

Senator GLASS. If I may interrupt you there, suppose you were subject, as doubtless you would be, to cite a case in which the chief official of the branch bank in your valley had embezzled all of its funds, would you call that peculiar to branch banking?

Mr. VAUGHAN. No.

Senator GLASS. Have not such things occurred in unit banks?

Mr. VAUGHAN. Absolutely.

Senator GLASS. I wondered if in unit banking there had not been instances of shylocking such as you represent here.

Mr. VAUGHAN. Absolutely, and it happens that neither one is without fault. I am merely mentioning this just as an illustration in contrast—

Senator GLASS. I am wondering whether that is peculiarly a characteristic of the branch bank.

Mr. VAUGHAN. I would not say that, but I would say it was contrasting the benevolent picture that they have set, and where they have expressed a desire to help and a desire to cooperate and upbuild and assist these local communities.

The honorable Mr. Oliver, attorney for superintendent of banks of California, in his testimony before the House committee two years ago, made the following statement in speaking of one of the branch banks:

That bank not only upheld the community but upheld the other banks. All those banks who were not able to take care of themselves, they took over and prevented them from breaking and prevented the people from losing and prevented the locality from going bankrupt.

The incident just related above perhaps illustrates how their assistance is offered in actual practice. I would like to give one other illustration which shows another attitude of branch banking in actual operation.

In the latter part of December, 1923, one of the smaller branch banking systems, which operated nine branches in the Valley, began to lose the confidence of the public. As with some of the larger branch banks, this bank had grown very rapidly by the purchase and absorption of local unit institutions. Largely through this process its resources finally totaled more than \$10,000,000. The lack of confidence increased and a silent run set in, with the result that in the early part of 1924 the superintendent of banks of the State of California called a meeting of the Fresno clearing house. He read a statement in which he stated that the bank had just been examined, that it was solvent, and that it was entitled to the support of the other banks and the public. To this statement he signed his name. He asked the other Fresno banks to join him in signing this statement so that it could be published in the local newspapers. Members of the clearing house stated that they would be glad to sign a statement provided they could go over the bank's loans and other assets. The superintendent and the officials of the endangered bank then asked for time, until 3 o'clock, when they would meet with the clearing house again and give the bank's answer to the request for an opportunity to examine the bank.

However, instead of meeting with the clearing house at 3 o'clock the superintendent of banks called the bank's directors together and told them to sell out to two larger branch banks or he would be forced to close its doors. The directors realizing their plight agreed to sell