

## NIGHT SESSION

The subcommittee reconvened at 8 o'clock p. m., pursuant to recess.

The CHAIRMAN (Senator Pepper). Mr. Harrison, will you address the committee? Just give your full name and whom you represent.

**STATEMENT OF GEORGE B. HARRISON, DIRECTOR OF THE COMMERCIAL NATIONAL BANK AND CITIZEN'S SAVINGS BANK, UPLAND, CALIF.**

Mr. HARRISON. Mr. Chairman and gentlemen, my name is George B. Harrison, director of the Commercial National Bank and Citizen's Savings Bank, Upland, Calif., and representing the control by ownership of the majority of the stock of the Karlsbad National Bank, Karlsbad, N. Mex., and the same of the Glasgow Savings Bank, Glasgow, Mo., and incidentally a director of the Los Angeles branch of the Federal reserve bank in San Francisco.

If you gentlemen will permit me, I would like to preface my regular statement, which is short, by answering a few little points that Doctor Willis brought out. The doctor was referring to the weaknesses arising from the banks making real-estate loans. I think that is not well taken. It will depend on the character of the real-estate loan. The bank in Missouri that I mentioned was organized by my ancestors in 1853, and since the day that business was established they have made a practice of loaning a reasonable amount of their assets on real estate, and in the 73 years of its history that bank never, except at night or on holidays, has closed its doors, has never failed to pay its annual dividend promptly, and in the 73 years has borrowed money once. And I know in handling bank accounts from the Mississippi River to the Pacific coast—I was connected with one of the Kansas City banks for a number of years—that our difficulties with our correspondents never arose from the character of the security if it was well taken.

So I think that Doctor Willis in criticising real-estate loans in an abstract way is not necessarily correct.

The CHAIRMAN. That was the old-fashioned idea. I know when I was young it used to be said that the first qualification of a banker was to be able to recognize a mortgage when he saw it and refuse to lend on it.

Mr. HARRISON. Well, my experience has not been the same. My grandfather was in this bank that was organized in 1853; then my father came on, and after my father I came on until I went to Kansas City. We were old fashioned, possibly, in our methods, but that bank has never taken an officer outside of its own force and men who were trained in what we regarded as recognized safe banking principles.

Doctor Willis also in his discussion of real-estate loans impressed the necessity of having established in some way an appraisal board. Theoretically that might be all right, and if care is used in the selection of that board it is all right, and he mentioned the Federal land bank appraisers. I but recently was instrumental in assisting some friends to dispose of a large part of the real-estate holdings of the Union Land & Cattle Co. of northern Nevada. While this par-