

**TEXAS BANKERS  
RECORD,  
VOLUME 7**

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**TEXAS BANKERS ASSOCIATION**

**TEXAS BANKERS  
RECORD,  
VOLUME 7**



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# The Texas Bankers Record



Official Publication  
**TEXAS BANKERS  
ASSOCIATION**

SEPTEMBER

1917

# An Invitation to Texas Banks

- Do you appreciate a correspondent who sends you items on your point—and gets the items?
- Do you appreciate a correspondent whose facilities are extensive and absolutely modern?
- Do you appreciate a correspondent who knows the needs of a country bank because some of us have been country bankers?
- Do you appreciate a correspondent who caters to those needs?

## THEN—You are Invited

to join the ranks of our large list of customer banks and enjoy all of the above services.



## Central Texas Exchange National Bank

W. H. McCULLOUGH, . . . . . President  
 C. L. JOHNSON, . . . . . Vice President  
 R. B. SPENCER, . . . . . Vice President  
 R. B. DUPRE, . . . . . Cashier  
 A. J. PETERSON, . . . . . Assistant Cashier

Waco, Texas

Capital and Surplus, . . . . . \$600,000.00  
 Resources, . . . . . \$4,000,000.00

*Forty-four years* of continued growth and success under the same management.

K. M. VAN ZANDT, President  
 ELMO BLEDD, Vice Pres.

R. E. HARDING, Vice Pres.  
 E. B. VAN ZANDT, Vice Pres.



W. M. MASSIE, Cashier  
 R. W. FENDER, Asst. Cashier

R. C. GEE, Asst. Cashier  
 H. P. SANDIDGE, Asst. Cashier

The *increasing number* of banks for which we are acting as reserve and collection agent proves the value of our complete city bank service.

CAPITAL, SURPLUS AND PROFITS - - - \$1,850,000.00

ESTABLISHED 1873

# The Fort Worth National Bank

RESOURCES OVER \$14,000,000.00

# THE TEXAS BANKERS RECORD

Official Publication of the Texas Bankers Association

Volume Seven

DALLAS, TEXAS, JUNE 1918.

Number Ten

Devoted to the Banking, Industrial and Commercial Interests of Texas

## CONVENTION PROCEEDINGS

THIRTY-FOURTH ANNUAL CONVENTION, GALVESTON, MAY 14, 15 and 16, 1918

FIRST DAY--TUESDAY, MAY 14, 1918.

President Smith called the convention to order at ten o'clock a. m., and the audience stood while Rabbi Henry Cohen, of Temple B'nai Israel, delivered the following invocation:

### INVOCATION

By Rabbi Henry Cohen.



OUR GOD, King of the universe, we pray Thee to be with us now, as Thou hast been with us in the past, and so mayest Thou be with us in the future. Bless all that belongs to us, the dear ones that are not with us, and that are with us, and all those that we have in mind who merit Thy blessing and Thy protection. We ask Thee, O Lord, our God, particularly at this time to remember us and those that belong to us, and those whom we love, and those who love us.

We pray Thee, O Lord, for the cities in which we live, for the several places in which we dwell, and the inhabitants thereof. We ask Thee, O God, to pour Thy blessing down upon them and upon us. We know, O God, that Thou hast even the least of Thy creatures in Thy protection. And before this august body of men, the wielders of the brown and sinew of this country, those who come together to take up and settle the great questions of the day, we ask Thee, O Lord, to bless them, and to so strengthen their hearts that all their deeds may be meant for good. Supply us with Thine aid, with that which will tend to our credit in the years to

come, and to the glory of the United States and to humanity. And in this crisis which we are now facing, these good men before us, standing in Thy presence, ask lies in them they are bent towards winning the most righteous war of all ages.

We ask Thee, O God, to uphold the hands of the President of the United States, and our financial representative and his assistants in this country, so the whole world

may know, O Lord, that Thou wilt bless righteousness, and Thou wilt uphold justice, forever and ever. And further do we invoke Thy benediction for this, our country and our nation, and may their adversaries not triumph over them, but the glories of a righteous and God-fearing people increase from age to age.

Sustain with Thy power those whom the people have set in authority, the President of the United States, and his counselors and advisers, the lawgivers, judges and executives, and all those who are entrusted with our safety and with the guardianship of our rights and liberties. May peace and good will obtain among all the citizens of our land, may patriotism spread its blessings among us, and exalt our nation in righteousness, forever and ever. Amen.



W. W. WOODSON, of Waco,  
Newly Elected President of the Texas Bankers Association.

THE PRESIDENT: Ladies and Gentlemen, the next number on our program is the address of welcome, by Mr. I. H. Kempner, Mayor of Galveston, President of the Galveston Cotton Exchange, and President of the Texas Bank and Trust Company, whom I now have the pleasure of presenting to you. (Applause.)

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## Address of Welcome

By I. H. Kempner, Mayor of Galveston.



R. PRESIDENT, Ladies, Fellow Members of the Texas Bankers Association: Addresses of welcome are purely ornamental and perfunctory as a rule. In my official capacity I have been called on in this ornamental capacity, more or less, but never have I approached the task with greater pleasure, with greater zeal, with more sincerity reflecting the sentiments of the people of Galveston and the banking fraternity, than when I address the members of this association. (Applause.) I know them to be men of



I. H. KEMPNER.

broad characters and genial spirits. I know that frequently under the harassment of petty details, competition and strife in their local communities, they may come away with a feeling somewhat of resentment and competitive spirit dominant in them; but if you will come to us in Galveston in the proper spirit, and drop all cares and strife, I am sure that you will find in this convention many a man most willing to play a Damon to your Pythias, a Jonathan to your David. You may, perhaps, if you are too ambitious, find someone to play a Brutus to your Caesar. And possibly, under the influence of our balmy air you will find some Jessica to listen to your ravings about the moon, but I warn you that high art may change to farce and melodrama, and leave you on the boards with the "Taming of the Shrew." (Applause.)

I belong to the old guard, so far as the Texas Bankers Association is concerned, to the guard that used to assemble before the war and fight many a battle, and in all American history the battle that was the greatest favorite for the discussion of some of the members of this convention was the great battle of Brandy Wine. That was, however, before the days that Bevo guarded the outposts to our cities and our military camps. (Applause and Laughter.) We ought to be familiar, I am sure, with some of the foreign generals, because some of us know General Clicquot and General Roederer among the French military authorities. We did not despise in those days such field marshals as General Budweiser and General Wertzburger, even in spite of their German extraction.

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The Scotch and the Canadians were represented, too, in General Haig and Johnnie Walker. (Applause.) And there were not lacking, if you please, good American Indian fighters and good Indians like Old Crow and Colonel Forrester. (Laughter.) Their origin may have been Bourbon but they were not so proud that they did not condescend to whistle a lively tune as they came through the Rye. The battles that they loved to fight were in the trenches where with one foot on the rail they could give their orders to the white aproned private to send one more round of ammunition "Over the Top." (Laughter and Applause.)

A banker, gentlemen, as we all know—especially the country banker—must be an extremely versatile specimen. He must be at once an excellent agrarian, or agronomist or agriculturist, and he must be skilled in legal lore, to discuss with his clients and his depositors the nature of their business. He must have a view of the commercial and economic and industrial outlook and his vision at times must almost be prophetic, as he is called upon to determine when cotton is going to reach the highest price and when wheat is going to the low point. But here, gentlemen, we hope that, dropping your cares behind you, you can turn your thoughts to other things, to the problems of transportation, to exports and imports, to commodities in general, though I warn you when, this afternoon or this evening, you parade the boulevard, when you go along the boulevard in the bathing season, but I warn you it will be well, if you are married, to look out for snipers at the listening post. I speak from experience. (Laughter.)

Seriously, gentlemen, Galveston is ever pleased to welcome the Texas Bankers Association, and if it be not amiss, I wish to present once more at this time the thought that is frequently in our minds, that we should like to see you adopt Galveston as your permanent convention meeting place. (Applause.) The measure of hospitality is ever inspired by the genial courtesy of our guests, and if we are tested by that measure we shall hope indeed to make the fulfillment equal to the promises that some of us have held out to you. Galveston, a city that I believe can claim the right to be a city that does things, appeals in this crisis of our world's affairs to the patriotic, broad-minded spirit of the bankers who are here. In your community, gentlemen, whether you are willing to admit it or not, you are ever leaders to whom the others in a measure look up. Your actions frequently determine the course that others follow, and the gauge by which the standard of your community is measured. I hope, and I know, in fact, that I need not appeal to the Texas bankers to ever keep alive that bright spark of chivalry which blazed among the ruins of the Alamo and plucked from the diadem of the Montezumas its proudest star, the Lone Star, and hung it high in the firmament of nations. (Applause.)

And now, at this period of the world's affairs, when every state in this union is forced into this great struggle to set right triumphant over might, to see that brute force does not dominate world affairs, and tear up treaties and sink ships and ravish helpless women and children, I am sure that I can appeal to you in the firm conviction that you are imbued with a spirit that a war of this sort cannot be won without real self-negation, self-sacrifice, something to measure with the suffering that goes on on the other side, if we are to rightfully take our place in the council of nations. (Applause.) A peaceful people, forced against our will into war, we are pledged now to do our part. I hope that we shall not be found so lacking in patriotism, that we shall not be willing to open wide our purse to help alleviate the suffering and to help bind up the wounds, and to help stimulate the morale of those who are on the field of France, and who are opening their veins that through all the ages their blood might write the story that liberty is safe, and that brute force must yield. (Applause.) In the days to come some great historian will paint a great picture of this world's crisis. That picture will be unveiled in all its glorious



panorama before all the heirs of today, before our progeny and those who come after them. See to it, I beg of you, that when it is unveiled before the eyes of an admiring and an impartial world, we can at least claim some credit for some part in this noble work; that we may at least feel that we have contributed in no small degree to bringing about a peace that is permanent, a peace founded upon righteous indignation, upon effective cooperation, and that finally we shall be able to derive that greatest of all comforts, the knowledge of duty well done, when the final sentry from the ramparts leaves, and the message goes out to the world: "God is in his heaven, all is right in the world." I thank you. (Applause.)

**THE PRESIDENT:** It is possible and not improbable that the old guard mentioned by Mayor Kempner in his address of welcome are missing somewhat those distinguished French and British and American officers whom he has mentioned here, but I want to say that all that is forgotten in the warmth of the welcome and the generous hospitality which we find here in Galveston. (Applause.)

Next on our program is the Response to the Address of Welcome by H. D. Ardrey, Cashier of the First State Bank of Dallas, whom I now have the pleasure of presenting to you. (Applause.)

## Response to Address of Welcome

By H. D. Ardrey, Cashier First State Bank, Dallas.



**R. PRESIDENT,** Ladies and Gentlemen, fellow-members of the Texas Bankers Association: It seems to be my misfortune in life to have my friends throw me down at a critical period. When I first learned that Mr. Kempner was going to deliver the Address of Welcome on this occasion, I immediately wrote him a letter and asked him to please furnish me with a manuscript of his speech. He replied promptly and told me that he was like the negro preacher, who never prepared his sermons in advance, for the reason that the devil would find out what he was going to say and be prepared to counteract it, and he always got up in his pulpit ready to preach without any preparation, and then neither the Lord nor the devil nor he himself had any idea what he was going to talk about. (Laughter.) I find myself in just some sort of situation like that this morning, but after having listened to this masterful address by Mr. Kempner I feel certain that you will have some doubt of his veracity in the future. (Laughter.)

I was one of those who was very glad indeed, when, out at El Paso last year, Galveston extended us a cordial invitation to make this splendid city our next meeting place, and I am sure I was not the only pilgrim out in that fine city who harkened to the sound of the voices of the beautiful bathing girls who extended Galveston's an invitation, and who felt like I did, that this was the finest place in all Texas for the association to meet.

When that most charming gentleman, whom you all know and love, our able and efficient Secretary, the Hon. Bill Philpott, came down to the bank and asked me to respond to this Address of Welcome, he took me away back in the Director's room and he said: "Ardrey, when you get down there to Galveston and begin to make a speech, for heaven's sake, make it brief." (Laughter.) He said: "It seems to me that the average banker gets the idea when he is put on a program on an occasion like this that his fame as an orator is spread broadcast over the land, and it is up to him to justify that fine reputation." He said, "It seems that they get the notion that the whole Texas Bankers Convention will be agog to hear the wonderful words of wisdom and the impassioned periods that would fall from their lips." I told Mr. Philpott that while I considered myself one of the finest orators since Henry Grady, that I was so busy trying to coax the wary depositor into the First State Bank up there at home, to open an account, that I could



HERBERT D. ARDREY.

not afford to do my best on an occasion like this (laughter); that I would have too many calls on my time in the future. That reminded me of a story told about a certain preacher who was asked to come to Yale University and preach to the students. When he arrived in New Haven he sought out the Dean of the Faculty and asked him how long he would be permitted to preach. The Dean's reply to him was: "There will be no time limit put on your sermon, but there is a tradition in Yale that the most souls are saved in the first twenty minutes." (Laughter.) So I promises old Phil that I would keep my terminal facilities wide open.

We are glad indeed, Mr. Kempner, to be the guests of this splendid city. The cordiality of your invitation tendered by the bewitching bathing girls, is only exceeded by the cordiality of the welcome that we received on our arrival here. We are glad to be here. We like to feel the cool breezes of the Gulf fan our cheeks. We are delighted with the prospect of dipping once more into the surf and of riding those breakers back to the beach. We expect to regale ourselves with the peerless pompano and the toothsome trout and if the broiled live lobster is in season we expect to see something of him down here.

Galveston and its citizens need no encomiums from me. All over the length and breadth of this great state, in fact all over the south, Galveston is famed for her pretty women, her splendid men, and her hospitality, and the courtesy and consideration that they show the stranger within the gate are well known, and are an inspiration to us all. The men of Galveston are men of achievement, men who have built and maintained this splendid city at the vanguard of our Texas towns. Every true American citizen in this great hour of the world's history has for his uppermost thought, his whispered prayer, the winning of this war. We have just passed through a strenuous period in putting over the third liberty loan. Doubtless some of you bankers out there lost sleep. Every city in the state responded to the call but no city amongst us outvoted that splendid showing made by Galveston, the first city of the State to go "over the top," the first city to oversubscribe its quota of the third liberty loan. (Applause.) We take off our hats to Galveston. May she continue to thrive and prosper. May her growth be steady and constant. May good fortune

ever be her handmaiden and may she continue to occupy a leading place in all the business, social and political activities of the state. And may the hearts of her people continue to throb and burn with that love of country and that love of her fellowmen that she has so royally and so recently displayed. (Applause.)

THE PRESIDENT: Next in order is an address by

your President. You may make yourselves perfectly comfortable in your seats. I will endeavor to inflict as little pain as possible. A couple of friends met on the street one day, and one of them said to the other: "I have a hypothetical question that I want to propound to you." The other fellow said: "Well, wait a minute, Bill, give me a hypodermic first." I hope we will not be compelled to resort to such extreme measures. (Laughter.)

## PRESIDENT'S ANNUAL ADDRESS

By HOWELL E SMITH, CASHIER FIRST NATIONAL BANK, MCKINNEY



IN this, the thirty-fourth annual convention of the Texas Bankers' Association, I am pleased on behalf of its officers and executive committee to extend to our visiting friends a hearty welcome; to the ladies, our thankful appreciation of their presence and to all present the earnest wish that the three days of this convention may bring to you much of interest and enjoyment and leave you nothing but pleasant memories.

One year, one month and eight days ago this country declared war against Germany and her allies. Since that memorable date two-thirds of the human race has been engaged in the most gigantic struggle the world has ever known. More than thirty-eight million men are engaged in this war—millions of men have been killed and more than one hundred billion dollars have been spent. These figures are so enormous that the human mind can not grasp their true significance, yet through the press and in daily conversation the public has become so familiar with these figures that they are juggled about and spoken of with the same careless nonchalance that we speak of the ordinary affairs of life. However, enormous the cost of this war, the money and credit for carrying it on, must and will be forthcoming.

As someone has so forcefully expressed it: "Our boys over there who have given up everything—mothers, wives, children, sweethearts, homes, jobs—torn themselves up by the roots; gone into the trenches, swimming in mud and alive with rats." These boys, targets for all the instruments for the destruction of life that human ingenuity, modern science and Prussian devilishness can devise, must have food to sustain them, the clothes to keep them warm, and the necessary arms and ammunition to protect them from the enemy, and assist them in transporting these Huns to a place where they will be closely and permanently in touch with his Satanic Majesty. If this assistance is not forthcoming, when needed, history, which is now in the making may be read by American citizens under an alien government.

We have just recently completed the third liberty loan drive, and it is my belief that our work as bankers should not stop, even temporarily, because this drive is over. A campaign of education should be continuously carried on, and the people taught, among other things, that they have financial obligations outstanding due to the government from time to time, as war bonds are offered for sale, and that they should arrange to meet these obligations, just as an honest man saves and plans to meet a note which he has given when it matures. This is a duty every loyal American citizen—not in active military service—owes his government, and the man who seeks to avoid this obligation is a disgrace to his country, his family and himself. The time is now here when the financial slacker—the man who stays at home and refuses to let his dollars fight for him—is looked upon with much less charity than the boy in khaki who develops a yellow streak and displays cowardice—if such a thing were possible—when under the fire of the enemy.

### A Review of the Year's Work.

The first official act of your president, in conformity with a resolution adopted by the convention at El Paso,

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was to appoint a strong committee from each of the seven district groups to co-operate with the central committee of citizens at large, in this state, appointed by Judge Wm. F. Ramsey, federal reserve agent, in finding and creating a market for liberty bonds.

Very effective work was done by this committee. It afterwards developed, however, under the broad and comprehensive plan of campaign adopted by the Federal Reserve Bank, that not only was a special committee required in each district, but that the entire membership of the Texas Bankers' Association must also resolve itself into a committee of the whole, to actively and energetically co-operate with county chairmen, appointed by the Federal Reserve Bank, and the local committee appointed in each county by the county chairman. This was done, and I know it is a matter of great personal pride to every banker to have had the opportunity of giving this personal service in behalf of our government.

The total amount of certificates of indebtedness purchased by banks in the Eleventh federal reserve district from April 6, 1917, to May 1, 1918, is \$165,580,000, \$61,220,000 less than the total amount of liberty loan bonds sold during the same period.

### Duties of the American Banker.

As I see it, there are three most important patriotic duties up to the bankers of this country to discharge.

First: To buy liberally and to the limit of banking resources of treasury certificates of indebtedness as they are offered from time to time. These certificates are an ideal short-time liquid investment, and while the rate is less than is obtainable in the purchase of good commercial paper, it is a much safer and certainly is a more patriotic investment. It is also well to remember that if these certificates are not fully subscribed to between bond issues, the financing of the war may become increasingly difficult to the government.

Second: All investments in speculative securities or long-time notes should be avoided, and banking assets maintained in a highly liquid condition, in order that all legitimate demands made for carrying on the essential business of the country may be fully and properly met. It is as much the duty of the banker to do this as it is to perform any other patriotic service necessary to the carrying on of the war. Agriculture, commerce and industry are very important elements in the business of war and should be maintained at as nearly normal levels as possible.

Third: It is probably that the government would prefer that the banker should not buy too heavily of liberty bonds—the purchase of which might overload his portfolio with long-time investments—but preference should be given to short-time liquid paper, such as treasury certificates of indebtedness. It does expect, however, great activity and energy on the part of the banker in selling these bonds to the public.

As stated in the Federal Reserve Bulletin for April: "General public co-operation will be necessary in order to enable the banks to successfully continue their service and to provide for the current needs of the public treasury, by relieving them of these certificates, from time to time, as new loans are offered and the funding of the cer-

ificates is undertaken. This process will shift such bonds into private ownership and will restore to the banks their fluid assets, for use as a revolving fund in carrying to success further financing."

The bankers are, in reality, underwriting the government bond issues, and in so doing, are definitely enlisted in the task of carrying through the financial operations of the government.

#### State Banks and the Federal Reserve System.

At the present time 20 per cent of the capital of the Federal Reserve bank is furnished by state banks and trust companies, which have already joined the system. Since the special campaign started by the federal reserve board at Washington, to get state banks into the system, fifty-five applications have been received by the Federal Reserve Bank of this district. Fifteen state banks were members, prior to the beginning of this campaign, making a total present membership of seventy. It is interesting to know that at the present time, there are approximately 425 state banks, in the entire system. We have in this district 16 per cent of the total—a most excellent showing in view of the fact that there are twelve districts.

The department of insurance and banking should be highly commended for its attitude with reference to state banks joining the federal reserve system—it is admirable—and indicates a broad and comprehensive grasp of economic conditions.

Under the very capable management of Commissioner Austin the department has reached a high state of efficiency and he should have the active co-operation of the members of this association in maintaining and improving this service.

At such a grave and critical period as this, it is clearly the patriotic duty of every bank, eligible for membership, to help the government in the building up of its gold reserve and mobilizing all the finance resources of this country by at once becoming a member. Every dollar that can be raised in money and credit will be needed to win this war, and these dollars and credits must be so placed that they will be immediately available to meet all demands that may be made upon our government.

As a business proposition, state banks—especially under present conditions should find it very much to their interest to join the system. It is not good business to buy money from the retailer when you can go to the wholesaler and buy it for less.

#### Stamp Tax on Bank Checks.

Under date of June 8th a letter was addressed to member banks, calling attention to the provision written into the war tax bill, requiring all persons drawing checks and drafts to affix to each item a two-cent stamp, as a war tax, and requesting them to use their influence to defeat this provision. Almost without exception, this request received the hearty co-operation of the members and the influence thus brought to bear undoubtedly assisted in the defeat of this provision. Had this provision carried and a war tax been imposed on bank checks which the proposed law required the drawer of the check to pay, it would have resulted in a greatly restricted currency at a very inopportune time.

#### Thrift and Saving.

Last year this association adopted a resolution authorizing your president to devote the sum of one thousand dollars, or so much thereof as he might deem necessary, for the employment of a secretary and other clerical assistance for carrying on a thrift and savings campaign, in co-operation with the director of the university department of extension, providing the board of regents appropriated an approximately equal amount.

The intensive campaign put on by the government for the sale of thrift and war savings stamps made it very apparent that the thrift and savings campaign contemplated by this association, under the resolution adopted, as above stated, could be carried out much more effectively and patriotically by actively co-operating with the government in its great plan for teaching the people of this country thrift and economy through the sale of war savings stamps.



HOWELL E. SMITH.

#### District Meetings.

It was the pleasure of your president to attend the district meetings of this association, which, as usual, were held in February. Patriotism was the keynote of these meetings, which were well attended. Very interesting programs were presented and unusually strong speakers addressed us in each district. Many of the speeches made were on such subjects as "Liberty Loan," "War Savings," and "Red Cross."

Our district meetings have undoubtedly become a very important part of our association work, and are interesting and instructive to all our members, but especially so to many of the smaller bankers who do not always find it convenient to attend the state meetings. Many questions have been brought up for discussion which later have developed into subjects of great importance. I recall that some of the most important work done by this association has had its origin in district meetings.

#### Membership.

Membership has shown a very material gross increase the last year. Last year at the El Paso convention the number of members was 1,502. During the year new banks which have never been members of the association have enrolled to the number of fifty-three, which number is a gross increase. However, the next increase is forty-three because our membership has lost ten on account of consolidations and liquidations. The non-membership list has dwindled down until it now numbers only half a hundred in the entire state. This as compared with the nonmember roll of over 400 two years ago.

#### Federal Reserve Bank Service Charge.

Under date of April 19th, member banks were advised that the Federal Reserve Bank had under consideration the advisability of suspending the present service charge of 6½ cents per item. Many bankers believe this charge never should have been made. The only excuse for making it was, then when the Federal Reserve Bank added the transit department, the earnings of the bank were comparatively small, and for this reason a charge was perhaps permissible at that time, but certainly not under present conditions, when the bank is on a satisfactory profit-making basis.

As you know, the maximum dividend allowed stock-