

## INFORMATION ON BANK CONDITION

I have been requested many times by residents of Crook County to make a disclosure or explanation in connection with transactions involving the affairs of the Crook County Bank.

This institution was required to suspend business on December 27, 1920.

Under the law the stockholders are authorized to perfect a reorganization or make good any losses determined at that time and resume business within a period of sixty days. In the event, however, that a reorganization is not perfected among the stockholders within that time, the Superintendent of Banks may reorganize at any time thereafter and permit the bank to resume business.

After a careful examination the approximate losses were determined and efforts were made at that time to perfect a reorganization. This would not have been difficult had it involved a guarantee of the deposits and the removal of doubtful assets, but in addition to assuming the liability to depositors the bank had a large volume of rediscounts, bills payable and repurchase agreements which the new organization would have been required to assume. These aggregated approximately \$150,000.00.

In assuming these liabilities there were many complications which made it very difficult to provide a satisfactory or convenient solution. In addition to the direct obligations assets of the bank had been pledged to secure the payment of the rediscounts and bills payable which were held by other banks to secure them against loss. In assuming these additional liabilities the new organization undoubtedly would have sustained substantial losses with no possibility of receiving compensation for assuming these additional burdens and the volume of work and time necessary to liquidate the obligations and regain possession of the collateral deposited as security.

As soon as the bank suspended business a petition was filed by Mr. Karnopp and approximately forty other citizens and residents of Crook County requested that a charter be issued authorizing the Bank of Prineville to engage in the banking business. Upon making careful inquiry I was satisfied that Mr. Karnopp and his associates consisted of a class of men of high moral integrity and with the financial ability sufficient to conduct a substantial institution.

As soon as Mr. Karnopp's application had been favorably considered by this Department a new proposal

was submitted for reorganization by men who were not identified with the Crook County bank. Mr. Karnopp had complied with practically all requirements in connection with the new charter and was ready to open the new bank for business but I suspended definite action feeling that my first duty was to the depositors of the Crook County bank and if there appeared to be a possibility of reorganization I desired that any parties who may become interested should have first consideration.

After receiving the new proposal I submitted the matter to Mr. Stewart, Mr. Cornett and Mr. Elkins, who were the principal stockholders of the Crook County Bank. They were not legally obligated under an assessment for the amount of stock which they held at the time the bank suspended business, but for the purpose of perfecting a reorganization these gentlemen voluntarily offered to surrender all their stock and in addition thereto Mr. Stewart, Mr. Brown, Mr. Elkins and Mr. Cornett gave me a voluntary agreement to the effect that they would guarantee any losses up to \$25,000, which represented the entire capital of the Crook County bank. This guarantee by these four gentlemen not only included the amount of stock which was held by them individually, but also included an amount equal to the balance of the stock which was held by other parties. This agreement involved a sacrifice on the part of these four gentlemen for the protection of the depositors aggregating approximately \$115,000, and this amount would perhaps cover the losses as nearly as they may be determined at this time.

After receiving this guarantee the parties submitting the new plan were permitted to make an examination of the assets and affairs of the bank. After careful consideration these plans were abandoned. They were, perhaps, willing to assume the payment of all deposits but the additional liabilities to be assumed were in such condition that they did not feel justified in proceeding under any plans to reorganize the old bank.

After these plans were abandoned the directors of the Crook County bank and myself decided on what we considered a fair and reasonable value for the present bank building. This proposal was submitted to Mr. Karnopp and accepted.

Under the circumstances I feel that we have resorted to every possible source with a view of perfecting reorganization, but under the present financial uncertainties and the many complications which exist in connection with the old institution a reorganization does not appear to be feasible.

I regret very much that the old bank could not be reopened. I fully appreciate the many hardships which will be encountered by the

people who are dependent on the deposits of this bank to conduct their business. It simply means that \$200,000.00 working capital of Crook County is stagnant. Liquidation of an institution of this character is very undesirable.

I may say, however, that we are exercising every reasonable effort to recover on the assets and declare dividends to the depositors. I anticipate that the first dividend will be paid shortly after July 1st. Just how much this will be I am unable to determine at this time. Under the present condition we are making every effort to collect loans, but we must consider the ability of the parties to pay and where possible avoid any undue hardships or embarrassment. At the same time the depositors are entitled to a return of their money as rapidly as funds may be accumulated thru liquidation.

I have been asked many times what percentage, in my opinion, would be returned to the depositors. It is very difficult at this time to determine the exact losses, but I feel that if crops are normal and reasonable prices may be obtained for the volume of products in Crook County that the depositors should receive at least eighty per cent. I do not desire, however, to make any definite forecast as the results to be obtained depend almost entirely upon the future conditions and prosperity of Crook County. In any event, the liquidation will require considerable time.

Every person indebted to the Crook County bank will be requested to make payment and where necessary suits will be filed to make recoveries. I desire also to suggest that in the process of liquidation all expenses will be held to a minimum. The old stockholders of the Crook County bank will not be considered in any way until recoveries have been made on the assets and paid to the depositors. Should there be any funds remaining on hand after the depositors have been paid in full, the stockholders will be entitled to consideration. Otherwise they forfeit all of their stock or any interest that they had in the old institution.

As a matter of temporary convenience Mr. George F. Euston has been appointed Deputy Superintendent of Banks, who, under my instructions, will conduct the liquidation. I have arranged for office room in the bank of Prineville where Mr. Euston will be available to all creditors or parties interested in the Crook County Bank.

I have issued a charter to the bank of Prineville which will open for business about June 1st. The capital stock of the bank will be \$50,000. The following persons will constitute officers and directors: J. L. Karnopp, of Portland, Oregon; President; W. O. Hall, Cashier; George F. Euston, Assistant Cashier; A. J. Noble, J. M. Elliott and Lake M. Bechtel, Directors.

Under the present conditions this new institution will fill a much needed requirement in Crook county. The officers and directors are recommended to me as men of high moral character and personal integrity. The stockholders represent some of the most substantial men in Crook County. I feel sure that the business of this institution will be ably managed and successfully conducted.

I predict a prosperous future for the people of Crook County. The potential values under proper development will represent the most substantial products. During the past few years this county has undergone a period of substantial development. Within the next five years I feel that even greater accomplishment will be realized.

The agricultural resources, the stock industry and the vast supply of available timber should insure the future success and prosperity of Crook County. With these great possibilities for future development I predict that the Bank of Prineville will merit the confidence and patronage of the people and develop a volume of business which will insure a thrifty and successful institution.

FRANK C. BRAMWELL  
State Superintendent of Banks

### DEBATE CHAMPIONSHIP WON BY SALEM

First place in the Oregon High School debate league went to Salem High School and second place was taken by Corvallis. Eleven districts were represented, which required forty-four debaters, thirty-three judges and eleven presiding officers. The finals were held in the University of Oregon buildings at Eugene in the week beginning May 16th.

The high schools which represented the various districts are as follows; Burns, Corvallis Coquille, Eugene, Grants Pass, Heppner, Klamath Falls, Knappa, Lostine, Salem and The Dalles.

The Crook County high school is in the upper Columbia district which

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was represented by The Dalles, when that school defeated Bend.

Salem high school, as winner of the cup for the third time, at intervals of three years, 1915, 1918, and again this year, has obtained permanent possession of the cup. Professor E. E. DeCou, who gave the cup, has announced that he will present another to the Oregon Debate League.

The subject of the final series of debates was: "Resolved, that the United States Government should own and operate the railroads."

### ALFALFA JAEMS

Miss Lora Crow was taken to a hospital in Bend Thursday and Wednesday underwent an operation for appendicitis. Her mother and sister Eveline are with her.

Mrs. Mary Benn who has spent the winter in Washington arrived home Wednesday.

Mrs. Wm. Horsell entertained the Jolly Neighbors Thursday. She was also the recipient of a beautiful toilet set, a gift from the club members.

Will Irving has gone to Portland to seek employment. His family preceded him several weeks ago.

The Shults home was the scene of a delightful surprise party Monday

evening when sixteen Redmondites brought with them a bountiful supply of ice cream and cake, the party included Rev. Brown and family, C. H. Doty and family, Curt Hallaway and family and Ralph Gillette, all of Redmond. Billy Free and Howard Burrigh of Alfalfa were also present.

Mrs. Frank Ruff left on Friday evening's train for Portland where she will combine business with a visit.

Mr. and Mrs. Dunn, recent arrivals in Alfalfa gave a house warming Monday evening.

Mrs. J. N. Crow, president of the Jolly Neighbors Club attended the meeting of the civic league in Bend Saturday.

Mr. and Mrs. Charles Pyatt, formerly of Alfalfa, but now of Montana are rejoicing over another baby boy.

Mr. and Mrs. Charles Smock are parents of a bouncing baby boy.

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