A

SHORT DISCUSSION,

HISTORICAL, DESCRIPTIVE AND CRITICAL,

of

TRUST COMPANIES

in

THE UNITED STATES.

By

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-:-

Dissertation submitted to the Board of University Studies of the Johns Hopkins University in conformity with the requisites for the degree of Doctor of Philosophy.

1902.

[illegible] d [illegible] a [illegible] of the trust company [illegible] on the [illegible]; [illegible] ject. The first chapter is of a historical character, [illegible], the [illegible] present [illegible] ter [illegible] in the titles of different corporations, [illegible] the development of trust companies in several of the chief cities of the country. Then follow a descriptive account [illegible] a critical discussion of the functions exercised by trust companies and of their regulation by the State. The concluding remarks are a sort of summary of what precedes, along with suggestions as to some of the main causes that have led to the growth of these institutions and as to the present place occupied by them; in this part, and elsewhere also, a few broad speculations are ventured concerning their future. The appendixes comprise tables of statistics regarding trust companies in different parts of the country and schedules indicating to some extent their legal status throughout the Union. The main paper and the appendixes are in a great measure independent, and yet they are also somewhat connected; for the former is [illegible] based upon the authorities which are given in the appendixes, and the latter, in turn, [illegible]

[illegible] Accordingly [illegible], instead of [illegible] the resumption [illegible], [illegible] [illegible] [illegible] [illegible].

The principal authorities [illegible] preparation of this work have been the laws of the different states and territories, and the reports of the various departments of New York, Pennsylvania and Massachusetts, of the Auditor of Illinois and of the Comptroller of the Currency of the United States. Furthermore, in this connection the papers' and addresses of the Commercial & Financial Chronicle of New York are especially to be mentioned. From the papers read at the meetings of the Trust Company Section of the American Bankers' Association, which have been published in full in these journals, and from other items, which have appeared in the same periodicals, has been drawn not only the principal portion of the statistics made of the companies in New York and Philadelphia, as well as the main part of the description of the distinctive functions of this institution in general; but also much that is stated throughout the whole essay.

I desire to thank Dr. Barnett of the Johns Hopkins University, and Mr. [illegible] Porter of Baltimore, for their services to me in this work, and I must, moreover, [illegible] recognition of the assistance also [illegible]

[illegible]

[illegible]

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[illegible] ex[illegible] [illegible], as, for [illegible], [illegible] in ten years [illegible] speculative enterprises; [illegible] the United [illegible] they have had a marvelous growth and success, and have become distinctively an American institution.

Although trust companies have existed in [illegible] more than three quarters of a century, their great development has been within very recent years. They are not noticed in such books of general reference as the 1885 edition of Appleton's Cyclopedia or in the ninth edition of the Encyclopaedia Britannica. Just about the time, however, of the issue of these works trust companies began to attract more attention, and in the late Annual of Appleton's and in the American Supplement to the Britannica articles upon them are found.

HISTORICAL.

Institutions with Word Trust in Titles.

For a long time there appears to have been [illegible] vague meaning attached to the word *trust* in [illegible] corporations. In this respect [illegible] confusion [illegible], for the [illegible]

[illegible] A [illegible] or [illegible] [illegible] solely on its own account, [illegible] property of others.

Although a trust company is at present a [illegible] [illegible], nevertheless it must not be supposed, [illegible] company has the word <u>trust</u> in its official [illegible], this [illegible] [illegible] indicates, even now, a corporation [illegible] [illegible] [illegible]. The term <u>trust</u> has long been used [illegible] titles of various kinds of financial institutions, [illegible] [illegible] [illegible] other ideas [illegible] [illegible] [illegible] [illegible] of inspiring confidence. [illegible] particular, as may have been expected, [illegible] [illegible] [illegible]. This was the case with the North American [illegible] [illegible] Company of New York, whose failure [illegible] [illegible] and was referred to in the Lamb Tales [illegible], [illegible] of the [illegible] instances in the [illegible] [illegible] [illegible] financial [illegible] [illegible] [illegible] and dire its [illegible], [illegible] [illegible] [illegible]

collateral, for a loan [illegible] Fredericks, and [illegible] had filed a bill of [illegible] litigation [illegible] the [illegible] of the collateral securities. The court at first held that the notes were void, and that the securities must be returned to the receiver; as a bank could only issue notes which were payable on demand and bore no interest. This decision, however, was finally reversed, and the English creditors were afforded protection.

At the present time, in some states, the legal authority of a regular trust company to receive deposits, subject to check, is questioned, and indeed in others has actually been held by the courts not to exist. Notwithstanding this condition, trust companies in such states have frequently large lines of demand deposits; and this practice has already given rise to litigation in a somewhat similar way to the case of the North American Trust & Banking Co., to which allusion has just been made.

As another example of the use of the term in a [illegible] sense, we may refer to the Ohio Life Insurance & Trust Co., [illegible] suspension in 1857 precipitated the panic of that year. [illegible] all [illegible] in the past, as at present, that the titles of banks especially are [illegible], [illegible] fact, that their names have at times been subject [illegible]

[illegible] the [illegible] Co., of Milwaukee, and [illegible] as a [illegible] in Chicago [illegible] Trust Co., [illegible] an important financial institution in the West until it failed during the panic of 1873. [illegible] may be mentioned the famous Manhattan Co., that was [illegible] in 1799 ostensibly as a company to supply the city of New York with water, and now under the perpetual charter that was granted a century ago does a large banking business.

It is therefore not surprising that, with this freedom existing in the choice of names for banks, trust, a term of attractive significance, has been thus employed. A company with such a title readily suggests to the mind a safe depository for trust funds. The attorney general of New York in 1880, in a written opinion, spoke of savings banks as merely trust associations acting under corporate powers for the security of deposits, and for that purpose only. In the Encyclopaedia Britannica a trust association is described as an institution, which borrows money on debentures and invests the proceeds in the loans of foreign states or similar securities. A fixed rate of interest is promised to investors on the [illegible] that the numerous investments in the [illegible] average safe and yield a good income. A [illegible] regular trust company [illegible]

[illegible] not [illegible] trusts, this special [illegible] was not [illegible] that period [illegible] sufficient importance to constitute [illegible] a business of itself or to establish a peculiar institution. The first charters, that were granted allowing the trust privilege, were given to insurance companies; and for a long time the trust and insurance businesses were carried on together. Even when they began to be conducted separately, they were still popularly regarded as of the same class of operations; and this was more particularly the case, as far as life insurance was concerned.

The United States Trust Company of New York was chartered in 1853; and although it was not permitted to underwrite insurance risks, it was nevertheless classified at the time with the life insurance companies. The Bankers' Magazine of 1853 calls a corporation belonging to the latter class a trust company. It is an important trust, too, the magazine says, for it holds the savings of thousands of people to whom it has issued policies; and so it assumes contracts which will in the end involve the payment of millions of dollars of trust funds.

At present, however, a trust company is something more definite. With the growing importance of corporate bodies,

the trust company has its part to perform. It is a corporation that receives and executes different forms of trusts, although even now, as has been already stated, with many companies bearing the title, the word has not this significance.

In some states where no restriction exists to prevent, small concerns formed for advancing loans on furniture while in use, on salaries, and on such classes of security, select, as may be expected, high sounding names for their titles, and trust, guaranty, loan, and the like, serve their turn with them. In New York there has existed for some years a restriction which has prevented, except under the Banking or the Insurance Law, the formation of corporations having certain terms in their titles; but until 1900 trust was not included in the list. This omission was taken advantage of in the meantime; and although under the Banking Act a trust company could not be organized in the Empire City with a capital of less than half million dollars, yet the spirit of this law was evaded, and under the Corporation Act, as it then existed, a company with the word trust in its name was formed to do an agency business with a capital of one thousand dollars.

Trust Companies in New York.

The claim has been made that the first trust company in

the United States was the Pennsylvania Company for the Insurance on Lives and Granting of Annuities, a corporation located in Philadelphia and still located there. This company was chartered in 1812, but it did not receive definite powers from the legislature to act as trustee, and did not do so, until 1835; whereas the privilege was granted in New York to one company in 1822, and to another in 1836.

The Farmers' Loan & Trust Co. of New York was incorporated in February, 1822, under the title of the Farmers' Fire Insurance & Loan Co., and later in the same year was empowered to execute all lawful trusts. This appears to have been the first corporation in the United States to act as trustee. A second company in the state to be granted the power was the New York Life Insurance & Trust Company, which was chartered with the right in 1830, and consequently also antedated the Pennsylvania Company in this respect. Next should be mentioned the United States Trust Co. chartered, as before stated, in 1853, and the Union Trust Co. chartered in 1864. Both of these corporations, as well as the other two, which have just been mentioned, are still in existence and among the great companies of the metropolis.

For a number of years there continued to be very few trust companies in New York; and in 1882, when they had become

were prominent and were first required under a general law to make reports to a state officer, only eleven of the were in that city. Ten or twelve years after this, the period set in that marked their growth, and now (in 1901) there are in New York and Brooklyn forty of these companies which have resources of over nine hundred millions of dollars, exclusive of the enormous amount that is comprised in the investments of the estates under their control.

Prior to 1887 the trust companies were formed by special charters. In this year the Trust Companies Act was passed providing a general law for the formation of these corporations with powers such as those given to the ones previously chartered. Within five years thirteen new companies were incorporated under this law and one company with an old charter commenced business.

Subsequent amendments of the laws of the state have placed the trust companies on an equal footing with the banks in regard to loans and discounts. By the act of 1901 the rates of taxation are fixed about the same for both institutions.

The charters of the first corporations, that were empowered to act as trustees, contained a provision forbidding them to engage in banking operations. The trust companies, however, of the present day make banking a main feature, and,

[illegible], [illegible] restricted, in [illegible] to a [illegible] reserve [illegible] [illegible] investment.

Trust Companies in Philadelphia.

The first two trust companies in Philadelphia were the Pennsylvania Co., that has already been alluded to, and the Girard Life Insurance, Annuity & Trust Co., that was chartered in 1836. Both of these corporations were [illegible] the power to act as trustee in this last named year. After the Pennsylvania Co. was granted the right, the Girard Co. was [illegible] charter with the same privilege. In 1840 the Pennsylvania Co. was authorized to act as administrator and executor, and in 1850 like powers were conferred upon the Girard Co. [illegible] the law of 1850 agents of foreign trust companies were allowed, under certain conditions, to do business in this state, but this privilege was not taken advantage of, and no other domestic companies entered the field until 1865, the two original companies remained without competitors up to that time. In the eight years following, however, about [illegible] separate charters were granted, although it should be stated that many [illegible] the life insurance and trust business [illegible] separately. In [illegible] the life [illegible], [illegible]

Deposit Co. [illegible] in 1866. [illegible] to [illegible] [illegible] [illegible] that it was given the power to and [illegible] [illegible] insurance.

This business "has since constituted an important branch in most Pennsylvania companies." In many of the states the two classes of operations are not combined; such is the case in New York.

The constitution of Pennsylvania of 1870 required that all future corporations should be formed under general laws, and this provision led to the passage of the general corporation act of 1874. No reference, however, was made in that act to trust companies, an omission which was to all appearances due simply to a lack of interest in the matter and not to any hostility to such companies; but this apparent oversight, nevertheless, prevented the formation of new companies until 1881, when the law was amended to correct the defect. In 1881 there were eight trust companies in the Quaker City, in 1899 there were thirty-nine.

By the amendment in 1881 of the corporation act title insurance companies were given trust, surety and safe deposit powers, and were permitted to receive on deposit and in trust real and personal property. The law of 1901, however, forbids trust companies doing a banking business, and requires them to keep trust funds separate from their own [illegible]

sets. This part of the provision [illegible] a number of [illegible] but in some instances it may [illegible] to be necessary [illegible] special book-keeping device.

Although the trust companies in Philadelphia receive demand deposits, it has been until very recently a mooted question, whether they have had the legal right to do so. The Bankers' Magazine, in 1869, called attention to the fact that under the provisions of the constitution of Pennsylvania no corporation with banking and discount privileges could be organized without three months' public notice at the place of intended location. The legislature, this authority remarked, could not dispense with a constitutional requirement, and on general principles it was to be supposed that the trust companies had not given the necessary notice. No decision construing the term banking, as used in the constitution, had come under observation; but the opinion was expressed that it would be held to mean, among other things, receiving, like the banks, deposits subject to check. The law of 1875 gave additional powers to trust companies; but necessarily this particular privilege, the article said, would not be implied if in violation of the constitution. It would appear, however, under a decision lately rendered by a federal court in Pennsylvania, that trust companies in that state can legally receive demand deposits. Since reaching the [illegible], these

companies have now full banking powers, except that of discounting paper and, of course, of issuing bank notes.

Trust Companies in Boston.

The first trust company in Massachusetts was the New England Trust Co., which was chartered in April, 1868, by a special act of the legislature. It was empowered to execute trusts, to receive money on deposit and to make loans on real estate and other securities. The following companies were later granted similar privileges by the legislature: the Northampton Loan & Trust Co. in 1870, (this became in 1875 the Massachusetts Loan & Trust Co. of Boston,) and the Boston Safe Deposit & Trust Co. in 1874. All of these companies were required by their charters to make reports to and be examined by the commissioners of savings banks. In 1874 the commissioners stated in their report that the companies named did an ordinary banking business, except the Northampton, which did not receive deposits.

A general law was passed in 1888 providing for the incorporation and regulation of trust companies. Under this act corporations may be formed with powers like those of the earlier trust companies; they may invest in the [illegible] securities as the savings banks--the only [illegible]

[illegible] the common powers of savings banks.

[illegible] there were thirty-[illegible] companies in the state authorized to execute trust powers, but only eleven of these had established trust departments.

Trust Companies in Chicago.

Many banks were incorporated by the legislature of Illinois between 1855 and 1870 with the word *trust* in their titles. Although these institutions were generally empowered to "accept and execute trusts," yet banking was the main feature of their charters.

The Merchants' Loan & Trust Co., chartered in 1857, was one of the earliest companies of importance in the state to act as trustee. As was the case with other companies of this class, it was authorized to engage in banking operations, except the issue of notes. Among the other early corporations exercising similar banking and trust powers were the Chicago Loan & Trust Co. chartered in 1857 and the Real Estate Loan & Trust Co. in 1861; both of these latter two companies are now out of existence.

The constitution of 1870 required the incorporation of banks and trust companies under a general law, but no act

[illegible] the ordinary trust companies [illegible], [illegible] laws were passed under which these and other [illegible] companies were granted full trust powers upon the proper deposit of securities with the auditor of the state.

In 1900 fifteen home banks and companies and four foreign corporations were qualified to execute trusts in the state.

DESCRIPTIVE AND CRITICAL.

I.

Functions of Trust Companies.

Among other powers trust companies exercise those of trustee, executor, administrator, guardian, committee, receiver, assignee, transfer agent, registrar, investment agent, fiscal agent, promoter, underwriter, &c. These companies do also a guarantee, safe deposit and general banking business.

In England during the middle ages attempt was made to prevent the granting of power to the church. To overcome the restriction estates were placed in the hands of individuals for uses and purposes of this character. From such a custom and through the influence exerted by the old Roman law, the English system of trusteeship is said to have developed. The corporation, with its continually extended use in different ways, has in time to a natural evolution [illegible] the function of trustee. This artificial person [illegible]

[illegible] that is [illegible] limited by State. Secondly, the institution affords a means of wide co-operation [illegible]; it renders available for effective work a large fund, [illegible] in small amounts from numerous sources, and diffuses the risk of adventure among many persons, with a limited liability of a stated sum for each one of them. As before noted, the practice of having a corporation to act as trustee, although not unknown elsewhere, has had in the United States a conspicuous growth.

(a) Trustee under a Will, Executor, &c.

In former times, when a man was about to make a will disposing of his property after death, he would recall to mind his acquaintances, and from their number would make a choice of one or more, best qualified in his opinion to settle his estate, or to act as trustee or guardian for certain wards for whom he might desire to make special provision. No doubt, on account of unwise selections for these positions, the beneficiaries under wills frequently suffered loss.

It is now said that this difficulty has been overcome by having corporations with large capital to act in such capacities; and, without doubt, much good has been accomplished by these institutions. A great trust company has a capital which is very impressive as a guarantee of responsibility.

Furthermore, [illegible] the [illegible] [illegible] [illegible] established upon [illegible] real or [illegible] [illegible], [illegible] [illegible] [illegible] [illegible] [illegible] most [illegible] [illegible] and complete records in regard to [illegible]. Yet all that may be said in favor of these institutions, does not indicate that the faults incident to the administration by individuals of such trusts may not be somewhat overcome at present through the agency of surety companies, which now act as bondsmen in these cases. It may in fact be advisable under some circumstances to select an individual rather than a corporation for purposes of this kind.

( ) Trustees for Real Estate.

Differences of opinion exist as to whether real estate is managed better by a trust company, or by an individual acting in the capacity of trustee. The impression prevails with some that an individual generally gives more attention to small details, and that he makes closer investigations of the cases when tenants desire changes or repairs made to property. The result is, it is contended, that frequently he either refuses altogether the request for an improvement on a house, or makes a less expenditure [illegible]; whereas, under similar circumstances, a trust company [illegible] [illegible] all that is asked.

It may be that the [illegible] trust company [illegible] to reduce the [illegible] expense [illegible] property, [illegible] more liberal policy may, [illegible], be better. Liberality may tend to keep tenants, while the [illegible] occurrence [illegible] tenancy. Furthermore, when an old tenant leaves, to secure [illegible], usually the property must be improved, and possibly at greater expense than may have been necessary if one kept it occupied; besides, there is to consider the loss of rent, while the premises have been idle.

The question, in fact, resolves itself at last in this, as in other business matters, into one of honest and intelligent management of each particular case. It is, however, a belief of some, whose opinion should have weight, that better results are generally obtained from this class of property under the care of individuals than under that of corporations.

(2) Trustee for Personal Property.

Those who claim that a trust company [illegible] real estate at greater expense than an individual, or partner, does, also contend that the former, in settling [illegible] estate, is apt to dispose of the houses and lands at the [illegible] price in the effort to wind up quickly and to distribute the proceeds without delay. It is [illegible]

getting a trustee, [illegible] [illegible] [illegible] [illegible] [illegible] under the [illegible] [illegible], [illegible] in [illegible] [illegible] with [illegible] [illegible] [illegible] profit.

As to the [illegible] securities on the market, [illegible] the company is in a peculiarly favorable [illegible] [illegible] [illegible] constantly brought to them. It should [illegible] [illegible] better posted about these matters, than is [illegible] a private individual, most of whose time may be occupied with other things of an entirely different character. The point, however, is sometimes made that a company may use its position as trustee to unload securities in which it is interested. The weakness of human nature may be counted upon in certain respects, and it may be that the judgment of the officials is occasionally influenced in an undue manner to turn over to an estate securities with which their company has been connected in floating. The dividends of a trust company are often largely increased by the liberal commissions which it receives for promoting various schemes; and it is very [illegible] [illegible] have a place to dispose of the investments [illegible] [illegible]. [illegible] practice [illegible] [illegible] [illegible] [illegible] [illegible] [illegible]; but such is not necessarily [illegible] the case, [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] to the [illegible] [illegible].

O[illegible] [illegible] t[illegible] act in the [illegible] executing [illegible], trust[illegible], [illegible] etc., is [illegible] their great [illegible] [illegible] [illegible] position [illegible] employment [illegible] [illegible] [illegible]

[illegible]

( ) A. [illegible] Writer.

Much [illegible] period [illegible] to assume [illegible] receivership of railroads [illegible] upon [illegible]. Many of the great railroad [illegible] the country [illegible] years [illegible] diversy and although trust companies [illegible] prominent earlier this period, nevertheless individual [illegible], is not always, [illegible] appointed by the court to take charge of affairs. Under the present arrangements, however, [illegible] with the receivers, trust companies [illegible] firm have reaped great profits; and in the reorganization [illegible] railroads they have found a very lucrative business.

(-) [illegible] Mortgage [illegible].

[illegible]

[illegible] .

[illegible] the expiration [illegible] a greater responsibility than an individual, and its [illegible] residence may be more easily determined. The bonds of railroads and other corporations often have a market of more than national extent, and it is important as regards the sale of the securities, as well as the protection of their eventual holders, to select proper trustees. It must, however, not be supposed that the trustee, as such, acts as a guarantor of the bonds in case of default.

A trustee may, indeed, limit very narrowly his liability by a statement of such in the deed of trust. Of course it is the business of a trust company to protect itself when serving in this capacity. Nevertheless, as a particular trustee may be chosen to give standing to a security, the limitations of the liability should be plainly stated in the deed, so that the terms may be easily observed and understood by an ordinary purchaser. There should be used no equivocal or misleading expression; and although as regards a certain class of bonds, it may not be right to allow the trustee to [illegible] the responsibility [illegible] [illegible]

a [illegible]

[illegible]

[illegible]

[illegible]

[illegible] correct. [illegible]

[illegible] deal [illegible], as is the case with [illegible], each [illegible] that [illegible] responsible [illegible] to [illegible] their [illegible] should [illegible] with it [illegible] liability, [illegible] that cannot be escaped by the employer [illegible] terms, or of expressing, clear in themselves, [illegible] overlooked or misunderstood on account of [illegible] ambiguities.

(3) Treatise under Prior to Agreement.

[illegible] treatise [illegible] prior [illegible], and almost [illegible] the order [illegible]. [illegible] treatise [illegible] with [illegible]. A [illegible] essentially [illegible] the [illegible] [illegible].

W[illegible]

[illegible] claims of [illegible] as against [illegible]. A[illegible], where a trust is created by a person [illegible] qualified to manage the property in question, [illegible] in view that he desires to [illegible], it is often [illegible] to make a company the trustee, as in [illegible] attempt is made to break the trust, the charges of fraud [illegible] result with the same force.

Where large corporate and individual interests [illegible] to [illegible], trust companies in recent years [illegible] a place in acting as trustees. In the [illegible] that have resulted in the railroad and industrial combinations, and also in the promotion of [illegible] industries, [illegible] companies have become the depositaries of funds, [illegible] corporations, firms and individuals; [illegible] they [illegible] absolutely [illegible] [illegible] with [illegible] of them are [illegible] very important factors [illegible].

In [illegible] and [illegible] trust [illegible]

[illegible] transfer agents [illegible]
[illegible] [illegible] [illegible].

(c) Transfer Agents and Registrars.

The duties and responsibilities of transfer agents and registrars are very similar. A transfer agent transfers the stock of a corporation; that is, upon request, it presents "upon the evidence of transfer title," and if such evidence is considered satisfactory, issues a new certificate. A registrar keeps a register or record of all the stock issued. Sometimes a corporation may employ both agents, the registrar acting as a check upon the transfer agent.

The practice of having transfer agents appears to be comparatively modern. When and how it came first into vogue is said to be uncertain; the growth, however, is plainly one incident to business requirements. As may be easily imagined, it is not always convenient for a company to have the designated officers at hand to transfer the stock; moreover, it may be desirable to have an office for the transfer of the stock in an entirely different place from where the main office is located. Indeed it may be well [illegible] the transfer offices so it is readily [illegible] institution [illegible].

[illegible] , [illegible] t-
[illegible] , [illegible] that took place in New York, [illegible] ,
the trust [illegible] of a railroad company, [illegible]
president, [illegible] ability of [illegible] the [illegible]
company. The disclosures made in the investigation of the
matter and the irregularities of a similar character in other
corporations were the cause finally in part of the New York
Stock Exchange requiring all stocks dealt in upon that ex-
change to be properly certified to by a responsible registrar.

The appointment to these positions is made simply by a
vote of the directors of the corporation, and no special
agreement usually, if ever, exists between the contracting
parties as to what liabilities are assumed. There is, ac-
cording to the reports of those who have looked into the mat-
ter, much uncertainty about the measure of legal responsibili-
ty of these agents, except, of course, in regard to loss aris-
ing from glaring neglect of duties. In [illegible] [illegible]
[illegible] an attorney connected with a trust company has remark-
ed, that if a transfer agent is [illegible] not [illegible]
particular [illegible] and asks his principal for instructions in or-
der to protect himself, the principal may properly [illegible]
[illegible] on the ground that the transfer agent [illegible]
accepting the duties is supposed to [illegible] [illegible]
[illegible] .

The investing public [illegible] t[illegible] t[illegible]. A certificate [illegible], for instance, is signed; [illegible] it is the indorsement [illegible] well known [illegible] trust company that the certificate is genuine and is [illegible] it is represented to be on its face. Afterwards there proves to be some irregularity in the issue. In such a case the innocent holder will, no doubt, feel that he has a just claim against the party making this authentic [illegible]; furthermore, that the claim should be enforcible by law, and should not be debarred by a plea set up that the agent has used care in executing the duties of his office, but has himself been deceived. The statement, indeed, is made that even certain brokers of prominence have really been under the impression that a security has been guaranteed to some extent by the indorsement of a registrar, and that the use of this agency has represented "many things besides the fact" that the certificate has been "within the stated issue."

If the trust companies which act in these capacities desire to disclaim all liability for their certification, the question naturally suggests itself, why are not the indorsements made in such a way as to indicate this without any room for doubt. The reason assigned for this [illegible] that the public have become accustomed to the present [illegible], [illegible]

that stands upon the certificate of [illegible] differences [illegible] in interest [illegible] possibly [illegible] [illegible] and the sale [illegible]. A [illegible] [illegible] [illegible] securities [illegible] not likely to be adopted, especially where there is such [illegible] competition among trust companies to secure this class of business. As the present form of certification indicates to an ordinary lawyer a certain guarantee, in fact, it rather seems, if a case arises for judicial determination, ought to have great weight in fixing the legal liabilities of the parties who use it.

The case, indeed, is a very complicated one, as the transfer agent and registrar may be resident of a different state from the company which they represent; furthermore, the company itself may be incorporated in several states, and all of these states may have more or less conflicting laws governing certain features of the matter. It is clearly recognized by their counsel that trust companies in performing these functions, as they frequently do, may incur great liabilities and that the small rates charged for the services may be by no means proportionate to the risks assumed.

Auxiliary [illegible] Trust [illegible].

(a) Fidelity Insurance.

Trust companies in acting as trustees in various ways may conveniently carry on as auxiliaries so much of the business of other branches--such as that of fidelity insurance--which may prove profitable. In many instances an individual under bond may be preferred as a trustee or executor to a corporation in the same capacity; and in such a case a trust company which can bond the individual for the office may at times in this way not only extend its transactions into a new field, but also retain old business that will be otherwise lost to it. In Philadelphia, as has been stated, trust companies exercise the power of acting as bondsmen, but generally this class of operations is carried on by distinct corporations which do not act as trustees or executors.

Fidelity insurance is guaranteeing the honesty or financial ability of parties; it is a kind of business which, in the opinion of many, a trust company should not do here, for, as before observed, in a number of states it is not permitted to do so. It may be, furthermore, remarked that some of the earlier surety companies, like the one started in [illegible] years or more ago, have been formed especially [illegible] surety bonds. Experience in the past [illegible] and in-

strict [illegible] of separating the life and fire insurance from the trust business [illegible] [illegible] the [illegible] and the indications now seem to appear to be that the trust and fidelity-or, as this latter may also be called, surety, guarantee or bonding-business, will be developed apart.

There are at present only a few large American bonding companies. Some of these possess all the powers of the trust companies, except that of acting as trustee and executing such forms of trusts, and some even have the word trust in their titles, although they cannot serve as trustees. Moreover, as the bonding companies compete with the trust companies for certain kinds of business, and, as added to this fact, in some places trust companies act as bondsmen, there is no wonder that in the public mind no distinction is made between these two institutions.

(.) Title Insurance.

It has already been noted that in Pennsylvania trust companies are now formed under a general law allowing title insurance companies to exercise trust powers. In New York and some other states the two features are not combined, and what may be termed distinctive title insurance companies exist,

[illegible] their latter [illegible] to devote [illegible] to their trust business, or [illegible] their [illegible] in [illegible] banking and other operations.

Title insurance requires a special plant for [illegible]. Nevertheless either a trust or a bonding company can acquire this plant, and each is in a favorable position to conduct a title insurance department. The former company may [illegible] or guarantee titles for the estates under its charge, or offer its services to its numerous patrons who constantly consult it about such matters. The latter company is in close association with attorneys to whom it furnishes bonds, and through this means may cooperate further with them. The business appears to be well suited to both institutions.

(c) Safe Deposit.

Although safe deposit companies are said to be an ancient institution, it has only been within recent years that they have become of importance. Much of what is at present called wealth is in the form of evidences of debt, paper securities, a large amount of which carries ownership [illegible] by delivery of hand. The great growth of this class of property which may be so easily lost or destroyed, has created a demand for specially guarded vaults for its safe keeping. Before the common existence of the modern companies the vaults of regular banks were [illegible]

valuables, and frequently [illegible] money [illegible]. But deposit companies [illegible] this service [illegible] charge for the same according to the space occupied or the value of the property stored.

When some of the earlier of the modern companies were started, it was [illegible] necessary, in order to provide [illegible] security against the visitation of improper persons, to establish a code of pass words and other formalities. This rigid system is no longer as a general rule, if not all, in operation, and it now requires little difficulty on the part of any respectable person to rent a box in such an institution and gain entrance into its vaults. Private watchmen and detectives may often be employed to guard the buildings of safe deposit companies, and also a system of mechanical enunciators may be used. But aside from these precautions, the only additional one in this particular that is really taken at present--and it appears in its results to be all that is necessary--is to station special guards at the door-ways, to note the exit and entrance of each visitor and to prevent the passage of any improper person, only those being allowed to pass who are known to the guards as entitled to do so.

The safe deposit business, though at times [illegible] as a separate and distinct one, as is [illegible] in New York, [illegible] and is very [illegible] carried on [illegible]

company [illegible]. Persons [illegible] do not [illegible] trust company [illegible] visiting the [illegible], and so when in want of information [illegible] investment, a trust [illegible], or some other matter are quite likely to consult one of its officials. A great trust company has often a large number of estates under its charge, and is thus compelled to furnish a safe place of deposit for the securities belonging to these various trusts; so in opening its vaults to the public it gains a handsome revenue at little extra expense. Furthermore, as just intimated, such a use of these storage places serves as a means of advertisement.

A person may go into the office of a trust company, enter his safe deposit box, then clip off his coupons and deposit them with the banking department for collection. He may buy securities in this office, when he desires to make new investments; he may employ the company virtually as a broker, solicitor and policeman, and may secure through it "protection from outside attacks and inside inexperience." He may during his life transact his whole financial business through this one office, and after his death the same institution may take complete charge of his affairs.

(d) Fiscal Agency.

A trust company may at times [illegible] [illegible]-

[illegible] business by [illegible] a fiscal agent and [illegible]. I [illegible] this means keep in close touch with [illegible] interests of the country and be placed in a better position to develop other branches of business. For instance, in serving as the fiscal agent of states, towns and railroad and industrial corporations it becomes more intimately acquainted with their affairs and has a better opportunity of exercising an influence over their financial arrangements and of negotiating their loans. The securities which it obtains in this way it may offer to its clients or turn over at the proper time to the estates under its charge. Thus the various branches of business may be made to assist each other.

(e) Savings Bank.

Trust companies enter into competition with other financial institutions of the country. They take an active part in promoting railroad and industrial enterprises and engage largely in the general banking business. They receive small sums of money at interest, and through this means have in some places diverted deposits from the savings banks. Although these latter institutions have still a strong hold upon the public confidence, they probably have not met with full, as they intend, the effects of those [illegible] which have taken place in recent years in financial conditions.

Formerly savings banks invested more particularly in real estate mortgages. They do not now loan money on mortgages in the same way, but put much of their funds in government, municipal, railroad, street railway and other securities of like character. The offerings of this kind of investments are widely advertised at present by trust companies and other dealers, and the result has been that the investors in such property have greatly increased in number, and no doubt many who once deposited in savings banks no longer do so, but buy stocks and bonds. Moreover, there has been a great decline in the market rate of interest; and it is therefore difficult to see how savings banks can continue to pay their present dividends, especially when narrowly restricted by law in regard to their investments. Even if trust companies, as it is insisted should be the case, are subjected to the same requirements as savings banks are for this class of deposits, they can still afford to pay a higher rate of interest than their competitors; for the expense of operating a savings department, as a branch of a large banking business, is relatively small.

Many of the savings banks are conducted on the mutual plan, their resources being supplied entirely by their deposits and accumulated earnings. By the side of their [illegible] capital, surplus and additional liability of [illegible]

( ) Deposit [illegible].

[illegible]

[illegible]

[illegible] I[illegible] [illegible] received [illegible] judgments [illegible] said that, as no rate of interest [illegible], it would replace little in equity [illegible] covered [illegible] this decision; for instance, [illegible] of interest.

These and other illustrations rather [illegible] corporations have to an extent developed in [illegible] states [illegible] banking departments outside of their recognized powers under the law. A reference to a number of the early charters [illegible] plaudits [illegible] fact, and it is there seen that these operations were specially forbidden to such corporations. [illegible] history of some of these companies [illegible] originally established to [illegible], the latter [illegible] public sentiment of the time, [illegible] tions. As a precautionary measure against [illegible]

[illegible] conditions [illegible] subjected [illegible] restrictions [illegible].

A clear idea did not [illegible] constituted [illegible]; and furthermore, as at times laws were [illegible] and charters were [illegible] that were susceptible of different interpretations, the trust companies after a while began to claim and exercise powers that were originally not intended to be allowed, if indeed they were not strictly forbidden. In this way it would appear that they escaped the regulations under which the banks were placed.

Certain it is that legal exactions have been made of the one institution that have not been of the other. The trust companies, for example, are not generally required like the national banks to hold reserves for the protection of deposits; and in many of the states, where the state banks are subject to the requirement of keeping these reserves, the companies are more leniently treated. They have thus an advantage over their competitors, as they are not compelled to [illegible] the same amount of idle [illegible]. They have profited by the freedom from restrictions [illegible]

[illegible] in reality [illegible] interest [illegible] the [illegible]. For example, [illegible] 1901 [illegible] the [illegible] in New York [illegible] Brooklyn [illegible] reserve of [illegible] six [illegible] million dollars [illegible] deposited with [illegible] nearly [illegible] hundred million; on the other hand, sixty-[illegible] banks in that city at the same time had in reality a reserve of over [illegible] hundred and sixty million dollars. In fact the reserves of the banks cover both their own deposits and those of the trust companies. In the same way, to an extent, the reserve of the Bank of England operates in regard to the deposits of the great joint stock companies of London, and the resources of the Imperial Bank of Germany act as a support to the other banks in the empire.

The trust companies of the United States lent considerable on collateral security and compete with the banks for this class of business. The same forty companies just referred to had loans of this kind outstanding to five hundred and ten million dollars and loans on personal security amounting to only thirty-eight million dollars. A [illegible] companies loan very little in the [illegible]; [illegible], the reserves [illegible].

The trust companies and [illegible]

[illegible] banks [illegible] [illegible]. [illegible] the two institutions [illegible] [illegible] [illegible] [illegible], or [illegible] [illegible] or [illegible] [illegible] into existence [illegible] the scheme [illegible] [illegible] [illegible]. [illegible] [illegible] relatively free [illegible] in their loans and investments; they are not subjected in these respects to the same legal restrictions as the national banks and, in some instances, as the state banks. The national banks are forbidden by law to advance more than one tenth of their capital to one party, to loan money on real estate, or to own real estate except in a limited way. Although the requirements as to the limitation and character of loans may not be always observed, yet their existence has a great effect and prevents these banks from engaging in many profitable operations that are open to the less regulated institutions.

Trust companies have now grown to be of great importance, and in 1899 so many new ones were formed that it looked for a time almost as if they were about to supersede the banks. In the following year, however, there was an arrest of the rapid progress. This set back, that is, so far as the trust companies, was not temporary; for [illegible] there has been little, if any, increase in the number of trust companies in that state, but the aggregate business of those already in existence have been large. [illegible] the

[illegible] during the last [illegible] years; but [illegible] and [illegible] active trade [illegible] chants [illegible] have reaped a [illegible] profit and, furthermore, [illegible] shared in the general prosperity of the country. A factor tending to make an unfavorable showing for trust companies for the six months ending January 1st, 1907, was that a large number of new companies had come into existence during the earlier part of 1906. This, for the time, produced a greater supply than was needed, and in the struggle to get business some concerns under the management of inexperienced men engaged in risky undertakings which resulted in heavy losses.

The banks, moreover, have a prestige in regard to the safety of deposits, which the trust companies do not enjoy. There is a general impression that the system of government examinations of the national banks makes them especially secure. There is no doubt that these inspections have rendered great service; nevertheless they are not thoroughly effective. Disclosures, at times, make it apparent that defalcations can escape notice for a long period, during which a number of official examinations of the banks have taken place. The remark is occasionally heard, and is made by those in a position to know, that the federal inspectors are inclined very liable to accept with too much faith the [illegible]

they [illegible] in the [illegible] records. It is believed [illegible] that state inspection can be made, [illegible] in some states [illegible] trust companies are subjected to regulations, just as thoroughly as the system in operation in regard to the national [illegible]. Notwithstanding the fact that much of this claim in regard to state supervision must be admitted, yet the general public feel, and with some reason, that a federal inspection gives usually greater protection than one conducted by a state; and the national banks in a measure get the benefit of this confidence.

In order to secure the prestige possessed by national banks and at the same time to obtain the freedom enjoyed by trust companies, the Chestnut Street National Bank and the Chestnut Street Trust & Savings Fund Company, some years ago, conducted business together in the same office in Philadelphia. This close cooperation, however, afforded a great opportunity for the practice of fraud and for the concealment of an insolvent condition by the temporary transfer of funds from one institution to the other, in case the occasion required this action. The existency arose, and the results [illegible] followed expected the evil [illegible] combination.

The advantage that prestige had previously [illegible] the field [illegible] the [illegible] -

[illegible] their supremacy. [illegible] be called into being by [illegible] the country, and these are likely to be more especially [illegible] that class which is subjected to the least restriction.

(c) Promoting.

Trust companies with their large accumulations of funds are ever on the alert to get business, and consequently afford an effective instrument in developing enterprises. This, of course, is not a new character of work for financial corporations, either in this or in other countries; and trust companies, in acting in this way, have followed a course which has been pursued previous to their existence. Sometimes a corporation has indeed been formed simply to finance a particular enterprise. This was the case with the Credit Mobilier, which operated under a charter of a Pennsylvania company and undertook to build the Union Pacific [illegible]. It will be remembered that the Credit Mobilier became notorious in [illegible] connection [illegible] of the greatest political scandals, [illegible] the United States.

Although [illegible] companies [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible]

[illegible]

[illegible] At present [illegible] certain [illegible] railroad [illegible] other schemes of [illegible] character are far more prominent than those of any kind of [illegible] financial [illegible]. It is, however, a well known fact that these [illegible] and firms are interested in [illegible] identified with [illegible] trust companies [illegible] largely as [illegible] to carry out their various operations.

III.

State Regulation.

There is a decided opinion held by many persons that [illegible] less supervision or regulation by a government where any business receives, the better will be the results. [illegible] the laissez faire doctrine be not strongly cherished [illegible] by its advocates, the idea is not [illegible] in this country in the practical [illegible]

[illegible] exceptional [illegible] importance [illegible] there-
more, the [illegible] of the United States have for some [illegible] e-
[illegible] trust companies [illegible] the national banks, and [illegible]
for a longer period been familiar with that in regard to the
5 state banks. Trust companies, however, developed to a great
extent without these restrictions. Although in some of the
states they have now been brought under the same supervision
as the banks, in many of them still they have been subjected
to little or no regulation.

10 Is there a need of putting these companies under state
supervision? If it is admitted that banks not exercising
the right of note issue should receive this regulation, and
if trust companies can and do perform all the functions of
such banks, then it is difficult to see why they should escape
15 the same exactions.

The companies have large lines of deposits subject to
check and their importance in this particular is increasing;
nevertheless, they are not to the same extent required to keep
like the banks a reserve proportionate to their deposits.
20 In this respect the great trust companies are all more favor-
ed than the large national banks [illegible] in the [illegible]
[illegible] [illegible] claimed that most of the [illegible]
[illegible] have been [illegible], [illegible] the [illegible]
[illegible]

[illegible]

[illegible] quarter [illegible]

[illegible] deposit [illegible]

[illegible] effect. [illegible] apparently, [illegible]

[illegible] Demand [illegible]

[illegible] it is [illegible] expected, [illegible]

[illegible] list all classes of deposits [illegible] interest

[illegible] in order to obtain them. [illegible] companies, indeed,

[illegible] been so active in their efforts [illegible] to [illegible]

[illegible] the banks, although disclaiming [illegible] that [illegible] in-

est on money placed with them by local depositors, are com-

pelled to offer this inducement to retain [illegible] of such [illegible]

trons. The trust companies, in fact, are said to [illegible] so

far as to [illegible] money on collateral [illegible] the [illegible]

received with their so called deposits, in order to [illegible] more

favorable standing and thereby further attract similar [illegible]

This practice, however, it must be stated, also obtains [illegible]

other financial institutions. [illegible] foregoing [illegible]

cited to show the force of competition in other [illegible]

all the [illegible] are [illegible] to [illegible]

the same methods. [illegible] concerns that are not [illegible]

[illegible]

[illegible] , [illegible] -
[illegible] t [illegible] , [illegible] t [illegible] -
[illegible] [illegible] still [illegible] [illegible] t [illegible]
[illegible] , [illegible] [illegible] [illegible] [illegible] [illegible] ice.

It is evident that any regulation in regard to the [illegible] of [illegible] to be fully effective must have some application to those of trust companies. There can be no doubt that should there come at the present time a financial panic, or a severe strain upon the money market, trust companies with their large lines of deposits and small or merely nominal reserves would rather contribute to than check a catastrophe.

The superior organization of a trust company should not necessarily exempt it from regulation, for it is not unlike that of other corporations. It comprises a president, possibly one or more vice-presidents, and a board of directors; from this latter body is usually selected a smaller number who constitute an executive committee. In some instances the board of directors consists of twenty-five members. It is no over-statement to say that frequently directors know, or are apparently expected to know, as little about the affairs of their company as outsiders. Some of them are put on the board on account of their prominence in the community, [illegible] being used to produce a favorable impression [illegible], and others use their position [illegible] fact, [illegible] can command

[illegible] the company. [illegible] or at [illegible], many of the directors may be [illegible] their fiduciary [illegible], and may exercise little or no influence upon the policy of the company. The directors meet at more or less extended intervals, probably once a month, or not so often, and may, according to a prevailing practice, receive about five dollars, or possibly more, apiece for each meeting attended; they usually transact business in a very perfunctory manner, leaving the management of affairs entirely with the president and one or two controlling spirits of the executive committee. Much the same comment, however, in regard to the inefficiency of a directory will apply with equal force to all classes of corporations, perhaps with the exception, to an extent, of the banks where the directors meet weekly, or oftener, to pass upon the paper offered for discount, and thus have an opportunity of performing their duties with some degree of intelligence. Any security, therefore, which is afforded to the depositors and stockholders by publicity of operations rather seems to be with the bank than with the trust company.

It must, nevertheless, be borne in mind that although secrecy in the conduct of a business allows a wrong action to be easily concealed, yet also makes it particularly effective when capable men are in charge and direct their efforts solely to the development of their company. The opportunity [illegible]

[illegible] that it [illegible] the [illegible] and [illegible] of one of the [illegible] and the [illegible] of state supervision [illegible] led in some cases to unfortunate results. Public notice, at such times, has necessarily been directed to the matter, [illegible] the sentiment created that there has been a need of greater protection for the interests committed to the care of these institutions; that, indeed, much good may be accomplished by a stricter regulation of them.

Some trust companies closed their doors during the financial crisis in the fall of 1873. But even before the crash came, attention had been called to the lack of state supervision of these corporations. The Brooklyn Trust Co. had failed during that year under circumstances indicating gross mismanagement. The company had done a lucrative business, but was bankrupted by the defalcations of its president and secretary, both of whom had made heavy losses in speculations. As trust companies were then regarded as institutions that should be even more conservatively managed than others, it was not strange that there should have arisen--and especially so after the panic of 1873 occurred--a demand for the passage of laws to bring trust companies under regulations similar to those under which banks had been placed.

A prominent financial paper, in the summer of 1874, in referring to the failure of the Brooklyn Co., stated editori-

ally that the directors [illegible] upon as many [illegible] of an ordi[illegible], [illegible] trust funds, in the same [illegible] of a savings bank in regard [illegible] the funds placed under their care. It contended that their investments should not be such risks as were usually taken by a bank, but should be only such as were considered safe and sound questions.

Another illustration from the press may be given. A leading periodical devoted to banking interests, in commenting in 1-71 upon trust companies, said that they were intended as repositories for trust funds, for the accumulation of deposits to be loaned on mortgage, and for investment in government bonds; that is, to be savings banks on a large scale. The article went on further to state that trust companies had at that time been converted into stock jobbing concerns, thus becoming factors of demoralization and defeating the original purpose for which they had been established.

With such a public sentiment existing, official action, [illegible] expected, was taken on the matter. [illegible] of December, 1-71, the superintendent of [illegible] New York, in alluding to the rapid increase of the [illegible] corporations [illegible], he stated, were variously [illegible] low, [illegible], [illegible], [illegible] [illegible] ties, recommended that [illegible]

supervision. [illegible] do [illegible]
[illegible] to [illegible] [illegible] [illegible] [illegible]
[illegible] primary [illegible] [illegible] [illegible] [illegible]
[illegible] its [illegible]. [illegible] [illegible] the [illegible]
[illegible] these companies were [illegible] [illegible] [illegible]
[illegible] [illegible] -- [illegible] them were under [illegible]
[illegible] supervision of the comptroller, [illegible] either to the
comptroller, to a judge of a superior court, or to the superin-
tendent of banks, while others [illegible] report [illegible].

[illegible], if not all of them, were exempt from making [illegible]
reports to a supervisory department of [illegible], as the
banks were required to do; and none were liable to examin-
ation by any authorized state officer. The superintendent
[illegible] that there was no reason why these companies should not
be subjected to regulation like the banks, for they did a de-
posit and savings bank business, and in [illegible] [illegible] in-
cominded [illegible].

The comptroller [illegible] the current [illegible] [illegible],
stated that [illegible] [illegible] of the [illegible] [illegible]
might [illegible] [illegible] [illegible] [illegible]
[illegible] [illegible] [illegible] [illegible] [illegible]
[illegible] [illegible] [illegible] [illegible] [illegible]
[illegible] office to [illegible] [illegible] [illegible] [illegible]
[illegible] [illegible] [illegible] [illegible] [illegible]

[illegible]

[illegible]

A [illegible] Report [illegible] Trust [illegible] 1, 2, 3 [illegible] that this, [illegible] railroad securities, [illegible] corporations. [illegible] period, [illegible] that had become [illegible] debt, that debt [illegible] almost every [illegible] railroad, state, [illegible] manufacturing [illegible] dividends-had [illegible] in the market. [illegible] of the years, [illegible] said, which, in a great [illegible] [illegible] transactions [illegible] at [illegible] time [illegible] [illegible] trust [illegible] [illegible] trust [illegible] [illegible]

[illegible]

[illegible] heard; [illegible] trust [illegible]

The trust companies in New York [illegible] states are now under somewhat the same regulations as the state banks; there are, however yet marked differences, as for instance, the latter are more generally required to keep a reserve to protect deposits. Both institutions in New York are compelled to make reports at stated periods to the banking department of the state and are subject to examination by official inspectors. Examinations, of course, do not afford absolute protection, as embezzlements may take place during the intervals between them, and indeed some defalcations occur that escape detection for years. To prevent such frauds and to give greater security to the creditors a private inspection may be resorted to, as was the case with a national bank in Baltimore which employed, on its own account not very long ago, experts to make a thorough investigation of its affairs.

Nevertheless state supervision has a decided effect; and when the system was first inaugurated in New York in [illegible], it was the cause of three trust companies [illegible]

[illegible]. Although it [illegible] that [illegible] the system, it [illegible] to [illegible] were [illegible] in [illegible], very [illegible] it [illegible] to [illegible] and not [illegible], and [illegible] report of the office [illegible] companies had been submitted, these concerns might [illegible] tinued to operate until a worse condition of affairs [illegible] veloped. It was indeed said by one critic that a company [illegible] which failed the recent published statement--in order it [illegible] the practice to make the [illegible] had not shown a surplus; valuable [illegible] less accounts being carried as assets to make a favorable showing. The statement of a trust company in New York, that is now published in the reports of the state superintendent of banking is very comprehensive, and with the system of examination in force allows considerable state supervision of this institution.

Certainly it appears that, if a need exists for the regulation of banks and savings banks to protect the creditors, there is equal reason for the same in regard to trust companies; as the latter have under their charge the funds of children and orphans and trust of a character and kind which may endanger widows [illegible] throughout. In [illegible] that [illegible] from [illegible] supervision [illegible] easily practice deceptions of various kinds.

Among the [illegible]

[illegible] receiver [illegible] it [illegible] at first [illegible] surely the largest office buildings, which were its [illegible] as a valuable asset, although a mortgage for part of its [illegible] was recorded against it. A closer investigation, however, revealed the fact that the company had not even an equity in their property, because it belonged to another corporation, which had been formed with the same officers as those of the loan company and through this means the entire interest of the latter in the building had been disposed of without exciting suspicion. Such transactions may be carried on with little difficulty by financial institutions, as no doubt many of the large office buildings, that are supposed to be owned by the trust companies, belong in reality to separate and distinct corporations.

It is too true that state inspection does not remove all opportunity for the practice of fraud, and that, even with the existence of a rigid system, an insolvent condition may exist, and yet be concealed so as to escape the notice of the official examiner. This deception may readily be accomplished by relations with [illegible] or with other [illegible]. There was the case in Philadelphia, which was referred to above, [illegible] company with a similar [illegible]

[illegible], [illegible] jur[illegible] in their operation. Furthermore, state supervision, [illegible], [illegible] and enforced, would not [illegible] necessarily prevent the failure of the American Loan & Trust Co. of [illegible], [illegible] was [illegible] in [illegible] by its speculations in Texas lands carried on through a local company. [illegible] in the former instance such a system of inspection did not afford protection and in the latter transactions of the kind were so conducted as to elude the detection of state officers; yet these examples serve none the less to show that there is need of [illegible] regulation.

As will be remembered, we have alluded to the fact that corporations which act as trustees frequently use even at the present day the word trust in their titles; this being done at times with the intention to mislead, it seems proper to restrict such a practice. In commenting upon the matter, the superintendent of banking of New York recommended in his report of [illegible] the adoption of a regulation that would apply not only to corporations created by the laws of New York, but also to foreign trust companies [illegible] in that state, although not permitted to act there as trustees. The [illegible] was partially acted upon [illegible], [illegible] not[illegible], [illegible] in [illegible]

[illegible]

[illegible] that the directors [illegible] public [illegible] should [illegible] expert [illegible] ment is needless; for at least the institutions are [illegible] ture, and it is well under all circumstances for those who are [illegible] rested in these matters to make some investigation for themselves. The officials of the [illegible] and in [illegible], in the case to which we above referred, were perhaps influenced by this idea, when they employed on their own account special experts to supplement the federal examination. It is contended by many that it is far better for a people to be educated to be self-reliant, and attention is called to the fact that in some states where savings banks and trust companies have virtually received no regulation they have, nevertheless, been conservatively and successfully managed. This may all be admitted, but the numerous instances of financial failures clearly demonstrate that [illegible] in any no less complete. [illegible] extreme importance to all classes of people; [illegible] form, [illegible] and [illegible] regulation of the [illegible] state supervision [illegible] who are [illegible] enlargement of the sphere of

the State.

[illegible]

[illegible] trust companies under the federal jurisdiction. [illegible] much in harmony with that of [illegible] all corporations [illegible] the federal government; [illegible] in [illegible] a great step in extending the exercise of this power to the deposits of national banks to those of other financial institutions.

With the rapid changes, now occurring in industrial and financial conditions, it is impossible to attempt to forecast with any degree of confidence the political action, which may in consequence follow. Nevertheless it may be said that from present appearances, an increase in the federal authority in this particular may be expected for the near future; and that any unfairness which may be shown in the [illegible] to trust companies, will be [illegible] existing [illegible] in the different parts of the country [illegible] to [illegible] among the [illegible] in the United States.

[illegible]

[illegible]

[illegible] instrument [illegible] to [illegible] [illegible]; [illegible] level [illegible] [illegible], conservative course in the [illegible] [illegible], [illegible], if it becomes necessary, [illegible] [illegible] may be adopted.

I [illegible], as the [illegible] [illegible] indicates, that the need [illegible] [illegible] the power [illegible] [illegible] [illegible] in what may be regarded as speculative [illegible]; [illegible], [illegible] demand [illegible] that for [illegible] there shall be another [illegible] [illegible] more limited privileges, [illegible] established [illegible] compared [illegible] performing the [illegible] functions. [illegible] exist [illegible] that [illegible] a large [illegible] [illegible] [illegible] [illegible], [illegible] [illegible], [illegible] [illegible] [illegible]

[illegible] i [illegible], [illegible] all [illegible] all [illegible] [illegible] from [illegible] ind[illegible] i[illegible] trust [illegible] large [illegible], [illegible], i[illegible] the re[illegible] [illegible] t[illegible] e[illegible]t [illegible] retardi[illegible] further develop[illegible] institution, es[illegible] in smaller places. Of course, in case of such a law, companies that operate extensively in both lines may seriously feel the restriction, until they have accommodated themselves to the altered conditions; and also those that have a main office in a large city and branches in the smaller towns may be compelled to adopt a considerably different policy.

It is often difficult, if not impossible, to feel the drift of public sentiment and to determine the factors that bring about results; it is therefore only speaking in a broad way, when it is suggested that judging from surface indications there is no public demand at present for a law to prevent the same company acting both as a trustee under a will and as a promoter of great enterprises. Merely remedial laws requiring trust companies to make deposits with a state department to protect trust funds [illegible] th[illegible] [illegible] on the same [illegible] as state [illegible]--except [illegible] some of the present [illegible] investments--[illegible], it [illegible], [illegible]

later audited [illegible] regulating [illegible] in reference to reserves [illegible] deposits it [illegible] states require [illegible] companies [illegible], [illegible] but rather [illegible] cases.

As to the [illegible] of trust companies, they are either created under special act of a state legislature or under the general law of a state. In New York both methods are now in force, and when the general law is made use of, the superintendent of banking is empowered to refuse incorporation to any new company, if in his opinion there is already a sufficient number in existence. Thus the power is delegated to this officer of limiting the number of trust companies in the state, unless the legislature exercises its right and creates by special act additional companies.

In the states, where charters for these corporations have been granted by special acts, they have sometimes been obtained in an unfair way and have been procured merely to be afterwards [illegible] to the [illegible]. Furthermore, in addition to the general evils of special legislation, there is always a danger in these special legislative grants of some privilege being included that [illegible] and was concealed by a "[illegible] bill." [illegible], [illegible] states [illegible], [illegible]

[illegible] rad[illegible] [illegible] [illegible] their [illegible] [illegible] [illegible] [illegible] [illegible]

CONCLUSION.

Place and Future Development.

[illegible] review will aid in fixing the electric [illegible] attention [illegible] at [illegible] the place that is now occupied by trust companies, and also [illegible] may be some of the causes that [illegible] hold to their development.

It has been seen that corporations [illegible] in effecting [illegible] the connection cooperative [illegible], and that they appear [illegible] tend by a natural evolution to supersede individuals in performing certain functions. It has also been [illegible] that corporations with power to execute all lawful trusts have existed a great many years in the United States, and that the earliest [illegible] exercising this privilege were insurance companies [illegible], rather than those [illegible] to act as trustees, only [illegible] in the latter [illegible] of operations in a limited [illegible] to their [illegible] business. [illegible] that the term [illegible] expression still [illegible] in [illegible], and that [illegible] the public [illegible] the [illegible], [illegible] [illegible] [illegible] [illegible]

[illegible], however, [illegible]

[illegible] important [illegible] trust [illegible]

[illegible] the states [illegible] incorporated [illegible]

[illegible] trust [illegible], and not to establish large banking companies.

This latter idea [illegible], [illegible]

dent, the earliest companies that were incorporated [illegible]

trustees were specifically forbidden by their charter [illegible]

in banking operations. In spite of this fact, however, the trust companies have built up large lines of deposits, and [illegible] compete for this business with the national banks, and, indeed, under more favorable conditions, as they are not subject to the same restrictions. To some extent these companies have been formed and successfully operated in the smaller cities, but it is in the large financial centres that they have more especially developed, in New York and Chicago, for instance, some of the companies have deposits ranging from fifty to [illegible] millions of dollars.

There seems to have been a recognition of the [illegible] trust companies for the first time about in 1[illegible], [illegible] serious competition against the [illegible] the [illegible] that [illegible] of the hard [illegible]; [illegible], [illegible] to [illegible] effect [illegible] competition, [illegible] that [illegible]

prises in which they were [illegible] tion [illegible]. [illegible] fair [illegible] that [illegible]. It [illegible], not [illegible] that the most [illegible] con- [illegible]. It [illegible] time that the [illegible] derive [illegible] of the [illegible] to increase their circulation.

At one time the deposit system was of minor importance to that of note issue in the banking business; in later years, however, the position has been reversed; that is, such has been the case in England and the United States where the credit [illegible] depositing money in bank and withdrawing it by check is highly developed, and in those countries on the continent of Europe where the custom, though not so common, is greatly extended. In Germany, for example, some banks which formerly enjoyed the privilege of note issue have preferred rather to give up this power than to submit to the government restrictions incident to it. These latter are [illegible] to have [illegible] in the management of their affairs [illegible] not seriously, if at all, felt the loss of the right to issue notes, as their deposit lines [illegible] to large proportions. Some of the most [illegible], [illegible] enterprise [illegible].

It i[illegible] -
[illegible] their [illegible] [illegible]
[illegible]ter, [illegible] [illegible] of the [illegible] [illegible]
[illegible] [illegible] [illegible] [illegible] [illegible]
[illegible] have also been formed, [illegible] [illegible] from
the restrictions to which the [illegible] [illegible]. [illegible]
[illegible] [illegible] [illegible] [illegible] [illegible] [illegible] restrict-
ed institutions in the large sections which the [illegible] in in-
dustrial conditions are the rapid development of the [illegible]
large required to be undertaken. To be sure, the [illegible] also
do their character of business, but only to a limited [illegible] in
comparison with their rivals; they have, as a rule, directed
their efforts more particularly to operations with the mercan-
tile community.

[illegible] The conditions in general have now [illegible] [illegible] for
[illegible] institution which [illegible] [illegible] in a single [illegible] [illegible]
[illegible] is free from restrictions as to the character of its in-
vestments. It must, however, be [illegible] that [illegible] of the [illegible]
[illegible] [illegible] [illegible] [illegible] [illegible] [illegible]

[illegible] trau[illegible]

[illegible] t[illegible] [illegible] , [illegible] , [illegible]

[illegible] tr[illegible] t[illegible]

[illegible] further evidence.

[illegible] other functions which they may perform, [illegible] [illegible] trusts, manage estates and promote [illegible] enterprises. Furthermore, they often do a safe deposit business; this is a feature that may be adopted and carried on conveniently by almost any financial institution in connection with its other departments, or it may be conducted by a separate corporation. In some states trust companies insure titles of property, in some they act as bondsmen; title and holding companies, however, have, to a great extent, been developed as distinct concerns, although in the public mind they are all regarded as belonging to the same class of institutions.

Trust companies engage in general [illegible] They do not restrict their deposits to trust funds, but solicit and receive the same kind [illegible] as are [illegible] by other banks. As yet the old [illegible] banks have upon a part in class of depositors a strong hold which probably they will [illegible] .

[illegible] will in the [illegible] interest and attractiveness [illegible] business. The small savings [illegible] will be placed [illegible] little direct [illegible] in the [illegible].

At present, the trust company [illegible] [illegible] business relatively small [illegible] [illegible] [illegible] discount paper [illegible] [illegible] to the regular di[illegible] [illegible] employ their capital in this [illegible] [illegible] [illegible] may be expected, at least [illegible] [illegible] [illegible]

[illegible]

[illegible] --interest [illegible] railroad property [illegible] from [illegible]. [illegible] short-time [illegible] large deposit line [illegible] on a solid foundation. This [illegible] idea, [illegible] line of [illegible] that [illegible] in [illegible] companies, [illegible] serves also [illegible] of wealth controlled [illegible] direction [illegible].

* * * * * *

[illegible] the [illegible] current, it appears that the following may be mentioned among the causes of the development of trust companies:-

The general tendency of corporations to supersede individuals in performing certain functions, [illegible] various classes of financial [illegible], [illegible] [illegible] together;

The [illegible] of investments in [illegible] securities, [illegible] demand for an institution [illegible] largely [illegible];

The increased [illegible]

[illegible]

[illegible] very [illegible] to [illegible] that [illegible] in Connecticut [illegible] company [illegible] ments--one that [illegible] with [illegible] restricted [illegible] Connecticut [illegible].

In the [illegible] of social [illegible] daily [illegible] new institutions [illegible]. As [illegible] come to pass, necessarily great uncertainty prevails. The present system of exchanges [illegible] altered, [illegible] involved the fundamental principles upon which property rights may be justified. But whatever may have been the cause of their growth, or whatever may be their future, it can be said without question that the trust companies are at present very important financial institutions in the United States.

[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
Encyclopædia Britannica.	[illegible]
Federal [illegible].	[illegible]
[illegible]	[illegible]
[illegible]'s Cyclopædia.	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
National [illegible]	Nat.Pk. [illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]

[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	" [illegible]
" " [illegible] Co[illegible]	[illegible]
" " [illegible]	[illegible]
Revised Stat[illegible]	[illegible]
Codes Journal of [illegible]	[illegible]
Standard Dictionary.	Stand. Dict'y.
"Bible-; "Concordance."	"Bible.

In reference to [illegible] only two sets of figures are given; the first set indicates the volume, the second the number. Where the third set is given for the [illegible] it refers to the page. In the [illegible] where the second set of figures refers to the page. In all other cases where only one set of figures is given, this refers to the page, unless either [illegible] of the text is made to [illegible] trary, or the context plainly indicates something else.

Page 1.

Line 1. Trust companies; Stand. Dict'y:

Trust company, "a corporation whose business is to receive and execute trusts."

Line 3. elsewhere; [illegible] 59/714:

(Agency houses in India were concerns organized to transact business as trustees.)

C. & P. Ch. 70/1802/III.
Lond. F. M. 56/165.

Page 2.

Line 2. trusts; Stand Dict'y: trust, "a combination of "interests for the purpose of regulating and con-"trolling by means of a common authority the use, "supply and disposal of some kind of property."

Line 19. London Times, F.M. vol. 1/524, 1847;

Page 3.

Line 3.	sold;	F.M.	1/477,	
" "	"	" "	4/[illegible],	1847;
" "	"	" "	7/540,	[illegible].
Line 5.	protection;	F.M. Vol.	[illegible],	[illegible]7;
" "	"	" "	18/202.	

Page 3. Continued.

Line 18.	Litigation;	See par. 38, line 20.
Line 19.	Insurance & Trust;	Knox /[illegible]4;
		N.Y. 15/577;
		" " [illegible]/913.

Page 4.

Line 2.	Marine Insurance Co.;	R. Jl. 2x2 /810;
		" [illegible];
		White /[illegible];
Line 6.	Manhattan;	R.M. 3/137;
		" /673;
		Dep. N.Y. Supt. Bk. Jan.8, 1933, page 1.4.
Line 15.	trust associations;	N.Y. 4/964.
Line 17.	Britannica;	Enc. Brt. Article, "Banking," Vol. 3, [illegible].

Page 5.

Line [illegible].	Quarters;	National Fire Ins. Co., Note p. 7, line 18,
		N.Y. Life Ins. & Trust Co., Note [illegible], line 14.

Page [illegible]

Line [illegible]. [illegible]ral [illegible]; [illegible].

Page 6.

Line 10. New York; Rept. N. Y. Supt. Bks., [illegible].

Line [illegible]. included; N. Y. Corporation Law, 1909, Sec. [illegible].

Line [illegible]1. Trust Companies in New York; [illegible]

Page 7.

Line 8. [illegible]cated; Rept. Pa. Bk. Com. Nov. 16, 1[illegible], p. [illegible].

Line [illegible]. [illegible]; Laws of Pa. approved March 10th, 1[illegible].

Line [illegible]. 1[illegible]; " " " Feb. [illegible]th, 1[illegible].

Line 9. Loan & Trust Co.; Laws of [illegible] approved Feb. [illegible], 1[illegible].
Apr. 17, 1[illegible].

Line 14. Insurance & Trust Co.; Laws of [illegible]. app. Mar. 3, 1[illegible].

Line 17. United States Trust Co.; " " " " Apr. [illegible], 1[illegible].

Line [illegible]. [illegible] Trust Co.; " " " " " [illegible], 1[illegible].

Line [illegible]1. Metropolis; Rept. N.Y. Supt. Bks. [illegible], 1[illegible].

Page 54, [illegible] 5.

Page [illegible]

Line [illegible]. [illegible] Officer, [illegible]
[illegible] 1/[illegible].

Page [illegible]

Line [illegible] [illegible] eleven; [illegible] Co., [illegible] 4, 1[illegible];
Table [illegible] N.Y. St[illegible]).

Line [illegible] twelve years; [illegible] N.Y. [illegible];

" [illegible];

Table.

Line [illegible] Party; companies in N.Y. & Brooklyn, Sept. [illegible]
Su t. Ins., July 1st, 1901.

Line [illegible] 1887; Laws of N.Y. approved June 8, 1887;

N.Y. 48/721;

Schedule.

Line 18. discounts; Laws of N.Y. approved May 19, 1892.

Banking Law of N.Y., Art.IV, Sec. [illegible].

Line 19. taxation; N.Y. 52/711;

Schedule.

Line [illegible]. [illegible]rters; Note, page 7, li[illegible] 4, 6, 8, 14, 17.

Page [illegible]

Line 1. [illegible]s; Banking Law of N.Y., Art.II, Sec. [illegible];

Pl. Co. C. June, 1901, [illegible], article
"Trust C[illegible]."

Line 1. Trust C[illegible] in Philadelphia. N.Y. [illegible].

Line 5. Pennsylvania C.; Note, page 7, li[illegible] 4 [illegible] 6.

Page 9. c[illegible]nued.

Line 6. Girard Life; Laws of Pa. approved Mar.17, 1[illegible].

Line 10. Pennsylvania Co.; Laws of Pa. app. " 1[illegible], 1[illegible].

Line 1[illegible]. Girard Co. " " " Feb.1[illegible], 1[illegible].

Line 13. 1[illegible]; " " " Apr. [illegible], 1[illegible],
Sec. 1.

Line 22. Trust & Safe; Laws of Pa. approved Mar.22,1866.

Page 10.

Line 5. states; Schedule.

Line 9. 1873; Constitution of Pa. Art. III, Sec. 7.

Line 12. 1874; Laws of Pa. Act 2[illegible], Sec.[illegible], app. Apr. [illegible],1874.

Line 20. 1881; Laws of Pa.Act 2[illegible],Sec.1, approved May 24, 1881.

Schedule.

Line 24. banking; Laws of Pa. Act 2[illegible], Sec.2, app. May 24,1[illegible].

Line 25. Goods; " " " " " 5, " " " " ,

B. M. 26/517.

Page 11.

Line 7. Bankers' Magazine. [illegible] 1900.

Line 11. Digest [illegible] Constitution of Pa. Act. 1[illegible], [illegible].

Line 24. Deposits; 10[illegible] N. 4[illegible] (C[illegible] of B[illegible] [illegible]
Title & Trust Co., Di[illegible] Ct.Ap.Dec. [illegible], 1900.)

Page [illegible].

Line 1. [illegible]pensers; [illegible]ecible.

Line [illegible]. [illegible]tes; [illegible] issue [illegible]
Dept. [illegible], [illegible], Page [illegible], [illegible].
[illegible]. Bk. A[illegible], [illegible], [illegible], Sec. [illegible], [illegible], [illegible].

Line 5. New England; Laws of Mass. [illegible] Chap. [illegible].

Line 6. [illegible]; " " " [illegible] " [illegible].

Line 10. [illegible]chusetts; " " " [illegible] " [illegible].

Line [illegible] Safe Deposit; " " " [illegible] " [illegible].

Line [illegible]. [illegible]missi[illegible]; Dept. [illegible]. Bk. [illegible], [illegible], page [illegible].

Page [illegible].

Line 5. [illegible]missioners; Laws of Mass. [illegible] Chap. [illegible].

Line 6. Departments; Knox, page [illegible].

Line [illegible]. Merc[illegible]'; Ill. Private L. [illegible], " [illegible].

Line [illegible]. Chicago [illegible]; " " " [illegible] " [illegible].

Line [illegible]. [illegible] Estate; " " " [illegible] " [illegible].

Line [illegible]. co[illegible] " Dept. Ill. Ad[illegible].

Line [illegible]. [illegible]; " C[illegible], Art. II, [illegible].

Page [illegible].

Line 4. [illegible]; Ill. [illegible], [illegible].

Page 16. continued.

Title 7. [illegible] Art. III. Aud., 19[illegible].

Title 7. Exemption of Trust Co. [illegible]; C.& E. C. [illegible]
Trust [illegible]. (
Sup., Sept.3, 1898.)
(
Att's Trust Co. Section.

Title 17. [illegible]; [illegible] Art., Article, "Trust," Vol. [illegible].

Page 19. (1) Trustee under Will [illegible]; C.& E. Cir. (
Sup. Sept.3, 1898, p. [illegible].)
" " [illegible]. (

T.P. 57/[illegible].

" "/36.

" "/[illegible].

Page 13.

Title 1-. estate; Laws of Md. 1890, Chap. 244, p.65[illegible].

(Trust Co's to report to tax C[illegible]r. trust funds in their care, so that they can be assessed for taxes.)

Page 27. (1) Assignee and Receiver; [illegible] C. & E. C. [illegible].)
Sept. 3, 1898, page [illegible]; (

[illegible] 37 [illegible].

Page 22. [illegible] ued.

(c) Trustee under Mortgage Deed; [illegible]

Page 22. (d) Trustee under Private Agreement; [illegible] Cir. [illegible]
Sup. Sept. 3, 1906, p. 70; [illegible]

P. M. 87/[illegible].

Page 24. (e) Transfer Agent, &c.; [illegible] F. Cir. Sup. Sept. 3, [illegible]
p. 58; [illegible]

P. M. 87/814;

" 61/786.

Page 28. (a) Fidelity Insurance; Schedule.

Line 17. States; Schedule.

Line 19. London; P. M. 4/549.

Page 29.

Line 3. companies; [illegible] 4[illegible]/[illegible]9;

Line 6. powers; Fidelity & Deposit C[illegible], [illegible],

Laws of Md., 1[illegible], C[illegible] [illegible],
[illegible].

Page 29. Continued.

Line 11. titles; American Building Trust Co., Balto., Laws of Md. 1904, Chap. [illegible], p. [illegible];
" " " 1906, " [illegible], " [illegible]

Corporations in Md., acting as [illegible], cannot act as trustee without [illegible];
Laws of Md. 1908, Chap. [illegible], p. [illegible].

Line 14. as [illegible]smen; In Philadelphia, page 16, line 5.

Schedule.

Line 17. (b) Title Insurance; Schedule.

Line 20. states; "

Page 30. (c) Safe Deposit; D.M. 61/769;

Schedule.

Page 31.

Line 8. formalities; D.M. 21/416;

" 26/161;

" 26/288.

Page 32.

Line 14. New York; Title

Schedule

Page 42.

Line 12. i.experience; [illegible] D.M. [illegible];

Page 13. (e) Savi[illegible]; [illegible]. 4[illegible];
" [illegible]

Page 14.

Line 1. [illegible]ted; [illegible]. Jl. XVIII $\frac{1}{}$/[illegible]
XX $\frac{1}{}$/[illegible]

Line 24. liability; Semicole

Page 15.

Line 3. deposit lines; Rept. [illegible].Supt.Bky.Fdy. [illegible], 1901.

pg. 160, Bowery Sav.Bk. N.Y.:-
deposits $[illegible],[illegible],[illegible].
surplus $10,[illegible],[illegible].

pg. 17[illegible] Emigrant Ind's'l Sav.Bk.[illegible] .:
deposits $60,[illegible], [illegible].
surplus 10, [illegible], [illegible].

Line 16. 1873; C.& F.Chr. Jan.[illegible],1[illegible], [illegible];
Notes, page 51, line 23;
" 52, " 9.

Line 17. taxed; Bd. Jl. 13/741;
" " 13/788;

[illegible]. N. [illegible]/[illegible].

Line 19. [illegible]; [illegible]. N. 43/[illegible];

" 43/[illegible];

" 43/[illegible];

" 4[illegible]/[illegible];

" [illegible]/[illegible];

" 51/[illegible];

[illegible] C.& F. Chr. January [illegible], [illegible]
. Jl. XVIII [illegible].

Page [illegible].

Line [illegible]. interest; B.M. Jl. [illegible];

B.M. [illegible];

C.& F. Cl. V [illegible], page [illegible].

Line [illegible]. present day; B.M. [illegible]/[illegible];

" [illegible]/[illegible];

" [illegible]/[illegible];

" [illegible]/[illegible].

Line [illegible]. extent; " [illegible]/[illegible];

" [illegible]/[illegible].

Line 11. 1897 " 59/471;

Line [illegible]. established;
C.& F. Cl. [illegible]/[illegible].

Line [illegible]. closely; B.M. [illegible]/[illegible].

Page [illegible].

Line [illegible]. same men; B.M. Jl. XVI/[illegible];

C.& F.Cl. [illegible]/[illegible].

Line [illegible]. [illegible]; B.M. Jl. [illegible];

B.M. [illegible]/[illegible];

Dept. Supt. N.Y. Reg. July 1st, [illegible].

Page 41, line 6.

Line [illegible]; Clearing House; [illegible] [illegible];

[illegible]

Page 37. [illegible] Ned.

Line 19. association;	[illegible] 61, [illegible] 7[illegible];
	[illegible] 7.
Line 20. exchange;	[illegible] 479.

Page 38.

Line 3. feature;	Note, page 66 line 7.
Line 11. Pennsylvania;	Page 11, line 21.
Line 15. Minnesota;	[illegible] 48/[illegible].
Line 18. [illegible];	Schedule.
Line 20. Missouri;	[illegible] 50/50;
	" 50/20[illegible].

Page 39.

Line 7. 1898;	[illegible] 87/[illegible].
Line 8. Bankers' Magazine;	[illegible] 87/16.

Page 40.

Line 3. restrictions;	Page 12 Trust Co's in Boston;
	Page 13 Trust Co's in Cincinnati.
Line 5. prevail;	[illegible] 11. 15 [illegible];
	[illegible] [illegible], Lockport Bk. [illegible] Co.
	" [illegible] 4/1[illegible] (Duncan v. [illegible]);
	" [illegible].

Page 4[illegible]. c[illegible]nued.

Line [illegible];	Schedule.

Page [illegible].

Line [illegible];	[illegible] 99;
	[illegible];
	[illegible].
Line [illegible]. 1901;	Rept. [illegible] Curr. Bkg. July 1901. Balto. Herald, Aug.13, 1901, quot[illegible] [illegible] Journal of Commerce.
Line [illegible]. reserves;	[illegible] Jl. 13/[illegible].
Line 11. Maryland;	[illegible] Jl. 13/9[illegible]9.
Line 13. Germany;	
Line 16. forty;	Note page 43, line 3.

Page 4[illegible].

Line [illegible]. [illegible]stictic[illegible]s;	Pl.Sc. [illegible] Amt.,"Trust Co[illegible]s," page [illegible].
Line 7. [illegible]ocks;	Nat.Bk.Act.Rept. [illegible] [illegible]p. [illegible], page [illegible], Sec. 110.
Line [illegible]. [illegible]ear;	[illegible] B. Cy. 7[illegible]/[illegible]/[illegible] [illegible] Rept. [illegible] Curr. Bkg. [illegible], 1901, page 17;
	Trust Co[illegible] [illegible] New York St[illegible]: July, 1900 Resources [illegible], " " " " " " June,1900 " " " " " " June,[illegible] " " " " " "

Page 4[illegible].

Line [illegible]. [illegible];	

Page 42. [illegible]

Line 7. [illegible]; [illegible].

Page 44.

Line 7. [illegible]; [illegible] Jl. XX[illegible] 1150.

Line 21. advantage; [illegible] 472.

Page 45.

Line 2. restriction; [illegible] Jl. [illegible] 70.

Line 6. [illegible]iness; [illegible] F. Ch. [illegible] 10 [illegible];

" " " [illegible] 10 [illegible].

Line 13. Crédit Mobilier; Labor. Vol. 1/709;

App. Cy. (A..) [illegible], P. [illegible].

Page 46.

Line 14. instruments; [illegible] Cl. [illegible] VI.

Page 47.

Line 1. [illegible]; Knox, page 40[illegible], [illegible].

Line 9. [illegible]; Schelle

Line 17. [illegible]; [illegible] 32;

" [illegible] 173;

[illegible] Jl. [illegible] 511.

Line 17. [illegible]; [illegible].

Page 47. continued.

Line [illegible] periodical; [illegible]

Page [illegible]

Line [illegible] 19 1; Rept., p. 41, line 3.

Line 9. interest; Rept. [illegible] Rept. [illegible], J[illegible]; (Interest paid [illegible] int

Page [illegible].

Line 28. paper; C.[illegible] C[illegible]. July [illegible] V[illegible]. 17 [illegible] Aug. 30, 1873 Vol.17 [illegible].

Page 52.

Line 9. periodical; [illegible] 20;

(This is a review of the Rept. [illegible] p.

that is referred to on page [illegible].)

Page [illegible].

Line 4. 1874; Schedule New York.

Line 14. comptroller; Rept. [illegible] p. [illegible], p. XXVI,

Note, page 51, line 23.

Line 24. railroad; (Mo. K[illegible] T[illegible].)

[illegible] 17 [illegible]

Page [illegible].

Line [illegible] Trust Co. [illegible] e 7, line 1[illegible]

Line 9. Securities; [illegible]ept. [illegible].Comp. [illegible], p. [illegible].

Line 24. Mule; [illegible]ept. [illegible]. [illegible]p. 1[illegible], p. [illegible].

Page [illegible].

Line 7. New York; [illegible] cl/[illegible];

[illegible] Schedule

Line 20. Baltimore; Merchants Nat. Bank.

Line 24. Three; [illegible]. [illegible] cl/[illegible].

Page [illegible].

Line 12. reports; Sept. [illegible].Sup.Rep. Dec.[illegible],1901,p. [illegible];

[illegible]. cl/[illegible].

[illegible] OF STATEMENT [illegible] BY NEW YORK [illegible].

Resources.

[illegible]ns and Mortgages.

St[illegible] Bonds Investments (itemized)

A[illegible]unt loaned on Collaterals.

A[illegible]unt loaned on Personal Securities, including [illegible].

Overdrafts.

Due from Directors of the Institution.

Due from Banks.

Due from Banks.

Real Estate.

Cash on Deposit in Banks or other Chartered Institutions.

Cash on hand.

Amount of Assets not included under any of the above heads (Accrued interest receivable, &c.)

Liabilities.

Capital Stock paid in.

Surplus Fund.

Undivided Profits.

Deposits in Trust.

General Deposits by Individuals, Associations or Corporations, payable on demand.

Other Liabilities not included under any of the above heads (Accrued interest payable, &c.)

Supplementary.

Total amount of interest, commission and profits of every kind received during the year.

Amount of interest paid to and credited depositors during the year.

Amount of expenses of the institution during the same period.

Amount of dividends on capital stock declared during the year payable July 31,--and Dec. 31.

Taxes paid during the year.

Amount of deposits on which interest is allowed at the date (January 1st.)

Total amount of such deposits.

Note of interest on these.

Amount [illegible] as a mortgages invested in bonds during the year.

Amount received from [illegible] as interest upon paid or [illegible] during the year.

Page 27.

Line 1. Minneapolis; [illegible]. Jl. XX 2/1114

Page 28.

Line 4. Omaha; [illegible]. Jl. XX 2/700;

Schedule Nebraska.

Line 24. 1900; Note page 6, line 13.

Page 29.

Line 7. Baltimore; Note, page 55, line 20.

Page 30.

Line 14. Political Notes; Balto. News, Sept. 16, 1901.

Extract from the speech of Vice-President Roosevelt, (now President,) delivered Sept. [illegible], 1901, at Minneapolis:

"The vast individual and corporate fortunes, the great aggregations of capital, have grown up in the development of our industrial system, creating new conditions and new situations far from the traditions of the state and national laws and property."

Page [illegible].

Line [illegible]. [illegible]; [illegible]rylad Trust Co., [illegible].

[illegible]ws of Md. 1892, Chap. [illegible], p. [illegible].

Page [illegible].

Line [illegible]. [illegible]tes; [illegible]ble.

Page [illegible].

Line 4. [illegible]erns; [illegible] 59/[illegible];

Nati[illegible], [illegible] (Sept. [illegible], [illegible]);

Line 14. centres; [illegible] [illegible]/[illegible].

Line 17. deposits; [illegible]ept. [illegible] Supt. Sec. July, 1891;

[illegible] 70 [illegible]/[illegible].

Page [illegible].

Line 4. Development; [illegible] 4[illegible]/[illegible]9;

[illegible]/[illegible];

[illegible]/[illegible];

[illegible]/[illegible].

Line 7. [illegible]lat[illegible], Rept. Com. [illegible] [illegible] [illegible]pp. [illegible].

[illegible]te circulat[illegible] of [illegible] Dec. [illegible] [illegible], [illegible], [illegible].
[illegible] [illegible] [illegible], [illegible], [illegible].
[illegible], [illegible], [illegible].
[illegible], [illegible], [illegible].
[illegible], [illegible], [illegible].
[illegible]

Page [illegible], continued.

Line [illegible]. [illegible]; [illegible]. [illegible]. [illegible].

Page [illegible].

Line [illegible]. deposit; [illegible]. [illegible]. [illegible].

Page [illegible].

Line 1. corporations; [illegible]. [illegible]. [illegible];

" " " [illegible].

Page [illegible].

Line [illegible]. [illegible]; [illegible], June, 1931, page [illegible]
Art., "Trust [illegible]," by A. [illegible].

Page [illegible].

Line 1. [illegible]; [illegible];

[illegible]. [illegible];

Schedule.

Line 7. North American; [illegible].

" " " [illegible];

" " " [illegible];

" " " [illegible].

Line [illegible]. [illegible]; [illegible].

Line [illegible]. [illegible]; [illegible];

Page [illegible] . [illegible] Cont'd.

[illegible]

[illegible]

Title [illegible]. Province [illegible] Co.;

[illegible]

Page [illegible].

Title [illegible]. Dawlish Drain; Dept. [illegible] Sup. Ct., July [illegible], 1961, Page 445. General Deposits "[illegible]", [illegible],

Page 71.

Title [illegible]. Interest; [illegible] 28 [illegible].

Page 72.

Title [illegible]. Restrictions; [illegible] 21 [illegible].

[illegible]ST C[illegible]PANIES I[illegible] NEW YORK STATE.
From
[illegible]eports of Superintendent of Banking.

[illegible]ars.	No.	Capital.	Resources.	Trust Deposits.	Re[illegible]
[illegible]7c	b 12	11,584,475.	69,654,943.	29,442,532.	20,933,017.
[illegible]81	c 13	[illegible],500,000	125,836,918	61,871,484	[illegible]
[illegible]86	c [illegible]	14,[illegible].970	168,093,132	75,427,656	[illegible]
[illegible]86	c [illegible]	[illegible],[illegible],96	139,166,[illegible]9	[illegible],971,344	[illegible],793,792
[illegible]87	c 21	15,635,[illegible]	201,030,640	106,153,132	[illegible]
[illegible]88	c 25	19,501,300	214,91[illegible].153	69,463,937	[illegible]
[illegible]	c 29	22,237,[illegible]	269,517,[illegible]	136,[illegible],406	[illegible]
[illegible]90	x 32	24,787,[illegible]	293,427,737	104,974,386	124,[illegible],[illegible]
[illegible]95	a 38	[illegible],300,000	392,630,045	153,[illegible],072	[illegible]
[illegible]98	x 44	33,[illegible],000	483,739,[illegible]	185,099,594	198,129,029
[illegible]99	x 49	34,[illegible],[illegible]	579,20[illegible],442	197,564,719	[illegible]
[illegible]00	x [illegible]9	46,[illegible],000	672,190,671	[illegible],434,383	310,056,[illegible]
[illegible]01	x 57	47,1[illegible],000	797,983,812	[illegible],337,995	[illegible]

x January 1st.
a " 1st, 1897.
b June [illegible] 1st.
c July 1st.

[illegible]

[illegible]

Report of New York Supt. of Banking, [illegible], 19[illegible], p. [illegible]

Year.	Savings Banks.	Deposit & Discount Banks.	Trust Cos.	Safe Deposit Cos. [a]
[illegible]	$[illegible]	$255,[illegible]	$[illegible]	$[illegible],[illegible]4,[illegible]
1892	[illegible],9[illegible]7,[illegible]54.	27[illegible],[illegible]5[illegible],[illegible].	[illegible]	[illegible]
1893	71[illegible],[illegible]4,[illegible].	[illegible]	[illegible]	[illegible]
1894	7[illegible]4,[illegible],11[illegible].	[illegible]71,49[illegible],[illegible].	[illegible]4[illegible],[illegible],[illegible].	[illegible]
1895	7[illegible],[illegible],[illegible]08.	[illegible]34,911,[illegible]1.	[illegible],416,7[illegible].	[illegible],1[illegible]8,[illegible].
1896	[illegible]	[illegible],407,[illegible].	[illegible]92,[illegible],[illegible]	[illegible],[illegible]17,[illegible].
1897	819,177,[illegible]2.	2[illegible],[illegible]91,[illegible].	[illegible]97,[illegible],[illegible]47.	4,[illegible],[illegible].
1898	8[illegible]9,[illegible]1,[illegible]44.	[illegible]24,7[illegible],[illegible]1[illegible].	4[illegible],[illegible],[illegible].	[illegible],11[illegible],[illegible].
1899	9[illegible],[illegible],[illegible]1.	3[illegible],485,9[illegible].	[illegible]7[illegible],[illegible],4[illegible].	[illegible],1[illegible]7,[illegible].
1900	1,[illegible],[illegible]9,[illegible]9.	366,304,152.	[illegible]7[illegible],19[illegible],[illegible]1.	[illegible],2[illegible],[illegible]1.
1901	1,[illegible],919,216.	380,711,95[illegible].	7[illegible]7,933,[illegible]1[illegible].	[illegible],2[illegible],4[illegible].

xx Nov. 20th, 19[illegible].

a. The Buffalo Loan, Trust and Safe Deposit Co. and the Rochester Safe Deposit and Trust Co. are not included with the Safe Deposit Cos., as they are given under the head of Trust Companies.

"In the absence of statutory provisions [illegible], a trust company authorized to receive [illegible] and authorized to issue certificates of deposit thereof [illegible] [illegible]." [illegible] P. 449.

U.S. ex. Pa. Dec. [illegible], [illegible]

"To loan money on real or personal securities," "[illegible] sell stocks, bills of exchange, [illegible] securities" means discount paper. [illegible] S.W. [illegible].

Sup. Ct. [illegible] Arkansas.
June 16, 19[illegible].

In Missouri trust companies may receive deposits [illegible] pay interests thereon. Such deposits may be paid [illegible] checks. They may not operate a general deposit account without paying interest. Trust companies may buy and sell bills of exchange. [illegible] statute enumerates powers of a trust company, others should be assumed.

[illegible]
Sup. Ct. [illegible], June [illegible], [illegible].

National banks can only be taxed on shares [illegible] [illegible], and on their [illegible].

[illegible]
[illegible] Sup. Ct. [illegible]

In Illinois, trust companies [illegible] powers, but banks may [illegible] national powers of national trust companies.

BIOGRAPHY.

[illegible] was born in [illegible] the [illegible] school in this city and afterwards [illegible] years in the mercantile business. [illegible] Johns Hopkins University as a special student, [illegible] then retained a residence in the university. [illegible] ed the degree of Doctor of Arts, [illegible] Scientific. He has taken graduate work for the past [illegible] years in Economics and for two and a half years in Philosophy.

Baltimore,