

On Nebraska National Bank Note Rarity

Impact of Nebraska's Bank Deposit Guaranty Law of 1909-30

BY GEROME WALTON

INTRODUCTION

The purpose of this article is to explain why so many Nebraska National Banks went out of business during the years 1909-1930, but particularly in 1914. The Nebraska State Bank Deposit Guaranty legislation was a primary cause. This article summarizes the legislative and the legal aspects of Nebraska's struggle with the bank deposit guaranty concepts, and how that influenced Nebraska's National Banks and their bank notes of that period.

THE GUARANTY

I HAVE ALWAYS WONDERED WHY MORE NEBRASKA National Banks went out of business during the year 1914 than any other year during the note-issuing period of 1863-1935. Explanations by other researchers based on nationwide or even more localized economic trends did not explain Nebraska's situation satisfactorily.

Ironically the cause for the high number (of National Banks going out of business in that period) was the creation of the Nebraska State Bank Deposit Guaranty Fund by the Nebraska Legislature. I had known of the Nebraska guaranty fund for many years, but made the casual association and discovery while reading Haller (1990). The legislation (Chapter 10, pp. 66, Laws Nebraska 1909) authorizing the fund was passed on March 25, 1909. The purpose of the legislation was to establish a fund to guaranty the deposits in the Nebraska State banks (Haller, 1990). Because this legislation was of a state origin, the deposit guaranty did not extend to the 221 nationally chartered banks doing business in Nebraska at the end of 1909.

In 1909 the nation was just coming out of the terrible money panic of 1907. This panic caused among other things, an reassessment of Federal banking laws. One result was passage of the ineffective Aldrich-Vreeland Act by the U.S. Congress on May 30, 1908. Its purpose was to make the money supply more elastic. This assessment also led to the establishment of the current Federal Reserve System in 1913.

Discussions about how to assure the safety of money deposited in Nebraska's banks had been going on since the 1890s, an outgrowth of the panic 1893. William Jennings Bryan, the golden tongued orator, and three time Democratic presidential candidate from Nebraska, had come out in favor of protecting the people's bank deposits. Bryan ran in the campaigns of 1896, 1900, and 1908.

Nebraska was one of eight states following the turn of the century which attempted to protect bank deposits through guaranty laws. The others were North Dakota, South Dakota, Kansas, Oklahoma, Texas, Mississippi, and Washington, (for order of adoption see Chart 7). All the deposit guaranty laws



failed between 1923 and 1930 because a lack of adequate supervision and enforcement bankrupted the funds.

This is not to say that all state guaranty funds were run the same (see Table #2). In at least three instances, participation was voluntary (Kansas, Texas, and Washington). In South Dakota, an older guaranty system operating much the same as in the other states, was discarded by the legislature. A newer individual bank reserve system was established, whereby each bank was required to build up a reserve in the state treasury to be maintained for the protection of its own depositors. Such funds remained the private property of the bank. None of the schemes worked.

The Nebraska Deposit Guaranty Fund was in trouble from the very beginning. Upon passage, a group of bankers (it was rumored a group of bankers from Omaha were behind the scene instigators) filed suit to test the law's constitutionality. The District Judge in the lawsuit, T.C. Munger, explained the situation this way:

The Nebraska law prohibits individuals from engaging in the banking business, unless they do so through the agency of a corporation, and also conditions the right to engage in that business upon the making of enforced contributions to a separate fund called a *depositors' guaranty fund*, to be used for the payment of the claims of depositors of any bank organized under state law, which has become insolvent. The state banking board is given the authority to draw the money out of this fund to discharge the obligations of the insolvent bank to its depositors.

The questions involved are whether the act violates the provisions of the Constitution of the United States and of the Constitution of the State of Nebraska. May the Legislature of Nebraska restrict Corporations formed under the laws of the state the right to engage in the banking business, and at the same time require them, as a condition of engaging or continuing in such business, to make these periodic contributions to what is called the *depositors' guaranty fund*?

Section 1 of the Fourteenth Amendment to the Constitution of the United States provides that: "No state shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any state deprive any person of life, liberty or property without due process of law."

And Section 1 of Article 1 of the Constitution of Nebraska declares that all persons have certain inalienable rights, and among these are "life, liberty, and the pursuit of happiness," and Section 3 of the same article provides that: "no person shall be deprived of life, liberty or property without due process of law."

This then, in a nutshell, was the constitutionality concern. The legal language in the actual lawsuit documents can be very daunting to read. For those who want the challenge I have included, later in this article, the ten arguments from the 1931 Nebraska lawsuit.

In November, 1909, the District Court decided in favor of the bankers. In January, 1910, the State of Nebraska appealed to the Nebraska Supreme



Photo 1



Photo 2

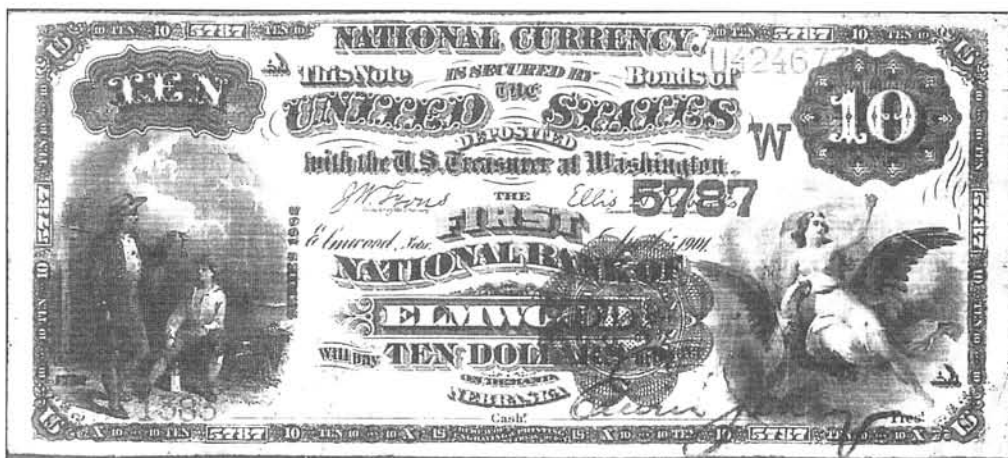


Photo 3

Court, which reversed the lower court and decided for the state. The Nebraska State bankers then appealed to the United States Supreme Court. The case was *Shallenberger vs. First State Bank of Holstein* (219 U.S. 114) where the Nebraska Bank Guaranty Law was sustained as constitutional on January 3, 1911. Justice Oliver Wendell Holmes handed down the decision. Ashton Shallenberger was the Governor of Nebraska at the time.

Challenging the constitutionality of the Guaranty Law was a legal means to try to overturn the legislation -- the real reason the group of bankers was concerned materialized later, just as the group had predicted. From January 1911, the door was open for state chartered banks to have deposits covered by the Guaranty Fund. The door was also now wide open for state bankers to use questionable banking practices, with no fear of the depositors losing their deposits. The state, through regular and, if necessary, special assessments to all state banks in Nebraska, covered deposits of a bank that had gotten into trouble. The fund also covered those good banks caught in economic contractions that were brought about by uncontrollable factors, which, of course, was what the Guaranty Law was primarily designed to do. The bank inspection system at the state level was certainly not as stringent as at the Federal level, so problems could and did arise.

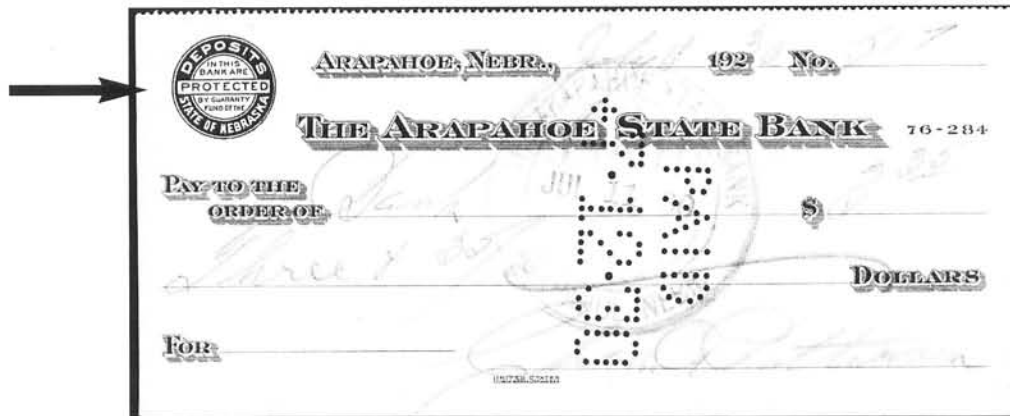
The officers of the National Banks realized that the state banks, having the guaranty, had a competitive edge. The result was a rush by Nebraska National Banks to switch to state charters in order to pick up the guaranty provisions beginning in 1911 (see Charts 1 and 2). These conversions peaked in 1914. Chart 4 shows that more National Banks than ever went into voluntary liquidation in 1914. Chart 2 shows them receiving state charters. There were no restrictions on the number of banks in one town. New state banks could be chartered, offer higher interest on deposits -- why not, they were guaranteed --

and in the process force National Banks to convert to state charters or close. Many of the National Banks opted to convert and continue in banking. Charts 1 and 2 show 72 National Banks converting to state charters from 1909 to 1931, with the highest number of conversions (18) in the year 1914.

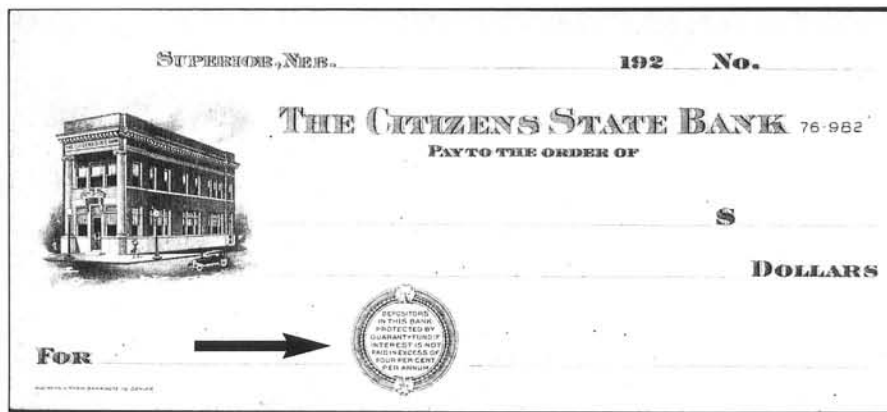
The years that the state Guaranty Fund was in operation were years of upheaval in Nebraska banking. For instance, there were 27 state banks that opted to convert to national charters (Note: the trend at this time was National Banks converting to State Banks); 18 of these occurred from 1909 to 1911. Did they want to get away from the coming assessments? Six of these 18 soon decided to switch back to state charters. Did they find competition too great from the state banks with the implied guaranty?

These six are listed here:

Citizens Bank to Citizens NB McCook (1909) to Citizens SB of McCook (1916)
 City Savings Bank to City NB Omaha (1909) to SB of Omaha (1916)
 Peoples Bank to FNB of Lodgepole (1910) to First SB of Lodgepole (1911)
 Ponca Valley Bank to FNB of Lynch (1910) to Security SB of Lynch (1917)
 Brunswick Bank to FNB of Brunswick (1911) to Brunswick SB of Brunswick (1916)
 Deuel County Bank to FNB of Oshkosh (1911) to First SB of Oshkosh (1915)



Three checks on Nebraska banks with Deposit Guaranty logos. See arrows.



The result of these conversions and reconversions is that the above listed banks had very short periods of time as National Bank Note issuers. Add to that, they went out of business early. Is it any wonder then that the notes from these banks are especially rare?

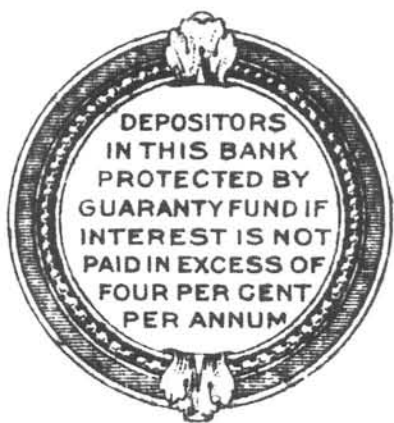
A point of interest concerns the banks placed into receivership. Receivership meant that the bank could not be salvaged. Charts 3 and 4 show these banks. The receiverships are clustered around the financial panic of 1893 and the agricultural and great depression of 1921 to 1935. They are not, during the years 1909-1920, when the Guaranty Fund was having its greatest effect.

It is apparent from Table 1 (*U. S. Department of Agriculture Yearbooks, 1909-1920*) that the prices for corn and wheat and crop yields in Nebraska did not unduly suffer between 1909-1920. The farming economy was not a factor in the large number of voluntary liquidations from 1909-1920. If there had been a farming downturn, it should be pointed out, it would be more normal for banks to go into receivership rather than voluntary liquidation. The point being that banks going into receivership would be a normal, but not exclusive, result of farming downturns.

There was a decrease in the number of National Banks going into voluntary liquidation and converting to state charters after 1914. There were several reasons for this. The Comptroller of the Currency, in trade newspapers and magazines, said he was concerned about the new guaranty laws jeopardizing the safety of National Banks. He also warned National Banks against setting up affiliated Savings Banks to take advantage of the guaranty. It is true that the comptroller could not control whether a National Bank went into voluntary liquidation, but there could be a lot of jawboning in trade papers. The Nebraska Bankers Association appointed receivership committees to inspect failed state banks, and later formed the State Agricultural Loan Association. The purpose of the Association was to realize cash on the good assets in the hands of receivers, and thus stop the drain of special assessments on surviving banks' capital. These and other actions, albeit small attempts of control or regulation, did seem to have a moderating effect in general by indirectly letting some bankers know that restraint was needed on their part.

There were 659 Nebraska state charters in operation in 1909. By November, 1920, 1,065 state charters had been issued. By 1926, 154 state banks were in trouble: 117 of them had gone into receivership, with depositors being paid in full by \$15,000,000 collected from all state bankers through assessments. In early 1928 there were still 123 banks in trouble with total additional liabilities of another \$15 million. State bankers almost unanimously

This logo is the result of regulators trying to control exorbitant interest rates paid on bank deposits.



Below: A 1998 photo of the empty lot where the First State Bank of Holstein stood in 1909. Right below: A 1998 photo of Holstein, NE business street. The community's population in 1990 was 207.



felt they could not pay this amount in assessments and remain solvent.

THE FINALE

On December 15, 1928, after a special assessment of one-fourth of one percent of the average daily deposits, a lawsuit (*Abie State Bank vs. Weaver, Governor of Nebraska*) was filed. The Abie State Bank on behalf of several hundred Nebraska state chartered banks challenged the constitutionality of the statute authorizing the levy of such special assessments. Their grounds were that collection of these assessments constituted the taking of the bankers' property without due process of law, in violation of the 14th Amendment to the Constitution of the United States. By 1930 this suit had gone all the way to the United States Supreme Court (219 U. S. 282). Chief Justice Charles Evans Hughes, handed down the decision on February 25, 1931, declaring these assessments as constitutional.

While this suit was wending its way through the courts, the Nebraska legislature at a special session repealed the Deposit Guaranty Law on March 18, 1930. By 1930 the guaranty fund had become onerous because it was costly and a blank check for abuse. As the *Northwestern Banker*, a trade paper, editorialized: "The guaranty of bank deposits law pays the losses on bad banking. The guaranty bank law theoretically welcomes any individual, whether qualified or not, to enter the banking business and says to him, in fact no matter how poorly he may run his institution, the other banks in the system will insure his depositors against loss. In other words, the guaranty deposit law makes bad banking easy and places an additional burden on good banking."

The repeal legislation of 1930 created "The Depositors Final Settlement Fund" which assessed Nebraska state bankers an additional \$8 million above the previous regular assessments and special assessments. The repeal legislation thus brought an end to the bank deposit guaranty law in Nebraska, but as we shall see, this was not the end of the legal battle. The state bankers having lost their lawsuit (*Abie State Bank vs. Weaver* which became *Abie State Bank vs. Bryan*, when Charles Bryan was elected Governor in 1931) were still required to pay the assessments, special assessments, and the final settlement assessments.

When a request for a rehearing by the U. S. Supreme Court was denied, the Nebraska Bankers Association (as in the previous two cases, to protect its member banks' assets and in some cases the banks very existence) brought suit, again on constitutional grounds, through the state banks. This time the suit was *Hubbell Bank vs. Bryan*. The *Hubbell Bank vs. Bryan* suit was filed in district court Lancaster County, NE in April, 1931. The constitutionality of certain sections of the compiled 1929 Statutes of Nebraska, which included the later enacted law repealing the deposit guaranty law and creating the "Depositors Final Settlement Fund," were the major points of this new lawsuit.

The focus of this suit was the depositors guaranty fund law repeal legislation of March 18, 1930, which created The Depositors Final Settlement Fund. Among other things, it provided for the transfer of assets from the depositors guaranty fund to the depositors final settlement fund, including certain assessments, which had not been paid under the old law, and provided for additional assessments for a period of 10 years. This transfer of funds and combining of assessments allowed this lawsuit to focus in on the repeal law and all combined remaining assessments.

The 10 arguments in this lawsuit, as abstracted from *Nebraska Reports* Vol. 124, follow on page 84:

TABLE 1

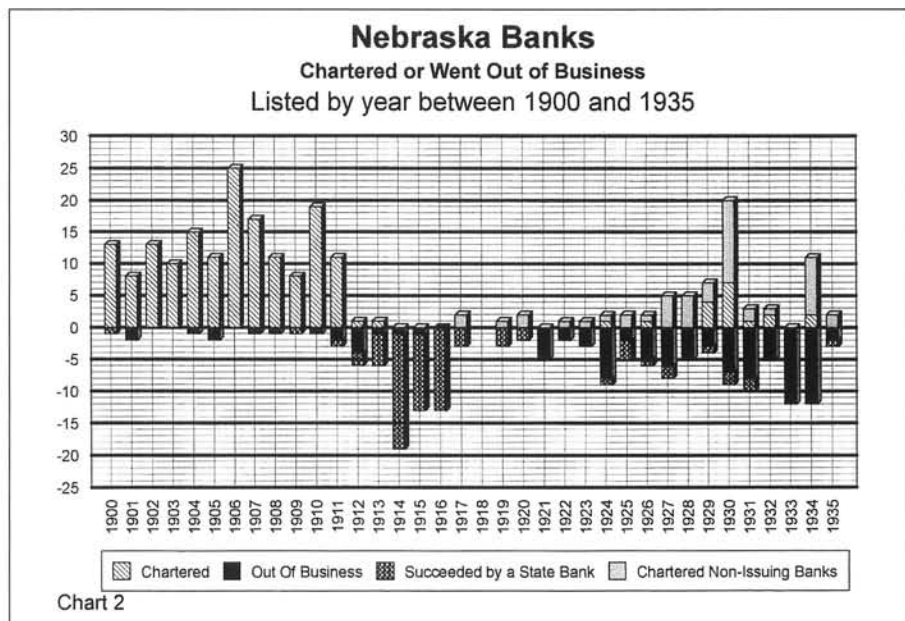
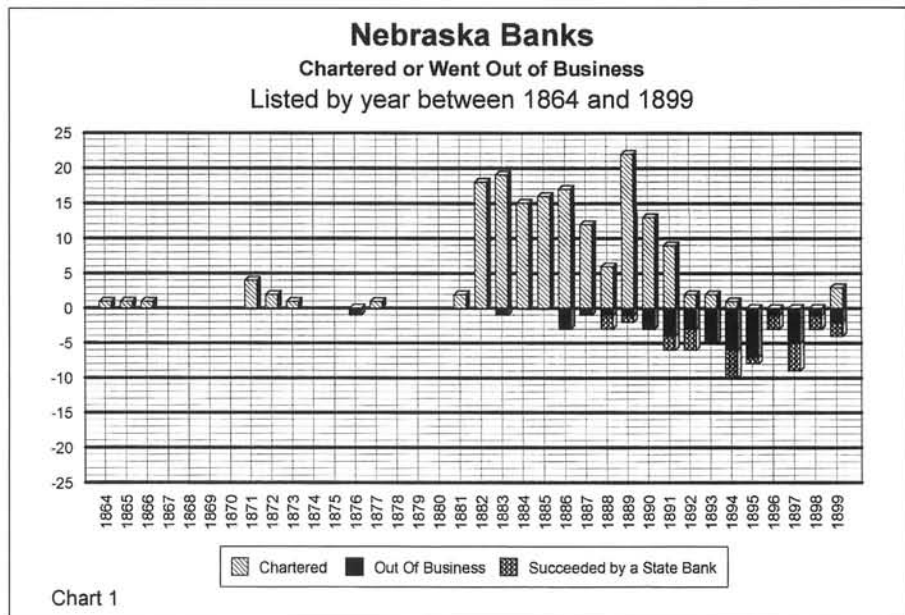
Year	CORN		WHEAT	
	Price	Yield in Bushels	Price	Yield in Bushels
1909	\$0.50	24.8	\$0.89	18.8
1910	\$0.36	25.8	\$0.80	16.1
1911	\$0.55	21.0	\$0.87	13.4
1912	\$0.37	24.0	\$0.69	17.6
1913	\$0.65	15.0	\$0.71	17.9
1914	\$0.53	24.5	\$0.95	18.6
1915	\$0.47	30.0	\$0.84	18.3
*1916	\$0.78	26.0	\$1.60	19.4
*1917	\$1.20	27.0	\$1.95	13.8
*1918	\$1.28	17.7	\$1.97	11.3
*1919	\$1.22	26.2	\$2.02	13.8
1920	\$0.41	33.8	\$1.31	16.8

*The price increases 1916-1919 were the result of World War 1

STATE GUARANTY PLANS

State	Legislation Passed	Operational	Inoperative	Repeal	Compulsory Membership	Regular Assessments (Most Common)	Special Assessments (Most Common)	Banking Dept. Discretion To Issue Charters	U.S. Supreme Court Cases	Comments
Oklahoma	December 17, 1907	February 14, 1908	1921	March 31, 1923	Yes	1/5 of 1%	1/5 of 1%	None Until 1913	<u>Constitutional</u> Noble SB Vs Haskell (1911)	
Kansas	March 6, 1909	June 30, 1909	1926	March 14, 1929	No	1/20 of 1%	1/20 of 1%	Full, But Lax	<u>Constitutional</u> Assaria SB Vs Dolley (1911)	
Nebraska	March 25, 1909	July 1, 1911	1930	March 18, 1930	Yes	1/20 of 1%	1%	None Until 1923	<u>Constitutional</u> FSB Holstein Vs Shallenberger (1911) & Abie SB Vs Bryan (Weaver) (1930)	
Texas	May 12, 1909	January 1, 1910	1925	February 11, 1927	Yes (Dual System)	1/4 of 1%	2% Average daily deposit	Full By 1913		Dual System (Deposit Guaranty) or (Deposit Bond System)
Mississippi	March 9, 1914	March 9, 1914	1930	April 2, 1934	Yes (Except First year)	1/20 of 1%	1/20 of 1%	Full By 1924	<u>1 Bank Exemption</u> Bank of Oxford Vs Love (1919)	
South Dakota	March 5, 1915	January 1, 1916	1925	July 1, 1927	Yes	1/4 of 1%	None	Full		1st System Deposit Guaranty 1915-26 2nd System Banks Individual Accounts 1927-31 (Not Guaranty Insurance Principle)
North Dakota	March 10, 1917	July 1, 1917	1924	July 1, 1929	Yes	1/20 of 1%	1/20 of 1%	Full By 1927		
Washington	March 10, 1917	June 29, 1917	1921	February 8, 1929	No	1/10 of 1%	1/2 of 1%	Full, But Lax		Mass Exodus Of All Banks In The System June 30-Dec 30 1921

TABLE #2



1. Banks and Banking: Guaranty Fund: Assessments.

Legislative act to provide for guaranty fund by assessments levied against state banks under the police power must be related to some public purpose and must not be arbitrary and unreasonable.

2. Banks and Banking: Depositor's Final Settlement Fund Act: Validity.

Depositor's final settlement fund act lacked the public purpose necessary to support such legislation as an exercise of the police power.

3. Constitutional Law: Depositor's Final Settlement Fund Act.

Such an act, which provides that solvent banks shall be assessed in the future, to pay the losses of depositors in banks which had failed prior to its enactment, is invalid for that it takes the property of one and gives it to another, depriving the one of his property without due process of law.

4. Constitutional Law: Depositor's Final Settlement Fund Act: Police Power.

Public purpose sufficient to support an exercise of police power of the state is not imparted into a legislative act, merely because it supersedes and replaces a statutory enactment which did have such public purpose.

5. Statutes: Construction.

Provision expressing legislative intent as to the separability of the various parts of a statute is an aid merely to judicial interpretation.

6. Statutes: Construction.

"The legislative intent is the cardinal rule in the construction of statutes."

7. Constitutional Law: Depositors Final Settlement Fund Act.

Police regulation, although valid when made, may become, by reason of later events, arbitrary and confiscatory in operation.

8. Courts: Judgment as Bar.

"A decision of the Supreme Court of the United States in a suit brought immediately upon the enactment of a bank guaranty law, holding such law to be constitutional, does not preclude a subsequent suit for the purpose of testing, in the light of later actual experience, the validity of assessments made there under, alleged to be unreasonable and confiscatory, and hence repugnant to the due process clause of the Fourteenth Amendment."

9. Constitutional Law: Police Power.

When conditions change so that what was once an insignificant taking of private property for an ulterior public advantage under depositors guaranty law becomes a taking of private property exclusively for private purpose confiscatory in its application, the law cannot be sustained as a constitutional exercise of the police power of the state.

10. Constitutional Law: Guaranty Fund Act: Validity.

It is established in this case that conditions have so changed that the depositors guaranty fund act is deprived of its public purpose; that the assessments there under are now confiscatory; and that it now takes private property exclusively for a private purpose. In such a case, one is deprived of his property without due process of law, in violation of the Fourteenth Amendment to Federal Constitution and Section 3, Article I of the constitution of the state of Nebraska.

In January, 1932, the Lancaster County District Court came to a decision against the banks. An appeal was then made to the Nebraska Supreme Court. After many months, the Nebraska Supreme Court wanted a reargument of the case, which was done.

If the bankers won this case in the Nebraska Supreme Court the Attorney General would be prohibited from appealing to a higher court as the state could not appeal a decision of its own highest court. If the banks lost they could appeal to the U. S. Supreme Court. It was mid-November, 1932, that a

Below left: A 1998 photo of the business street of Abie, NE. The 1990 population of Abie was 106. Below: A 1998 photo of the Abie State Bank building, now used as a branch post office.



decision in favor of the banks was announced. After 23 years the bankers finally won the long winding and expensive ordeal against the guaranty law and all remaining assessments.

As Hughes said in his 1956 book, and Haller repeated in his 1990 book: "Thus finally ended a struggle with an idea hatched by enthusiasts entirely unversed in banking, who listened last of all to experienced bankers and ended by doing irreparable harm instead of the good they promised from the house-tops. That those responsible could walk away from the wreckage without penalty has always seemed a shame."

THE NOTES

Now let's explore how the guaranty law impacted the survival of the National Bank Notes. Most importantly it forced National Banks to liquidate and to liquidate early (before 1920). Because of this the notes from the affected banks are rare. For example, let's look at the time period 1909-1919 (see Table 3) which focuses on the National Banks that went into voluntary liquidation and converted to state banks, along with their reported surviving notes

as of the writing of this article.

It is of interest to observe that from this time period 23 national to state converted banks have no reported notes, and an additional 11 banks have only a single example.

The federal regulations governing the circulation of National Banks going out of business were the same. As far as the circulation was concerned, it actually made no difference whether the bank went into liquidation to go out of business, went into liquidation so it could be succeeded by another bank, consolidated, or whether the bank was forced into receivership, regulations dictated how redemption proceeded.

Banks had to advertise in a local circulation newspaper that they were going out of business and were calling in their outstanding circulation. Here is how the redemption actually took place: (1) When the bank closed, the bonds used to secure the circulation of the bank were sold and the proceeds were deposited into the redemption fund. (2) Redemption then proceeded as normal.

In looking at redemption figures for the Nebraska National Banks that went out of business, half of the outstanding circulation was redeemed in the first year, 90% was redeemed

Nebraska National Banks
INTO RECEIVERSHIP and VOLUNTARY LIQUIDATION
Listed by year between 1864 and 1899

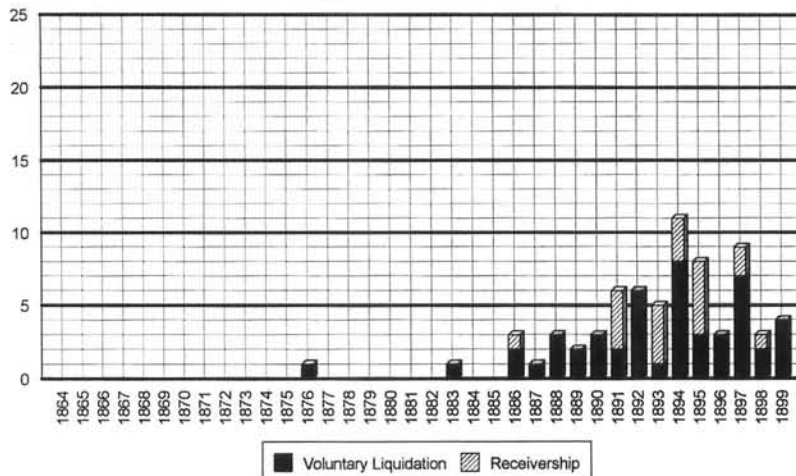


Chart 3

Nebraska National Banks
INTO RECEIVERSHIP and VOLUNTARY LIQUIDATION
Listed by year between 1900 and 1935

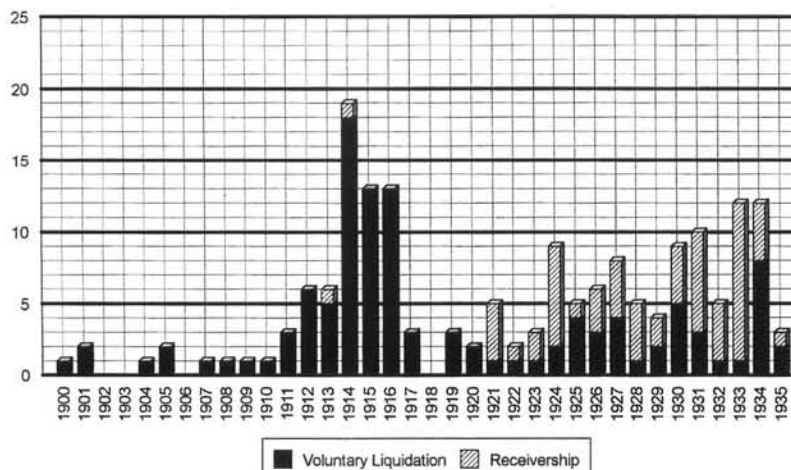
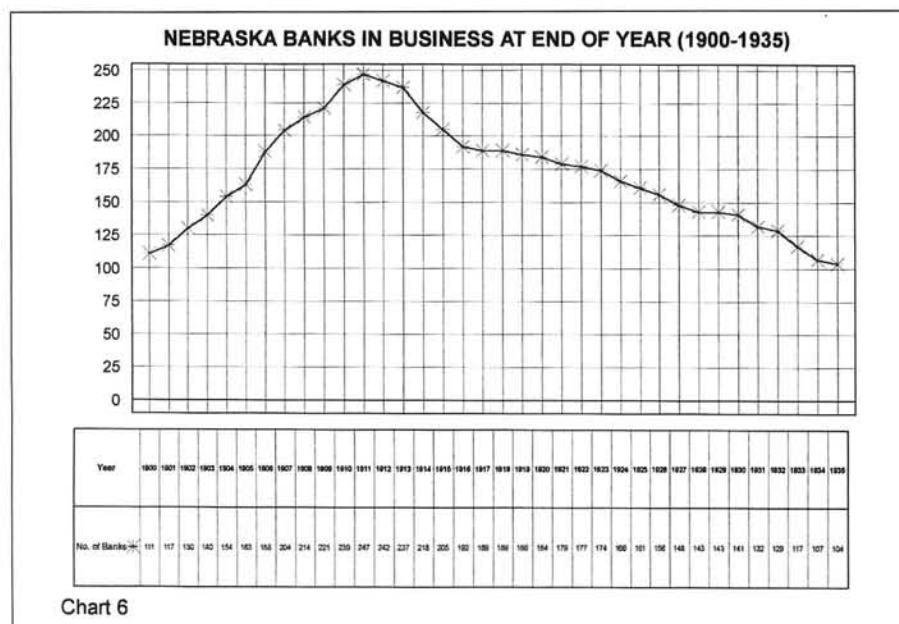
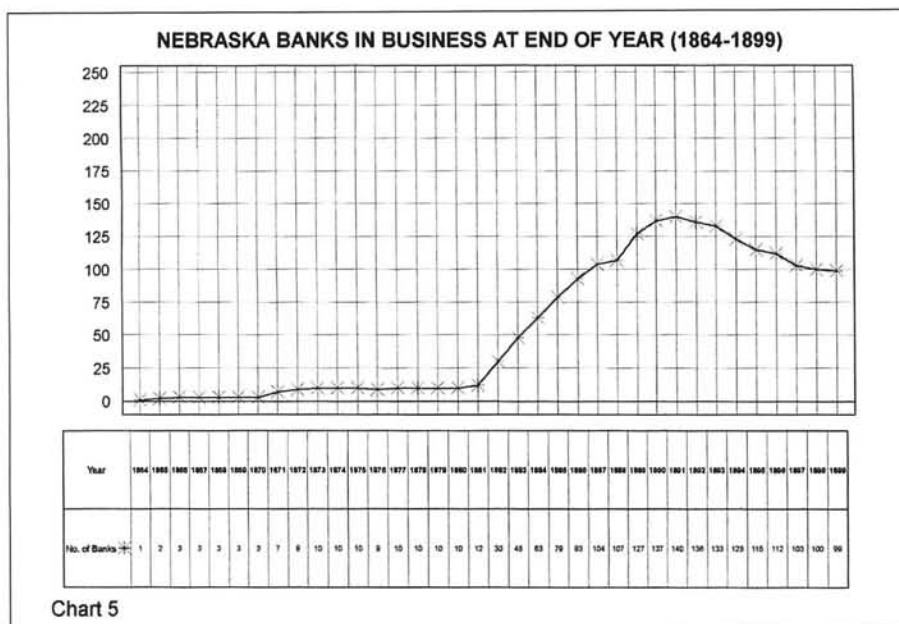


Chart 4



after 10 years, and 99% after 20 years! At some point, the very last note was redeemed for many of these banks. Is it any wonder then that, as of this writing, Nebraska still has 82 of 349 issuing banks for which no surviving notes have been reported?

DISCUSSION

The Nebraska Deposit Guaranty Law heavily encouraged the liquidation of National Banks in Nebraska (see Charts 5 and 6). When research on this article was started, the assumption was made that all the states that enacted deposit guarantee laws would be effected in much the same manner and to the same extent. Preliminary research on the other seven states has indicated that in one state (Washington) National Banks were not effected at all. The other six states were affected to varying degrees, but none to the same extent as Nebraska. There were slight differences in the other states laws, as most states learned from Nebraska's experience. More research is to be conducted on the other guaranty fund states before final conclusions can be reached. Articles are to be written later which will shed light on those states guaranty funds and

their affects on National Banks in those several states.

These eight states, as it later turned out, were trial runs to the establishment of the Federal Deposit Insurance Corporation (FDIC). The Roosevelt administration's "Emergency Banking Act of March 9, 1933," authorized the creation of the FDIC. As we have seen, Nebraska's state guaranty law was not economically sustainable. The agricultural depression of 1921 and the economic depression building in the late 1920s and continuing into the '30s, plus the stock market dive in 1929, were factors in bringing about the final demise of the state guaranty laws. Another factor was that the state funds were not sufficiently broad-based.

The FDIC, on the other hand, has continued for more than 65 years. The FDIC is much broader based in all 50 states. In the long run it can be, and was as recent events show, supported by a nationwide taxpayer base as well

Photo 4



Photo 5

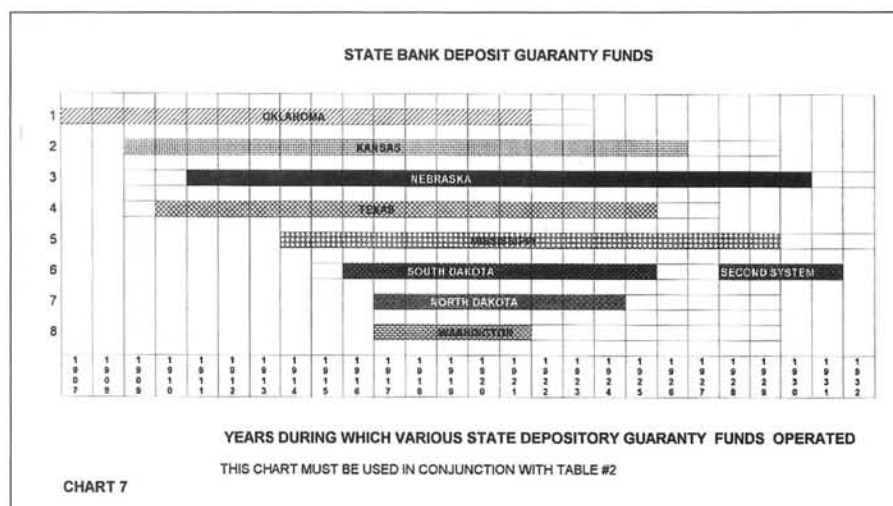


Photo 6



TABLE 3

YEAR OF LIQUIDATION	BANK NAME	CHARTER NUMBER	REPORTED SURVIVING NOTES
1909	Anoka NB	6464	Unreported
1911	Citizens NB of Saint Paul	3891	(2)
1912	NB of Pawnee City	6541	(1) Photo #1
1912	Shelton NB	9200	Unreported
1912	German NB Beatrice	4148	(1) Photo #2
1913	Tobias NB	7578	Unreported
1913	Nebraska NB Norfolk	7329	Unreported
1913	FNB Lodgepole	9741	Unreported
1913	FNB Henderson	8183	Unreported
1913	Atkinson NB	7881	Unreported
1914	Sutton NB	3653	(3)
1914	Superior NB	5397	(4)
1914	FNB Bloomfield	6503	Unreported
1914	FNB Elmwood	5787	(1) Photo #3
1914	FNB Nelson	3495	(4)
1914	FNB Lawrence	8851	(1) Photo #4
1914	FNB Oxford	7520	Unreported
1914	FNB Curtis	8812	(2)
1914	FNB Campbell	8975	Unreported
1914	City NB Holdrege	4345	(3)
1914	FNB Polk	8533	(2)
1914	FNB Spalding	7574	Unreported
1914	FNB Cedar Rapids	8282	Unreported
1914	FNB Diller	7355	Unreported
1914	FNB Wolbach	8413	(2)
1914	FNB Overton	7925	Unreported
1914	FNB North Bend	7449	Unreported
1914	FNB Sargent	7384	(2)
1915	FNB Hebron	2756	(2)
1915	Citizens NB Orleans	8567	Unreported
1915	Farmers NB Pawnee City	4078	(10)
1915	Citizens NB Gothenburg	8113	Unreported
1915	FNB Cozad	4165	(1)
1915	Gothenburg NB	6282	(3)
1915	Pender NB	5308	(2)
1915	FNB Oshkosh	10081	Unreported
1915	Tecumseh NB	4276	(2)
1915	City NB Weeping Water	5281	(4)
1915	FNB Clarks	6939	(2)
1915	Blair NB	8027	Unreported
1916	City NB Omaha	9466	(3)
1916	Neligh NB	5690	(5)
1916	FNB Callaway	9258	(1) Photo #5
1916	FNB Brunswick	10033	(1) Photo #6
1916	FNB Trenton	8218	(1) Photo #7
1916	Custer NB Broken Bow	5995	(7)
1916	Citizens NB Tecumseh	6166	(2)
1916	FNB Saint Edward	5346	(4)
1916	Schuyler NB	3152	(6)
1916	FNB Ansley	7393	Unreported
1916	Citizens NB McCook	9436	(1) Photo #8
1916	NB Wilber	6415	(1) Photo #9
1916	Dawson County NB Lexington	4161	(7)
1917	FNB Lynch	9785	Unreported
1917	German NB Johnson	8383	(1)
1917	FNB Bazile Mills	8469	(2)
1919	FNB Crete	2706	(9)
1919	FNB Allen	8372	Unreported
1919	FNB Lexington	3292	Unreported



as assessments to nearly all banks around the nation. Most importantly, banks with FDIC protection are very closely inspected and regulated, with rigid enforcement imposed.

The various state guaranty funds never applied to National Banks because the Attorney General of the United States prohibited it in a July 1908 ruling.

Does any of the information in this article concern any of the states and territories that were not part of this eight-state deposit guaranty experiment? Maybe, from the standpoint that major economic events are not the only events that created National Bank Note rarity. Only extensive research will bring to light some of these lesser-known regional events that caused National Banks to go out of business, and their circulation to be redeemed.

I realize that it may be difficult to understand some of the concepts in this article, but I hope that with the aid of the many charts and graphs the reader will see the "Big Picture."

Questions or comments about this article may be directed to the author (SASE please) at PO Box 9833 Colorado Springs, CO 80932.

ACKNOWLEDGMENTS

Sam Whitworth for his assistance in locating various original laws and lawsuits in Lincoln, NE libraries. Peter Huntoon for proofreading and advice.

Below: A 1999 photo of Hubbell Bank. Below right: A 1999 photo of the business street of Hubbell, NE. Population of Hubbell in 1990 was 55.

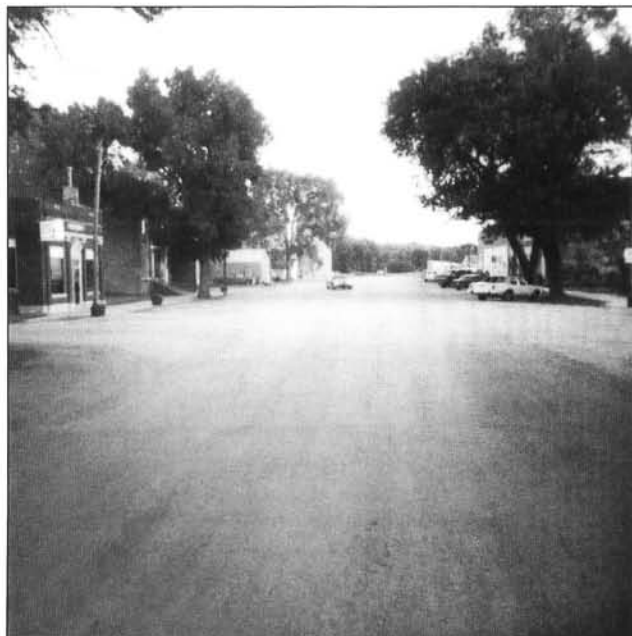
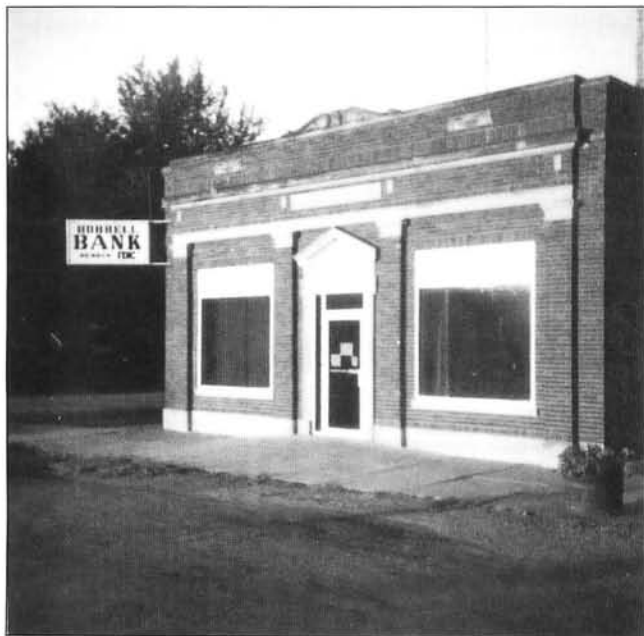




Photo 7



Photo 8



Photo 9

Dave and Monica King for their computer skills on the text, graphics, and illustrating. Leonard Samowitz, Chief of Reference Services, FDIC, for his gracious assistance with publications. All illustrations are from the Gerome and Ruth Walton Collection.

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