

## HANDLING THE PANIC OF 1907.

BY A. C. MILLER.

Late Saturday evening, October 26, 1907, word reached two or three of the bankers of Des Moines through a private source in Chicago, that the banks of that city on the following Monday morning, would suspend currency payments and for a time, at least, would only honor drafts drawn on them for balances on deposit with them, through the Clearing House Association of Chicago. New York, at this time, was practically on a Clearing House basis, so it therefore became necessary for the banks of Des Moines to protect their currency reserve by a similar action.

The officers and directors of the various banks were notified Sunday morning, October 27, 1907, to attend a meeting called for 10:00 o'clock at the Des Moines Savings Bank rooms. This meeting was attended by practically all of the officers of every bank in the city and was in session for several hours. At this meeting, the attorneys who were present to advise us, were instructed to prepare Articles of Agreement and have them ready Monday morning to be signed by the officers of the various banks, members of the Clearing House Association. A copy of this agreement together with the officers who executed the same is as follows:

We, the undersigned Banks of the City of Des Moines, Iowa, members of the Des Moines Clearing House Association, do hereby agree each with the other and with the said Des Moines Clearing House Association and the Clearing House Committee of said Association, to abide by and conform to all the rules of said Association, including the following rules:

1. That a resolution of the form heretofore adopted by this Association, relating to the manner of issuing Clearing House certificates, and securing the same and pledging the credit of all of the banks, members of this Association, and for the security of all Clearing House certificates issued by the Association, be passed by the Board of Directors of each of the said members of this Association, and a certified copy thereof be sent to the Secretary of this Association.

**The Des Moines Clearing House Association**

PROMISED TO PAY TO THE BEARER ON OR BEFORE THREE MONTHS FROM THIS DATE, THE SUM OF

12598 A ONE DOLLAR \$ 1.00

This certificate is secured by the deposit of approved securities with the clearing house committee of the Des Moines Clearing House Association, and it is also issued upon the credit of the banks of the city of Des Moines, Iowa, members of said Association, and will be received by any of said banks on deposit or payment of any obligations due them. Dated at Des Moines, Iowa, this 28th day of October, A.D. 1907.

DES MOINES CLEARING HOUSE ASSOCIATION.

NOT VALID UNTIL ENDORSED BY THE PRESIDENT OR CASHIER OF A DES MOINES CLEARING HOUSE BANK

BY

*J. O. Wiseman*  
*James Miller*  
*J. Mackinnon*

DES MOINES CLEARING HOUSE COMMITTEE.

\$ 1.00

President.

No. 574

The Des Moines Clearing House Association promises to pay the bearer on or before three months from this date, the sum of **ONE THOUSAND DOLLARS**, without interest.

This certificate is secured by the deposit of approved securities with the clearing house committee of the Des Moines Clearing House Association, and it is also issued upon the credit of the banks of the City of Des Moines, Iowa, members of said Association whose names are printed on the back hereof, and will be received by any of said banks on deposit or in payment of any obligations due them.

Dated at Des Moines, Iowa, this 28th day of October, A. D. 1907.

DES MOINES CLEARING HOUSE ASSOCIATION,

By

*J. O. Wiseman*  
*James Miller*  
*J. Mackinnon*

Des Moines Clearing House Committee.

\$1,000.00

Facsimiles of Des Moines Clearing House Certificates issued October 28, 1907, in denominations of one, two, five, ten and twenty dollars of one form, and of five hundred and one thousand dollars of the other.

2. That no currency or legal tender be forwarded or paid by any bank, member of this Association, to any of its correspondents or non-resident depositors.

3. That no currency or legal tender be paid to any customer of any bank, member of this Association, in excess of Twenty-five Dollars (\$25.00) at any one time, or aggregating more than that sum in any one day, but that such depositors be paid in cashier's checks, certificates of deposit, drafts, or Clearing House certificates.

4. That all of the banks, members of this Association, issue, in so far as they are able, in lieu of currency or legal tender, checks, certificates of deposits, drafts or Clearing House certificates.

5. That each of the Savings Banks, members of this Association, immediately issue, post and require of its depositors, the sixty days' notice provided by law for the withdrawal of savings deposits; provided, however, that any bank may pay within said sixty days upon any savings deposit, a sum or sums not exceeding in the aggregate Twenty-five Dollars (\$25.00).

6. All Clearing House certificates shall be of the form heretofore adopted by this Association; they shall be serially numbered, shall be signed by each of the members of the Clearing House committee and said Committee shall keep a complete record of all of said certificates by their numbers and amounts, the date of issuance and the name of the member to whom issued; provided, however, that the form of certificate and manner of signing the same may be changed from time to time by the vote of a majority of the banks, members of this Association.

7. Clearing House certificates shall be issued by the Association and collateral security therefor shall be deposited with and received by the Clearing House Committee of this Association, upon the express condition that neither the Clearing House Association, the Clearing House Committee, nor any member thereof, shall be responsible for any loss on any of such collaterals arising from failure to make demand and protest or from any other neglect or omission other than

the refusal to take some reasonable step which the said depositing bank may have previously required in writing.

8. In the settlement of Clearing House balances, between the members of this Association, cash or exchange shall not be demanded but all such settlements shall be made in Clearing House certificates.

9. On the surrender of Clearing House certificates, or any of them, by a depositing bank, the Clearing House Committee will credit the amount as a payment on the obligation of said bank, held by them, and will surrender a proportionate amount of securities, except that in case of default of the depositing bank in any of its transactions through or with the Clearing House or said Committee the securities will be applied by the Committee, first to the discharge of obligations of said bank to said Committee or the Association, with interest; next, to the payment of any indebtedness of such bank to the other banks, members of this Association.

10. The Clearing House Committee is authorized to exchange any portion of said securities for others, to be approved by them, and shall have power to demand additional security, at their own discretion.

11. All interest collected by the Clearing House Committee on the obligations of the members of this Association in connection with the issuance of Clearing House certificates shall constitute a special fund for use by said Association for the following purposes:

First: To pay to the banks, members of this Association, carrying Clearing House certificates of the denomination of Five Hundred Dollars or more, interest at the rate of seven per cent. per annum during the time such banks hold the same, and no Clearing House certificates of the denomination of Five Hundred Dollars or more shall be issued or used for any purpose other than the settlement of Clearing House balances.

Second: The remainder of said fund shall remain with this Association, subject to its further orders.

12. Any bank, member of this Association, may at any time exchange Clearing House certificates of one or more denomi-

nations for certificates of equal amount of any other denomination.

13. That these rules, together with any other rules of the Association existing or hereafter adopted, shall be enforced and observed by each of the banks, members of this Association, until further ordered by the vote of a majority of the members of the Des Moines Clearing House Association.

14. This contract shall be deposited with the President of the Des Moines Clearing House Association, as custodian, and the President shall furnish each member of the Association with a certified copy.

IN WITNESS WHEREOF, the said banks and each of them, members of the Des Moines Clearing House Association, have executed this contract by authority of their respective Boards of Directors, this 30th day of October, A. D. 1907.

## CITIZENS NATIONAL BANK.

By J. G. Rounds, Pres.  
Attest. Geo. E. Pearsall, Cashier.

## DES MOINES NATIONAL BANK.

By J. H. Blair, V. Pres.  
Attest. A. J. Zwart, Cashier.

## IOWA NATIONAL BANK.

By H. S. Butler, Pres.  
Attest. H. T. Blackburn, Cashier.

## VALLEY NATIONAL BANK.

By R. O. Crawford, Pres.  
Attest. W. E. Barrett, Cashier.

## CAPITAL CITY STATE BANK.

By Henry Wagner, Pres.  
Attest. J. A. McKinney, Cashier.

## DES MOINES SAVINGS BANK.

By Simon Casady, Pres.  
Attest. Homer A. Miller, Cashier.

## HOME SAVINGS BANK.

By H. C. Hansen, Pres.  
Attest. A. C. Miller, Cashier.

## MARQUARDT SAVINGS BANK.

By G. D. Ellyson, Pres.  
J. H. Hogan, Asst. Cashier.

## GERMAN SAVINGS BANK.

By Jas. Watt, Pres.  
Attest. J. C. O'Donnell, Cashier.

## CENTRAL STATE BANK.

By J. D. Whisenand, Pres.  
Attest. F. L. Walker, Cashier.

## IOWA STATE BANK.

By E. H. Hunter, Pres.  
Attest. G. A. Dissmore, Cashier.

## CENTURY SAVINGS BANK.

By W. G. Harvison, Pres.  
Attest. D. A. Byers, Cashier.

## IOWA TRUST AND SAVINGS BANK.

By G. S. Gilbertson, V. Pres.  
Attest. A. O. Hauge, Cashier.

## PEOPLES SAVINGS BANK.

By C. H. Martin, Pres.  
Attest. F. P. Flynn, Cashier.

## MECHANICS SAVINGS BANK.

By G. E. Mackinnon, V. Pres.  
Attest. Jno. A. Elliott, Asst. Cashier.

The resolutions provided for in the foregoing agreement are as follows:

*Resolved*, That until further directed by the vote of the majority of the members of this Association, that in the further conduct of its business, each of the banks, members of this Association, strictly conform to the following rules, viz.:

1. That a resolution of the form, heretofore adopted by this Association at this meeting relating to the manner of issuing Clearing House Certificates and securing the same and pledging the same and pledging the credit of all of the banks, members of this Association, for the security of all Clearing House certificates, issued by the Association, be passed by the board of directors of each of said members of this Association, and a certified copy, thereof, be sent to the Secretary or Clearing House committee.

2. That no currency or legal tender be forwarded or paid by any bank, member of this Association, to any of its correspondents or non-resident depositors.

3. That no currency or legal tender be paid to any customer of any bank, member of this Association, in excess of Twenty-five Dollars (\$25.00), at any one time, or aggregating more than that sum in any one day, but that such depositors be paid in cashier's checks, certificates of deposit, drafts, or Clearing House certificates.

4. That all of the banks, members of this Association, issue in so far as they are able, in lieu of currency or legal tender checks, certificates of deposit, drafts or Clearing House certificates.

5. That each of the Savings Banks, members of this Association, immediately issue, post and require of its depositors the sixty days' notice provided by law for the withdrawal of savings deposits.

6. That these rules be enforced and be observed by each of the banks, members of this Association, until further ordered by the vote of a majority of the members of the Des Moines Clearing House Association.

Monday morning, October 28, 1907, the officers of the various banks held directors' meetings, most of them called for

7:00 o'clock, and passed the resolutions provided for in the Article of Agreement.

The Clearing House Association supplied printed cards to the Savings Banks, to be posted, notifying their depositors that a sixty-day written notice would be required for withdrawals of deposits, as provided by Law and before the bank doors were opened, these were placed in conspicuous places.

There was also another notice supplied to the various banks, which stated, that on account of the suspension of currency payments, by the Banks in the money centers of the United States and the inability to reimburse ourselves, that the Associated Banks of the City of Des Moines were compelled to do likewise and for a time, suspend currency payments. This notice was signed by the officers of each bank doing business in the city of Des Moines.

The banks opened at the usual hour for business, Monday morning, October 28, 1907, and very little uneasiness was manifested by the depositors during the day. The Clearing House Association appointed a publicity committee, who kept the papers posted as to the situation and advised with them as to what was advisable to be given to the public.

For the first few days, the banks were permitted to pay only Twenty-five Dollars (\$25.00) in cash to each depositor in the Commercial Department, in any one day. After a few days, when it was found that the people of this community had full confidence in the banking institutions and that it was not necessary to limit the payments to so small an amount, greater leeway was given to the managers of banks.

First, by increasing the amount to be paid in any one day, gradually increasing it from time to time. Again, by permitting the banks to cash drafts for traveling men. Again by permitting us to pay half in cash on the pay roll accounts and later the full amount in cash, if the bank having the account so desired, until finally long before the expiration of the Clearing House Agreement, the banks were practically running under normal conditions.

At the expiration of the ninety days, January 28, 1908, at which time, the notes given for Clearing House Certificates by

the various banks matured, they had all been paid, the certificates returned and the day was celebrated with a bonfire, using the Clearing House Certificates which had been in circulation for fuel.

Eight hundred eighty thousand dollars (\$880,000.00) worth of certificates in denominations of \$500.00 and \$1,000.00 were taken out by the banks and used to settle Clearing House balances between themselves. One hundred and seventy thousand dollars (\$170,000.00) worth were taken out by the banks, members of the Clearing House Association, to be used as circulating medium.

The Clearing House Committee, which had in charge the carrying out and enforcing of the Clearing House agreement was composed of J. D. Whisenand, Chairman, John H. Blair, James Watt, J. G. Rounds, Homer A. Miller, H. T. Blackburn, and G. E. Mackinnon. This committee held daily sessions and no currency was shipped out of the city by any bank during this time, without first having obtained the permission of this Committee.

Great credit is due the people of this community for the good judgment which they exercised and their splendid treatment of the banks during the time when it seemed necessary to operate under this Clearing House Agreement. The people seemed united in their desire to back up and help the banks in their effort to protect their patrons and the various interests which they represented.

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LECTURE. The lecture last evening before the Literary Association was delivered by T. S. Parvin, Esq. Subject, "The Discovery of the Mississippi, and the Early Settlement of Iowa." The lecture was an able one, and the large audience in attendance were well pleased with the thoughts and instructed by the facts presented by the lecturer.—*Tri-Weekly Iowa State Journal*, Feb. 12, 1858.

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