

The Guaranty Deposit Law

The last legislature enacted a law which will be known as the Guaranty Deposit Law. Inasmuch as many people are bank depositors and as the legislative reports will not be in print for some time, it is well that a brief synopsis of the law be published.

The law has legislated out of existence all private banks. There were only a few of them in the state, but after July 1st, when the law goes into effect, there will be none.

After that date we will only have State and National banks. National banks are incorporated under the national laws, and the guaranty deposit law will not apply to them.

It will not matter what name a bank may have, whether it be a County bank, or a City bank or a State bank, they will all be state banks, and subject to the guaranty deposit law.

The new law throws many restrictions around the management of state banks, which did not exist before.

It stipulates the amount of capital which shall be necessary to start a bank in cities of different classes. For instance, no bank could be started in Falls City, with a smaller capital than \$35,000.

In all new banks the capital must be paid up in full before starting. One-third of it may be invested in a bank building and furniture, but the balance must be in cash.

All stockholders are liable for as much more, as they have stock in the bank. For instance, if a man had \$1000 stock in a bank he would be liable for another \$1000.

There can not be a less number of directors for any new bank than three, and each director must own at least 4 per cent of the stock.

There are usually at least five directors in every bank, so the board of directors will usually consist of at least one-fifth of the bank and hence be financially and personally interested in the good management of the bank.

No bank is allowed to lend more than 20 per cent of its capital and surplus to anyone firm, corporation or individual.

No bank is allowed to lend any money at all to any of its active officers, and no director can borrow any money from his own bank unless a majority of the board of directors have consented to the same, and such consent must be recorded in the bank's minutes.

Every bank is compelled to keep on hand or on deposit with other solvent banks at least 15 per cent of its deposits, and 6 per cent of its deposits must be in cash in the vaults of the bank.

No bank is allowed to lend more than 8 times its capital, no matter what its deposits may be.

No bank is allowed to borrow more than two-thirds the amount of its capital stock, except for the purpose of paying depositors.

To enforce these restrictions, bank examiners are appointed. They must be men who have had not less than 3 years active experience in a bank, and must be expert accountants. They are not permitted to own any stock in any bank which they examine.

At least twice each year, and as many more times as the state banking board may require, every bank must be examined by one of these expert examiners.

At least twice each year, every bank must be examined by its board of directors, who are personally and financially interested in the good management of the bank.

Reports of these examinations must be made to the state banking board. This gives each bank four examinations each year. Two by expert accountants, and two by directors financially interested in the good management of the bank.

In addition to these examinations

the state banking board requires every bank in the state to make four statements each year, to be published in some paper of general circulation in the county where the bank is located, which reports give a detailed statement of the condition of the bank.

It is thought by many financiers that the observance of these restrictions will make all banks doing business under the guaranty deposit law absolutely safe and render such a thing as the failure of a state bank impossible.

But in addition to these restrictions, which are intended to safeguard the business of banking, and to make all banks absolutely safe beyond any question, a guaranty fund has been established.

All banks are required to pay into a fund one-fourth of 1 per cent of their deposits each 6 months until 1 per cent has been so paid in. After that has been done, all banks are required to pay into such a fund one-twentieth of 1 per cent of their deposits each year. The state banking board have the authority to make a levy of 2 per cent upon the deposits of the banks in any one year.

This money is to be left in the banks paying the same, and can only be used by the state banking board for the purpose of paying deposits of failed banks, and is a preferred claim.

Experience teaches that one-twentieth of 1 per cent of all the deposits in all the banks will pay all the deposits of the banks which have failed in any one year. This is the experience of many years, where banks are operating under the usual laws of banking.

In Nebraska, one-forty-seventh of 1 per cent of the deposits in the state banks would have paid all losses which have occurred in 8 years.

Hence it is thought, that with a start of 1 per cent of the deposits paid in, and a future payment each year of one-twentieth of 1 per cent with the added power of a levy of 2 per cent in any one year it will make the banks safe in the worst panic which could ever occur.

But behind this the depositor has as security the assets of the bank, and the double liability upon the stockholder and if he has the property it can be collected from him.

Should it appear to the state banking board from the examination of the examiners, or directors, or the reports of the bank, that the bank is conducting its business in an unsafe or unauthorized manner the state banking board shall communicate the same to the attorney general, who shall make application to the proper court asking for a receiver to be appointed.

Upon the appointment of a receiver he shall give notice to all the creditors of the bank within 10 days to come in and have their accounts verified.

He will proceed to collect the notes and assets of the bank, and if at the end of 60 days he has not collected enough to pay all the deposits of the bank, the state banking board will pay them from the guaranty deposit fund, and the receiver will continue to collect the notes and accounts of the bank, and as fast as collected will put it back into the guaranty fund, thus replacing what had been withdrawn from it.

Heavy penalties result from the violation of any of the provisions of this law.

A law somewhat similar to this has been in operation in Oklahoma for more than a year. Under its operation only one bank closed its doors and its deposits were paid within a few days.

Kansas has just enacted a law somewhat along these same lines and several other states are considering doing the same thing.

GEORGE W. HOLLAND.

COMING TO Falls City, Neb.

The eminent physician on chronic diseases will visit our city

Tuesday, April 13, 1909.

And will be at the Union Hotel until 5 p.m., one day ONLY.

Dr. Potterf president of the staff of the Boston Electro Medical Institute, is making a tour of the state.

He will give consultation, examination, and all the medicines necessary to complete a cure FREE. All parties taking advantage of this offer are requested to state to their friends the result of the treatment.

Cures DEAFNESS by an entirely new process.

Treats all curable cases of catarrh throat and lung diseases, eye and ear, stomach, liver and kidneys, gravel, rheumatism, paralysis, neuralgia, nervous and heart disease, epilepsy, Bright's disease and disease of the bladder, blood and skin diseases.

Liquor and tobacco habit, big neck, stammering cured.

Piles, fistula and rupture cured without detention from business. Eyes, nose and throat.

Glasses fitted, granulated lids, cataracts, cross eyes straightened without pain.

If you are improving under your family physician do not take up our valuable time. The rich and the poor are treated alike. Idlers and curiosity seekers will please stay away. Our time is valuable.

Remember NOT A PENNY will be charged for the medicine required to make a cure of all those taking treatment this trip. Office hour 9 a.m.

Positively married ladies must be accompanied by their husbands. Remember the date, Tuesday, April 13, at Union Hotel, Falls City, Nebraska.

Notice of Sale of Real Estate

In the matter of application of Edmund McWilliams, guardian of Benjamin W. Gist, a spendthrift, for leave to sell real estate.

Notice is hereby given that in pursuance of an order of John B. Raper, judge of the district court of Richardson County, Nebraska, made on the 21st day of September, 1908, for the sale of the real estate hereinafter described, there will be sold at the west door of the court house in Falls City, on the 24th day of April, 1909, at 2 o'clock p.m., at public vendue to the highest bidder, for cash, or at the option of the buyer, one-half cash and one-fourth in one year and one-fourth in two years, deferred payments to draw six per cent interest, the following described real estate, now: The northeast quarter of the northwest quarter, the northwest quarter of the northeast quarter, and 12 acres described as lot two, (2) of the northwest quarter of the northeast quarter, also a tract of land lying immediately south of lot 2, and described as follows: Beginning at the center of the northwest quarter thence running west to the center of the channel of the north fork of the Nemaha river, thence following the channel of said river in a southeasterly direction to the center of said section thirty-one, (31) thence running north to the point of beginning; also, beginning at the same point in the public road as above mentioned, from thence running east to the center of the northeast quarter of said section 31, thence south to the center of the channel of the north fork of the Nemaha river, thence up the channel of said river to the iron bridge at Whitney's, thence west to the west line of said northeast quarter, thence north to place of beginning, all in section thirty-one, (31) in the town of Falls City, of range fifteen, (15) east of the 5th P. M. in Richardson County, Nebraska, and containing in the aggregate 123 acres, more or less.

Sale will remain open for one hour.

Dates of sale, April, 1909.

EDMOND McWILLIAMS, guardian of BENJAMIN W. GIST, a spendthrift.

JAMES E. LEVY, attorney for applicant, 1347

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ing Spots before the eyes, Poor Mem-

ory, Loss of Sleep, Loss of Confidence,

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3-tf A. J. WEAVER

Incorporation Notice

Notice is hereby given that on March 22, 1909, there was filed in the office of the county clerk of Richardson County, Nebraska, the articles of incorporation of the Matthews-Little Company as follows:

ARTICLE I

The name of this corporation shall be "The Matthews-Little Company."

ARTICLE II

The principal place of transacting the business of this corporation shall be at Falls City, Richardson County, Nebraska.

ARTICLE III

The general nature of the business to be transacted by this corporation shall be a retail general mercantile business. The corporation to have the power and authority to own such real estate as may be necessary to properly conduct its general mercantile business.

ARTICLE IV

The authorized capital stock of this corporation shall be \$100,000 in shares of \$100 each, of which the sum of \$25,000 shall be paid up before said corporation shall commence business.

ARTICLE V

The time of the commencement of this corporation shall be on the day of the filing of these articles with the county clerk of Richardson County, Nebraska, and the life of the corporation shall terminate 20 years thereafter.

ARTICLE VI

The highest amount of indebtedness or liability to which this corporation shall subject itself to at any one time shall not exceed two-thirds of its paid up capital stock.

ARTICLE VII

The affairs of the corporation are to be conducted by a President, Secretary and Treasurer, and Vice President and a board of directors consisting of three stockholders. Thos. P. Matthews shall act as president, S. A. Little shall act as secretary and treasurer and E. L. Matthews shall act as vice president until said offices are filled by election as provided by the by-laws.

THOMAS P. MATTHEWS,

S. A. LITTLE,

E. L. MATTHEWS.

JOHN ALLAN, witness to signature of E. L. Matthews.

State of Nebraska, 1st Richardson County, 1st.

On this 20th day of March, 1909, before me, the undersigned, a Notary Public in and for Richardson County, Nebraska, personally appeared Thos. P. Matthews and S. A. Little, whose names are hereinbelow subscribed and who are personally known to me to be the identical persons who subscribed the foregoing instrument and each acknowledged the execution of the same to be his or her voluntary act for the purpose of incorporating The Matthews-Little Company under and by virtue of the laws of Nebraska.

In witness whereof I have hereunto set my hand and affixed my Notarial Seal the day and year last above written.

My commission expires January 5, 1912.

(SEAL) JOHN ALLAN, Notary Public.

REAVIS & REAVIS, Attorneys. 124

In witness whereof I have hereunto set my hand and affixed my Notarial Seal the day and year last above written.

My commission expires January 5, 1912.

(SEAL) E. L. MATTHEWS, Notary Public.

REAVIS & REAVIS, Attorneys. 124

In witness whereof I have hereunto set my hand and affixed my Notarial Seal the day and year last above written.

My commission expires January 5, 1912.

(SEAL) S. A. LITTLE, Notary Public.

REAVIS & REAVIS, Attorneys. 124

In witness whereof I have hereunto set my hand and affixed my Notarial Seal the day and year last above written.

My commission expires January 5, 1912.

(SEAL) THOMAS P. MATTHEWS, Notary Public.

REAVIS & REAVIS, Attorneys. 124

In witness whereof I have hereunto set my hand and affixed my Notarial Seal the day and year last above written.

My commission expires January 5, 1912.

(SEAL) JOHN ALLAN, Notary Public.

REAVIS & REAVIS, Attorneys. 124

In witness whereof I have hereunto set my hand and affixed my Notarial Seal the day and year last above written.

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