

FRAUDS ON BANKS.**Simple Rules for Protection—Effects of Intense Competition—Never Be in a Hurry to Part with Bank's Money.**

In the past few weeks there have been some cases of fraud on banks which are typical. How to deal with such is an open question in the banking profession. Against burglars and thieves strong vaults can be constructed which practically give absolute safety. But against fraud there have been no set of rules or practices yet devised that will secure absolute immunity.

With regard to recent bank frauds, the *Teller*, published by the Sterling Bank, deals with the question as follows:

"While banks have taken the utmost precaution to protect themselves against burglars by massive vaults and safes and other protective measures, the more insidious forms of robbery, viz., forgery and cheque-raising, have been somewhat neglected.

CONSPICUOUS CASES.

"The following are three conspicuous cases which have been perpetrated lately.

"1. A man walked into a bank and opened a small account. A few days later he deposited a marked cheque on another bank for a few hundred dollars and drew it nearly all in cash, then disappeared. The cheque was bad, and later it was found that the acceptance stamp was either stolen or specially made for the purpose.

"2. A person opened an account at a bank, and later filled in a cheque for a small amount and requested to have it marked. The cheque was so made out that it was easily altered into a larger amount. Once having a marked cheque in his possession, the cheque-raiser raised the amount and proceeded to another town, where he deposited the marked cheque at another bank and drew a considerable amount against it.

"3. A branch bank received a letter purporting to have been sent by another of its branches advising that a Mr. — had gone on a trip and would probably be in their district. A specimen of his signature was enclosed and the letter reported that this gentleman was a holder of their letter of introduction and requested that any assistance he required be given to him. A few days later the gentleman called, presented his letter of introduction, drew a substantial amount and made his departure to another branch, where he intended to repeat the operation. This he kept up until sufficient time had elapsed for the drafts to be presented, and when the fraud was discovered he had disappeared.

HOW COULD SUCH FRAUDS BE AVOIDED?

"In the first place, a few simple rules may be laid down which, if adhered to, will make it materially harder for this class of thief to accomplish his purpose.

"1. No cheque should be marked for a savings bank customer.

"2. No current account should be opened unless the prospective customer furnishes the manager with satisfactory evidence of his identity.

"3. No cheque which is badly filled in should be marked.

"4. Letters of introduction should not be given to customers for the purpose of their obtaining money.

EFFECTS OF INTENSE COMPETITION.

"Increased competition between banks is no doubt one reason for important rules of this kind being waived at times, thus paving the way for the fraud; but probably one of the most important factors for his success is the courtesy which is extended by bank managers to customers and others who do business with them, and the manager's anxiety to create a good impression with the person who is introduced.

"So frequent have been the frauds in the past year or two that this matter demands the special attention of every officer of a bank.

"The man who schemes to defraud banks in this way is usually one with plenty of confidence and a plausible manner, so that the courtesy he meets with in the bank becomes an excellent weapon for him.

"For this reason the manager and, in fact, all other members of the staff must be on the alert for undesirable visitors of this kind.

"This does not mean that if a stranger enters your office you must not be as courteous to him as to one of your regular customers; but never be in a hurry to part with the bank's money. Once paid out it is gone. Think it out well, and when you are satisfied the transaction is *bona fide*, pay out the money—but not before."

WANT AMERICAN BANKS TO OPEN BRANCHES ABROAD.**Dollar Diplomacy Crops Out in Statement Showing Success of English and German Banks in South America—Opportunity under New Currency Bill.**

The State Department at Washington is beginning to pay attention to that feature of the currency bill permitting American national banks to establish branches abroad. There is still some dollar diplomacy in the Department, where it was said recently:

"It is estimated that English banks have made over \$80,000,000 out of United States citizens in Argentina alone since 1863, when the first English banks were opened there.

"The growth of German banking in South America should be a lesson to us. In 1886, when the first German bank was opened in South America, Germany had less than one-sixth of the trade with South America that we have to-day. It boldly invaded the field and has slowly and surely built up a large chain of banks all over the continent.

"The First National Bank of Boston recently sent its Vice-President, Francis Abbott Goodhue, on a trip to Brazil, Argentina and Uruguay to investigate this banking matter thoroughly. Mr. Goodhue has written an able report, which should be widely read. He firmly believes that there is a great field for American banks in those countries, in spite of the great expenses which would have to be met and of the grueling competition which they will encounter from the foreign banks already established there.

"He points out that the 20 per cent. dividends which are now being paid by various English and German banks in South America are not wholly paid from the profits of the current year, but that their enormous surpluses and assets from past years can be freely drawn on when it comes to paying dividends. Besides, temperate South America, not to mention tropical, is rapidly developing, and furnishes just as good a field for the investment of money to help the country grow as was the case in our own Western States."