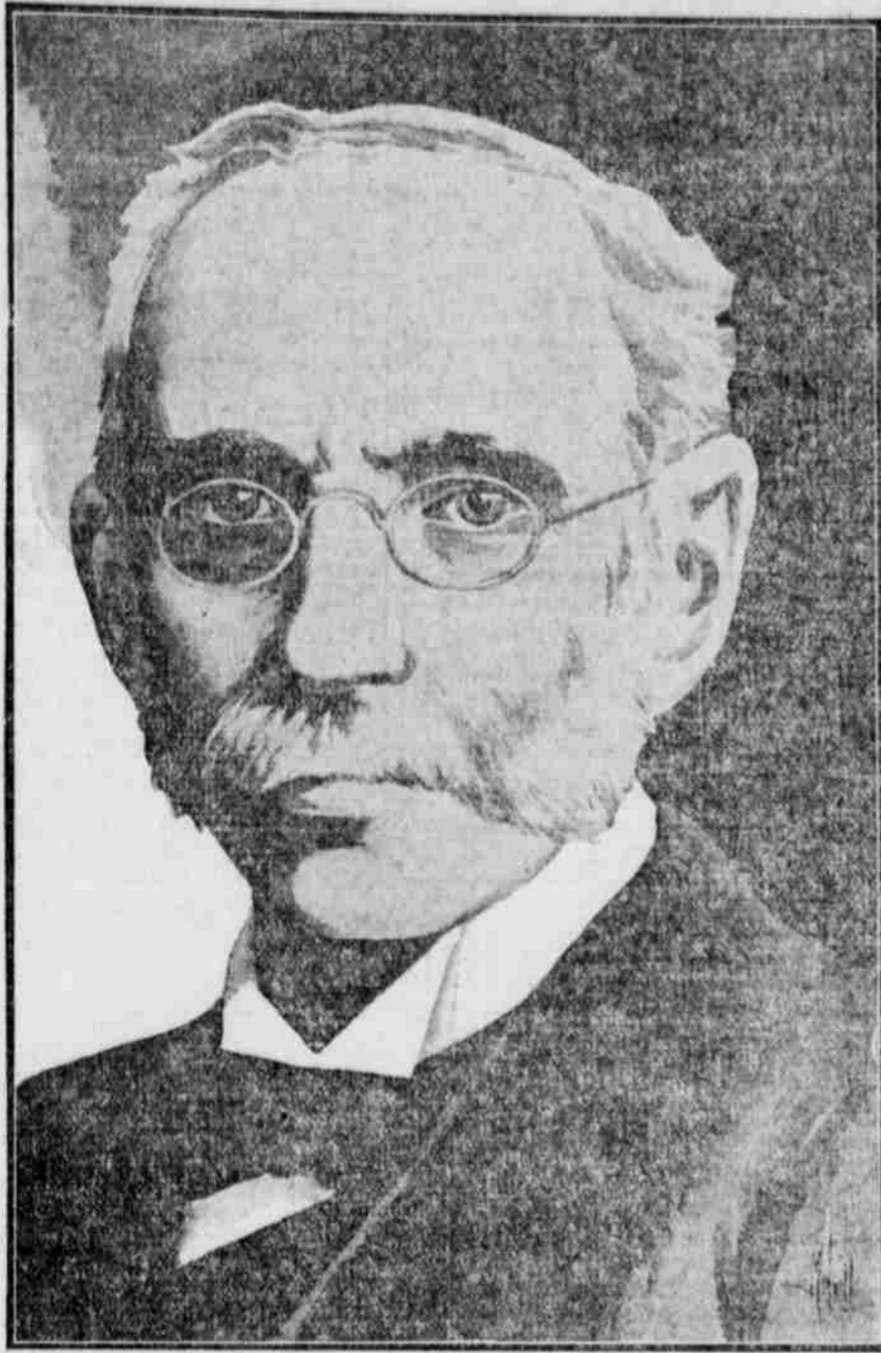


# Modern High Standards of Living Are to Blame for Bank Defalcations



SAYS MR. MOXEY:

"When you can go into a restaurant at two o'clock in the morning and behold \$60,000 worth of women's gowns at the tables and \$3,000 worth of food in process of consumption, something is wrong."  
"It is not only this sort of life in New York, but, in a more sinister way, the sight and example of it which is bringing about a degradation of the sense of common honesty."  
"The laxity with which the criminal laws of our land are enforced by many of the judges of our courts has much to do with encouraging bank officers to misuse the funds in their keeping."

"New York is to blame for it."  
Gray-whiskered, gray-haired, gray-eyed, gray-clad, a slender gentleman of astonishing neatness and a certain amiable precision of speech leaned back in his office chair with his hands behind his head and smiled alertly, writes Frank C. Drake, in the New York World. Such is a first impression of Edward P. Moxey, whose official title is "Expert Bank Examiner for the United States Department of Justice," and such were his words in speaking of the epidemic of bank defalcations which has been sweeping over the country.

Whereas Mr. Moxey's business is to flit about the country and peer unexpectedly over the shoulders of the cashiers of national banks here and there in order to find out if their cash balances are all right; and whereas Mr. Moxey had found some 30 of these gentlemen with their cash balances all wrong and, to their great grief and amazement, has put them in the penitentiary; and whereas Mr. Moxey, fresh from sending John R. Walsh of Chicago to join the others, has come to New York to look into the book-keeping of Charles W. Morse and Alfred H. Curtis, on trial for trying, it is alleged, to buy a national bank with its own money; therefore does the said Edward P. Moxey speak with some authority of bank defalcations and their causes.

"You mean the 'Broadway' New York?" I asked.

### "Broadway" Blamed.

"I mean the 'Broadway' New York," he answered quietly. "I mean the gorgeous hotels and restaurants, the bars, the gambling houses, the myriad theaters, and palatial apartment houses, the turning of night into day. I mean the flood of money in New York upon which this life is borne along, the craving for vast incomes by which alone such a life can be lived."

"To say that even a bare majority of the tens of thousands of men who nightly swell the crowd of amusement-crazed spenders, who live in \$5,000 apartments, and whose touring cars congest the streets, are doing this with money which is honestly theirs is absurd. They are not earning this money; they are either juggling other people's cash or they are gambling with their own. When you can go into a restaurant at two o'clock in the morning and behold \$60,000 worth of women's gowns at the tables and \$3,000 worth of food in process of consumption, something is wrong. And when you observe half a million dollars' worth of automobiles waiting to take this one supper crowd to their homes—or elsewhere—you may be sure that there is queer bookkeeping somewhere."

All Copy New York.

"It is not only this sort of life in New York, but it is a more sinister way,

were not, but because it has been my experience of many years that these periods of defalcation come in cycles. Whatever the cause, there are cycles of honesty and cycles of dishonesty; and the present is a cycle of dishonesty with its cause in modern standards of enjoyable living.

### Laws Not Enforced.

And let me make my opinion emphatic that the laxity with which the criminal laws of our land are enforced by many of the judges of our courts has much to do with encouraging bank officers to misuse the funds in their keeping. These officers see too many cases of the difficulty in convicting a dishonest bank official when defended by a shrewd criminal lawyer, and they are therefore willing to take the chances of detection, and even the results of a trial, before the too frequent judge whose interpretation of the law, admitting of evidence and charge to the jury, are all in favor of the accused.

"There are many direct causes for bank defalcations, but the primal cause is the desire for luxury fostered in the great cities. Of late years the chief immediate cause is the using of the bank's funds to promote enterprises in which the bank's officers have interested themselves. In many cases the bank officer is made an officer of the outside corporation, which fact is heralded to the world with all the advertising skill of the promoter, and upon the reputation of his name many are induced to buy stock. Now, one of the main reasons which animated the promoter in financially interesting the banker was that if at any time the concern required financial assistance—which is invariably the case—it could readily be obtained through him from the bank of which he was an honored and trusted officer. Experience shows that what was at first a small loan soon increases in amount until a point is reached which means disaster to all parties interested if additional aid is not given. Then it is that the demand for money must be met to prevent the bankruptcy of the new corporation and the consequent loss not only of the money invested by the banker and his many friends, but also the loss of his own reputation as a financier and a man of integrity."

### Glitter of Speculation.

"Then, too, it often happens that instead of becoming financially interested in new projects or outside business enterprises the bank officer succumbs to the seductive influences of speculation. He tries his hand in the stock, grain or cotton market with the belief that in this way he can amass a fortune in a short time and without effort.

"He pursues the same method that is followed by those who buy or sell stocks, grain or cotton on a margin. His whole idea is to 'get rich quick,' and in order to accomplish this he either buys or sells the largest amount possible with the smallest margin. A slight adverse change in the market price of the commodity or security in which he is speculating wipes out his margin, and a call from his broker for additional margin to carry the transaction must be met. Having exhausted his own money, and being convinced that his ideas as to the future course of the market are correct, he makes the false step of 'borrowing' money from the bank and using it as margin with his broker.

"It is only a question of time, vary-

ing as a lamb, and in consequence is thoroughly fleeced.

### Instances Innumerable.

"But there are many, many causes," continued Mr. Moxey with a brisk little sigh. "A large bank in one of our eastern cities was wrecked through the speculations of its president in stocks; another one through speculations of its cashier in the same market. Some years ago a large bank in the middle west was wrecked by its vice-president in an attempt to corner the wheat market; while a bank in a southern city was wiped out of existence by its president's and cashier's speculations in the cotton market. The number of cases that could be cited are innumerable, and there is not a section of the country that has escaped. The number of bank wrecks piled upon the financial breach is a silent monument to this truth.

"But no president, vice-president, cashier or assistant cashier of a bank can use its funds for his own profit without the fact being known to at least a portion of the clerks, and it is through their silence or stupidity regarding what is being done in their presence that bank officers are enabled and, in many cases, encouraged to take the bank's money. If bank clerks would do their full duty there would be fewer cases of defalcation by the officers than in these sorry times."

### Bank Clerks Tempted.

"And in this connection let me remark that while the bank officer is surrounded on all sides by temptation, and some criminally use the bank's funds, one must not for a moment think that they are the only ones connected with the institution who are subject to temptation and who, far too often, listen to the voice of the tempter and become defaulter. Every clerk in the bank, whether he handles a dollar of the bank's money or not, is subject to many, if not all, of the temptations that beset his superior officer. The defalcations by the clerical force of banks can be traced to nearly all the causes enumerated as being the cause of defalcations by officers.

"But at bottom the fault is with the officers. Many a bank clerk who has been unfaithful to his trust and has used the funds of the institution with which he was connected for speculation, in the stock, grain or cotton market, or for games of chance at the gambling house, or for betting at the race track, or for extravagant living, etc., has been encouraged to take his first false step by the loose manner in which the affairs of the bank were conducted and its accounts kept. He saw the slipshod way in which things were done, by every one connected with the bank, that clerical errors in the books were not located and corrected, and that general mismanagement prevailed. Is it any wonder that he used the funds of the bank and took the chances of detection with such a condition of affairs surrounding him? The marvel is that, under such conditions, more do not succumb to temptation.

"The defaulter who is merely a clerk in the bank and whose misdeeds are usually traceable to a lack of proper supervision of his work by his superiors is generally brought to book for his dishonesty. He is usually convicted, poor fellow. He has no influential associates to use their power to shield him. He has no money or wealthy relatives or friends to employ able criminal lawyers to defeat the ends of justice. The bank officer, on



"The New England Conscience is Now a Jest. The Present is a Cycle of Dishonesty Due to Modern Standards of Luxury."

ing according to the size of his operations and the fluctuations of the market, before he is hopelessly involved and financially unable to return the money of the bank which he has used. He now speculates more wildly than before, and upon a much larger scale, with the hope that one fortunate turn of the market will enable him to make enough money to square himself with the bank. In his case history only repeats itself. He went into the mar-

ket the other hand, having what his clerk sorely lacks, too often escapes the just punishment which his criminal acts demand."

### To Help Cause in Pacific State.

Dr. Martha Hughes Cannon, formerly a state senator of Utah, has gone to live in California with the intention of helping the women of that state to get equal suffrage. He is described as powerful and witty speaker.

# JOHN HENRY



## ON THE DRUMMERS HE MET

BY GEO. V. HOBART, ("HUGH M'HUGH.")

Dear Bunch: I'm headed for home, but the hurdles are holding me back. I met a whole flock of "the boys" in Rochester yesterday morning, and since most of 'em were making a flying leap for New York, you can believe me it was a swift squad of sports that climbed into one of Mr. Pullman's sleep-wagons and permitted themselves to be yanked over the rails.

A bunch of brisk ones—believe me! There was Charlie Hammond, leading man with the "Kitty, the Kash Girl" Company; David Torrence, first heavy with the melodrama entitled "The Haunted Automobile; or, Who Stole the Muffler?" Frank Westerton, first low sad with the "Crazy-Quilt Burlesquers;" Emmett Corrigan, who is lecturing through the provinces on "How to Play Bridge Without Impairing the Tonsils;" Malcolm William, the handsomest leading man in the show-business — when completely shaved; William Barress, the Bath-Robe King; Charlie Abbott, who sells that fine Monticello honey-dew, and Arthur Shaw.

Shaw travels for a clothing house in Cincinnati, and they call him Slim



They Call Him Slim.

because he's getting so fat that every time he turns around he meets himself coming back.

He's all to the good—that boy is! And such a cut-up! Slim knows more "look-out!—there's-a-lady-over-there!" stories than any other drummer in the business.

Then there was Nick Dalrymple and Tod Gilpin—two live ones with a full set of sparks flying. Nick goes after the orders for a hardware house in Columbus, and he knows everybody in the world—bar one family living in Yonkers.

Nick has only one trouble, he will paddle after the ponies. Whenever he makes a town where there's a poolroom his expense-account gets fat and beefy, and Nick begins to worry for fear he may win something.

He won \$12 in Cleveland once, and he spent \$218 at a boozeologist's that night getting statistics on how it happened.

Tod Gilpin cuts fee for a match-factory in Newark, and he's the life of a small party.

Tod's main hold is to creep into the "reading-room" of a Rube hotel after the chores are done of an evening and throw salt at the come-ons.

Tod tells them that their town is the brightest spot on the map, and they warm up to him and want to buy him sarsaparilla and root beer.

Then when he gets them stuck on themselves he sells them matches.

"Pipe the gang to quarters and all rubber!" said Slim, about half an hour after the train pulled out.

In the seat ahead of us a somewhat demure-looking Proposition in rainbow rags had been sampling the scenery ever since we started.

We had all given her the glad glance, but she was very much Cold Storage, so we passed it up.

As Slim spoke, the Proposition was joined by a young chap with a loose face, who had been out in the smoking-room working faithfully on one of those pajama panatella cigars that bite you on the finger if you show the least sign of fear.

Just then the train stopped for a few minutes, and we were put wise to the fact that it was an incurable case of bride and groom.

"Oh! Boozey is back to his Birdie!" said the brand-new wife. "Did Boozey like his smoky woky?"

Boozey opened a bunch of grins and sat down, while wifey patted his cheek and cooed:

"Is ums glad to get back to ums 'ittle wifey-pifey?"

Dave Torrence and Charlie Hammond began to scream inwardly, with Slim chuckling like a pet porpoise.

"Sweetie mustn't be angry with Pettie, but Sweetie is sitting on Pettie's 'ittle hand!" said the bride, whereupon Malcolm Williams exploded, and Slim began to grab for his breath.

A Dutch brewer and his wife sat right ahead of Boozey and Birdie, and every once in awhile the old hop-puncher would turn around and beam benignly over the gold rims at the bride.

"Boozey must sneaky-wuggy up closer to his Coozie and skeeze her 'itty arm—no, no, not her waist! you naughty! naughty!"

The brewer was back at the bride with another gold-rimmed goo-goo, when his wife got nervous and cut in: "Is id you turn your face to see something—yes?" she snapped, and the foam-builder ducked to the window and began to eat scenery.

Westerton was almost out; Barress was under the seat sparring for wind; Slim was giving an imitation of a coal-barge in a heavy sea, and the rest of the passengers were in various stages from hicoughs to convulsions.

"Is Boozey comfy wif his 'itty weeny teeny Birdie?" chirped the bride.

"Boozey is so happy wif his izzy-wizzy!" gurgled the husband; "how's my 'ittle girley wifly?"

"Oh! sho's such a happy-wappy 'ittle fling!" giggled the dotty dame, pinching her pliggle's ear, whereupon the brewer tried to hand the bride another gasoline gaze, but the old lady caught him with the goods.

"Is id to my face you go behind my back to make googly-googly eyes ad somevun—yes?" she growled, and in a minute the brewer's brow was busy with the window pane.

"Sweetie looks at Pettie and Sweetie sees that Pettie's p'etty face is getting sunburned, so it is!" cackoned Mrs. Daffy; "and Sweetie has a dood mind to tuss him, too!"

They opened a newspaper, crawled under cover, and began to bite each other on the chin.

"Go as far as you like!" said Slim, then he went down and out.

The man who helped to make Wee-hawken famous had his head out the window watching for an ice-wagon, and Mrs. Brew was industriously muttering "Du bist ein Narr! Du bist ein Narr!"

Just then the train pulled out and saved our lives.

Dave, Frank, Bill, Slim, Charlie, Malcolm, and I rushed feverishly up to the other end of the car to cool off, and there we landed on the outskirts of a bunch of drummers, who were fanning each other with fairy-tales about the goods they sold.

"I'll back three of the lads in that collection to dream longer than any other drummers on the track.

It's a pipe that they can sell bills to each other all day and never wake up.

A guy named Mutt Dawson was holding forth.

He's a most reckless spendthrift with his words, and the meanest man of the English language I ever listened to.

Mutt was telling them about hypnotizing a John Wanamaker merchant prince in Pikeville, Ind., to the extent of \$200 for open-work socks, farmer's size, and then a chap named Jack Dean sent his balloon up by telling us how he sold the Siegel-Coopers, of Bugspout, Ia., \$300 worth of Panama hats for horses.

The Hot Air association was in full session when Buck Jones caromed



"How's My 'ittle Girly Wirly?"

over from the other end of the car and weighed-in with us.

Buck is a sweller. He thinks he strikes 12 on all occasions, but his clock is all to the pazaz. Buck isn't a drummer—nay! nay! take back your gold!

He'll look you straight in the eye and tell you he's a traveling salesman—nix on the drummer!

I think Buck sells canned shirt-waists for the Shine Brothers.

And now, Bunch, here is where I affix one of Uncle Sam's promises-to-carry to this document and drop it in the little green box.

The Same Ever,  
J. H.

(Copyright, 1908, by G. W. Dillingham Co.)

### Hair and Heredity.

Gertrude and Charles Davenport, connected with the Carnegie Institution's station at Cold Spring Harbor, N. Y., writing in the American Naturalist of the results of their observations on the "Heredity of Hair Form in Man," say it is now possible to predict from the hair of parents the form of their children's hair, whether straight, wavy, curly or frizzy. They find that the following rules are almost invariable: "Two blue-eyed, straight-haired parents will have only blue-eyed, straight-haired children. Two wavy-haired parents may have straight, wavy or curly-haired children, but the chances of curly hair are slight. Two curly-haired parents, may have children with either straight, wavy or curly hair, and the proportion of curly-haired offspring will probably be large."

### Will Require Much Wheat.

It has been figured that by 1950, 43 harvests hence, the United States will have a population which, at the average rate of 6½ bushels of wheat a person, will require a full billion of bushels of wheat for bread and seed. —Wall Street Journal.