

# The Diary of a Country Banker

He Has His Trials and Tribulations, but He Also Has Joys and the Satisfaction of Having Protected His Clients and His Community. How a Widow Was Saved from an Old Age of Need. An Improvident Show Man. A Tricky Bond Broker.

APRIL 20

**Y**ESTERDAY a woman called at the bank greatly peeved because a service charge of fifty cents had been made against her account for the want of an average daily balance of \$50 for the month. She was greatly chagrined at "the conduct of the bank in making this charge," so the cashier sent for her ledger sheet and discovered that she was over-drawn \$5.50. Before she left she discovered what it was all about.

Complaints against the service charge are few—in fact, we rarely have one.

APRIL 21

Our vice-president visited one of our farm customers yesterday, and after talking with him a few minutes drove back to the city. He had scarcely got in the bank when a telephone message informed him that a few minutes after he left the place a crazy man appeared with a shotgun, killed our customer and another man working with him, and wounded two others, dropping them all in their tracks one after another. We are glad our vice-president left in time. He is six feet four and a good mark for a shotgun.

APRIL 22

**O**UR Banking Department, no doubt, is as efficient as the Banking Department in any state in the Union. It ought to be more efficient for the reason that the bankers, as a rule, are very critical of it. Every time a bank fails, the solvent banks must pay the losses to the depositors of the failed bank. As a result, there is more or less constant irritation between the department and those bankers who resent paying unnecessary losses.

Today I mailed the Banking Department a long letter recommending examining districts with a permanent examiner in charge of each, with an office and assistant, making it possible to establish a permanent credit bureau in each district. We offered to furnish the office, assistant and stationery if the department would give it a trial. It is the only system that seems to offer hope for relief from failures.

APRIL 23

About two years ago we had an account in the name of Mrs. J. D. Small, the account averaging over \$1,000. Mrs. Small's husband succeeded in forging a check on his wife for \$500, which was paid by us. We were reimbursed by the insurance company, who had the gentleman sentenced to one year in the county jail. He has served his time, and today he wrote us the following letter:

To whom it may concern: I have few words to say to you in this letter. That I would like

to know why you had me arrested on that check. I told you frankly beforehand that the money was mine. Anyway, if you would come to me like real men the matter could be settled without all this disgrace. I call this a rotten deal where a wife gets a man's money and then sent him to prison. This was not very smart act from you. I have worked in banks and have met this matter before but we did not have the man arrested and everything came out all right. This is a narrowminded peoples work. What we need in this world is more broadminded people. This letter is to tell you that I am severely hurt by your act.

With best wishes,  
Jimmy.

APRIL 25

**I**N the spring of 1925 we financed a showman for a few thousand dollars to enable him to conduct his business throughout the season. He operates a traveling tent show. The season was not adapted to



When told there was a charge of fifty cents she objected very seriously

his business and he closed with a deficit.

The following year when the season opened he found himself again needing funds. It was a case of closing him out or lending him a couple of thousand more, which we did. He closed the season with the usual deficit and we had to take security for the first time as best we could. He owned a block of ground on which was located his store room. He also had a pretty good show outfit, consisting of tents, chairs, folding seats, a fleet of trucks, costumes and other paraphernalia. He gave us a deed to the real estate and a bill of sale to his complete outfit.

This spring he appealed to us again for funds. A rather peculiar question arose in regard to our method of financing him. It appeared that he was not capable of being his own financial manager, and we contemplated sending a financial agent out with him representing the bank and looking after our interests in general, leaving the property in

our name but operating the show in his name. We discovered that was impractical for the reason that we might by such action assume certain public liabilities. We therefore sold him the outfit on a conditional sales contract. With this contract on record the bank could not be held for accidents or any other liabilities to the public.

This was one case where having security might have proved a great deal worse than a complete loss on the loan.

APRIL 26

We had our second or third complaint during the year today on our service charge. Mrs. Black, whose husband carries a fair balance with us, called a month ago and asked for a loan of \$25 for thirty days. This morning she came in to pay the note. She was informed that there was a service charge of fifty cents on small loans of this character. She seemed to have figured out the interest in advance, and when told there was a charge of fifty cents she objected very seriously to what she considered an excessive charge. The assistant cashier was unable to satisfy her, and she left.

An hour later she returned and informed us she had taken the matter up with her attorney, and he had informed her that we had no legal or moral right to make such a charge. We insisted that we were entitled to the fifty cents on the ground that that wouldn't even pay for the time and labor necessary in making this small loan. After taking up an hour of the assistant cashier's time, she paid the loan, but informed us that she would have her husband withdraw his balance at once. We anticipated another session with the husband, but nine times out of ten we convince our customers that these small service charges are justified.

APRIL 27

**A**FARMER client of the bank became quite enthusiastic over trading his 1000 acres of Colorado wheat land for 200 acres of corn land in a neighboring state. He laid the trade before us today, and I saw at a glance he would be assuming a large mortgage debt on the corn land, which was priced to him at about \$250 an acre, and in addition would still be liable for the \$6,500 mortgage on his unimproved wheat land. I asked him if he wanted to pay \$250 an acre for that farm in another state when he could buy the Jim Smith farm near his home for \$200 an acre. He knew the Smith land to be worth more than the farm in question, but this fact was obscured by his great desire to get rid of his Colorado wheat land, which was a heavy tax on him.

I pointed out that the proposed deal meant obligating himself to pay \$50 too much for

the corn land and making the owner a present of his Colorado land in addition. This argument spoiled the trade and, in my judgment, saved our client a lifetime of debt and \$5,000 in cash to be paid in the trade. The land salesman who was trying to put the deal across was chagrined, but we were represent-



*I dismissed him and the real estate agent from the office*

ing our client and gave him the best advice we could, which he had the good sense to act favorably upon.

We refuse to take a profit out of trades of this sort for the reason that we want to be free to render an unbiased service to our customers, which would be impossible if we had a profit coming out of the transaction.

#### APRIL 28

Yesterday we spoiled a land trade and today we had another to consider before lunch, involving a \$50,000 farm. Again our advice was against the trade. Our client would have been as badly trimmed as would our other client on the proposed deal yesterday.

The interesting phase of today's deal lay in the fact that a banker from a neighboring state accompanied the real estate agent. I afterward learned that they were both greatly surprised when I did not try to hold them up for a commission in advance, but, instead recommended our client not to make the exchange.

This action was so sudden they were both taken by surprise and the banker was greatly irritated. Before he could control himself he told me my actions were very foolish and, in order to emphasize it, took me aside to explain his position.

"Why," he said, "we are to get a big fee out of this and here you have spoiled the deal. We are willing to split the fee in three parts if you will help us put it across,

and the fee is no small matter, \$5,000."

I looked interested at his suggestion, and he ran on rather enthusiastically, thinking he had me coming his way.

"Why," said this jerkwater, shyster banker, "I had a deal just like this come up in my bank the other day, and I took the real estate agent aside and told him if he didn't give me \$1,000 I wouldn't permit the deal to go through, and he had to pay me the \$1,000, too, because a word from me to my customer would have spoiled the deal, and he knew it for the reason that I was going to lend the customer the cash money that he required."

When I told him that I was not engaged in the real estate business, but the banking business, and that any fees we took were legitimate and not secret, and were not of the character he was proposing to take, he again flew into a temper over my alleged lack of common sense. I dismissed him and the real estate agent from the office. When they were gone I threw up all the windows and opened the door for fresh air, and wondered how such a man could get into the banking business and stay in.

When I told my farmer client I lost \$1,666 by not recommending his trade, he realized how narrowly he had escaped being fleeced out of a lifetime's savings.

#### APRIL 29

**A**T last the Barbarys are signed up and part of the agony is over for six months. We have spent days debating the subject with the father and father-in-law. No telling what it will cost us in the end, but we have made up our minds to die hard.

#### APRIL 30

We had to turn down today one of the most enthusiastic machinery buyers that we have among the customers of our bank. This time he wanted to buy a tractor and borrow the money to pay for it. He presented a great argument in favor of the tractor and thought he had justified his need of it. When the vice-president told him that an additional team of horses would serve him ade-

quately, and he would have \$750 less debt, he went away disgusted with us, declaring that we lacked vision and understanding.

We believe in tractors where tractors are needed, but this client has an excessive desire to buy machinery and borrow the money to pay for it, and through gratification in the past of this desire he is still a very poor man at the age of forty.

The dealer was also a client of the bank, and he called later and mildly threatened to move his account if we did not quit "spoiling sales" for him. I reminded him that he was making a mistake to sell his wares to men who did not need them. Our desire was to keep the farmer client and the dealer and ourselves solvent so that the farmer could buy needed machinery and also pay his notes at the bank when they mature. They both finally acquiesced in our position, as, of course, they had no other alternative.

#### MAY 2

Three years ago our show man was driving a Cadillac coupé. He felt that he needed it in the conduct of his business. He used to ride in special coaches on the railroad. We were financing him. Later on I learned that he was not satisfied with a Cadillac coupé, due to the fact that an automobile dealer, a client of ours, had convinced him that he should ride in a Lincoln. I learned of these facts and called our automobile dealer in and warned him not to make the sale; that our client could not afford to buy the car as he already owed more than he probably would ever be able to pay. This was confidential information, of course, but the dealer had a right to know about it, as they were both our customers. The sale of the Lincoln coupé was

made regardless of our protest. A year later the dealer had to take back the car, leaving our show man heavily in debt to him for the depreciation and for trucks that he had purchased for his business.

Now, after we have coddled our show man along for two more years to aid him in getting on his feet, our automobile client complains because we have all the collateral the show man has.

It does not pay to sell goods to men who cannot pay for them.

MAY 3

**W**E had an application today from Mr. Laud for a loan to start a new bus line. He had his buses selected and his arrangements made. All he needed was a few paltry dollars from the bank to make the first payment on the buses.

We refused the loan upon the ground that a new bus line was not needed, and, because he started a bus line two years ago when it was not needed and sold out to his competitor at a profit. We suspected his motives. We believed he was going into the business to be bought out again and not to fill a public need. We resented his attempt to use our bank in his holdup scheme. We invariably withhold credit where it is to be used in an unethical manner.

The bus manufacturers, of course, wanted to make the sale, but, had their management contemplated the difficulty that would have followed the operation of an additional bus line, they certainly would not have approved of the sale to this party. It is a pretty safe rule for a manufacturer to stay out when adequate local capital is not readily obtainable for initial payments.

MAY 4

Today I had a heart-to-heart talk with old Mrs. Blom. Her husband left her very comfortably provided for, with good investments and a valuable farm home. As soon as he died a worthless son coaxed her to sell their fine farm home, as he thought it would be much more profitable to invest the money in the Danglely Oil & Service Company, which paid a monthly dividend. She followed his advice. The next move he made was to induce her to sell a block of municipal and government bonds and invest the proceeds in a highly speculative business that was paying big dividends at the time.

She was not a customer of our bank, but she had a friend who was, and this friend alarmed her and caused her to call on me for advice. After listening to her story

I told her I did not want to reflect upon the character of her investments; that many sound business men thought such investments proper for them, but one of the rules of our bank was never to invest the money of widows and orphans and other trust funds in anything other than the safest securities obtainable, such as government bonds, state and municipal bonds, and first farm mortgages on lands that were well known to us. I told her that every single step she had taken, in my judgment, was a mistake. I told her she never should have risked her living by investing her money in speculative stocks and securities, no matter how much dividends they paid.

he all but moved me to tears. He recounted how she had refused at first, just like I had, because her crops were burned up, but when he told her another heart-rending story about the little homeless ones, she gave in and wrote him the check for just double the amount I had given him. He told her God would bless her with bountiful crops because of her generous gift.

I had gotten so sorry for the old lady by this time I "blew up," so to speak, and told him he ought to be ashamed of himself jumping on an old woman whose crops were burned up, and forcing her through his heart-rending stories to give until it impoverished her. The idea of telling her

God would bless her if she gave by bringing her bountiful crops, when everything before her eyes was burned up for the want of rain, was nothing short of an outrage. God isn't in the truck-gardening business. His business, so far as the gardener can see, is to make rain, sunshine and soil according to law. The idea of making God his ally in such an unholy business as robbing widows lacked merit.

It was funny to see that solicitor's face. He told me I was shooting him full of holes, but I noticed that my cheek salved him, so he went away unhurt.

It is interesting to observe how solicitors for any cause whatsoever will thoughtlessly fleece the defenseless by forcing them to contribute through moral suasion more than they can afford to pay.

MAY 6

The Committee of Five has just left me with a subscription to a reasonably worthy enterprise. When they came in I glad-handed them all around, and they warned me that I would not be so happy to see them when I found out what they wanted. They had scarcely stated their case when I drew out from my desk a check book and wrote them a check for a little bit more than the amount requested.

As I handed the check to them I thanked them for the courtesy they paid me in permitting me to contribute to their worthy enterprise, and I also thanked them for the sacrifice of their time in the interest of the public welfare in going around gathering these funds.

They went away feeling quite happy, and I have no doubt they discussed among themselves the pleasant reception they received and contrasted it with the sour countenances

(Continued on page 214)



*He told her another heart-rending story about the little homeless ones*

As a result of our interview she ordered me to sell her speculative securities and buy government and municipal bonds and first farm mortgages bearing anywhere from 4 per cent to 5 per cent, which I did, and we now have her little fortune invested in these securities safely locked up in our vaults, from which she will get a cash credit in her checking account regularly. Her small capital is no longer at the mercy of a foolish son. The saving of this helpless old woman from poverty brings a comfortable afterglow and makes the business of banking worth while after all.

MAY 5

**A** SOLICITOR from a children's home has just left me. I have been a regular contributor, but the solicitor wanted me to double my subscription. In his zeal, he told me how a poor, aged woman, working in a truck garden, had given him a "fine donation." He described her bent back and rheumatic fingers and the desolate aspect of her truck garden burnt up by the dry weather. His description was so pathetic

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**The Diary**

(Continued from page 152)

and the reluctant attitude of some of the people who had contributed.

How foolish it is for a man to insult a soliciting committee and afterward contribute to the cause, whatever it may be! It is a wise man who graciously does his duty no matter how difficult it is for him to do it, because, in so doing, he reaps credit for himself. Many a generous gift is tainted by the nasty attitude of the giver.

MAY 7

Mr. Timple, a bond broker, has just left me. He is considerably worse for wear and tear and stung clear through. The cause of the trouble was that we offered a bid for a large block of sewer bonds just issued by this city. Our bid was the best by many thousands of dollars, with the exception of the one offered by this broker. We made this exceedingly favorable bid because we wanted to secure our own bonds for the benefit of our customers who would have great confidence in them and we would be saved much explanation of their merit. Furthermore, it was perfectly logical that our own people should be permitted to buy their own bonds and that our banks, the largest taxpayers in the community, should be favored as purchasers of these bonds.

Our friend, the bond broker, bid under us by \$67 on a \$200,000 issue, and when the deal was concluded he called to sell us a large block of the bonds.

In the meantime I had learned that he had visited our bank and other financial institutions in the city, and, without his motives being known, officers of our bank thoughtlessly answered his queries concerning our views on the price of these bonds, which enabled him to ascertain exactly what our bid was to be. He later used this information. When challenged he did not deny that he possessed this information.

"In other words," I said, "you came into our bank and interviewed an officer in such a manner that he would not suspect your motives; got our price and used the information, which you had unethically secured, in making your bid. Your bid would have been thousands of dollars above ours had you not violated the simplest rule of decent conduct. We refuse to buy your bonds at any price as much as we desire to have them. You need not think you can trick us like a shyster at a circus and expect us to pay you tribute money afterward."

**Convention Calendar**

DATE	STATE ASSOCIATIONS	PLACE
Sept. 21-22	Indiana	Indianapolis
Oct. 13-14	Arizona	Flagstaff
Oct. 19-20	Nebraska	Oamha
Oct. 20-22	New Mexico	Dem'ing

DATE	OTHER ASSOCIATIONS	PLACE
Sept. 25-30	Investment Bankers Association	Seattle, Wash.
Oct. 24-27	American Bankers Association	Houston, Tex.

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