company, so as to minimize the risk of disaster or financial shock to the business through the demise of one of the members. When safeguards of this kind have been provided against the contingencies of the future, it necessarily strengthens the proposition in the opinion of Head Office, and the manager should not omit to present the favorable feature.

In commenting on the items of the liabilities, the manager should endeavor to make it clear that in his opinion the liabilities as set forth in the statement represented a full and complete showing, and it is always pertinent to tell Head Office in a few words why it is safe to have confidence in the accuracy of the statement. In other words, the evidence on which the manager bases his belief in the truthfulness of the exhibit should be put forward.

When there are special liabilities—to relatives, friends, etc.—the circumstance should be set out clearly and intelligently, and full explanations given. The existence of such special debts may be a source of great weakness from the bank's point of view. It is well known that a customer in this position will, as a rule, make special efforts to protect these creditors if things go wrong. He may do so through paying them a large proportion of the proceeds of cash sales, or through transferring property of value. In either case the bank's position may be seriously prejudiced, and it is well for the bank to have all the details when special liabilities of this nature are in existence. If they are there, and the branch manager when putting in the application omits or withholds the information, an unfavorable feature of this description is practically certain to come into prominence later. The safe and wise policy is to send Head Office full information in the first place.

It is essential, too, that full information be given regarding the indirect liabilities of the customer, either by way of guarantee or endorsement. If the customer has obligated himself extensively as endorser or guarantor for other parties, the tendency is to weaken his own right to credits from the bank. The holders of these other obligations may press him, perhaps forcing him into insolvency or forcing the bank to take over the liability and add it to its own debt. Of course, if the indirect liability is in connection with paper discounted by the bank itself there can be no concealment or deception practised by the customer; but if it is in connection with paper held by another bank, or by an outside party, concealment might be quite easy. In reporting the indirect liabilities, if the manager is able to give the details regarding paper held by the bank