

The Diary of a Country Banker

The Introducing Uncle is Paying Off A Moral Obligation. How the President Knows the Safe is Locked. Widow Mary's 160-Acre Farm is Saved by a Brief Story Based on the Banker's Suspicions. An Incident of Unpaid Ditch Taxes.

TODAY a blackeyed, blackhaired young fellow was released from the penitentiary where he had served one year for defrauding this bank. Something like a year and a half ago he arrived in town and was introduced to the cashier by a small customer of this bank, in whom we had confidence. The stranger was introduced as his nephew who desired to open an account with us. The young man claimed to be the representative of a mortgage company and was collecting for them.

Upon opening his account and making a deposit of three or four checks of small denominations, he purchased a travelers check of \$50. The next day he came in with additional collections, made a deposit of checks through a different teller and purchased two \$50 travelers checks. The third day he came in and made additional deposits of collections through a third teller and this time he purchased \$300 worth of travelers checks. Then he disappeared.

He had not been gone very long before the first day's deposit, consisting of checks from a neighboring state, were returned as worthless—and that was the case with all of them. We immediately made inquiry of the uncle, who was astounded at the information we had given him.

Our New York correspondent on whom the travelers checks were drawn was notified to inform us of their payment and all facts connected with the transaction. On the third or fourth day following the discovery of the fraud, a wire from New York told us that the wife of the young man had cashed one of these \$50 checks in a store in a neighboring city. The merchant had the good sense to require her to couple with her endorsement her street address and she had innocently, of course, done so not really understanding the heinousness of her husband's performance. It was an easy matter then for us to call up the Chief of Police and ask him to locate the thief at the address given and arrest him.

Within an hour he was in jail and the next morning his father arrived here to see what he could do for his son. I had a long visit with his father on Sunday morning at my residence and learned that the young man had been guilty of forgeries and overdrafts in his home city several times and had been in the toils of the law once or twice and each time was let off because of the influence of his father. The father, of course, was willing to pay the loss, that our bank had sustained, if the young man could be let off.

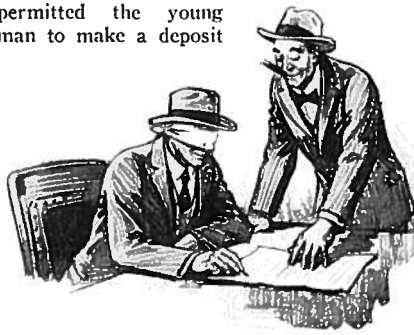
I assured the father that his willingness to pay the loss was commendable, because the young man belonged to him and to a large degree he was responsible for his raising, but that we would fail to do our

duty as good citizens if we did not permit the law to take its course; that, regardless of whatever the father did, we would not interfere with the court's decision in the matter by refusing to prosecute or in any manner mitigate the offense.

It was apparent that the young fellow had deliberately defrauded us and that, if he went on, he might some day add murder to his criminality when murder might be necessary in order to accomplish his purpose.

The Introducer Paid

THE uncle, who introduced the young man is a poor man struggling to make his place in society secure, but, nevertheless, when he called on me at the bank and I told him that we had permitted the young man to make a deposit



Like a blindfolded man

in our bank and had given him the confidence of the bank officials, which would not have been the case had he not introduced him to us, we felt our client had a moral obligation to us.

In other words, we had placed ourselves in a position to be defrauded through our absolute faith in our valued client.

It is most gratifying to state that this client has paid part of the loss in small installments and expects to pay it all as a moral obligation he owed us for introducing a crooked relative. It shows that there is a great deal of moral fiber in the average man when his honor and pride are touched.

We are informed that it is almost impossible to secure conviction of a criminal where restitution has been made. •

MAY 11
Five years ago today we adopted the system of having two tellers certify to the setting of the time clock on the safe. The certificate, that is signed and laid on my desk every night, reads as follows:

"Date May 11
to open at 8.00 a.m. by the undersigned.
"We, each of us, have personal knowledge that the time clock was set and that the money and bonds usually kept in the safe were all stored away by the tellers and

Signed John Doland
James Rudolph
Tellers."

On the left margin of this certificate the amount of cash carried over from each cage is shown and checked for that day.

We were prompted to adopt this system of checking our safe because of the robbery of a bank in a neighboring village. When that bank was opened one morning it was discovered that the back door of the bank had been pried open and that the manganese safe with a time clock was open and rifled of all of its money and bonds. The officer in charge of the bank testified that he had closed the safe and set the time clock. Of course the facts were, he had never closed the safe, and many people believed that he himself robbed the bank. He may have been falsely accused, yet thousands of bankers have awakened in the night with a doubt in their minds as to whether or not they had locked the safe and could not again go to sleep until they had made a trip to the bank to see whether or not the safe had actually been locked.

This incident convinced us of the possibility of our leaving the safe unlocked and, during the night, a robber might chance to enter the bank and carry off all of our money and securities. In the morning the officer responsible confronted with the fact that the safe had been robbed would honestly swear, no doubt, he had locked the safe. But he never would be able to live down the suspicion that he intentionally left the safe unlocked that an accomplice might rob the bank for him. The present plan, precludes the probability of making this sort of a mistake but of course not the possibility.

The Ethics of Defense

MAY 12
WORD has just reached us today of the robbery of the bank at Cedar Point, a few miles distant, and the killing of John Bright, the president.

Two men walked into the bank at 10 o'clock this morning, one confronting the cashier at the window with a gun and the other entering behind cages attacking the president, who, instead of surrendering, reached for a gun under the counter and fired at the robber. The next instant the president received a shot through the body that proved fatal. The robbers were frightened away without accomplishing their purpose.

There are two sides to the argument as to whether or not the president pursued the proper course.

There are a few, who contend that he attained a very high place in the last moment of his life by defending his rights, as every man should, against the criminal few who are constantly exploiting the public. Certainly he prevented the robbing of his

bank and threw fear into the hearts of the men who pursue that occupation.

On the other hand, are those who claim that the sacrifice was far our of proportion to the compensation gained for the public and for the bank. The money and bonds were insured. The bank had paid for the insurance, and, if the president was going to use his body as a defense of those securities, he need not have carried insurance at all, and so on, etc.

In the meantime, lonely banks here and there are being robbed by these ruthless highwaymen, who have found it to be a profitable business in view of the fact that so many bankers, do not feel like defending their property with their lives. They should not be compelled to do so. Society should protect them but up to the present moment it has not done so.

There is one bank within a few miles of us that has been robbed several times. There have been at least a dozen banks in this section of the state robbed in the last ten years and several people have been injured and one has been killed. There should be a remedy.

One day, when highwaymen were carrying on a ruthless business through this section, the sheriff dropped into our bank and told us that a grape vine rumor from the underworld had reached his office to the effect that our bank had been selected for a hold-up the next day. He placed one of his deputies with a gun in the directors' room, where he had a good view of the entire banking room and lobby but, after a whole day's vigil and the nerve-racking tension of all of the employees in the bank, we were relieved to find that the robbers did not come. They never have come for the reason, we think, they would find it very difficult to corner the 25 people employed in this institution, who are scattered around the banking room in such a way that it would be almost impossible to cover all with guns. Furthermore we have a complete burglar alarm system that is supposed to steer burglars around us.

She Traded Her Farm

MAY 13

ANOTHER crooked land deal! Will they never cease? Mary Brown slumped into my big guest's chair this morning preparatory to weeping with me over the death two years ago of her beloved husband, Bill Brown. She often comes in for

that purpose and I arranged for her comfort knowing about what was to happen.

But, after she had sprinkled up the bank furniture with her briny tears for a period, I happened to catch from her continuous flow of wet language the fact that she had made some kind of a deal with Jim Root, a real estate shyster, for some semi-arid land. I was astonished to hear this bit of information, which seemed fraught with great

his in blankety blank?"

"Well, yes," she said, "he told me that Bill always wanted to get some of that cheap land because every time it went up \$10 an acre in price it would make a fortune for him."

"Yes," I snorted, "if it ever went up \$10 an acre in price! But when will it and when did it ever go up \$10 an acre in price? Bill Brown never would have made such a trade."

In short, Mary Brown had come in contact with Jim Root from a nearby city, who makes a business of fleecing the innocent and he had induced her to trade her very valuable nest-egg, consisting of a quarter section of real farm land adjacent to the city, for several hundred acres of positively worthless land in a semi-arid region—land that never could be irrigated or made of any value regardless of the effort that might be put upon it. Mary had been a widow just long enough for a rake like Jim Root to hoodwink her.

As soon as I found out what she had done I asked her if Jim Root was in town. She thought he was as she had just signed up the contract.

"Come in again in the morning, Mary, and I will see what we can do for you" I told her as she edged through the office door.

When she left the bank I immediately rang for our outside man and sent him to hunt up Jim Root. In the course of a half hour he brought Jim into the bank and Jim looked a little sheepish because he must have found out in his dealings with Mary Brown that she was a customer of ours.

"Have you Mary Brown's contract for land in your pocket, Jim?" I asked him point-blank.

"Yes," he said reluctantly, "I have."

"I would like to see it."

He hesitatingly handed it over to me and I read the contract and saw that it was too true that Mary had been swindled out of a lifetime of savings. I had known Bill Brown through all of the years of his struggle to make a livelihood and knew all of the sacrifices he had made to accumulate the money that bought the land, knew how happy he was when he paid for it, and here this shyster was taking it from his widow, deliberately and premeditatedly, absolutely without compensation of any kind. Had he



"Makes a business of fleecing the innocent"

danger for her, so I snapped out.

"What on earth have you been doing with Jim Root?"

She was all alert instantly. "Why, I haven't been doing anything," she said, eyeing me doubtfully.

"Well," I replied, "didn't you say you had traded your farm for some semi-arid land?"

"Oh! Why yes," she began blubbing again, "but Bill always wanted me to do it."

"When did he want you to do it; who said he wanted you to do it?"

"Jim Root told me he did."

"Oh," I said, "so you are getting your advice from Jim Root these days, are you? What have you done: traded your 160 acres near town here for that worthless stuff of

robbed her of that much money at the point of a gun it would have been better because he would not have saddled upon her a lot of worthless land upon which she would have to pay taxes.

A Long Shot at Jim

AS these facts all became clear to me I thought I would take a long shot at Jim Root on general principles. I knew he deserved to be in the penitentiary but I did not have the proof that would put him there, but I had a suspicion of his connection with a certain piece of criminality that, if proved, would put him there, so I pretended to know things that I suspected were true.

"Jim, you remind me of a fellow that used to live here. (Jim used to live in this town). He was in the automobile business, principally dealing in second-hand cars. (Jim was in that business at one time). He finally accumulated a lot of old cars, which he stored in an old barn down on 2nd street, that was as valueless as the cars. He insured this barn and its contents through a crooked insurance agent for \$10,000. One night he burned the barn down and in the course of a few weeks he collected the insurance from the insurance company and now he is engaged in the same kind of nefarious business in another city. He should be in the penitentiary. I have not decided as yet whether I will send for him and bring him back here for trial or not, but if I ever do bring him back, he will certainly be out of business for some time. That's an interesting story, Jim. I thought you would be interested in it because there is so much in it that compares favorably with your present conduct here today."

Jim was mad clear through by this time and he began to fume and snort. He knew what I was talking about.

"Oh," I said, "never mind that, Jim, don't make any fuss about it or I may conclude to carry out some plans I have in my mind right now instead of waiting and, in the meantime, I want your permission to tear up this contract."

"Tear up that contract?" he roared.

"Certainly," I said, "tear it up. What do you want with it? You are not going to foist that worthless desert land onto this woman!"

He hesitated. I said:

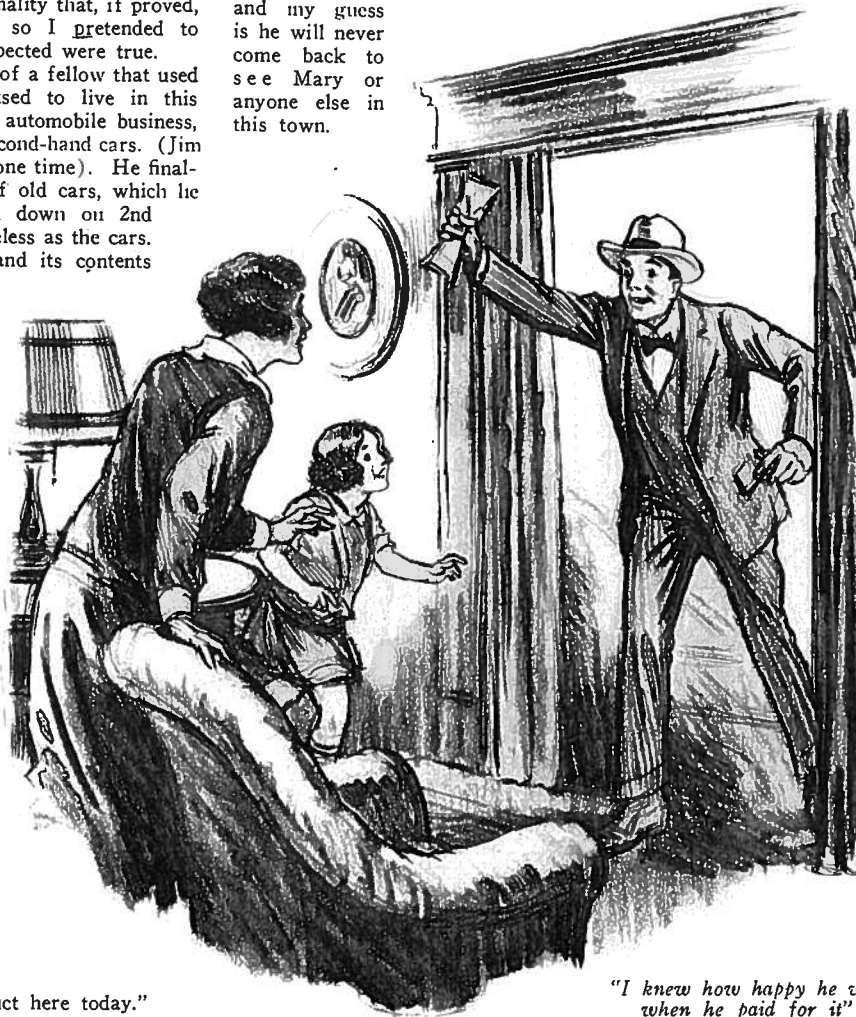
"Go on. Give me your permission. Be a man once in your life. Don't always play the part of a shyster."

As he reluctantly got up from the desk to leave the room I ripped his contract into four different parts; tore it up into small

bits and threw it into the waste basket and as he went out of the door, I called him back because he had admitted by his act the crimes with which I had charged him, and said:

"Jim, if I ever see you in this town again or ever hear of your trading or trafficking with any of the people of this community, I am going to carry out my intentions to teach you a lesson you will never forget."

With that he went out of the door and slammed it after him and went down the street muttering to himself, and my guess is he will never come back to see Mary or anyone else in this town.



"I knew how happy he was when he paid for it"

When he was gone I sat back and marveled at the power of truth and righteousness. So armed, a man can overwhelm great enemies!

MAY 14

This morning Mary Brown came back to the bank to hear what had been done about her contract with Jim Root. I told her that Jim Root had given me her contract and I had torn it up and that she was no longer obligated to make the deal with him. She was tremendously relieved and started to weep again over Bill's death and the fact that she had nobody to protect her any more from scalawags like Jim Root.

"Well," I said, "Mary, if you will just watch yourself and quit fooling around with fellows of questionable character, like Jim Root, and quit trying to be a financier, when you are not really capable of it you will be

all right.

"I knew you and Bill, of course, when you were first married and I know all about your lives and the struggles you have had but your husband never made a deal of any kind that wasn't carefully considered beforehand and he always came in and talked over his plans with us before he took the final step. The result of it was that he died leaving you a competency. But you rush pell mell into a trade with a crook and never consult anybody about it and it is only because the fellow

was a crook that I was able to save you from ruin. If you ever do a thing like that again I think I will just quit bothering with you and let you go to the poorhouse at once and get it over with!"

Poor Mary again sprinkled up the bank furniture with her briny tears but I think she won't be bit soon by another shyster.

The High Pressure Men

MAY 16

JOHN COLLINS, lawyer, walked in upon me today for the first time since that memorable day in 1922. He seemed to have forgotten the events on that occasion and showed a disposition to be very friendly. I am informed that he has "gotten religion" since then.

That other day was in the hectic times of deflation. Men everywhere were struggling to get themselves out of bad places. John's client was a farmer who had turned land speculator. John and

his client had struck up a trade with a client of our bank, and the first we knew of it was when they blew into our bank, about a half dozen strong, including a lawyer and three real estate agents—all high-pressure men—with a view of making a quick closing with our farmer client.

The conduct of these men startled our cashier who was handling the papers. He knew something was wrong and wirelessly me to intercede.

When I entered the room there was considerable uneasiness displayed immediately among the high-pressure salesmen, especially when I innocently asked our client if he had examined the abstracts for the land for which he was trading. He assured me he had not "but these gentlemen have" (re-

(Concluded on page 248)

In one case, the interest on deposits is shown as 50 per cent of the gross earnings, while in the other case it is only 25 per cent of the gross earnings, although the banking earnings and interest allowed are exactly the same in both instances.

As the New York district doubtless has more trust business, bond profits, etc., than the Cleveland district, it will be seen that, on the present basis of figuring, it would be entirely possible for the rates paid on deposits in the Cleveland district to be lower than those paid in the New York district, and yet Cleveland would show a higher percentage of interest paid to gross earnings than would New York. This same complication also arises respecting losses, and, in a lesser degree, to expenses.

NOR is this confusion restricted to comparisons between districts. The same complications arise in the composite figures for the banks in any particular district, as some banks may have a large trust business while others have little or none. Some banks may have a number of foreign branches where only the net profits are taken into the books of the parent company. Some banks may include their bond profits and ex-

penses as part of the regular operations of the bank, while other banks have security companies where only the net profits are taken to the parent company, and still others where the bond profits are distributed directly to the stockholders without ever appearing in the books of the parent bank.

There is reproduced herewith a chart, illustrating the relative percentages for the different classes of cost, as given by the percentage statements referred to, showing graphically the wide fluctuations in the percentage of interest allowed on deposits in the different districts, which differences might entirely vanish with accurate classification of the accounts.

The purpose of this article is not to advocate the discontinuance of percentage statements of operations, because accurate information along those lines would be of very great value to all banks in analyzing their operations, but to urge banks to adopt standard classifications for earnings and expenses, so that the State Banking Departments or the Federal Reserve Board can have accurate information from which to prepare percentage reports that will be of real value to the whole banking community.

While the proper separation of earnings

of different activities has been emphasized, because more readily illustrative of the fallacy of the present figures, it is equally necessary that the expenses relating to ordinary banking functions be segregated from the expenses of other activities before figures of real value can be assembled.

The adoption of standard classifications does not necessarily mean any change in bookkeeping methods, as it is merely a standard grouping of the results of various activities.

The adoption of standardized classifications will have to be done voluntarily by the individual banks as apparently there is no law covering this point, but it is the starting point for accurate accounting, and without it no two banks can accurately compare the cost of deposit accounts, or the cost of any other activity. Detailed suggestions for standardizing bank accounting were made by a Committee on Bank Costs to the New York State Bankers Association at its convention last June, and while refinements and improvements can doubtless be made as time goes on, these suggestions present a concrete plan which it is believed the banks of the whole country would find valuable to adopt.

Country Banker

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ferring to the salesman). This opened up a flood of gratuitous information from the lawyer and his salesman, as to how perfect the title was; how it had been examined by a famous firm of lawyers in the city and how they had here right before us the findings in black and white.

Our client was impressed and was taking their word for everything. He seemed to have full confidence in them and apparently refused to give any encouragement to my suggestion that he had better have his abstract examined by his own attorney. He did not have any attorney and it did not seem to him necessary to go to any more expense. In fact, he had the whole story by heart just as the high-pressure salesman had given it to him.

I suggested that we had our lawyer right there in the bank, who could look at the abstract in a very short time and make sure everything was all right, but our client indicated his dislike of any delay or added expense.

His conduct was annoying in the extreme, because it was apparent to any one of us that the men with whom he was dealing were sharks and, while no one could tell him anything about the value of farm land, they could very easily trick him in other ways.

Finally, I told him that it would not cost him anything at all to have his abstract examined; that I wouldn't think of making such a deal, as he was proposing to make, without first-hand knowledge of what I was doing, and that if he would delay his trade for a few hours I would have our attorney examine his abstract without expense and verify the statements that these gentlemen had made.

At this he sat stupidly, giving neither approval nor disapproval of my proposition.

Finally I told him that it was his business—not ours. If he wanted to shut his eyes to a possible loss—to sign like a blindfolded man—to go ahead; I would wipe my hands of the entire transaction. This brought him to a realization that perhaps he was in danger and he said it would be all right for our attorney to examine the abstract.

As I left the room, John Collins, the lawyer, halted me at the door to say in a low, angry voice (so our client could not hear him) that that would be the last piece of business he would ever steer into our bank.

Quicker than a flash, I fired back so everyone could hear, sharks and all, "I don't want you to steer any business to our bank and furthermore, I don't want any more business with you! Your conduct here today puts you under the gravest suspicions!" He settled back into his chair speechless and the argument ended there.

After lunch, when we again assembled, our attorney reported that the abstract showed that there was \$750 back ditch taxes due on the property, that our client was to receive. I asked our client if he wished to assume the payment of those ditch taxes.

It was interesting to see his face when this bit of information percolated into his muddled brain. They had assured him that the taxes were all paid and that he was getting the land free from all debt excepting a mortgage which he was assuming.

The sly looks that passed between the traders, and the abject surrender they made instantly, expressing surprise that these taxes had not been paid, showed they knew the trick they were trying to turn. They hastened to assure our client that the tax would be paid.

I suggested to our client that he had better have the check certified or verified by

somebody who knew the gentlemen. This was another shock to him, but our client now was ready to take any kind of advice we were of a mind to give him, so, when the check was cashed, it had been o.k.'d by responsible parties.

I had never seen our farmer client before; I have not seen him since that day, nor have I seen John Collins until he dropped in the office yesterday.

Our client never so much as thanked us for saving him \$750, which was wholly immaterial to us, but it was a very grave slip on his part. No man can afford to ignore a service like that, nor can anyone ever afford to render a service merely for the purpose of receiving somebody's appreciation.

Referring again to John Collins. Before he left the city that day he slapped my wrist by telling a lawyer friend that I had never gotten over being "a damned school teacher still thinking I could lecture him as if he were a kid."

What Education Is

EDUCATION is merely a means to an end—it is not the end. It is the guiding rail on the stair of life, useless until you climb. Immersed in the laudable ambition of securing an education, it is easy for young men and women to get a distorted perspective of its importance to the big scheme of life. It is a dependable guidepost on the highway, but it is not motive power.

We submit these thoughts because the business world frequently puts a question mark back of the wisdom of a college education as a major factor of success. Assuredly, it is useless unless it develops mental humility.