

The Diary of a Trust Officer

An Investment Made Because the Salesman Was a "Member of My Church". The Good Business Man Who in an Unguarded Moment Signed Away the Accumulations of a Life of Hard Work. Johnnie, the Trust Estate Ward, Who Wouldn't Go to School.

January 30th.

JOHN ARLINGTON became of age yesterday. The final report in his guardianship has been filed and our company has been dismissed as guardian.

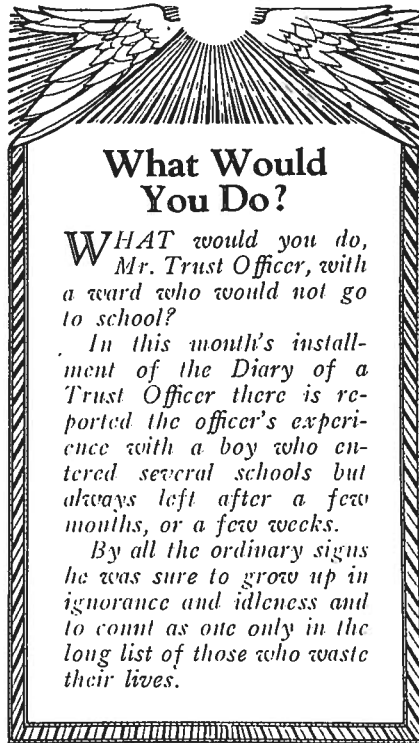
When John's father died about ten years ago his mother received a substantial amount from the insurance companies and requested us to invest this fund for her. Things went along well for about two years, until one day Mrs. Arlington came to us and said she would like to make an investment on her own account. A tannery was being promoted in this community; one of the stock salesmen was an old friend of her family and a member of her church. She had such great confidence in this agent that she decided to invest \$2,000 or \$3,000 in the enterprise upon his representation that it would return dividends to her amounting to 25 or 50 per cent. She asked our advice on the investment.

After analyzing the proposition we, of course, advised against her in investing in this class of security. Very carefully we explained that her husband had made great sacrifices to pay the premiums on this life insurance and that if he were living, under no circumstances would he make an investment of this kind. She seemed satisfied with our analysis and apparently decided not to make the investment. We thought the matter to be closed, but about a week later she returned to the office with a determined look upon her face and opened her conversation with this statement:

"Member of My Church"

"**M**R. JONES, I know you will think that I am making the wrong decision, but I have decided to buy \$2,500 worth of stock in the Tannery Company. If I lose the money I will never blame you for it. I have great confidence in Mr. Stock-Salesman; he is a member of my church, and has been such a good friend to us that I am sure that he would not misrepresent this to me. I shall consider this a personal investment and if I lose the money I will never complain, for it will be my loss."

The investment was made, the proposition turned out as we expected it would—the company blew up in less than eighteen months, and Mrs. Arlington lost her entire investment. She has called at our office many times since this time. She knows that we know she lost the money and she knows, too, that we know her church friend took advantage of his association with her there to separate her from this inheritance which was left to her by her faithful husband; yet, true to her word, she has never men-



What Would You Do?

WHAT would you do, Mr. Trust Officer, with a ward who would not go to school?

In this month's installment of the Diary of a Trust Officer there is reported the officer's experience with a boy who entered several schools but always left after a few months, or a few weeks.

By all the ordinary signs he was sure to grow up in ignorance and idleness and to count as one only in the long list of those who waste their lives.

tioned the loss to us. Needless to say, she has never made any other investments of this kind. And I am sure that Mrs. Arlington will never again disregard the advice of her banker and make other investments through her "church friends."

February 1st.

Mrs. Arthur Johnson called today to check over her last annual statement. Although her husband had always been considered to be a man of means and it was thought the inventory of his estate would amount to more than \$150,000, the insurance that he left was the only money or property Mrs. Johnson received at his death—except her modest home.

I remember when Mr. Johnson was a very influential business man in our city. He was an active vice-president in one of our largest institutions, took a prominent part in all civic affairs, at one time was president of the Chamber of Commerce, and was a leader in the church of his choice. He was an advisor to a great many less fortunate men and women in the community and was very liberal in his donations to charitable, educational and religious organizations. In fact, he was a man upon whom many looked with envy. Among his many business interests was a growing manufacturing concern. He took great pride in the develop-

ment of this organization; the business was growing rapidly and the company seemed to be on the high road to success.

An Unguarded Moment

IN order to gain some large credit concessions for the company, Johnson penned, in an unguarded moment, the following letter of guarantee:

"Eastern Distributing Agency,
New York City,

Gentlemen: In consideration of your extending a line of credit to the General Manufacturing Company of this city, I hereby personally guarantee the payment of such line of credit with you. This guarantee applies to the present indebtedness of this company and all future purchases, and will stand until revoked by me.

Respectfully,
ARTHUR JOHNSON."

As far as Arthur knew, things were going well with the company, but later developments proved that it was far from being in a secure financial condition. Matters went from bad to worse until the General Manufacturing Company became insolvent. Arthur's liability on his guarantee worried him greatly and was one of the causes of his death.

After his death, suit was brought on this guarantee against our company as executor of his estate and judgment was rendered in favor of the claimant. This judgment was large enough to wipe out all of the assets of Arthur's estate, and his estate became insolvent. This was a great blow to his widow and all his friends, as he was thought to have been worth in excess of \$150,000 above all debts and liabilities. The creditors were not paid in full and of course there was nothing left for the family, which consisted of the widow and three children, except the life insurance money.

The widow was compelled to change her mode of living. Selling her homestead, she moved into less expensive quarters and gave up all her social activities. But she was a God-fearing woman and recognized the necessity of living within her income, so she invested the life insurance money that was left to her in safe securities and is now living comfortably within her income.

Destroyed by a Stroke of the Pen

THIS is the most outstanding example that has ever come to my attention as a trust officer of a substantial business man, who after working all his life and accumulating a very substantial fortune for his family, in an unguarded moment, with a stroke of a pen on a letter of half a dozen lines, wiped out the accumulation of a lifetime. But for the life insurance that was left to the widow and the family, they would have either been thrown upon their own resources

to make a livelihood or been obliged to become objects of charity.

Is a man fair to his family when he takes these business risks?

February 2nd.

My first duty this morning was to mail a check to a little girl who is attending the university in this state.

She receives these checks every month. Three years ago her father came to my office and told me something of his past life. He was a widower with a daughter who would soon be ready for college. As this daughter was the only relative he had in the world, he had been saving his money for some time to provide for her education. Strange as it may seem, this man knew very little about banking, for he had not even opened a banking account but kept his money, in currency either on his person or in his possession. Neither did he have a home, for he traveled a great deal, yet his one thought was

Wanted the Windows Closed

BUT one morning he came into my private office, insisted upon all of the doors and windows being closed, pulled out a roll of bills from his inside coat pocket and laid them on the table.

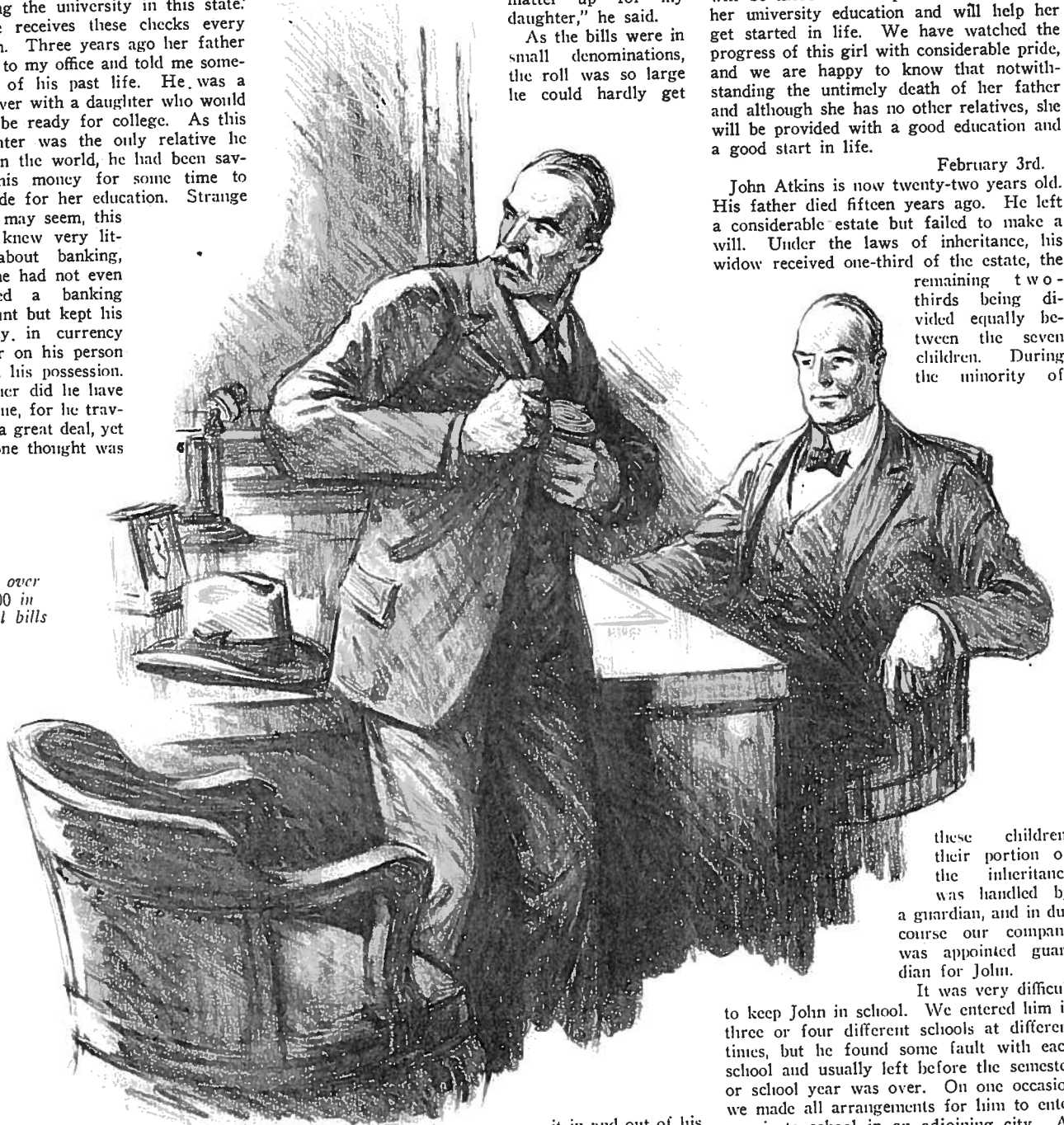
"I want to fix this matter up for my daughter," he said.

As the bills were in small denominations, the roll was so large he could hardly get

After he left our office that morning we never saw him again. The next information we had about him was that he had been killed in an automobile accident which happened four or five months after the creation of this trust. This little girl, by reason of the creation of this trust, has been attending a university for two years. The fund will be more than ample for her to finish her university education and will help her get started in life. We have watched the progress of this girl with considerable pride, and we are happy to know that notwithstanding the untimely death of her father and although she has no other relatives, she will be provided with a good education and a good start in life.

February 3rd.

John Atkins is now twenty-two years old. His father died fifteen years ago. He left a considerable estate but failed to make a will. Under the laws of inheritance, his widow received one-third of the estate, the remaining two-thirds being divided equally between the seven children. During the minority of



Had over \$4,000 in small bills

these children, their portion of the inheritance was handled by a guardian, and in due course our company was appointed guardian for John.

It was very difficult to keep John in school. We entered him in three or four different schools at different times, but he found some fault with each school and usually left before the semester or school year was over. On one occasion we made all arrangements for him to enter a private school in an adjoining city. As his mother was very anxious that he attend this school, John agreed to go. In order to help him register, our assistant trust officer accompanied him to the school, saw that he was properly enrolled and comfortably located.

OUR assistant trust officer returned home the next morning. Upon arriving at the office we received a telephone call from

(Continued on page 741)

of his daughter. We explained to him how simple it would be for him to make a deposit of funds with the trust company and that a monthly check could be paid to his daughter during the time she was going through school. He hesitated over the proposition, left the bank and came back on two or three occasions to discuss the matter further with us.

the money in his presence, and found there was a little over \$4,000. Some of these bills looked as if they had been in his possession many years—in fact, he said he had been many years accumulating this amount. A declaration of trust was prepared, under which a certain amount was to be sent to his daughter every month until the entire trust fund was exhausted.

it in and out of his pocket. We called a teller to count

ment paper has produced practically no frozen credits. Installment selling had certainly reached large enough proportions by 1921, so that some of this effect should have been in evidence, in that most serious of modern depressions, if it ever were going to be. The fact is that it was practically negligible.

To the critic who says that installment sales will cause or aggravate a business depression and to the defender of installment selling who asserts that it will have the effect of preventing business depressions, answer reasonably can be made that it is too small to have much effect either way. In this connection it should be remembered that the outstanding debt for installment goods is less than 3 per cent of the national income.

The charge of injury to the individual has little evidence to sustain it. Of course, there are those who buy on the installment plan more than they can afford. There always have been people who bought what they could not afford on any plan by which the seller could be induced to part with the goods. But it does seem that improvident buying on the installment plan must be rather rare considering that one single case of a man who pledged himself to pay out more than his total income has done duty in uncounted speeches and magazine articles in the last two years.

It is probable that nearly all those who buy unwisely on the installment plan would and do buy unwisely on the charge account plan and on the cash-down plan.

It is believed that the installment plan does far more to strengthen the moral fiber of those who develop self control and habits of planning ahead by its aid than it does to weaken the moral fiber of those whom it tempts into extravagance.

Other Groundless Ideas

THE assertion that people deprive themselves of the necessities in order to buy the luxuries simmers down to the fact that some tradesmen imagine that they are losing business on account of installment purchases in other lines, and feel justified in asserting that their goods are necessities, while those other lines of goods are luxuries.

To those who say that installment purchasers should have a sort of guardian placed over them to regulate their expenditures, it is pointed out that the policy of letting the people who are to spend their own money be the judges of what they buy has resulted in greater happiness and higher standards of living than ever has been known in this country.

There is no evidence that installment selling has been a harmful factor during the past decade because during that period savings in banks and building and loan associations have almost doubled, life insurance in force has more than doubled, the building of homes has established a new high mark and the ownership of stocks and bonds by American citizens generally is best shown by the record number of employees and other stockholders in our railroads, public utilities and industrials.

Write for information concerning the JOURNAL Group Subscription plan and a list of banks that have adopted it.

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Diary of a Trust Officer

(Continued from page 705)

John's mother saying that John was at home and that he had come in about midnight the night before. In other words, he beat our trust officer home.

Of course, both his mother and ourselves were very much disappointed, as we thought we had him safely anchored for the remainder of the school year. During that year and the following year John made no progress. However, we kept persistently after him and entered him first in one school and then another. Finally, after talking the matter over with him very frankly, he agreed that if we would send him to a certain school outside of our state, which some of his friends had previously attended, he would remain and finish the year there. He kept

his word and from that time on we had no trouble keeping him in school, although at first he was quite backward in his studies.

During the last few years there has been a complete revolution in his thought toward his education and toward his family and the trust company. He has become very much interested in the fund that is accumulating in our hands for his benefit. He takes quite an interest in the securities that are being held for his account. Upon becoming of age he created an investment trust account of his inheritance and this fund is now with our company accumulating for his benefit. This experience taught us never to lose confidence in our wards.