20 .... Apr. 1, 1950

TRUST CERTIFICATE ISSUED

			Deposit	
Lyons	Cook	Bank of Lyons	$50,000	Apr. 4, 1950

RECAPITULATION

State Banks in Chicago	24
State Banks in Cook County outside Chicago	28
State Banks in Illinois outside Cook County	456
Total	508

BANKING BULLETIN

ISSUED BY

BENJAMIN O. COOPER

Auditor of Public Accounts

STATE OF ILLINOIS

VOL. 26 -- NO. 3 SPRINGFIELD JUNE 1, 1950

For Attention of Directors

It is extremely doubtful that you as a bank director would approve or knowingly tolerate loans on which the application neither specified nor limited the amount to be borrowed and on which the borrower was given the latitude of creating outstanding debts to your bank in such amounts as he might self-determine.

Yet, these self-determined credit advances are being tolerated, either by approval or acquiescence, in a great many banks today; for certain customers are being allowed to draw against uncollected funds, continuously, and in sizeable amounts.

Checks, sight drafts or similar items drawn on, or collectible through, out of town banks while in transit, that is, while in the process of collection, are uncollected funds and are float balances, even though credited to depositor's accounts. There is hardly a bank that has not adopted and does not use some form of a collection agreement in connection with their receiving of deposits.

This collection agreement appears either on the deposit tickets of the bank or on the depositor's signature card. In substance, the agreement provides that the credit given by the bank for items deposited by the customer is provisional upon their final collection.

Under this agreement the credit placed to a depositor's account, therefore, does not become available to him until such time as actual collection has been completed.

Bank directors, especially, are urged to investigate and consider the subject of "float balances and uncollected funds"; for familiarity and understanding are considered vitally important as a means of realizing the unreasonableness and the unsoundness of potentially dangerous practices that are being imposed upon a great many banks today.

Permitting known responsible customers to occasionally draw against uncollected funds is a common practice and, when not abused, is a privilege customarily, yet judiciously, extended in the normal course of business.

In some considerable number of instances, however, it has been found that certain depositors are financing the daily operations of their businesses and enterprises with working capital obtained by drawing against uncollected or float balances.

There is a wide difference between such method of obtaining working capital and an occasional temporary accommodation to a depositor, gratuitously extended, while a check on an out of town bank is being collected.

In the ordinary course of business, banks forward each day the out of town items to a correspondent bank who, in turn, routes the items toward the bank on which they are drawn or at which they are payable. Unless sent directly to the drawee bank, five days is almost the minimum time elapsing between the date that an out of town item is originally deposited by the customer and the date of final payment at the bank on which is it drawn. There are some exceptions where the elapsed time is less but, when items are not sent direct to the drawee and are routed in the usual course through correspondents, it frequently will be found that as much as nine days elapse on the collection of checks even between two points within Illinois.

During this entire process, from the date deposited to the date when collection is accomplished, that portion of the deposit or of the depositor's balance represented by items enroute to the drawee bank for payment has been conditionally credited to the customer's account and the funds are neither available nor existent to him until the collection process has been completed.

If the customer does not have available funds in his account, but is allowed to withdraw against conditional credits, it can be seen that a loan is actually created. On a five day collection basis, supposing a customer, with an available balance of $100.00 in his account, deposits today a $1,000 check on an out of town bank and tomorrow a like amount of his own items are paid and charged to his account; by such payments, the bank has actually extended him a total credit or loan of $900 for four days, which is the balance of the time elapsing before payment of the deposited item at the drawee bank.

Repeating this procedure tomorrow the loan becomes $1,900. When continuing daily the total credit advanced may reach $4,900, becoming a continuous loan of that amount and without creating a visible overdraft.

One recent example operating on a pattern similar to the above, involved the daily depositing of out of town items varying from $800 to $2,700. Because these items required seven to nine days for collection and because the bank permitted immediate withdrawals against these deposits, as high as $22,000 of uncollected funds was used at times by this depositor. The bank's loaning limit was $7,500. Obviously, these advances were greater than the bank was equipped to handle.

Other current examples involved advances of roughly $38,000, $43,000, $93,000, $128,000 and $175,000 in each instance against uncollected funds, while a similar case involving over $400,000 was recently reported in the newspapers.

In those cases coming to the attention of this Department, the situations were cleared without serious losses to the banks involved. Fortunately, the operators were able to obtain other means of financing their operations; although, in some instances, it was necessary for the officers and directors of the bank to assist by the loaning of their personal funds.

There have been a considerable number of cases involving smaller amounts which, when brought to the attention of the directors, were discontinued as they were either too large for the bank's loaning ability or considered to involve amounts greater than the customer's credit rating would support.

It is believed that, if a customer is in need and deserving of continuous credit, a method of financing should be used before the funds are advanced whereby the amount loaned is evidence by notes properly approved by the Board of Directors and within the limitations of the law. If a customer's credit does not warrant the loan on a proper form, there can be no justification for advancing similar amounts through the utilization of uncollected funds. On cases where the customer seeks such privileges or attempts such operations, he should be acquainted with the collection agreement and he should not be permitted to draw against revocable or conditional credit. Arrangements could be made, however, whereby his items when collectible out of town could be especially handled by being sent directly to the drawee bank or they might be sent to a correspondent through the ordinary routine but with a request for "wire notice of payment."

Where withdrawals are generally permitted against uncollected funds and float balances, check kiting often follows. Check kiting is a fraudulent method of obtaining funds through taking advantage of the time element consumed by collection processes. An individual with either a second account in the bank at town "A" or with an accomplice having an account in that bank, deposits in the bank at "B" a check drawn on the bank at "A" and then draws from this uncollected balance while the item is enroute for collection. Simultaneously, with its arrival at "A", a fictitious credit of at least a like amount is created in the account at "A" by reversing the process and depositing a check issued against the account at "B" where it is also drawn against a non-existent balance.

Variations in the pattern may be worked out whereby one bank is constantly advancing against float, while the second bank account is maintained in a solid condition insofar as actual funds are on an available deposit timed to meet the incoming check. It is more likely, however, that the operator will attempt to create float balances in both banks and to use the uncollected funds in each to his own advantage.

Check kiting is one of the most dangerous practices imposed upon bankers and the following illustration, based upon fact, was published in one of our previous Bulletins:

> A customer of Bank "A" having on deposit an inconsequential sum—say $10.00 or $12.00—proceeds to a town some fifty miles distant and presents his personal check on Bank "A" to the Cashier in Bank "B" for $1,300.00 and requests a Chicago draft which is issued to him. He then returns to his home town and deposits the draft of Bank "B" in his account at Bank "A" which we will say then gave him a balance of $1,310.00. In the meantime, his $1,300 check has been sent to Chicago for collection and credit by Bank "B".

The Depositor then seeks out another Bank some forty or fifty miles distant from his base of operation, which we will call Bank "C". He presents his personal check on "A". The latter is in a pretty safe position, but the other banks—"B", "C" and "D"—for he eventually extends his operations, are facing a loss continuously.

This "kiting" continues for some time, but like all such practices, is finally broken up and two Banks are holding uncollected checks for $1,300 each. There are one or two outstanding features that should have proved as warnings. First, the home bank should have become suspicious of the regularity of deposits of drafts on neighboring banks and communicated with the management. Second, the Officer or Officers handling the checks and issuing drafts therefor should have taken the trouble to communicate with the "A" Bank and verify the collectibility of the checks.

Check kiting can wreck a perfectly good institution in a short time and much grief can come to bankers merely from permitting repeated withdrawals against revocable and conditional balances.

Any one engaged in the daily inner transactions of a bank should be aware of, or in a position to readily detect, these objectionable and undesirable practices. It is realized, however, that directors usually do not have the familiarity and intimate knowledge of the daily transactions and are therefore at a disadvantage. They should, nevertheless, cause an investigation of any account in which an undue activity appears or where there is a suspicion of either kiting or float financing.

Report of Changes

PERMIT ISSUED

	Capital	Surplus	Reserve
Silvis ....Rock Island..Bank of Silvis..........................	$50,000	$12,500	$17,500

Corner 1st Avenue and 11th Street...................May 29, 1950

CAPITAL STOCK INCREASED

Annawan.... Henry ....The State Bank of Annawan

from $30,000 to $60,000................................May 25, 1950

Oneida.......Knox ....Anderson State Bank

from $40,000 to $60,000................................May 31, 1950

RECAPITULATION

State Banks in Chicago............................	24
State Banks in Cook County outside Chicago.....	28
State Banks in Illinois outside Cook County........	456
Total.....................	508

Printed by Authority of the State of Illinois (11662—6M—6-50)

BANKING BULLETIN

ISSUED BY

BENJAMIN O. COOPER

Auditor of Public Accounts

STATE OF ILLINOIS

VOL. 26--NO. 4 SPRINGFIELD JULY 1, 1950

S. 2822

Although final action may have been taken by the Congress on Senate Bill 2822 before this BULLETIN has been distributed, the testimony appearing within is distributed so that bank directors may have the opportunity of considering pertinent phases of this as well as other proposed legislation.

Other current legislative proposals include a Bill to permit banks operating under a national charter to convert into state chartered institutions, a Bill to give the Federal Reserve Board authority to control the reserve balances of all commercial banks, a Bill concerning Bank Holding Companies, and a Bill creating a Federal agency for the purpose of providing loans to small businesses.

The Conversion Bill (H.R. 1161) has passed the House but is yet to be acted upon by the Senate. The proposal concerning the reserves of all commercial banks is dormant at the present time, as is the holding company proposal. Consideration is currently being given to the plan for small business loans.

S. 2822, the Federal Deposit Insurance Bill, has passed the Senate in amended form as explained in the testimony of Secretary Brumbaugh. It is now awaiting action by the House Banking Committee. According to a news report on June 29, 1950, such action had been postponed for at least two weeks.

Every bank director should become as familiar as possible with the issues behind each legislative proposal that directly relates to banks, or that affects banking operations. The effects of many such proposals are so great in importance that they warrant the individual interest of directors as well as of bank officers and bankers associations.

Statement of the Honorable D. Emmert Brumbaugh

(Secretary of Banking—Commonwealth of Pennsylvania). Chairman of the Legislative Committee, National Association of Supervisors of State Banks, before the House Committee on Banking and Currency on S. 2822, a Bill to amend the Federal Deposit Insurance Act.

As originally introduced in the Senate, Section 10 (b) of S. 2822 would have authorized the Federal Deposit Insurance Corporation to examine any insured State bank, including State member banks, whenever in the judgment of the Board of Directors an examination of the bank is necessary. Existing law restricts examinations by Federal Deposit Insurance Corporation to "any insured State nonmember bank" and requires the Federal Deposit Insurance Corporation to secure the written consent of the Board of Governors of the Federal Reserve System if the Corporation desires to examine any insured State member bank.

The National Association of Supervisors of State Banks representing the State Banking Departments of the 48 States strenuously opposed the provision of S. 2822 which would have permitted Federal Deposit Insurance Corporation to examine insured State member banks without prior approval of the Federal Reserve Board. Our Association is firm in its belief that such a provision might lead to further duplication of examinations of State chartered banks and this would tend to undermine the dual banking system and infringe upon States' rights in banking. Undoubtedly, State banks faced with examinations by three different supervisory agencies would be placed in highly disadvantageous competitive position with National banks which are examined only by the Comptroller of the Currency.

S. 2822 was passed by the Senate without a dissenting vote on March 13, 1950, with an amendment permitting the Federal Deposit Insurance Corporation to examine State member banks only with the written consent of the Board of Governors of the Federal Reserve System. Our Association supports S. 2822 in the amended form in which it has been handed to the House Committee on Banking and Currency.

The National Association of Supervisors of State Banks has profound admiration and respect for the Federal Deposit Insurance Corporation, the splendid job the officers of the Corporation have done during the past sixteen years in restoring and maintaining the confidence of the people in the security of their bank deposits and their fine achievement in administering the affairs of the Corporation. Every one of the 48 State Banking Supervisors speak most highly of the fine spirit of cooperation with which the Corporation's examining force has cooperated with State examining forces in conducting bank examinations and thus correcting and strengthening the entire banking system. However, irreparable damage might be inflicted upon the dual banking system if S. 2822 were amended to subject State member banks to examination by Federal Deposit Insurance Corporation in addition to the regular, periodic examinations now conducted by the State banking departments and the Federal Reserve. Even one Federal examination places State banks at a certain disadvantage, for that means these institutions have examinations by two different agencies, two different examination reports to go over with Directors and two different agencies points of view to satisfy. National banks are examined solely by the Comptroller of the Currency. On most matters, State chartered banks now must obtain two sets of approvals, against only one for National banks. If the dual banking system is to have a fair chance for survival, the trend should be toward less, rather than more duplication of supervisory and examination function.

Regarding wasted motion and duplication of effort in joint examinations by our State Banking Departments with both the Federal Deposit Insurance Corporation and the Federal Reserve, I think it is appropriate to point out that the law empowers both of these Federal agencies to accept examination reports prepared solely by the Examiners of the respective State Banking Departments. Inasmuch as National banks are examined solely by the Comptroller of the Currency and such examination reports are accepted by the other Federal agencies, it seems logical to me that officers of the Federal Deposit Insurance Corporation and the Federal Reserve should accept State examination reports in lieu of ~~making their own~~ examinations, in those States where the examinations conducted by the respective Banking Departments are well recognized as comprehensive, adequate and most efficiently conducted. State banking systems would be aided immeasurably if such a policy were adopted inasmuch as officers and directors would have to deal directly with only one examining agency and one examination report form as is the case with National banks.

I make the foregoing suggestion because our State examination procedures and policies have been placed on a uniform basis with the three Federal agencies through the close cooperation of our National Association of Supervisors of State Banks with officials of the three Federal bank supervisory agencies. Uniformity thus attained enables our State Banking Departments to furnish to the Federal supervisory agencies examination reports containing complete and comparable information with that contained in examination reports now compiled by their own examining force.

In his testimony before the Senate Banking and Currency Committee, the Chairman of the Federal Deposit Insurance Corporation took the position that "the insurer should have the right to look at his risk." He made this statement in asking for the right to have his Corporation's Examiners conduct a separate examination of State member banks even though such banks are examined by both Examiners of the Federal Reserve System and the respective State Banking Departments. This statement implies that the Federal Deposit Insurance Corporation is not willing to test its risk on the results of the complete, uniform and comprehensive examinations conducted by both the Federal Reserve System and the respective State Banking Departments. I have discussed this matter thoroughly with members of my bank examining force and it is their firm opinion that examinations conducted by representatives of the Federal Reserve are in every way as thorough, efficient and painstaking as are the examinations conducted by Federal Deposit Insurance Corporation Examiners.

I am disturbed at the broad implications in the statement "the insurer should have the right to look at his risk." Surety companies writing substantial amounts of fidelity coverage for banking institutions assume a great risk and many shortages are being uncovered in banks today which exceed total fidelity coverage carried and result in a loss to surety companies of the full amount of their bonds. Should surety companies also demand the right of examination so they can "look at the risk"? It can be argued that examining agencies do not make complete audits with the primary thought of uncovering dishonesty. Surety company examiners might be able to uncover irregularities at their inception by a detailed examination and thus greatly reduce their ultimate loss. Surety companies, however, look to the government agencies, both State and Federal, to make comprehensive examinations and they depend upon these government-created supervisory agencies to determine the true condition of banking institutions through regular periodic examinations. The same holds true for individuals with large deposits in banking institutions far in excess of the maximum insured amount under existing law of $5000.00. It seems logical to me that the Federal Deposit Insurance Corporation, in reality an insurer of a form of risk, should be as ready and willing to accept examination reports prepared by efficient Federal Reserve examiners and State bank examiners as are other insurers or individuals assuming heavy risk.

Our Department endeavors wherever possible to conduct examinations of State member banks jointly with Federal Reserve Examiners. There are many times however when it is impossible to schedule joint examinations and State member banks are subjected to separate examination by Federal Reserve Examiners and State Examiners. Under Pennsylvania law, every State bank must also be examined once a year by a committee from the Board of Directors or by accountants employed for that purpose. In effect then, Federal Deposit Insurance Corporation officials were asking for the right to inflict a fourth examination upon State member banks by their proposal in the original Bill, before amendment, that they be authorized to examine State member banks without consent of the Board of Governors of the Federal Reserve System. Undoubtedly, the result would have been to place some State member banks under almost constant examination day after day through each entire year and the only relief from such an intolerable situation would be the withdrawal of the member bank from the State banking system into the National banking system. The dual banking system would thus be terribly weakened, if not destroyed.

Another point overlooked by Federal Deposit Insurance Corporation officials in seeking the right to add their examination to those conducted by Federal Reserve, the State Banking Department and the Directors with respect to State member banks is the bad psychological effect upon the public which would result if four different sets of Examiners descended from time to time upon a small State member banking institution located in a small locality. The people of the community would have their confidence undermined if day after day they witnessed their small State member bank being subject to one examination after another. The confidence so well instilled into the public by the fine policies pursued by officials of the Federal Deposit Insurance Corporation in the past should not be endangered by any law which would make possible an additional examination of State member banks located in our small communities.

In the interest of maintaining our strong dual banking system, to prevent further infringement upon States' rights, the National Association of Supervisors of State Banks respectfully requests favorable action by this Committee on S. 2822 with the amendment to Section 10 (b) of S. 2822 contained in the Bill as approved unanimously by the Senate.

Report of Changes

CHARTER ISSUED

			Capital	Surplus	Reserve	
Silvis	Rock Island	Bank of Silvis	$50,000	$12,500	$17,500	June 21, 1950

Corner 1st Ave. & 11th St.
J. M. Hanson, President
A. K. Hohenboken, Vice President

CAPITAL STOCK INCREASED

Ina.......... Jefferson .... The Ina State Bank
from $15,000 to $30,000 .... June 8, 1950

Sheffield..... Bureau ...... Farmers' State Bank of Sheffield, Ill.
from $50,000 to $75,000 .... June 21, 1950

TITLE GUARANTEE CERTIFICATE ISSUED

			Deposit	
Richmond	Virginia	Lawyers Title Insurance Corporation	$25,000	June 16, 1950

(Registered office and agent—
Springfield, Sangamon County, Illinois)

BANK DISSOLVED

Belleville.... St. Clair..... Belleville Bank & Trust Company .... June 26, 1950

(In liquidation April 4, 1938.
Dissolved by Order of the Circuit
Court of St. Clair County)

RECAPITULATION

State Banks in Chicago	24
State Banks in Cook County outside Chicago	28
State Banks in Illinois outside Cook County	457
Total	509

An Invitation to the Fair

If you plan to attend the Illinois State Fair in Springfield, August 11-20, an Invitation is extended you to visit the Exhibit of the Auditor of Public Accounts in the new Illinois Building, at the main south entrance to the grounds. For the occasion, an entire working section of the Auditor's office will be transplanted to the Exhibit so fair visitors may observe at first hand the modern business methods which were introduced in the Auditor's office last year to replace obsolete, time-consuming, manual processes.

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BANKING BULLETIN
ISSUED BY
BENJAMIN O. COOPER
Auditor of Public Accounts
STATE OF ILLINOIS
Vol. 26—No. 5 SPRINGFIELD August 1, 1950

Totals - June 30, 1950

An increase since March 10, 1950 of nearly $34 million in the total resources held by Illinois State banks is reflected by the tabulations appearing on the inner pages of this Bulletin.

The total Cash and Due from Banks for all reporting institutions was slightly lower than previously reported while cash collection items represented by Outside Checks and Other Cash Items increased over $4 million.

Although U. S. Government Obligations totaled $45 million less than the March figures; the tabulations, however, indicate the acquisition of over $33 million in Other Bonds, Stocks and Securities by the 509 Illinois State Banks as well as a net increase of $42 million in Loans and Discounts.

Total Deposits were reported in amounts totalling nearly $27 million more than the last aggregate figure. Increases occurred in Demand Deposits of $27½ million and in Time Deposits of $12 million. Deposit balances carried as Due to Banks contracted $12½ million from the previously reported total.

A net increase of nearly $5 million in Total Capital Structure was reported accomplished in the period between Calls of which $155 thousand were the funds contributed to the capital accounts of the two newly organized banks. Other banks in the state system added $300 thousand to Capital Stock, $570 thousand to Surplus and, after using $1½ million for enlarging, were enabled to accumulate an additional $2½ million in Undivided Profits.

Tabulations also appear on the inner pages summarizing the aggregate of resources and liabilties for banks grouped according to the captioned designations. As will be seen by comparing the tabulations, there were divergent trends reflected in the groupings and the pattern for the entire State was not consistently followed in the divisional break-down figures.

Total Resources and Li[illegible]lit[illegible] of Illinois State Banks

as reported at the close of business June 30, 1950.

(Grouped as to location and showing changes since March 10, 1950)

	City of Chicago 24 Banks	City of Chicago Increase or (—) Decrease	Seventh Federal Reserve District but outside the City of Chicago 346 Banks	Seventh Federal Reserve District Increase or (—) Decrease	Eighth Federal Reserve District 139 Banks	Eighth Federal Reserve District Increase or (—) Decrease	Entire State of Illinois 509 Banks	Entire State of Illinois Increase or (—) Decrease
RESOURCES:								
Cash and Due from Banks	$ 405,870,985.43	$ —11,883,673.48	$ 218,882,469.70	$ 11,218,548.96	$ 60,170,310.76	$ —188,281.01	$ 684,923,765.89	$ —853,405.53
Outside Checks and Other Cash Items	5,765,630.26	4,430,457.15	917,484.61	—3,255.62	126,319.35	—40,236.94	6,809,434.22	4,386,964.59
U. S. Governments—Direct & Guaranteed	941,627,644.94	—38,352,688.76	618,457,054.15	—1,292,140.79	173,397,944.82	—5,359,552.31	1,733,482,643.91	—45,004,381.86
Other Bonds, Stocks and Securities	275,388,094.65	25,311,106.53	89,699,654.65	6,203,134.40	37,212,679.28	1,718,620.16	402,300,428.58	33,232,861.09
Loans and Discounts	380,943,236.85	23,176,826.83	263,126,366.83	13,337,923.34	77,231,258.08	5,868,178.54	721,300,861.76	42,382,928.71
Overdrafts	68,976.54	6,624.06	102,241.23	—62,135.69	33,684.55	—13,858.91	204,902.32	—69,370.54
Banking House, Furniture & Fixtures	5,921,152.76	35,756.34	5,396,411.99	136,679.79	1,722,448.21	141,593.86	13,040,012.96	314,029.99
Other Real Estate	7,677.13	557.43	13,669.04	4,690.35	15,661.97	3,513.40	37,008.14	8,761.18
Customers' Liability—Letters of Credit	2,327,331.53	1,066,941.80	17,730.00	12,030.00	None	None	2,345,061.53	1,078,971.80
Customers' Liability—Acceptances	259,860.47	—245,792.01	None	None	None	None	259,860.47	—245,792.01
Other Resources	6,454,719.27	—917,247.49	1,624,128.53	—302,633.99	625,065.02	—62,185.51	8,703,912.82	—1,282,066.99
GRAND TOTAL RESOURCES	$ 2,024,635,309.83	$ 2,628,868.40	$ 1,198,237,210.73	$ 29,252,840.75	$ 350,535,372.04	$ 2,067,791.28	$ 3,573,407,892.60	$ 33,949,500.43
LIABILITIES:								
Capital Stock	$ 20,280,000.00	$ 50,000.00	$ 21,150,000.00	$ 310,000.00	$ 7,610,500.00	$ 40,000.00	$ 49,040,500.00	$ 400,000.00
Income Debentures	200,000.00	None	38,000.00	—15,000.00	None	None	238,000.00	—15,000.00
Surplus	38,212,500.00	125,000.00	22,602,067.30	427,500.00	6,186,750.00	17,500.00	67,001,317.30	570,000.00
Undivided Profits (net)	18,869,591.39	1,208,616.67	17,496,921.29	899,567.05	5,433,493.14	409,868.63	41,800,005.82	2,518,052.35
Reserve Accounts	32,726,100.62	858,577.51	10,744,300.82	350,849.18	3,611,238.05	198,906.56	47,081,639.49	1,408,333.25
TOTAL CAPITAL STRUCTURE	$ 110,288,192.01	$ 2,242,194.18	$ 72,031,289.41	$ 1,972,916.23	$ 22,841,981.19	$ 666,275.19	$ 205,161,462.61	$ 4,881,385.60
Demand Deposits	$ 1,107,799,939.36	$ 4,471,809.57	$ 758,4[illegible]	$ [illegible],596,420.67	$ 228,948,470.47	$ 1,352,570.83	$ 2,095,179,056.73	$ 27,420,801.07
Time Deposits	645,702,604.47	6,640,918.11	361,8[illegible].46	[illegible],160,786.38	97,076,024.31	207,520.07	1,104,603,554.24	12,009,224.56
Due to Banks	150,113,135.03	—12,502,748.59	2,984,933.40	65,352.12	1,070,939.75	—156,324.39	154,169,008.18	—12,593,720.86
TOTAL DEPOSITS	$ 1,903,615,678.86	$ —1,390,020.91	$ 1,123,240,505.76	$ 26,822,559.17	$ 327,095,434.53	$ 1,403,766.51	$ 3,353,951,619.15	$ 26,836,304.77
Bills Payable	$ None	$ —200,000.00	$ None	$ None	$ None	$ None	$ None	$ —200,000.00
Rediscounts	None	None	None	None	None	None	None	None
Dividends Unpaid	404,500.00	131,000.00	131,005.00	34,339.00	32,000.00	26,930.00	567,505.00	192,269.00
Letters of Credit	2,363,666.06	1,074,414.83	31,848.99	11,226.49	None	None	2,395,515.05	1,085,641.32
Bank Acceptances	259,860.47	—303,473.23	None	None	None	None	259,860.47	—303,473.23
Other Liabilities	7,703,412.43	1,074,753.53	2,802,561.57	411,799.86	565,956.32	—29,180.42	11,071,930.32	1,457,372.97
TOTAL OTHER LIABILITIES	$ 10,731,438.96	$ 1,776,695.13	$ 2,965,415.56	$ 457,365.35	$ 597,956.32	$ —2,250.42	$ 14,294,810.84	$ 2,231,810.06
GRAND TOTAL LIABILITIES	$ 2,024,635,309.83	$ 2,628,868.40	$ 1,198,237,210.73	$ 29,252,840.75	$ 350,535,372.04	$ 2,067,791.28	$ 3,573,407,892.60	$ 33,949,500.43
ANALYSIS:								
Deposits Secured by Pledge	$ 106,162,780.90	$ 3,417,672.96	$ 39,575,452.62	$ 2,375,690.27	$ 16,230,678.56	$ 374,665.69	$ 161,968,912.08	$ 6,169,028.92
Deposits Not Secured by Pledge	1,797,452,897.96	—4,807,693.87	1,083,665,053.14	24,445,868.90	310,864,755.97	1,029,100.82	3,191,982,707.07	20,667,275.85
TOTAL—DEPOSITS	$ 1,903,615,678.86	$ —1,390,020.91	$ 1,123,240,505.76	$ 26,821,559.17	$ 327,095,434.53	$ 1,403,766.51	$ 3,353,951,619.15	$ 26,836,304.77
Banking House	$ 4,893,212.22	$ —6,053.47	$ 3,836,239.08	$ 87,942.90	$ 1,256,643.80	$ 142,696.37	$ 9,966,095.10	$ 224,585.80
Furniture & Fixtures	1,047,940.54	41,809.81	1,560,172.91	48,736.89	465,804.41	—1,102.51	3,073,917.86	89,444.19
TOTAL—Banking House, Furn. & Fixtures	$ 5,941,152.76	$ 35,756.34	$ 5,396,411.99	$ 136,679.79	$ 1,722,448.21	$ 141,593.86	$ 13,040,012.96	$ 314,029.99
Commercial Paper	$ 6,819,721.53	$ —1,578,212.41	$ 9,887,240.75	$ 342,033.71	$ 1,179,735.09	$ 94,166.04	$ 17,886,697.37	$ —1,142,012.66
Collateral Loans	139,944,623.44	27,561,392.13	72,154,410.82	994,782.29	15,047,350.61	458,258.83	227,146,384.87	29,014,433.25
Other Loans	182,994,611.58	—7,225,156.15	94,095,330.78	9,656,042.17	32,173,777.09	4,225,715.75	309,263,719.45	6,656,601.77
Farm Loans	3,569,344.29	2,700,551.64	10,694,203.44	188,348.28	5,750,515.59	339,205.60	20,014,063.32	3,228,105.52
Other Real Estate Loans	47,614,936.01	1,718,251.62	76,295,181.04	2,156,716.89	23,079,879.70	750,832.32	146,989,996.75	4,625,800.83
TOTAL—LOANS AND DISCOUNTS	$ 380,943,236.85	$ 23,176,826.83	$ 263,126,366.83	$ 13,337,923.34	$ 77,231,258.08	$ 5,868,178.54	$ 721,300,861.76	$ 42,382,928.71

Substandard Assets

The point is frequently made that, if a bank proceeds with the liquidation of slow loans, such action will add to already abnormally high reserves and will further reduce earning power.

However, experience has shown, unless such loans are adequately secured and a definite program of liquidation established, that an excess amount of losses develop, that a bank eventually cannot meet the normal and proper demand for credit, resulting in a loss of desirable business, that the bank cannot collect interest when due and that it accumulates undesirable and unprofitable assets.

It is realized that liquidation of such assets may be a slow process but that fact merely intensifies its necessity and also the need to obtain every possible safeguard through additional security while liquidation is in progress.

Report of Changes

PERMIT ISSUED

			Capital	Surplus	Reserve	
Franklin Park	Cook	State Bank of Franklin Park 9701 Belmont Avenue	$100,000	$30,000	$20,000	July 6, 1950

CAPITAL STOCK INCREASED

Chicago	Cook	Harris Trust and Savings Bank from $8,000,000 to $10,000,000	July 12, 1950
Hutsonville	Crawford	Farmers & Merchants Bank of Hutsonville from $20,000 to $25,000	July 31, 1950

RECAPITULATION

State Banks in Chicago	24
State Banks in Cook County outside Chicago	28
State Banks in Illinois outside Cook County	457
Total	509

Printed by Authority of the State of Illinois (15967—6M—8-50)

BANKING BULLETIN

ISSUED BY

BENJAMIN O. COOPER

Auditor of Public Accounts

STATE OF ILLINOIS

VOL. 26 -- NO. 6 SPRINGFIELD SEPTEMBER 1, 1950

The Gateway Amendment

The Gateway Amendment, to be voted on November 7, 1950, on a special Blue Ballot, would make it easier to amend the Illinois Constitution. The Constitution has not been amended since 1908 although all but one of the nine proposed amendments submitted since that time received a substantial majority of the votes cast on the question as to whether the amendment should be adopted. Such a majority is not enough. The Constitution provides that an amendment can be adopted only if a majority of all the persons voting at the general election at which the amendment is voted on mark their ballots for the amendment; failure to vote on the amendment counts as a vote against. Under Gateway, future amendments would require the votes of two-thirds of those voting on the particular amendment or the votes of a majority of those voting at the election, whichever number is less. If Gateway had been in effect in 1938 the banking amendment, which would have ended the personal liability of state bank stockholders, would have been adopted since 72 per cent of those who voted on the amendment voted for it.

EXCESS LOANS

That men of conscience and integrity direct the affairs of banks is asserted by observing those boards of directors with which this Department has immediate acquaintance through official contact.

Safe management is a fundamental aim of such boards and they neither wittingly undertake undue risks to their bank nor willfully violate laws under which their operations are subject.

There are times when funds will be found to have been advanced for a loan or an investment totaling a greater amount than is ordinarily considered prudent by sound managements and furthermore totaling a greater amount than is permitted by the provisions of law. In these cases it is somewhat difficult, at first hand, to reconcile the actions of the responsible board of directors with the qualities inherent and practiced by sound managements.

It is the conclusion of this Department that the seeming discrepancy is the result of a touch of overzealousness for earning assets combined with an inadequate understanding of the law.

Restrictions on the amount of funds that an Illinois State bank may lend to, or invest in the obligations of, any one individual, partnership or corporation are provided in Section 10 of the Illinois Banking Act.

While the provisions place calculative limits upon the use of banks' funds which calculations for any given bank appear both well and generally understood, yet the full implication of violations does not seem to be as completely or as thoroughly recognized.

When on occasion, our examiners encounter what appears to them as violations of that portion of Section 10 referring to loaning or investment limitation, directors often seem to feel that there are circumstances which should justify their action in permitting the excessive use of funds.

Section 10 does provide a remedy for losses or damages to the bank resulting from such excessive use of funds. Directors frequently feel that their willingness to accept and to acknowledge the personal liability, which is imposed on them by that part of the statute, sufficiently satisfies the intent of the law.

The legislative intent in the enactment of this statute is usually recognized as to prescribe the duties of those charged with the management and control of the bank's funds, and who carry the authority to pass on applications of persons desiring to borrow from the funds of the bank.

The mandate of the statute has been construed to mean, that the total liabilities of any one obligor to the bank shall at no time **exceed**——. As stated, a remedy nevertheless is provided for all damages sustained in consequence of violations but authorities have held this to be a provisional remedy for losses and not a permissive option to go beyond the statutory directives.

Section 10 was evidently designed to compel diversification of loans and investments so as to spread the liabilities of debtors of the bank and to minimize its losses by reason of the non-payment of any such liabilities. If the liabilties to the bank of any one individual, partnership or corporation amounted to a relatively considerable portion of the bank's assets, the losses occurring on account of the failure to meet the payment of such obligations might become unreasonably large.

The legislature apparently sought to afford all protection possible by prohibiting loaning of money or acquisition of liabilities in such a large amount to a single obligor as would have the effect of jeopardizing the interest of the depositors of the bank.

There is no expressed declaration in the statute that directors may ignore the limitations if they are willing to assume the personal and individual liability that might be imposed upon them by reason of the remedy for damages.

Many violations are unintentional or occur without the knowledge of the board. The three principal types of such violations are found in accommodation loans, real estate loans thought eligible for qualification and in credit extended through float operations.

In determining and setting up violations of Section 10 in our examination reports, the examiners naturally follow a strict interpretation of the law and not infrequently bank managements disagree with their conclusion. By reading the section it will be observed that actual determination as to violations and Directors' liability can only be reached in the courts, based upon the records of the bank and such other competent evidence as may be presented.

When a note signed by two individuals is found in the note case and additional paper signed by either of the individuals is discovered also, the examiners naturally set up the two obligations against the signer who appears on the same. This might be in some cases the second name on the first noted obligation and in such instances the banker may claim that this signature appears only as "surety". We believe that the banker is usually sincere in his claim relative to this exception and has secured an additional signature simply for collateral purposes. However, with nothing on the note to indicate that the second signer is additional security, it is legally possible that the so-called "surety" would be held primarily liable and that both signers of the note would be considered comakers or joint signers.

Our examiners also combine notes of individuals where there is evidence of the existence of a partnership agreement, similarly he combines notes of individuals where he finds evidence of accommodation borrowing by one for the benefit of the other.

Real estate loans taken supposedly under exemption 3 of Section 10 are occasionally encountered without proper evidence of qualification. Expectation is not enough, the required appraisal of two disinterested appraisers showing a property value of at least twice the amount of the loan and the required certification as to the lien and title should actually be in possession of the bank before funds are made available to the borrower.

As covered in previous bulletin articles dealing with the use of float balances and uncollected funds, it is about an even chance that the customer with the greatest liability to the bank for credit advanced will be recorded on the bank's books as a depositor rather than as a borrower; consequently, the records will not readily reveal the total amount or the trends of such advances although analysis may reveal the existence or the occurrence of advances violating the loaning limitation.

Directors are urged to acquire a complete understanding of the law and to see that all advances of the bank's funds are confined to amounts within legal limitation.

The excessive use of funds has been a source of danger to banks in the past; consequently, when such excessive uses appear to be violations of law, the Auditor may have a duty, the least of which is to insist that offenses be removed and terminated.

Report of Changes

CAPITAL STOCK INCREASED

Glen Ellyn...DuPage......DuPage Trust Company
from $125,000 to $150,000.............................Aug. 31, 1950

CHANGE OF PAR VALUE OF CAPITAL STOCK

Glen Ellyn...DuPage......DuPage Trust Company
from $100.00 to $20.00................................Aug. 31, 1950

TRUST CERTIFICATE ISSUED

Deposit
Dixon........Lee..........Dixon National Bank..................$50,000..........Aug. 28, 1950

RECAPITULATION

State Banks in Chicago	24
State Banks in Cook County outside Chicago	28
State Banks in Illinois outside Cook County	457
Total	509

BANKING BULLETIN

ISSUED BY

BENJAMIN O. COOPER

Auditor of Public Accounts

STATE OF ILLINOIS

VOL. 26 -- NO. 7 SPRINGFIELD OCTOBER 1, 1950

For Better Banking

The School of Banking, at the University of Wisconsin recently completed its sixth annual session. The school conducted annually on the campus at Madison is sponsored by the bankers associations of the sixteen midwestern states which form the Central States Conference.

The establishment of the school in 1945 with an enrollment of 47 students from three states marked a trend towards a wider participation among bankers in educational programs offered to the profession. In its second year, 1946, there were 131 students from 16 states while 289 students from 19 states and the District of Columbia attended the third session in 1947. The 1950 session had 638 students in attendance from 32 states and the District of Columbia.

In order to graduate attendance is required at three summer sessions of the school, each consisting of two weeks, and in addition certain specified extension work must be accomplished in the interim between the first and second session and between the second and third session.

The general program of study as outlined by the school is as follows: "——to provide a broad and fundamental understanding of significant banking, economic and monetary problems. It is not planned to devote time merely to routine functional operations and other every-day elementary techniques of banking, for it is assumed that all students will be familiar with these day-to-day operations. Many students will undoubtedly find opportunities in their daily association with bankers from other communities to exchange valuable experiences regarding these bank operating procedures. However, the course of study will be devoted to basic policy and management problems and to the development of an understanding of the economic organization within which the banking system operates. The instruction will include lectures, case studies, and discussions. The faculty will consist of bankers, university professors, economists, businessmen, and attorneys who will bring to their classes practical experience in banking and business and a scholarly analysis of the subject matter of the courses."

One of the objectives of the school is to have the sessions characterized by an informal fellowship between students and faculty; however, anyone expecting the festive attraction of a convention or the recreational qualities of a vacation will not find such features at the school, as the curriculum carries a full two-week program of extensive study throughout a wide area of banking and related subjects. Each course conducted by a well qualified section leader is intense and rapid moving. The daily sessions are exhaustive; however, through skillful planning and apt selection of lecturers the classes are not permitted to become tedious or to lag for lack of interest and attention.

Basic Economic Problems, Commercial Bank Credit, Investments I and Law are courses scheduled for first year students; Agricultural Economics and Agricultural Credit, Investments II, Commercial Bank Administration I, Real Estate Financing and Installment and Consumer Credit are attended by second year students; while, Trust Department Procedure and Practice, Commercial Bank Administration II, International Finance, Country Banking, Investments III and Bank Public Relations are taken up in the third year to complete the courses.

From a casual review of the subjects covered at the school it might be assumed that the course of study would extend beyond the operational range of the small country banks and that the usefulness of this wide information would be of value only to those employed by the larger metropolitan institutions. Enrollments from the smaller banks and the record of students from such institutions who return for the second and third years are convincing evidence of their belief in the school's value to the smaller banks.

Of the 194 students who completed their attendance at three yearly sessions and who were graduated at the close of the 1950 term, 3 were from banks of less than one million dollars in total resources, 14 from banks in the one million classification, 12 from institutions of two million, 21 from three million, 6 in the four million and 5 in the five million range. 65 students or one-third of the total graduating class were from banks of less than seven and one-half million.

In the second year class 2 were from banks of less than one million, 19 in the one million class, 16 in the two million, 17 in the three million, 10 in the four million, 8 in the six million and with 6 others who were under the seven and one-half million. Total attendance from within this classification was 78 of the 217 second year students.

In the first year course 91 out of 227 were from banks of less than seven and one-half million dollars in total resources, 9 being from banks of under one million, 23 from the one million classification, 13 from the two million, 20 from the three million, 8 from the four million and 9 from the five million range.

It can be seen from these figures—234 students out of a total enrollment of 634—that the smaller banks were well represented and that there is a growing trend in the attendance of bankers from such institutions.

Supervisory authorities, that is State banking departments and the Office of the Comptroller of the Currency were represented by 21 students including seven examiners from the Illinois Banking Department. Federal bank related agencies were represented by 58 students from the various Federal Reserve Banks and the Federal Deposit Insurance Corporation.

The science of bank administration has expanded beyond the time when a capable officer completely familiar with local affairs could adequately rely upon intuition where intimate knowledge was inadequate and through these means successfully operate his bank.

Although the primary functions of banks continue to remain in their own respective communities and while their services and responsibilities are first directed to their locality as before, yet, the complexities of our present economy has brought new and changing problems.

Older bank officers, that is the immediate administrative personnel, are continually seeking means of keeping abreast of current developments and they realize the importance of acquiring some understanding of economic maneuvers.

The various schools and institutes of banking were founded and are flourishing for that purpose, as well as for their value in the development and preparation of junior officers to accept further responsibilities and to eventually assume actual management.

Everyone recognizes that capable management is vital to the successful operation of a bank. Capable management cannot operate to its fullest ability unless well informed. The means of being well informed are provided by the instruments that may be acquired through educational programs.

Furthermore, salaries are usually the largest item of operating expense to a bank. There can be a wide variance between the operating results and the cost per dollar of salary expense. Since the greatest operating outlay is for salary it is important to receive the maximum results in return. Educational processes offer a means of improving the operating performance of salaried personnel and it is entirely logical for directors to encourage the participation of employees in these programs.

The American Institute of Banking currently lists a membership of around 100,000 and reports enrollments of about 50,000 in the courses offered by their chapters and study groups which number nearly 500. Many bank employees in communities having neither chapters nor study groups are taking advantage of the institute's facilities for correspondence study.

The Graduate School of Banking conducted at Rutgers University by the American Bankers Association held its sixteenth session this year with an enrollment of approximately 1000 students.

The cost of participating in any of these educational facilities as offered by the American Institute of Banking, the Graduate School of Banking and the School of Banking at the University of Wisconsin is well within the ability of even the smaller banks and seemingly constitutes a proper and justifiable charge against the cost of providing skilled operating personnel.

Various activities of the National Association of Bank Auditors and Comptrollers as well as the education activities of the Illinois Bankers Association, particularly in the latter's sponsorship of the Annual Bankers Conference at the University of Illinois and the Trust Development School at Northwestern University provide worthy contributions to the expanding educational programs designed for the betterment of banking.

Much credit is due those who make these facilities available and to those under whose active direction they function. Better banking will result from these opportunities where bankers may improve and enlarge their skill.

Vote For

The Gateway Amendment

The Bi-Partisan Committee for the Gateway Amendment has carried its drive for support into every county of the State and has made impressive headway in enlisting public interest in the measure. As pointed out in a previous memo, if the Gateway Amendment had been in effect in 1938 the banking Amendment, which would have ended the personal liability of State bank stockholders would have been adopted since 72 percent of those who voted on the amendment voted for it, for the amendment failed to pass because it did not HAVE A MAJORITY OF ALL VOTES CAST IN THE GENERAL ELECTION. Failure to vote amendment counted as a vote against it.

Under Gateway, future amendments would require the votes of two-thirds on the particular amendment or the votes of a majority of those voting at the election, whichever number is less.

You are urged to join in support of this amendment.

Report of Changes

CAPITAL STOCK INCREASED

Laura........Peoria.......Laura State Bank
from $25,000 to $35,000................................Sept. 25, 1950

DISSOLVED

Chicago......Cook........Broadway Trust and Savings Bank of Chicago..........Sept. 28, 1950
(In receivership April 28, 1944.
Dissolved by order of the Circuit
Court of Cook County).

RECAPITULATION

State Banks in Chicago	24
State Banks in Cook County outside Chicago	28
State Banks in Illinois outside Cook County	457
Total	509

Printed by Authority of the State of Illinois (18111—6M—10-50) 1

BANKING BULLETIN

ISSUED BY

BENJAMIN O. COOPER

Auditor of Public Accounts

STATE OF ILLINOIS

Vol. 26—No. 8 SPRINGFIELD November 1, 1950

Call Report Figures

Total resources and liabilities of tne 509 Illinois state banks as reported at the close of business September 29, 1950 have now been tabulated and the results indicate increases of fifteen million dollars in total resources and in total liabilities for these banks since June 30, 1950.

The net change in the aggregate footings for the entire 509 banks was largely due to the increase of over seventeen and one-half million dollars occurring in the figures reported by the 24 banks located within the city of Chicago. The 346 banks located in the 7th Federal Reserve District but outside the city of Chicago reported a total net decrease of three million dollars, while a net increase of one-half million appears in the totals for the 139 banks located in the 8th District.

Total deposits increased an aggregate of nearly one million dollars for the entire state, although an increase of over eight million dollars was reported by the Chicago banks. Decreases in total deposits were reported elsewhere in the 7th Federal Reserve District and also in the 8th Federal Reserve District; respectively, these aggregate net amounts were nearly seven million dollars and six hundred thousand dollars.

Demand deposits increased over twenty-nine million dollars when totalled for the entire state and increases are indicated in each divisional segregation. On the other hand time deposits were reported to be twenty-six million dollars less than the previous tabulation which was made on June 30, 1950. This trend in time deposit balances appears general when divisional tabulations are compared. Deposits secured by the pledge of assets also were reported at a lower figure. A reduction of almost two million dollars in balances due the United States Government accounted for the greater portion of this change.

Obligations of the United States Government held by Illinois state banks were reduced almost forty-two million dollars during the quarter, while loans and discounts were reported at an indicated increase of nearly thirty-nine million dollars.

Total Resources and Liabilities of Illinois State Banks

as reported at the close of business September 29, 1950

(Grouped as to location and showing changes since June 30, 1950)

	City of Chicago 24 Banks	City of Chicago Increase or (—) Decrease	Seventh Federal Reserve District but outside the City of Chicago 346 Banks	Seventh F.R.D. Increase or (—) Decrease	Eighth Federal Reserve District 139 Banks	Eighth F.R.D. Increase or (—) Decrease	Entire State of Illinois 509 Banks	Entire State Increase or (—) Decrease
RESOURCES:								
Cash and Due from Banks	$ 429,789,360.81	$ 23,918,375.38	$ 214,003,790.19	$ —4,878,679.51	$ 58,349,243.34	$ —1,821,067.42	$ 702,142,394.34	$ 17,218,628.45
Outside Checks and Other Cash Items	1,893,338.39	—3,872,291.87	841,614.51	—75,870.10	178,162.37	51,843.02	2,913,115.27	—3,896,318.95
U. S. Governments—Direct & Guaranteed	904,582,288.52	—37,045,356.42	617,471,401.91	—985,652.24	169,463,341.47	—3,934,603.35	1,691,517,031.90	—41,965,612.01
Other Bonds, Stocks and Securities	271,914,426.31	—3,473,668.34	93,674,570.65	3,974,916.00	38,349,286.95	1,136,607.67	403,938,283.91	1,637,855.33
Loans and Discounts	416,124,687.08	35,181,450.23	261,708,658.15	—1,417,708.68	82,216,124.50	4,984,866.42	760,049,469.73	38,748,607.97
Overdrafts	88,886.14	19,909.60	181,051.36	78,810.13	52,595.48	18,910.93	322,532.98	117,630.66
Banking House, Furniture & Fixtures	6,502,451.13	581,298.37	5,514,527.30	118,115.31	1,900,696.57	178,248.36	13,917,675.00	877,662.04
Other Real Estate	13.00	—7,664.13	21,917.77	8,248.73	21,202.97	5,541.00	43,133.74	6,125.60
Customers' Liability—Letters of Credit	4,415,143.69	2,087,812.16	29,505.00	11,775.00	3,000.00	3,000.00	4,447,648.69	2,102,587.16
Customers' Liability—Acceptances	493,519.44	233,658.97	None	None	None	None	493,519.44	233,658.97
Other Resources	6,449,485.27	—5,234.00	1,722,306.13	98,177.60	444,240.06	—180,824.96	8,616,031.46	—87,881.36
GRAND TOTAL RESOURCES	$ 2,042,253,599.78	$ 17,618,289.95	$ 1,195,169,342.97	$ —3,067,867.76	$ 350,977,893.71	$ 442,521.67	$ 3,588,400,836.46	$ 14,992,943.86
LIABILITIES:								
Capital Stock	$ 22,280,000.00	$ 2,000,000.00	$ 21,210,000.00	$ 60,000.00	$ 7,615,500.00	$ 5,000.00	$ 51,105,500.00	$ 2,065,000.00
Income Debentures	200,000.00	None	38,000.00	None	None	None	238,000.00	None
Surplus	38,212,500.00	None	23,012,350.00	410,282.70	6,195,500.00	8,750.00	67,420,350.00	419,032.70
Undivided Profits (net)	18,406,346.77	—463,244.62	20,149,067.04	2,652,145.75	6,351,514.69	918,021.55	44,906,928.50	3,106,922.68
Reserve Accounts	34,778,814.12	2,052,713.50	10,882,734.60	138,433.78	3,604,194.28	—7,043.77	49,265,743.00	2,184,103.51
TOTAL CAPITAL STRUCTURE	$ 113,877,660.89	$ 3,589,468.88	$ 75,[illegible].64	$ 3,260,862.23	$ 23,766,708.97	$ 924,727.78	$ 212,936,521.50	$ 7,775,058.89
Demand Deposits	$ 1,135,713,042.53	$ 27,913,103.17	$ 758,97[illegible].53	$ 542,435.63	$ 229,769,353.77	$ 720,883.30	$ 2,124,455,478.83	$ 29,276,422.10
Time Deposits	628,480,384.46	—17,222,220.01	354,650,008.15	—7,174,917.31	95,323,017.24	—1,653,007.07	1,078,453,409.85	—26,150,144.39
Due to Banks	147,732,100.63	—2,381,034.40	2,894,109.53	—90,823.87	1,388,192.37	317,252.62	152,014,402.53	—2,154,605.65
TOTAL DEPOSITS	$ 1,911,925,527.62	$ 8,309,848.76	$ 1,116,517,200.21	$ —6,723,305.55	$ 326,480,563.38	$ —614,871.15	$ 3,354,923,291.21	$ 971,672.06
Bills Payable	$ 500,000.00	$ 500,000.00	$ None	$ None	$ None	$ None	$ 500,000.00	$ 500,000.00
Rediscounts	None	None	None	None	None	None	None	None
Dividends Unpaid	452,500.00	48,000.00	14,000.00	—117,005.00	14,000.00	—18,000.00	480,500.00	—87,005.00
Letters of Credit	4,511,819.12	2,148,153.06	40,847.50	8,998.51	3,000.00	3,000.00	4,555,666.62	2,160,151.57
Bank Acceptances	528,686.24	268,825.77	None	None	None	None	528,686.24	268,825.77
Other Liabilities	10,457,405.91	2,753,993.48	3,305,143.62	502,582.05	713,621.36	147,665.04	14,476,170.89	3,404,240.57
TOTAL OTHER LIABILITIES	$ 16,450,411.27	$ 5,718,972.31	$ 3,359,991.12	$ 394,575.56	$ 730,621.36	$ 132,665.04	$ 20,541,023.75	$ 6,246,212.91
GRAND TOTAL LIABILITIES	$ 2,042,253,599.78	$ 17,618,289.95	$ 1,195,169,342.97	$ —3,067,867.76	$ 350,977,893.71	$ 442,521.67	$ 3,588,400,836.46	$ 14,992,943.86
ANALYSIS:								
Deposits Secured by Pledge	$ 106,701,881.03	$ 539,100.13	$ 37,177,064.51	$ —2,398,388.11	$ 15,779,021.38	$ —451,657.18	$ 159,657,966.92	$ —2,310,945.16
Deposits Not Secured by Pledge	1,805,223,646.59	7,770,748.63	1,079,340,135.70	—4,324,917.44	310,701,542.00	—163,213.97	3,195,265,324.29	3,282,617.22
TOTAL—DEPOSITS	$ 1,911,925,527.62	$ 8,309,848.76	$ 1,116,517,200.21	$ —6,723,305.55	$ 326,480,563.38	$ —614,871.15	$ 3,354,923,291.21	$ 971,672.06
Banking House	$ 5,270,469.95	$ 397,257.73	$ 3,901,745.28	$ 65,506.20	$ 1,393,120.63	$ 136,476.83	$ 10,565,335.86	$ 599,240.76
Furniture & Fixtures	1,231,981.18	184,040.64	1,612,782.02	52,609.11	507,575.94	41,771.53	3,352,339.14	278,421.28
TOTAL—Banking House, Furn. & Fixtures	$ 6,502,451.13	$ 581,298.37	$ 5,514,527.30	$ 118,115.31	$ 1,900,696.57	$ 178,248.36	$ 13,917,675.00	$ 877,662.04
Commercial Paper	$ 8,512,970.14	$ 1,693,248.61	$ 9,969,539.37	$ 82,298.62	$ 1,175,378.36	$ —4,356.73	$ 19,657,887.87	$ 1,771,190.50
Collateral Loans	135,932,826.24	—4,011,797.20	53,149,316.19	—19,005,094.63	15,658,866.41	611,515.80	204,741,008.84	—22,405,376.03
Other Loans	214,914,329.04	31,919,717.46	107,489,412.29	13,394,081.51	35,231,683.38	3,057,906.29	357,635,424.71	48,371,705.26
Farm Loans	960,530.21	—2,608,814.08	11,017,469.94	323,266.50	6,004,614.50	254,098.91	17,932,614.65	—2,031,448.67
Other Real Estate Loans	55,804,031.45	8,189,095.44	80,082,920.36	3,787,739.32	24,145,581.85	1,065,702.15	[illegible]	13,042,536.91
TOTAL—LOANS AND DISCOUNTS	$ 416,124,687.08	$ 35,181,450.23	$ 261,70[illegible]5	$ [illegible]417,708.68	$ 82,216,124.50	$ 4,984,866.42	$ 760,049,469.73	$ 38,748,607.97

A Reminder:

Proceedings relating to changes in the corporate organization are contained in Section 12 of the Illinois Banking Law. In order that any such changes may become effective the provisions of the law must be carefully followed.

Most banks usually hold their annual stockholders meeting during the early part of the month of January. If matters coming under the provisions of Section 12 are contemplated, such proposals usually are made a part of the business of these annual meetings.

As a reminder, attention is being called to the requirements of the law, and particularly to the requirement that any such proposal must be submitted to a vote of the stockholders and must receive the favorable vote of at least two-thirds of the total outstanding shares, and furthermore must receive the Auditor's written approval before the change may be declared accomplished and in effect.

The changes designated in Section 12 are:- to change the name, to change the place of business, to increase or decrease or change the capital stock, or the par value of its shares, 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.

Report of Changes

PERMIT ISSUED

			Capital	Surplus	Reserve	
Franklin Park	Cook	Franklin Park State Bank 9565 Franklin Avenue	$100,000	$20,000	$30,000	Oct. 30, 1950

PERMIT CANCELLED

Franklin Park	Cook	State Bank of Franklin Park 9701 Belmont Avenue	Oct. 6, 1950

RECAPITULATION

State Banks in Chicago	24
State Banks in Cook County outside Chicago	28
State Banks in Illinois outside Cook County	457
Total	509

BANKING BULLETIN
ISSUED BY
BENJAMIN O. COOPER
Auditor of Public Accounts
STATE OF ILLINOIS
VOL. 26—NO. 9 SPRINGFIELD DECEMBER 1, 1950

The New Year

As I contemplate the beginning of our third year of common interests and shared experiences, it is with a feeling of sincere appreciation for the many courtesies and the cooperation which have been extended to me and to members of my staff by members of the state banking industry in Illinois.

It is my considered opinion that we have moved forward together in the best interests of the people we serve and I hope that the New Year will furnish the opportunity for still greater achievements, even in the face of uncertainties which may lie ahead. Although this is a time for alertness and flexibility to keep pace with changing times, I am sure the industry will meet that challenge.

The members of the banking staff of my office join with me in extending greetings and good wishes for the year 1951.

Sincerely,

Benjamin O. Cooper

Examinations and the Exercise of Visitorial Powers

Federal legislation has recently been passed giving the Federal Deposit Insurance Corporation the power to examine national banks and those state banks that are members of the Federal Reserve System without first obtaining permission from the respective authorities. This legislation seemingly places with the Federal Deposit Insurance Corporation similar discretionary examination power over these banks as the corporation has had for some time over insured nonmember state banks.

According to current news reports, a proposal is expected to be placed before one of the Congressional banking committees that a National Board of Bank Examiners be created. The proposed board would have the right of visitation and examination to the same extent and degree now held by the Comptroller, the Federal Reserve and the Federal Deposit Insurance Corporation. The board and its examiners while independent, would be representative of all of these federal agencies and would assume the full responsibilities and authority to examine as is now exercised by the separate agencies.

Appurtenant to the subject of the above mentioned legislation and to the legislative proposal, space in this bulletin is being devoted to portions of an address made by William A. Lyon, Superintendent of Banks, for the State of New York, before the 49th Annual Conference of the National Association of Supervisors of State Banks, held at Boston, Massachusetts, on September 21, 1950.

Superintendent Lyon opened his address by stating that two important events had occurred since the previous meeting of the Association. The Conversion Bill which Superintendent Lyon describes as a significant chapter is important to the states in more ways than one. "It is important in a practical way", he said, "for it establishes reciprocity in conversion privileges as between state and national banks. But beyond this and in a larger sense the bill means a great deal to us, since in passing it Congress reaffirmed the fact that in commercial banking the dual system is our national policy. With the minority view in a sense withdrawn, we can now say that this policy has the unanimous support of both houses. We do not feel any longer that in commercial banking the very basis of our national policy is being challenged."

Speaking of the other important event he said: "A notable victory was won in defeating the proposal in Reorganization Plan No. 1 that might have demoted the Comptroller's office to a lesser status. If we believe sincerely in the dual system and the present functional grouping of authority in Washington, we can successfully and with good conscience resist other efforts to impair the merits of the system that has evolved.

"Let us, then, abandon revisionism by direct and indirect means", Lyon counselled. "Good administration, like good statesmanship, does not have to involve expansion of one's realm. If we believe, all of us, that neither reorganization of the federal bank supervisory agencies nor whittling away of states' powers should be tolerated, I think we will find Congress sympathetic to our recommendations. We can then direct our thoughts and energies toward getting the best out of the system we have."

Following this he suggested that there be "just as little scrambling of function as possible consistent with the well being of the banking system. It is this mixing up of functions, I am convinced, that is one of the main sources of friction and tension. A simple statement of function is that the Federal Reserve manages the currency and credit policies of the country and the Federal Deposit Insurance Corporation insures bank deposits. These are large responsibilities. A great deal of our difficulty arises not out of the mandatory but out of the discretionary mixing of an increasing amount of supervisory and examining activity with these other primary duties and responsibilities."

He pointed out that appropriate laws direct the Comptroller of Currency and the state banking departments to conduct periodic examinations of institutions that they supervise, that laws also give the Federal Reserve and the Federal Deposit Insurance Corporation similar authority to examine, but that the laws in the latter two instances say that these agencies "may" not **"must"** examine.

He further stated, referring to where such discretionary power existed and up to the time of making his address that these agencies had, "In every instance, I believe, ... chosen to examine."

Superintendent Lyon then put forth his proposal that "discontinuance of unnecessary duplication of state supervisory activities by the federal agencies would perhaps be reassurring to a number of state banking institutions that have been wondering whether their joining the Federal Reserve or the Federal Deposit Insurance Corporation would accentuate the trend to federalization. . . . .

"Where a good job is being done by a state in examinations, where all other supervisory duties are being attended to according to the best precepts of good banking, a clear case exists for confining duplication in examinations to the institutions where special situations are known to exist or are suspected. . . .

"There is no better way to give incentive to state supervision to reach the maximum degree of quality than to let it understand that upon the achieving and maintaining of an acceptable level of competence the duplication in examinations is reduced or removed. The same kind of approach should be taken with branch applications, capital changes and the like. Where the state banking departments are competent they can be relied upon to handle examinations and applications themselves, without a federal countersignature being required, just as the Comptroller of the Currency now attends to them where national banks are concerned. Dual system, after all, should not mean double standard.

"There would then exist a system that is dual in something more than name only. Where there was competence, the autonomy of the states would be increased. There would no longer be fears that federal duplication of all state supervisory activities in supervision was really a forerunner to barring the states from the field at the first opportunity.

"The effect of the course of action suggested would, I believe, be far-reaching. It would be profoundly reassurring to the states. It would help mightily to take the dual system out of the area of anxiety and controversy and permit all agencies, state and federal, to concentrate more closely on the carrying out of their primary responsibilities.

"The passage of the conversion bill has given the dual banking system a firmer underpinning. On this new foundation we can build a steadier structure for the dual banking system than it has had in the past. It can be made the occasion for rededicating ourselves to this system and for the elimination of any tensions between the federal agencies and between the federal agencies and the states. It can lead to clear recognition of the states' position in banking and the putting of an end to all duplication of state supervisory activities by the federal agencies so far as this can be done without lowering supervisory standards and weakening the banking system.

"In what I have said I have spoken mainly of federal and state supervision. Actually the issues involved affect all banking and through it our national well-being. I maintain that our dual system is the one best suited to our needs as a nation. I hold that functional distribution of authority among the Washington agencies is soundly conceived. I hold that the dividing up of supervisory authority among the Comptroller's office and the state banking departments is an effective deterrent to official arbitrariness It brings to bank supervision the principle of checks and balances that we regard so highly in our form of government. It is a good system that we have. Let us give it the chance to work that it deserves."

National Association of Supervisors of State Banks

At the 49th Annual Conference of State Bank Supervisors, held at Boston, Massachusetts, during the latter part of September, the following officers were elected for 1950-1951:

President	Milton R. Morgan, Commissioner of Banking, Virginia
Chairman of Executive Com.	Maurice C. Sparling, Superintendent of Banks, California
First Vice President	D. Emmert Brumbaugh, Secretary of Banking, Pennsylvania
Second Vice President	Benjamin O. Cooper, Auditor of Public Accounts, Illinois
Third Vice President	William A. Lyon, Superintendent of Banks, New York
Secretary	Francis J. Ludemann, Deputy Superintendent of Banks, New York
Treasurer	Alexander Chmielewski, Bank Commissioner, Rhode Island

Report of Changes

CAPITAL STOCK INCREASED

Chicago......Cook.........Sears-Community State Bank from $1,200,000 to $1,600,000..........................**Nov. 10, 1950**

CHANGE OF PAR VALUE OF CAPITAL STOCK

Chicago......Cook.........Drovers Trust and Savings Bank from $100.00 to $10.00 and the number of shares from 5,000 to 50,000.......................................**Nov. 1, 1950**

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